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## Creating Positive Impact: The Power of Greater Purpose and Consciousness of Connectedness


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#### EDITORIAL NOTE

It is highly common to explain a firm's financial performance either using the economic logics of resource configurations, endowments, dynamic capabilities or positions in the market. Some leadership focused analyses also attribute the performance to critical CEO attributes or top management team attributes. In their article, Joseph Leah and Chris Laszlo take an unusual turn in explaining firm performance. Rather, they seek to explain performance by goal displacement. In their argument higher performance results if managers care about more than pure economic goals such as higher purpose in their life or activity and to what extent they seek to embrace and relate to their environment through harmony and connectedness. Their analysis shows such dispositions result in improved economic performance and achievement of social and environmental (CSR) goals- part of them through improved firm level relational climate (compassion/shared vision). Though their analysis does not suggest causality, it calls us to think more extensively about what ultimately drives the firm's financial outcomes: are communal and spiritual aspects of leadership also instrumental in promoting firm's economic performance and viability?

## Creating Positive Impact: The Power of Greater Purpose and Consciousness of Connectedness

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#### ABSTRACT

As the idea of business as a positive force in society grows, we study this question: Under what conditions do business leaders transform their companies into organizations that create positive value for all stakeholders, generate above-average economic returns, and serve personal well-being, community health, a fair and inclusive society, and a thriving natural environment? This paper identifies the underlying factors and motivations leading to business as a force for good and offers practical guidance for business leaders working toward this goal. Our prior research led us to two hypotheses: 1) A leader's mindset—or consciousness—is the foundation of the leader's orientation toward meaningful social responsibility; and 2) a clear, higher purpose for a business galvanizes the organization's people to achieve the positive outcomes we articulated. Using a quantitative, survey-based study, we explored the relationship between leaders' consciousness, the expression of greater purpose for the business, the relational climate in the company, and the outcomes achieved (economic, social, and environmental). Our findings suggest that leader consciousness has a significant impact on the relational climate in an organization (which mediates the impact on business results), and that greater purpose is a powerful force influencing both the relational climate and positive economic, social, and environmental outcomes.

## SYNOPSIS

### Purpose

Business leaders from a wide range of industries are increasingly attracted to the idea of business as a force for good—of serving their communities, creating a caring and compassionate environment for employees and their families, seeking to improve human well-being, and contributing to environmental renewal. The purpose of this study is to identify leverage points to help leaders guide their organizations in this direction. Our study uses a survey to assess the influence of two specific factors: 1) the mindset of leaders (what we call a “consciousness of connectedness”), which we define as a sense of oneness manifested by an implicit understanding of how one’s attitudes and actions affect all life on earth; and 2) the extent to which a company seeks to serve a greater purpose through its business activities, which we define as the intention to serve the interests of human well-being and environmental regeneration, as well as economic prosperity. We explore the impact of these two factors through the mediating effect of the relational climate inside the organization.

### Problem of Practice

After decades under the predominant view that business is mainly about maximizing short-term profit—also referred to as the doctrine of shareholder primacy—an alternative narrative of the purpose of business is gaining widespread acceptance. The 2019 Business Roundtable statement on the purpose of the corporation, the emergence of B Corporations, and the growing financial power of ESG (environmental, social, governance) investment approaches each contribute to a shift in the understanding of the role of business in society. Our study suggests that two core factors are central to the new narrative for business practitioners: First, leaders need to develop a consciousness (in themselves and their organizations) that recognizes the interconnectedness of all things; and second, leaders need to create and communicate an explicit higher

purpose for their organizations that aligns with their core values. As part of this shift, leaders need to focus on *who they are being* as much as on *what they are doing*.

### Results

Our results show a strong direct relationship between the recognition and articulation of a greater purpose for the business and the achievement of positive social and environmental outcomes, as well as an indirect relationship mediated by the relational climate in the organization. These findings support our hypotheses and also support findings from a stream of literature demonstrating the power of organizational intention and purpose. We also found a smaller but significant correlation between greater purpose and positive economic outcomes when mediated by relational climate.

