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Social Purpose Formation and Evolution in Nonprofit Organizations

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Abstract. Social purpose lies at the heart of nonprofit organizations, serving as a nexus that motivates support from volunteers, donors, and other stakeholders, driving collective efforts to address social issues and anchoring everyday practices in moral imperatives that transcend organizational boundaries. Whereas a compelling social purpose is seen as vital for the survival and growth of nonprofits, we know surprisingly little about how purpose develops in these organizations. Drawing on a triadic framework that conceptualizes social purpose as narratives, shared understandings, and enactment in practice, we investigate how purpose forms and evolves within a nonprofit organization. Our findings elaborate how discrepancies can emerge between founders' abstract, future-oriented visions and members' practices related to the organization's beneficiaries. These discrepancies may lead to conflicting or fragmented understandings of purpose, but they can also be generative, driving its evolution toward a resonant and achievable social impact. Whereas leaders are commonly seen as guarding organizational purpose from drift, our study shows how members in nonprofits protect purpose from irrelevance and inefficacy.

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Keywords: organizational purpose • social purpose • nonprofit organizations • meaningfulness

Introduction

Nonprofit organizations (NPOs) are commonly founded with an explicit intent to pursue a social purpose, an aspiration to contribute positively to society by addressing specific social issues or problems (Grimes et al. 2019, Besharov and Mitzinneck 2023, Lashitew et al. 2024). A clear and resonant purpose is essential for securing stakeholder support and attracting volunteers who contribute their time, effort, and skills to causes they care about (Austin et al. 2006, Farny et al. 2019b, Faletehan et al. 2021, Kouamé et al. 2022). Despite its importance for the long-term survival and growth of nonprofits, there has been little attention paid to how these organizations develop a viable social purpose. Whereas some studies have explored the challenges leaders face in maintaining and reinforcing an organization's purpose over time (Jiang 2021, Kouamé et al. 2022), we know less about the dynamics that shape the formation and early evolution of social purpose in nascent NPOs.

The limited focus on purpose formation in nonprofits is striking given the renewed scholarly interest in organizational purpose—a foundational concept in organization theory (Follett 1940, Selznick 1957). Scholars have defined purpose as an organization's "reason for being" (Gartenberg and Serafeim 2023, p. 2) and the value it aims to provide to its stakeholders (George et al. 2023). Organizational purpose captures the relationship an organization has with the broader society and its stakeholders, justifying the organization's pursuits as worthwhile (Pratt and Hedden 2023), providing a central source of meaningfulness and motivation for organizational members (Rosso et al. 2010, Jasinenko and Steuber 2023), and securing legitimacy and support from external stakeholders (George et al. 2023).

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Research on organizational purpose has largely focused on corporate settings (George et al. 2023, Ocasio et al. 2023, Chua et al. 2024), emphasizing either an "inside-out view" that focuses on leaders' role in infusing organizations with purpose and guarding it or an "outside-in view" that explores how stakeholder demands and institutionalized expectations shape corporate purpose (Almandoz 2023, Ocasio et al. 2023). The central role that social purpose plays in attracting resources and motivating members in nonprofit organizations, however, creates unique challenges that existing theoretical accounts do not adequately address. Nonprofits rely on passionate volunteers who are drawn to an organization because its purpose aligns with their deeply held personal values (Minkoff and Powell 2006, Farny et al. 2019b, Brandtner 2021). Through their direct engagement with beneficiaries, these volunteers develop an intimate understanding of needs and a sense of urgency to address them (Garner and Garner 2011, Alfes and Langner 2017, Shepherd and Patzelt 2025), yet they may easily depart if they see the organization diverging from their values (Garner and Garner 2011). At the same time, lacking commercial revenue sources, nonprofits are uniquely dependent on donors who often exert influence over which beneficiaries and issues receive priority (Minkoff and Powell 2006, Kim 2025).

The competing demands create distinctive challenges for nonprofit leaders who can neither dictate a definite purpose (inside out) nor simply respond to a coherent and stable set of institutionalized demands (outside in). Understanding how social purpose forms in nonprofits therefore requires us to move beyond existing views toward a more processual and multiactor approach that acknowledges the distinctive features of these organizations. We thus ask: what dynamics shape the formation and evolution of social purpose in nonprofit organizations?

