

Teaching Note for Chapter 9: Imbue the Organization With a Higher Purpose

General overview: This chapter examines how leaders and organizations can be imbued with a sense of higher purpose—the desire to achieve results that transcend the achievement of usual business goals. The higher purpose produces a social benefit over and above the monetary payoff shared by the employer (principal) and the employee (agent). Our analysis suggests that the authentic pursuit of higher purpose elevates organizational performance. Managers invest more capital, take greater risks, and incur lower costs of compensating employees (relative to the effort provided).

Core concepts introduced:

- Principal-agent problem and the economic logic for positive leadership
- Reasons for pursuing higher purpose
 - Purpose and meaning
 - Purpose and emergent change
- Strategies for imbuing organizations with higher purpose
 - Become a person of higher purpose
 - Learn vision formulation
 - Learn vision implementation

Preparation:

- Early in class or before class, ask students to think about leaders they know who have a higher purpose. What is it? Ask students to reflect on their own higher purpose.

Possible class flow:

1. Introduce the principal-agent problem. Ask students to share their own experiences with how this kind of relationship leads to shirking and other kinds of wasteful behaviors.
2. Explain higher purpose and reasons for pursuing it.
3. Share examples of higher purpose from interviews.
4. Discuss strategies for imbuing organizations with higher purpose.
5. Give them an exercise to discover their own higher purpose.

Supplementary materials:

Readings

Personal

Robert Fritz: *The Path of Least Resistance: Learning to Become the Creative Force in Your Own Life*, Random House, 1989.

Organizational

John Mackey and Raj Sisodia: *Liberating the Heroic Spirit of Business: Conscious Capitalism*, Harvard Business School Press, 2014.

Videos

Consider scenes from the following movies:

- Gandhi
- Patton
- Stand and Deliver

Tools (Reflections, Interventions, Assessments)