For leader consciousness, we found a significant effect on relational climate, which mediated the effect on positive social and environmental outcomes, as well as economic performance. Further, we found a significant direct effect on positive social and environmental outcomes from a leader’s consciousness of connectedness.

### Insights from the Study

As a growing number of business leaders seeks to provide value to stakeholders through a range of ESG initiatives, our study suggests that two factors contribute to and enhance the success of these initiatives: attending to the transformation of leaders’ consciousness, and developing a clearly defined greater purpose to guide the energy and efforts of all involved in the organization.

### Practical Relevance

By leveraging the core factors of consciousness and purpose—and understanding the conditions under which leaders can develop their own consciousness of connectedness and choose to pursue greater purpose—business practitioners are able to take practical actions

aimed at transforming their own business leadership toward the service of world benefit.

**Keywords:** connectedness; consciousness; leadership; greater purpose; flourishing; mindfulness; quantum science; spirituality; social and environmental impact

## **METHODS**

### **Research Question**

The overarching research question underlying this quantitative study is this: How does a leader's consciousness of connectedness, combined with greater purpose, influence company culture and economic, social, and environmental outcomes of the business organization?

### **Method/Design**

We conducted the study as a quantitative analysis, with all survey items and constructs tested for validity and reliability (see Appendix A, Methods). The constructs were established based on previous research that identified a qualitative relationship between leader consciousness, purpose, culture, and business performance. (See Figure 1 for our theoretical model.) We collected the data using an anonymous online survey, implemented through the Qualtrics platform. In doing so, we used screening methods to ensure that our sample comprised appropriate respondents.

### **Sample**

Using a detailed questionnaire, we collected survey data from 322 respondents in leadership positions in organizations from a cross-section of industries. The survey was designed to filter out respondents not in leadership positions. Our sample included 91 owners or c-suite executives, 110 directors or division-level managers, and 121 middle managers. By age range, respondents included 46 Baby Boomers (over 55), 141 Gen X members (36 to 55), and 135 Millennials (under 35). By gender, our sample included 171 men and 151 women. The survey asked a series of questions aimed at exploring the relationships between a consciousness of connectedness, greater purpose, the relational climate in organizations, and positive economic performance, as well as positive social and environmental outcomes.

## PRACTICAL PROBLEM

Many business leaders are motivated by the idea of business as a noble profession and by their sense that the contributions of business to society go far beyond the creation of economic prosperity. The challenge is finding a way to translate these concepts into practical action. While corporate social responsibility (CSR) and stakeholder theory provide a starting point, we hypothesize that a leader's consciousness of connectedness—combined with the power of greater purpose—contribute more meaningfully to the leader's success in addressing current societal challenges given their magnitude and complexity.

Why these two factors? We draw inspiration from the work of Donella Meadows, a foundational leader in the field of systems thinking, as well as a strong proponent of sustainability and CSR. Viewing economic activity as part of a complex societal system, Meadows (1997) proposed a hierarchy of leverage points for intervening in a system to achieve systemic change. Two of the highest order interventions she proposed align with the guiding structure of this study: 1) the purpose or goals of a system; and 2) the paradigms (or mindset) out of which the system arises. We explore the influence of these two leverage points through the relational climate in the organization because the implementation toward goals and the transfer of a mindset into action ultimately occur through the people in the system.

## LITERATURE REVIEW

The purpose or goal and the paradigm or mindset of a system intervention, as proposed by Meadows, form the independent variables in our model. We use them as a basis to explore how they might affect the outputs of the system—the social, environmental, and economic outcomes of the business, which are mediated through the relational climate in the organization. We briefly discuss each of these broad theoretical areas and our definitions of the constructs in our model.