To address our research question, we conducted a longitudinal case study in a new nonprofit organization using a combination of interviews, observations, and extensive internal archives. Our study spans a period of five years—from early reflections and discussions leading to the founding of the organization to the eventual stabilization of its activities around a new statement of purpose that realigned leaders and volunteers around an achievable social impact. Our grounded analysis was informed by a triadic conception of social purpose encompassing leaders' purpose narratives, members' understandings, and purpose enactment in organizational practices (George et al. 2023).

Our findings elaborate on how discrepancies emerge between leaders' efforts to maintain a consistent purpose narrative and members' understandings and enactment of social purpose shaped through their direct engagement with beneficiaries. We highlight and theorize how these discrepancies, when left unaddressed, can lead to organizational conflict and purpose fragmentation while also driving the evolution of social purpose. The formation of social purpose in nascent nonprofits can create productive tensions as leaders strive to articulate abstract future-oriented narratives, whereas volunteers form more granular and meaningful understandings and experiment with impactful practices. Rather than signaling dysfunction, these discrepancies serve as a generative force, enabling a nonprofit to gradually reorient its social purpose by adapting what the organization's desired social impact is, who its beneficiaries are, and how this impact will be pursued. In this process, NPO members play a pivotal role by helping reshape purpose toward greater alignment between narrative and practice through their sustained attention to beneficiaries' evolving needs and circumstances—even when their efforts directly challenge the leadership's vision. Whereas leaders protect purpose against drift (Selznick 1957), members protect it against irrelevance and inefficacy.

These findings contribute to existing research by uncovering the dynamic tensions between leaders' abstract, future-oriented vision and members' more concrete, impact-focused understandings that drive purpose formation and evolution in nonprofit organizations. In doing so, our study offers a conceptualization of purpose formation as emergent, dialectical, and coconstructed, which challenges existing assumptions foregrounding the "heroic" role of founders in shaping purpose (Dacin et al. 2011, Almandoz 2023) and the normative role of institutionalized expectations (George et al. 2023, Ocasio et al. 2023). By advancing the view of organizational purpose as dynamic, in flux, and far from uniform (Varendh-Mansson et al. 2020), we offer a valuable lens for understanding nonprofit organizations.

Theoretical Background

For nonprofit organizations, social purpose represents their *raison d'être*—a set of value-driven goals and aspirations that attract support from various stakeholders (Kouamé et al. 2022, George et al. 2023). A resonant and clear account of social purpose helps "rally, engage, and enroll workers, volunteers and donors" (Minkoff and Powell 2006, p. 591; Zahra et al. 2009; George et al. 2023) while also sustaining their motivation and goodwill (Austin et al. 2006; Farny et al. 2019a, b). In this section, we first distinguish organizational purpose from the related concept of organizational identity and then outline the distinctive characteristics of *social purpose* in nonprofit organizations. We conclude the section by introducing a triadic conception of social purpose, consisting of leader

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narratives, member understandings, and enactment in practice.

Distinguishing Organizational Purpose from Organizational Identity

The concept of organizational purpose originates from the seminal works of Barnard (1938), Follett (1940), and Selznick (1957), who emphasized purpose as a shared direction that aligns and motivates organizational members. In recent decades, scholarly interest in purpose has been overshadowed by the broader concept of organizational identity (Albert and Whetten 1985), which captures members' beliefs about an organization's distinctive and enduring core characteristics (see also Gioia et al. 2000, Ravasi and Schultz 2006). These two concepts address interconnected and complementary questions: organizational identity asks, more broadly, "who are we?" as an organization, whereas purpose asks, more narrowly, "why do we exist?" (Pratt and Hedden 2023). In practice, the two often intertwine, with purpose serving as a key referent for identity claims and beliefs (Gioia et al. 2013, George et al. 2023), much like strategy (Ashforth and Mael 1996) or culture (Ravasi and Schultz 2006). This connection is particularly salient in nonprofit organizations, where purpose, often explicated in mission statements, represents a defining and enduring aspect of organizational identity (Cloutier and Ravasi 2020).

Despite their empirical overlap, organizational identity and purpose are distinct theoretical constructs. Organizational identity captures the claimed or assumed position of an organization within a social space (Whetten 2006), a combination of the type of organization it claims to be and the characteristics that distinguish it from comparable organizations (Navis and Glynn 2011, Glynn and Navis 2013). Organizational purpose, often used interchangeably with "mission," captures instead an organization's commitment to making a difference in the world—particularly for nonprofits pursuing social change (Brandtner 2021). Whereas identity provides a source of enduring familiarity and distinctiveness (Whetten 2006), purpose is oriented toward goals and values that transcend the organization itself and serve as a source of meaningfulness for organizational members (Lepisto and Pratt 2017, Jiang 2021, Jasinenko and Steuber 2023).

Thus, existing accounts of organizational identity emergence offer, at best, a partial understanding of how organizational purpose forms and evolves (Gioia et al. 2010, 2013). Identity emergence is commonly seen as a leader-driven process that locates the organization within a social referent group (Gioia et al. 2010, Navis and Glynn 2011, Cloutier and Ravasi 2020) through a combination of characteristics that are perceived as "unique [and] that they have in common with other members of their industry" (Clegg et al. 2007, p. 498). Identity is assumed to form through the choices founders make about organizational attributes (e.g. King et al. 2011) and the labels they use to describe and define the organization (e.g., Clegg et al. 2007, Glynn and Navis 2010). In contrast, the formation of purpose is more deeply rooted in common values or moral concerns, the search for emotional resonance (Kouamé et al. 2022), meaningfulness (Rosso et al. 2010), and a shared desire for social impact (Grant 2012, Jasinenko and Steuber 2023, Pratt and Hedden 2023).

The distinction between organizational identity and purpose can be illustrated in cases where the two diverge. For instance, an organization founded to address a specific crisis can maintain its identity even as the context shifts and the external issues grounding its purpose change or disappear (e.g., Florian et al. 2019). The central elements of organizational identity, such as the organization's values and decision-making processes, can persist even when the purpose becomes blurred (Selznick 1953). Whereas organizational identity can endure without a clear purpose, it is more difficult to imagine a strong and sustained purpose that is not embedded in, and reinforced by, an organization's identity.

Social Purpose in Nonprofit Organizations

Nonprofit organizations represent an important vehicle for the pursuit of social purpose, as they tend to be founded with the explicit aim to address salient societal issues and create a positive social impact for defined beneficiary groups. Often referred to as "social mission," social purpose transcends any particular organization, connecting to moral concerns that matter to stakeholders independently of the organization itself. Given the distinctive characteristics of nonprofits, existing accounts of organizational purpose, developed almost exclusively in the context of for-profit companies (Gartenberg and Serafeim 2023, George et al. 2023, Ocasio et al. 2023), may offer limited insight into how social purpose forms and evolves in nonprofit organizations. Even research on purpose in social enterprises (Smith and Besharov 2019, De Cuyper et al. 2020, Cornelissen et al. 2021) provides limited guidance for understanding NPOs. The focus of this literature is on how "hybrid organizations" (Battilana and Lee 2014) struggle to balance social and commercial imperatives, often requiring them to revisit and realign their social vision with market demands and a need for financial sustainability (Renko 2013).

The distinct challenges that nonprofit organizations face raise questions about the applicability of the dominant "inside-out" and "outside-in" perspectives in organizational purpose research (see Almandoz 2023). The "inside-out perspective" (Almandoz 2023, Ocasio et al. 2023) foregrounds the central role of organizational

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leaders in articulating a purpose and communicating it to employees (Ghoshal and Bartlett 1994, Besharov and Khurana 2015, Carton 2018). These studies often portray leaders as "architects of purpose" (Gartenberg and Serafeim 2023), sometimes implying a near "heroic" ability to define and implement purpose (Dacin et al. 2011). With a primary focus on internal stakeholders, this perspective views purpose as a means for leaders to create internal alignment and enhance meaningfulness for the organization's members (Follett 1940, Selznick 1957, Gartenberg et al. 2019).