### Consciousness of Connectedness

We define consciousness of connectedness as a sense of oneness manifested by an implicit understanding of how one's attitudes and actions affect all life on earth. The idea traces its roots to the earliest expressions of human consciousness. Whether the connection was expressed in relation with other human beings, with nature, or with the universe (or God), connectedness has been central to what it means to be human.

Western thinkers—such as Immanuel Kant, Max Weber, and Martin Heidegger—and Eastern thinkers—dating from Confucius, Lao Tzu, and the early Vedic traditions—all address the centrality of connectedness in various forms (Huai-chin & Bodri, 2002). The latest developments of modern science and a rediscovery of ancient philosophies are driving many scholars toward a new understanding of connectedness (Laszlo et al., 2014).

The emerging study of human flourishing highlights the centrality of connectedness both in terms of personal well-being and in terms of leadership and organizational impact. We see a growing understanding of the link between a sense of connectedness in individuals (especially leaders), the climate within organizations, and the resulting global effect on positive environmental and social outcomes. For example, in his book *Relational Being*, Kenneth Gergen (2011) explores the relational aspects of connectedness and the implications for organizations, suggesting that caring in organizations comes from relationships and not from the individual as a bounded entity.

For the purposes of this study, we developed a survey to measure consciousness of connectedness and to explore the extent to which it affects the other constructs in our model.

### Greater Purpose

We define greater purpose in business as the incorporation in its mission of demonstrably meaningful service toward

society, the environment, the community, employee well-being, and future generations. A range of books and studies have explored this idea from the perspective of CSR and the positive outcomes that can be achieved when businesses act for the common good. Leading management thinkers, such as Peter Drucker (1994), have focused on mission in terms of how a business defines the way it makes a "difference in the economy and in the society at large." Similarly, Edward Freeman (1984) promoted the concept of stakeholder theory and the assumption that values are a necessary and explicit part of doing business.

In a recent article, Malnight et al. (2019) reported the results of an eight-year study of high-growth companies. Their findings show that, among the four drivers examined, purpose boosted growth the highest. Their report suggests that a purpose-driven strategy helps companies not only address business challenges, such as slowing growth and declining profits, but also provides three specific benefits: "more-unified organizations, more-motivated stakeholders, and a broader positive impact on society" (Malnight et al. (2019): 79).

In our study, we measure the level to which greater purpose is expressed as part of the organization's mission, and we explore correlations with organizational, social/environmental, and economic outcomes of the business.

### Relational Climate: Shared Vision, Compassion, and Relational Energy

The construct of relational climate is defined by the interrelationship between three sub-constructs: shared vision, compassion, and relational energy (Boyatzis & Rochford, 2020). It is based on decades of research, led by Richard Boyatzis, on the effects of positive and negative emotional attractors (i.e., psycho-physiological states that drive thinking, feeling, and behavior) in organizations. Thus, relational climate provides a solid framework for our exploration of the impact of consciousness

of connectedness and of greater purpose on organizational culture and outcomes. *Shared vision* refers to a common mental image of a future state that is desirable and that serves as a basis for action for members of an organization. *Compassion* relates to how members of an organization empathize with each other, notice whether another person is in need, and respond to that need to improve another person's well-being. *Relational energy* refers to whether and how relationships in an organization increase positive energy, a feeling of aliveness, and a readiness to act.

Emotional contagion, like emotional attractors, serves as an underlying factor in the understanding of relational climate and as a marker of the centrality of emotional connection to effective leadership. Emotional contagion – both positive and negative – is based on the idea that we are wired to pick up subtle clues from one another about our emotional state and intentions (Boyatzis & McKee, 2005). From our perspective, when a leader develops a consciousness of connectedness, these theories suggest that, through emotional contagion, the leader's consciousness could emanate throughout the organization.

In our study, relational climate serves as an organization-level mediating factor between the individual perspectives of consciousness and purpose and the economic, social, and environmental outcomes of the organization.

### **Positive Social, Environmental, and Economic Outcomes**

A growing body of literature suggests that positive economic performance correlates with contributing to a healthy environment and improving human well-being. One study, led by Raj Sisodia et al. (2014), explored what the authors call "firms of endearment." In their analysis of both public and private companies across a range of industries, Sisodia et al. (2014) demonstrate that firms conducting business in a way that provides social and environmental value to a full spectrum of stakehold-

ers also tend to achieve better economic performance. Bob Chapman, chairman of the global industrial company Barry-Weh-miller, offers a specific illustration of this idea. Chapman frequently describes how a caring culture has been central to building his company to \$3 billion in annual revenue, with an 18% compound annual revenue growth since 1987 (Chapman & Sisodia, 2014).

Relatedly, Porter and Kramer (2011) have popularized the idea of "shared value," describing it as doing business in a way that enhances a company's competitiveness while improving the economic and social conditions in the communities in which it operates. Further supporting evidence has been provided by Eccles et al. (2014), who compared the financial performance over time of companies identified as "high-sustainability" firms to the financial performance of "low-sustainability" firms. High-sustainability firms were described as ones that incorporate environmental and social policies into their business models. Their analysis tracked corporate performance over 18 years and found that high-sustainability firms significantly outperformed low-sustainability firms in both accounting and stock market performance measures (Eccles et al. 2014). A more recent meta-study by Friede et al. (2015) aggregates the findings from nearly all academic review studies between 1970 and 2014, including 60 individual review studies covering 2,200 primary studies of corporate financial performance (CFP). The study supports the business case for ESG investing, finding that around 90% of studies show a positive or neutral correlation between ESG and CFP results (Friede et al. 2015). An even more recent meta-study by Whelan et al. (2021) aggregates the findings of 1,000 primary studies published between 2015 and 2020 and finds a similarly positive ESG to CFP relationship. In our study, we use economic performance and social/environmental outcomes as dependent variables and explore how the factors of consciousness, purpose, and relational climate influence these outcomes.

### **Overview of Hypotheses**

The final research model was informed by the results of our previous qualitative research, as well as by the salient literature. Building on the constructs described and on the related theoretical foundation, we formulated two sets of hypotheses to explore what Meadows called the purpose or "goals of a system" and "the mindset or paradigm out of which the system arises" (Meadows, 1997: 83-84) We expected the effect of these two points of intervention to be partially mediated by the way in which people relate to each other in the organization (relational climate) and also by a direct effect on business outcomes.

Greater purpose is a shared organizational understanding about the mission and direction of the company. Those who act to achieve this purpose are part of the organizational culture, and we expected the culture (measured by relational climate) to have a positive mediating effect on the outcomes. Meanwhile, greater purpose emerges from a direction set by the organization's leadership, and regardless of the state of the relational climate, we expected that the expression of a greater purpose would directly affect social and environmental outcomes because the strategic infrastructure of the organization (e.g., objectives, budgets, and compensation) would be geared toward these outcomes.

Consciousness of connectedness is related to the individual mindset of the leader. That mindset is transferred into actions through the organizational culture. As a sense of connectedness increases and infuses the relational climate of the organization, we expected to see an indirect positive effect on social and environmental outcomes. We also expected to see a direct effect. As the consciousness of the leader is oriented toward connectedness, the leader's decisions implicitly take into account the effects of social and environmental factors. It becomes as much a part of who leaders are being as of what they are doing.

Our hypotheses seek to explain the impact of our two independent variables—greater purpose and consciousness of connectedness—through four paths each. Hypothesis 1 relates to greater purpose, and Hypothesis 2 relates to consciousness of connectedness.