This leader-centric approach is particularly reinforced by hierarchical authority and formal employment relationships in for-profit firms, which allows leaders to prescribe a purpose that aligns with and supports commercial goals (Gulati 2022). In contrast, nonprofits operate under markedly different conditions that challenge this top-down purpose formation. They rely heavily on volunteers, who are not contractually bound, and on employees who often work for below-market salaries (Austin et al. 2006, Garner and Garner 2011, Hussain et al. 2024). These members are typically drawn to the organization by its social purpose and expect it to reflect their personal values and fundamentally guide the organization's choices (Doherty et al. 2014, Farny et al. 2019b). Moreover, they are often uniquely positioned to understand the needs of beneficiaries and how best to address them (Alfes and Langner 2017, Shepherd and Patzelt 2025). Nonprofit leaders may thus need to accommodate organizational members' values and views to sustain their engagement (Florian et al. 2019, Taylor and Roth 2019, Faletehan et al. 2021), challenging traditional, leader-centric conceptions of purpose formation.

Whereas the inside-out perspective emphasizes internal dynamics, the complementary "outside-in perspective" (Almandoz 2023, Ocasio et al. 2023) conceives organizational purpose as shaped by a historically contingent set of societal expectations and demands of powerful stakeholders. Developed primarily in the context of large corporations, this line of research draws on the corporate social responsibility and citizenship literatures to explain how for-profit companies use purpose to maintain their legitimacy and "license to operate" (e.g., Demuijnck and Fasterling 2016, Kaplan 2023). This approach reflects a broader cultural shift away from the relentless pursuit of shareholder value toward a greater emphasis on social and environmental goals (Bansal and Roth 2000, Besharov and Mitzinneck 2023)—a shift that now appears to be reversing (e.g., Temple-West et al. 2025).

For for-profit firms, social purpose is often complementary and secondary to commercial and corporate goals, with corporate leaders often conceiving societal pressures as contradicting or constraining their profit-making imperatives (Gulati 2022); in nonprofit organizations, however, social purpose is foundational to their existence. Institutionalized expectations around the pursuit of social good are not in tension with other stakeholders' priorities but, rather, form the core around which they coalesce to deliver social impact. Yet the heavy dependence on donors and public funding can make nonprofits even more beholden to influential resource holders than their for-profit counterparts. As Minkoff and Powell (2006) note, external funding can form a binding "mandate" for a nonprofit that may directly conflict with the needs of target beneficiaries or the aspirations of volunteers.

In summary, the challenges that nonprofit organizations face and the context within which they operate complicate leaders' efforts to articulate and enact social purpose in ways that prior research failed to appreciate and dominant paradigms are unable to capture. The nascent literature on social purpose and mission tends to view purpose narrowly as the vision articulated by leaders and casts changes in purpose as "mission drift" (Bruder 2025). As the formative processes of nonprofit organizations remain largely unexplored (Shepherd and Patzelt 2025), we still have a limited understanding of the dynamics that shape the formation and evolution of social purpose in these organizations.

A Triadic Conception of Purpose

To conceptualize and study social purpose, we draw on the broader organizational purpose literature to foreground three distinct yet interconnected dimensions. Prior research has variably emphasized distinct conceptions of purpose, as synthesized in the recent review by George et al. (2023). The authors draw attention to leaders' purpose narratives that articulate their vision for the organization, members' shared understandings of the organization's purpose, and the enactment of purpose through organizational practices. All three dimensions are important for understanding social purpose in nonprofit organizations.

The first dimension consists of leaders' articulated claims that specify "what value [the organization] seeks to create" (George et al. 2023, p. 1847) or "why the work done by an organization is worth doing" (Kraatz et al. 2020; Pratt and Hedden 2023, p. 183). Purpose statements articulated by leaders can be understood as promises about the organization's future conduct that align organizational members around common goals and convey the organization's intentions and values to external stakeholders (Morrison and Mota 2023, Rindova and Martins 2023).