**Hypotheses related to Greater Purpose:**

*Hypothesis 1a. Greater Purpose has a positive direct effect on social and environmental outcomes.*

*Hypothesis 1b. Greater Purpose has a positive direct effect on relational climate.*

*Hypothesis 1c. Greater Purpose has a positive indirect effect on social and environmental outcomes, partially mediated by relational climate.*

*Hypothesis 1d. Greater Purpose has a positive indirect effect on economic performance, partially mediated by relational climate.*

**Hypotheses related to Consciousness of Connectedness:**

*Hypothesis 2a. Consciousness of Connectedness has a positive direct effect on social and environmental outcomes.*

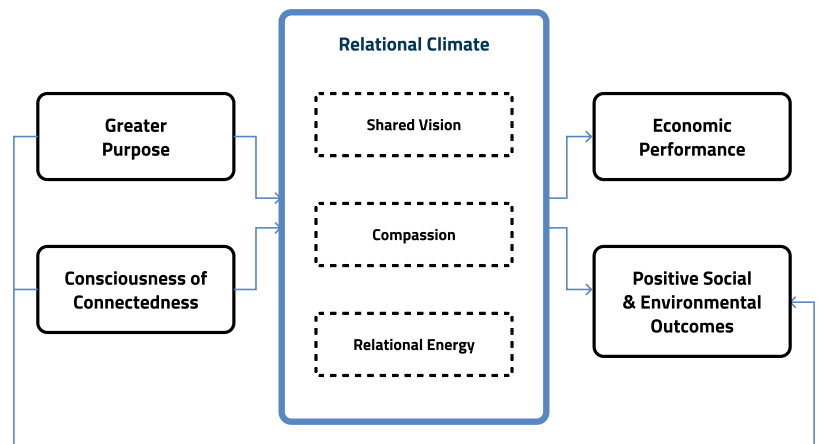
*Hypothesis 2b. Consciousness of Connectedness has a positive direct effect on relational climate.*

*Hypothesis 2c. Consciousness of Connectedness has a positive indirect effect on social and environmental outcomes, partially mediated by relational climate.*

*Hypothesis 2d. Consciousness of Connectedness has a positive indirect relationship to economic performance, partially mediated by relational climate.*

The theoretical model outlined in Figure 1 depicts the interrelationships described in our discussion of the literature and our hypotheses.

**Figure 1. Overall Theoretical Model**



**FINDINGS**

Our findings support all of the hypotheses for both greater purpose and consciousness of connectedness. The direct paths from greater purpose to relational climate and to positive social/environmental outcomes are significant and strong. The indirect paths, mediated by relational climate, are significant but weaker. The paths from consciousness of connectedness follow a similar pattern. As expected, the relationships between both antecedents to economic outcomes were fully mediated through relational climate. Overall, three major findings emerged relative to our hypotheses with practical relevance for business leaders. See Tables 1A and 2A in Appendix A, Methods, for a complete summary of the hypothesized paths and estimates.

**Finding 1: Greater Purpose Is a Powerful Force**

The total effect (direct and indirect) of greater purpose on positive social/environmental outcomes is significant and strong, with a standardized estimate of 0.331 ( $p=.001$ ). The direct effect of greater purpose on relational climate is also strong, with a standardized estimate of 0.351 ( $p<.001$ ).

These findings affirm the power of intention and purpose in moving an organization toward creating business as a force for good and creating a strong relational climate. Although we hypothesized that the impact of greater purpose would be mediated through relational climate, our expectation was that the direct and indirect effects would be roughly equal. The findings show that the direct effect is considerably stronger, suggesting that the power of purpose transcends the relational climate through which it is executed.

**Finding 2: Consciousness and Greater Purpose Both Impact Relational Climate**

Consciousness of connectedness and greater purpose both have a significant positive impact on relational climate, but they affect relational climate in different ways. We tested the model using the second-order construct of relational climate, broken into its three sub-components: shared vision, compassion, and relational energy. We discovered that greater purpose loaded most strongly on shared vision, while consciousness of connectedness loaded most strongly on compassion.

**Finding 3: Direct Effects Are Stronger than Mediated Effects**

The partial mediation through relational climate, while still significant, was less strong than we had predicted. The direct

paths from both greater purpose and consciousness of connectedness were stronger than the indirect paths through relational climate. One explanation might be that relational climate simply is not a strong mediator between our independent and dependent variables; although our hypotheses are supported, the impact is not as strong as we predicted. Another explanation might be that the sub-components of relational climate offset one another in their mediating effects, as evidenced by the different loadings of shared vision and compassion. A third explanation might be that the direct influence of the leader on positive outcomes of the organization simply represents a stronger factor. This finding suggests that Meadows's points of intervention in a system may be more powerful than we predicted.

## LESSONS FOR PRACTICE

Our findings show that greater purpose and a consciousness of connectedness have a significant effect on organizations and the results they achieve. We propose two areas of action for business leaders.

First, business leaders can develop a higher level of consciousness of connectedness through direct-intuitive practices. Our study points to a significant positive shift in the relational climate of the organization as the mindset of leaders evolves towards one of connectedness. At the individual leader level, research points toward the effectiveness of regular practices, which can include activities ranging from meditation and journaling to exercise and nature immersion. The key is to have a practice of connectedness, whatever form it may take, that heightens awareness of how one's actions affect others and the world. Such practices are also effective when implemented at the team level, ranging from check-ins before meetings to organized reflection and relationship-building activities. New findings in quantum science are converging with perennial spiritual traditions to validate the neuroscience of direct-intuitive practices which show that the experience of con-

nectedness is grounded in the essential oneness of reality (Laszlo, 2020).

Second, business leaders need to establish a greater purpose as part of their business mission. Business leaders can benefit from reflecting on how they might create a positive impact in the world through their organizations and make this purpose an explicit part of their organization's reason for being. Note that the most effective long-term missions are built with the involvement of all stakeholders in the process. Approaches such as Appreciative Inquiry have been demonstrated to be highly effective in building a lasting commitment to an overriding organizational direction and purpose.

By focusing in these two areas, we propose that business leaders can significantly enhance the positive outcomes for all stakeholders of their organizations.

## CONTRIBUTION TO THEORY

This research offers a model for linking positive CSR and stakeholder outcomes with the antecedents that generate these outcomes. It provides evidence of a significant relationship between the theoretical concept of high-order points of intervention in a system (i.e., greater purpose and consciousness of connectedness) and positive outcomes achieved by a business. It offers a validated construct of consciousness of connectedness that can be used in future research and demonstrates that a leader's consciousness (at the individual level) and sense of greater purpose (perceived at the organization level) have a positive effect on the relational climate in an organization.

This study does not offer a deductive conclusion based on established theory, but it does provide validation that the interrelationship between concepts such as mindset and purpose can be quantitatively correlated with organizational outcomes. In doing so, it furthers the process of ongoing theoretical exploration and suggests a path for future research. It emphasizes the

need for theoretical constructs that take into account fundamental human desires and needs for connection and purpose. A search for relationships and meaning is fundamental to the human experience. The sense of being part of a whole has the potential to define our most basic impulses toward others and all life on earth. In the context of business enterprise, as well as other aspects of life, an emphasis on relationality and a broad sense of purpose change how we think and act. Empathy, understanding, and compassion balance the drives of self-interest and competition. In addition, our research suggests that when humanity is seen as an integral part of the natural world, rather than separate from it, we become more attuned to how our actions affect not only others but all life forms.