The second dimension consists of the shared understandings held by organizational members (Jasinenko and Steuber 2023). Follett (1940, p. 262) already emphasized the centrality of shared understandings, urging

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leaders to embrace "a common purpose, born of the desires and the activities of the group." Some of the contemporary literature also conceives purpose as shared understandings regarding the organization's ultimate goals and role in society rather than mere statements of purpose (Gartenberg et al. 2019). A widely shared understanding of purpose can mitigate internal conflicts among various interest groups and strengthen members' identification with the organization (Besharov and Khurana 2015, Gartenberg and Serafeim 2023, Ocasio et al. 2023).

The third and final dimension is the enactment of purpose in organizational practices and structures (Selznick 1957, George et al. 2023). As Ocasio et al. (2023, p. 4) note, purpose "manifests itself in structures and the things that an organization actually does." Enactment is often considered the most challenging aspect of purpose in contrast to the relatively straightforward articulation of purpose narratives (Gartenberg et al. 2019, Lleo et al. 2021, Almandoz 2023). Follett (1940, p. 288) suggests that organizations should pursue "a purpose evolved by all the interweaving activities of the enterprise." Selznick (1957), however, highlights how the enactment of purpose is constantly at risk for being thwarted by technical requirements and administrative priorities that divert attention and resources from it. Enactment can also fail or produce ambiguous outcomes that influence how members and stakeholders interpret the organization's purpose (Jay 2013). Enactment thus serves as an indicator that the organization is fulfilling its promise to "walk the talk" and can provide feedback on the feasibility and authenticity of its claimed ideals (Beer et al. 2022, Ocasio et al. 2023, p. 4).

This triadic conception informed our longitudinal analysis and enabled us to chronicle, in a granular way, the evolution of social purpose at our case organization as it was narrated by leaders as well as understood and enacted over time by its members.

Methods

Research Setting

To improve our understanding of the formation of social purpose in nonprofit organizations, we conducted a longitudinal qualitative study of the early years of a Finnish organization we refer to as Inclusion (a pseudonym). The organization granted us an uncommon degree of access by openly sharing all the documents produced during the initial months of its existence, week by week. This access allowed us to closely examine the emergence of social purpose at a nascent stage. Our prolonged engagement with volunteers and board members also enabled us to track changes in real time and examine closely the social processes underpinning these changes. These particularly fortunate conditions provided us with a deep understanding of "how people understand the changes they are both instigating and dealing with, and how these meanings evolve" (Langley and Abdallah 2015, p. 15).

Inclusion was established on April 25, 2016, following the two founders' disappointment with the government's response to the European refugee crisis in the summer of the previous year. In a preliminary document drafted weeks before its official founding, the founders stated that "the swelling immigration figures present not only a challenge, but rather a massive growth opportunity" and that skilled migrants could help meet the "growing demand from Finnish technology companies for new talent" (executive summary, March 2016). With backgrounds in entrepreneurship and nonprofit leadership, the founders saw an opportunity to provide migrants with necessary skills, experiences, mentorship, and contacts to "empower as many of these individuals as possible to create and work for high growth companies" (executive summary, March 2016).

Data Collection

Our data collection was organized in three rounds. The first round took place from March 2017—less than a year after the founding of the organization—to June 2017, the second from March 2018 to January 2019, and the third from May 2021 to June 2022. We collected three sources of data: semistructured interviews, a comprehensive set of archival documents, and fieldnotes from observations (see Table 1 for details).

Semistructured Interviews. We conducted 54 semistructured interviews using a combination of purposive and snowball sampling approaches (Patton 2014). Our informants included founders, board members, core members, volunteers, and participants. We began by interviewing founders and early members to gain a comprehensive understanding of the early days of Inclusion. We then secured access to other current members of the organization. As is customary in qualitative research, the content of interviews changed over time and across types of informants, as our analysis led us to shift our focus from the initial ambitions of the founders and their implementation to how it came to be interpreted and pursued in practice over time (for a sample of our interview guides, see Online Appendix A). The interviews lasted between 30 and 90 minutes and were all recorded and transcribed with the informants' consent.

To preserve anonymity, we refer to informants by codes consisting of a letter, corresponding to their primary role in the organization, and a running number. We used Fx for founders, one of whom also served as

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Table 1. Data Inventory

Data type	Data source	Quantity	Description	Use in analysis
Interviews		54 interviews (including nine follow-up interviews)	Interviews with volunteers, interns, employees, participants, founders, board members, and new CEO	-Understanding perceptions of Inclusion's purpose and its implementation. -Understanding central tensions in the organization.
Archival data	Social media	~200 posts	Stories published on Facebook, Twitter, and Instagram	-Understanding how purpose narrative statements evolved over time. -Creating a chronology of key events.
	Yearbook	~20 pages	Yearbook summarizing the events, programs, and developments from 2016–2017	
	Inclusion white paper	~11 pages	White paper on inclusion and diversity in the tech industry (November 2019)	
	Five-year report	~49 pages	A five-year retrospective report of highlights from 2016–2020	
	Executive summaries	4 summaries	Executive summaries from 2016, 2017, 2018, and 2019	
	Event material	~62 pages	Marketing material, flyers, lists, and feedback forms	
	Secondary data	~71 pages	Feedback interviews with Inclusion's program participants (14). The interviews were done as part of university coursework and shared with Inclusion and the research team	-Understanding participants' perceptions of Inclusion's programs.
Observation	Meetings	9 meetings	Content creating, volunteer, and board meetings	-Provide context, and triangulate interpretations from interviews.
	Events	7 events	Workshops, parties, and presentations	
	Other office visits	2 days	Observing the space and interactions at the open office	
	Total days of observation: 22			

CEO for the first five years, Bx for board members, Cx for core members—a group that includes early full-time volunteers, employees, and interns—Vx for more general volunteers who only participated sporadically, Px for program participants, Rx for other stakeholders, and NC for the new CEO (see Online Appendix B for further details on each informant's and period of involvement).

Archival Data. Inclusion provided us with access to a large archival data set that included meeting memos, presentation material, event material, and executive summaries. Some of this material dated back to a few months prior to the founding, offering a contemporaneous account of the organization's very early days, prior to our interviews and observation. We also collected posts from Facebook, Instagram, and blogs, and used the Wayback Machine Internet archive to track changes in the organization's website from its inception. This archival material was essential to corroborate retrospective accounts of informants, construct a timeline of events, and carefully track changes in how the founders and leaders described the social purpose of the venture through different communication channels. Multiple versions of presentation decks in the archive gave us a fine-grained view of how the purpose narrative evolved over time.

Observation. The observational records mainly provided context for the interviews, archival data, and subsequent analysis. Two of the authors conducted nonparticipant observation, attending volunteer and core member meetings, board meetings, several events, and training programs (see Table 1). Two additional authors visited Inclusion's office premises, engaged in informal conversations with members of the organization, and kept notes of their interactions and experiences. Online Appendix C provides further details about these visits. These observations complemented the interviews and archival documents and helped us substantiate statements collected through these other data sources. For example, observations at community meetings helped track how new initiatives and activities were discussed and integrated into existing ones;

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we could also appreciate the increasing emphasis on communal activities and shared experiences, evident in the palpable sense of camaraderie within the "laboratory," moments of collaborative cooking and shared laughter.

Data Analysis

Although we describe our analysis sequentially, in reality, it proceeded iteratively, moving back and forth between raw data, emerging themes, and relevant literature (Locke 2001) in multiple rounds of data collection and analysis. The initial purpose of our study was to examine the formation of organizational identity in a nonprofit organization. As the research progressed, however, we noticed that the central tensions in the organization revolved more specifically around its social purpose, as discussions among the founders and members focused on the kind of social outcome the venture ought to pursue and whether this outcome had been achieved or was achievable at all. We thus shifted the focus of our analysis toward the formation and evolution of social purpose.

In *the first step*, we created a detailed chronology of key events and decisions that marked the early years of Inclusion, including the launch of new initiatives, changes in the core managerial team, and other events that informants identified as important, such as the opening of a physical headquarters. Figure 1 provides a summary of our detailed chronology. We also combined field notes and archival data to map the various services, initiatives, and day-to-day activities at Inclusion to track when and how they changed over time. This rich historical reconstruction formed an essential backdrop for our analysis. Combined with the next step, it helped us capture how the structures and practices through which Inclusion ostensibly pursued its social purpose evolved over time.