In parallel with the shifting perception of the role of business in society toward one of connectedness and purpose, a growing awareness of new findings in both natural and human sciences—in disciplines as diverse as quantum physics, consciousness research, evolutionary biology, epigenetics, neuroscience, economics, psychology, and organizational behavior—is beginning to overturn conventional views about the nature of reality. The Newtonian-Cartesian-Darwinian views have been used to cast humans as separate and spirit-less beings living in a ruthlessly competitive mechanical universe. The emerging quantum paradigm is very different: it reveals wholeness and connectedness, with reality (including humanity) distinguished by potentiality and indeterminism. Humans in this theoretical view are, by our essential nature, part of a whole; we are thinking *and* feeling; physical, biological bodies *and* meta-physical energies. We essentially and necessarily are relational and cooperative. Reality understood via quantum science reorients vision and purpose toward connectedness, care, and compassion. Transforming consciousness requires more than a cognitive argument. Unlike the business case for social responsibility, which tries to persuade managers based on rational, analytical grounds, a consciousness of con-



nectedness changes who people are and how they act as it changes their perception of reality. Our study contributes to an understanding of the value of this altered view of reality in business leadership.

## APPENDIX A: METHODS

This analysis is based on survey data collected in a detailed questionnaire from 322 respondents in leadership positions within organizations from a cross-section of industries, administered as an anonymous, online survey through the Qualtrics platform. Respondent demographics included a gender representation of 171 males and 151 females and an age range representation of 46 Baby Boomers (over 55), 141 Generation X members (36 to 55), and 135 Millennials (under 35). At the organizational level, respondents included 91 owners or c-suite executives; 110 directors or division-level managers; and 121 middle managers.

Screening points were established to ensure that only respondents in leadership positions in their organizations completed the survey, and attention screens and minimum and maximum time thresholds were implemented to ensure engaged participation.

### Survey Development

The survey was developed and tested in a multi-step process and included face-to-face discussion of survey items and evaluation of face validity, Q-sort methodology to assess relatedness to our theoretical constructs, and pilot testing of the survey questions (Moore & Benbasat, 1991).

Four questions related to a consciousness of connectedness (CC)—defined as a sense of oneness manifested by an implicit understanding of how one's attitudes and actions impact all life on earth—were designed using a visual representation based on an adaptation of a oneness survey from Swann et al. (2012) and a connectedness to nature survey from Mayer and Frantz (2004). Four questions using a Likert scale

related to greater purpose (GP)—explained as “defining the business mission as including some greater purpose toward society, the environment, the community, employee well-being, future generations, etc.”—and were adapted from Glavas and Kelley (2014).

We used a 12-question Likert scale survey to measure relational climate, with relational climate defined as “a relatively stable collective structure that represents the socio-emotional atmosphere that is created and maintained as people interact in a dyadic relationship, team, or organization.” The 12 questions were organized along three sub-constructs, with five questions related to shared vision (SV), defined as “the extent to which members of an organization share a common mental image of a desirable future state that provides a basis for action.” Four questions were related to compassion (CO), defined as “the extent to which members of an organization notice another person as being in need, empathize with him or her, and act to enhance his or her well-being in response to that need.” Three questions related to relational energy (RE), defined as “the extent to which relationships in the organization are a source of energy in that they result in feelings of positive arousal, aliveness, and eagerness to act” (Boyatzis & Rochford, 2020).

To measure the endogenous factors, the survey asks respondents to assess the perceived performance of their organization relative to their major competitors using a 5-point scale. Three items were related to economic performance (EP), and four items were related to positive social and environmental outcomes. Various studies have validated the reliability of self-reported economic performance in survey research (Liozu & Hinterhuber, 2013), while recognizing the potential for single response bias as a limitation.

Because social desirability can influence respondents' assessment of the positive value they provide for society or the environment and of being a positive member of an organization, we included controls

for social desirability. We incorporated the scale offered by Hays as a control (1989).

We tested our hypotheses using structural equation modeling (SEM) in AMOS; all model variables were included during our analysis, and we analyzed mediation effects using bootstrapping.

### Exploratory Factor Analysis

Exploratory factor analysis (EFA) was conducted using Statistical Package for the Social Sciences (SPSS) to analyze and reduce the dimensions of the 27 survey items into seven latent factors. The analysis was based on the *a priori* assumption in our theoretical model and incorporates the three sub-constructs of relational climate.