In a *second step*, we open-coded archival data and interviews with organizational leaders to analyze changes in the articulation of the organization's social purpose over time. This analysis involved tracking statements made by leaders or spokespersons in formal communications, such as reports, presentations, and the organization's website, as well as during interviews (Ravasi and Schultz 2006). These communications were generally aimed at constituents, such as potential volunteers, beneficiaries, partners, and supporters, beyond the inner circle of the founders and their close collaborators. Our interviews with the founders revealed how these narratives were aimed at outlining the social impact they envisioned. Despite the diversity of elements that constituted the sequential purpose narratives, there was a consistent emphasis on "technology entrepreneurship" until the initial leader of the organization exited. We collectively refer to these statements as "social purpose narrative" to distinguish them from the understandings and interpretations held by organizational members other than the founders and leaders.

We first collated this text in a large working table detailing the statements, their medium, and dates. This table helped us track changes in how articulations changed over time, sometimes even on a week-by-week basis. This fine-grained account complemented our chronology and helped us reconstruct whether and how changing conceptualizations of social purpose affected events and/or were affected by them. We then reorganized these statements into a separate table, collating statements that used the same or similar elements to describe Inclusion (Online Appendix D presents a condensed version of this table and selected evidence). This analysis helped us identify elements referenced in founders' purpose narratives and track their appearance over time and across multiple media. For example, we noticed that whereas refugees were prominently featured in the earliest documents, they became simply one in a list of many beneficiary groups after April 2016 and disappeared altogether after March 2017. Figure 2 summarizes the key elements referenced in social purpose narratives over time.