The seven factors accounted for 58.2% of the variance. An evaluation of the factor matrix showed no cross loadings, which indicates good discriminant validity and clean loadings on the seven factors. As evidence of convergent validity, we had loadings of more than .5 for most items converging on the seven factors. The corresponding Eigenvalues, variance explained, and Cronbach's scale reliability measures suggest a clean factor analysis and strong convergent validity. The Kaiser-Meyer-Olkin test (KMO) of .919 exceeded the minimum threshold of 0.8 on all EFA tests conducted, and the Bartlett's Test of Sphericity (BTS) was significant ( $p=0.000$ ).

The Cronbach's Alpha for all seven factors was greater than .70, indicating acceptable scale reliability (Cronbach, 1951). A review of the factor correlation matrix (available from the editor) indicated no issues with discriminant validity.

### Confirmatory Factor Analysis

The factors determined through the EFA were transferred to AMOS for confirmatory factor analysis (CFA). The CFA model was evaluated for convergent and discriminant validity. The average variance extracted (AVE) for all factors was above .5, indicating convergent validity. Compos-

ite reliability (CR) was greater than .7 for all factors, indicating acceptable reliability. We tested for outliers and influentials using Cooks Distance tests and tested for multicollinearity by evaluating tolerance and variance inflation factor (VIF) statistics in SPSS. No problematic results were identified during these tests.

A test for common method bias was conducted using a common latent factor (CLF) and a marker variable (i.e., social desirability). Using a chi-square difference test, we compared the results of an unconstrained common method factor model to the results of a fully constrained common method factor. The test indicated that the unconstrained and constrained models were different at the model levels, indicating the presence of common method bias. The common latent factor and marker variable were included when factors were imputed for structural equation modeling analysis.

A summary of model fit statistics, including the CLF and marker, showed Chi-square = 538.482, DF = 354, SRMR = .0403, CFI = .96, RMSEA = .04, and PCLOSE = .992. All of these results remain within the model fit thresholds from Hair et al. (2010) and Hu and Bentler (1999).

## Results

Using AMOS for our SEM analysis, we created a second-order construct of Relational Climate, incorporating the three sub-constructs of shared vision, compassion, and relational energy. A summary of the model paths and standardized estimates are provided in Tables 1A and 2A.

## Limitations

Several limitations exist that could be addressed in future research. One limitation is the use of cross-sectional data. Future studies could be designed to follow the independent, mediating, and dependent variables over time within a measured group. In addition, although we addressed common method bias and social desirability in our study, the lack of instrument variables and tests for other implicit bias-

es raise issues of endogeneity and could be addressed in future studies.

**Table A1 – Model Paths and Estimates for Greater Purpose**

	<b>Standardized Estimates</b>	<b>P-Value</b>	<b>Supported</b>
Hypothesis 1a – Direct Path:			
Greater Purpose → Social/Enviro Outcomes	0.288	<0.001	Yes
Hypothesis 1b – Direct Path:			
Greater Purpose → Relational Climate (RC)	0.351	<0.001	Yes
Hypothesis 1c – Mediated Path:			
Greater Purpose → RC → Social/Enviro Outcomes	0.042	0.001	Yes
Hypothesis 1d – Mediated Path:			
Greater Purpose → RC → Economic Performance	0.080	0.001	Yes

**Table A2 – Model Paths and Estimates for Consciousness of Connectedness**

	<b>Standardized Estimates</b>	<b>P-Value</b>	<b>Supported</b>
Hypothesis 2a – Direct Path:			
Consciousness of Connectedness (CC) → Social/Enviro Outcomes	0.120	0.026	Yes
Hypothesis 2b – Direct Path:			
CC → Relational Climate (RC)	0.250	<0.001	Yes
Hypothesis 2c – Mediated Path:			
CC → RC → Social/Enviro Outcomes	0.030	0.045	Yes
Hypothesis 2d – Mediated Path:			
CC → RC → Economic Performance	0.057	0.001	Yes

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