Figure 1. Timeline of the Study

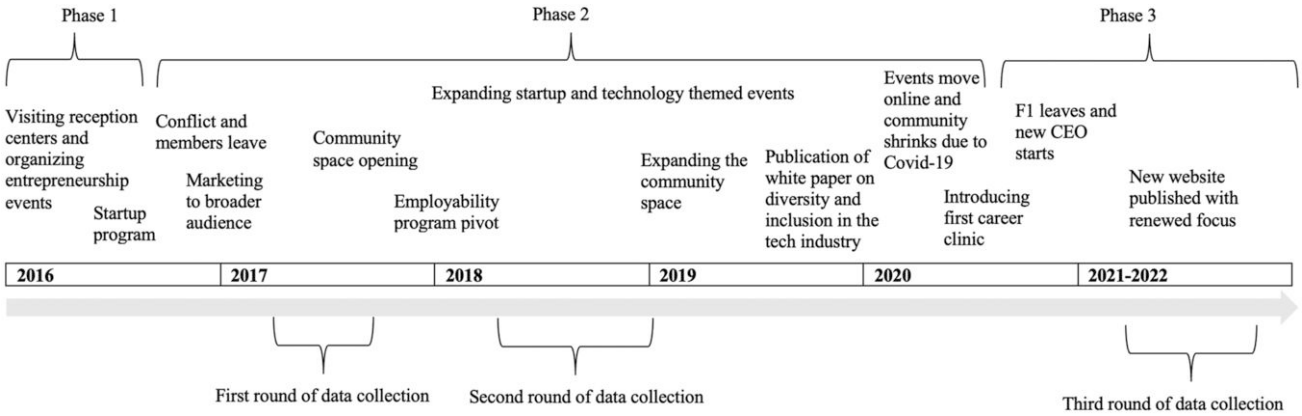

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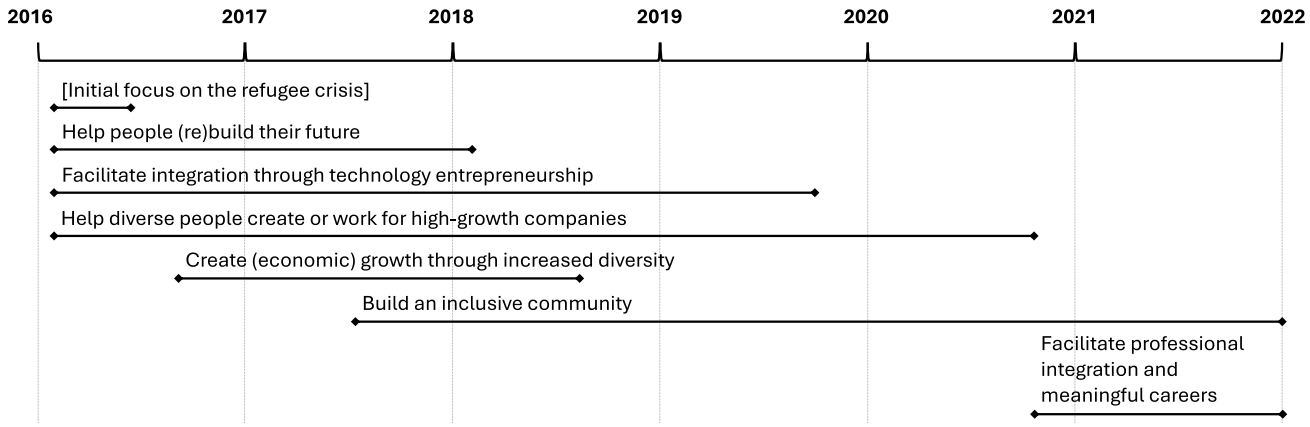
Figure 2. Timeline of Key Elements Referenced in Inclusion's Social Purpose Narrative



In a *third step*, we coded interview transcripts and field notes to trace how founders' and other members' understandings of Inclusion's social purpose evolved over time and how this purpose was enacted in organizational practices. Following established prescriptions for coding qualitative data (Strauss and Corbin 1990, Gioia et al. 2013), our analysis began with open coding. We coded statements that expressed informants' beliefs about the fundamental purpose of Inclusion, their motivations for joining or leaving Inclusion, and their views and sentiments about the services, initiatives, and activities through which the venture purportedly pursued its social purpose. We tentatively labeled text fragments using descriptive codes that captured their content as closely as possible—often using "in vivo" labels, directly reflecting the words used by informants. We gradually organized these fragments into analytical tables, which allowed us to group similar pieces of data and move from preliminary, in vivo labels to more general—yet still descriptive—first-order codes that captured the shared meaning across interviews and field notes.

In a *fourth step*, we systematically grouped similar codes, exploring relationships among them and clustering them under more abstract ("second-order") theoretical categories. Doing so helped us move from descriptive codes to a set of analytical categories that captured the fundamental processes and mechanisms that marked the emergence of social purpose at Inclusion (Online Appendix E provides additional empirical evidence). As we did so, we turned to the literature on organizational purpose to ensure that our emerging categories aligned with more general theories and terminology while remaining receptive to distinctive features of our focal phenomenon.

As our second-order categories took shape, they highlighted persistent discrepancies between the purpose narrative articulated by organizational leaders (emerging from our analysis in step 2), volunteers' evolving understandings of the purpose of the venture (captured in step 3), and how this purpose was enacted with the beneficiaries the organization catered to, the content of the projects it initiated, and the day-to-day activities it carried out—in other words, its organizational practices (tracked in step 1). Discrepancies manifested in three ways. First, interviewees frequently and explicitly referred to misunderstandings among volunteers, disagreements between them and the leaders, and/or inconsistencies in how the stated purpose was implemented. Second, later interviews indicated that several members had an understanding of the purpose of Inclusion that was only partially overlapping with the official purpose statements. Third, as we mapped the content of changing projects, initiatives, and activities against the official statements of purpose, we observed a gradual detachment between the two until their eventual realignment at the end of the period covered by our study.

These discrepancies culminated in an open conflict between the polarized views of founders and core members at the end of phase 1, whereas they remained latent at the end of phase 2, manifesting instead as fragmentation among different views. Our study period was thus marked by two critical junctures, each related to leaders' efforts to revisit purpose narratives, induced by the realization of significant divergence between leaders' narratives, members' understandings, and organizational practices. This observation highlighted the pivotal role of (mis)alignment among these three dimensions in shaping the trajectory of Inclusion's social purpose over time. During the first juncture, two of three core members left the organization (see Online Appendix B for duration of involvement). The second juncture was marked by the leader's exit in 2020.

In the *fifth and final step*, we grouped our second-order categories into four aggregate dimensions that we used to build our grounded model (Figure 3): founders' purpose narratives (outcome of step 2),

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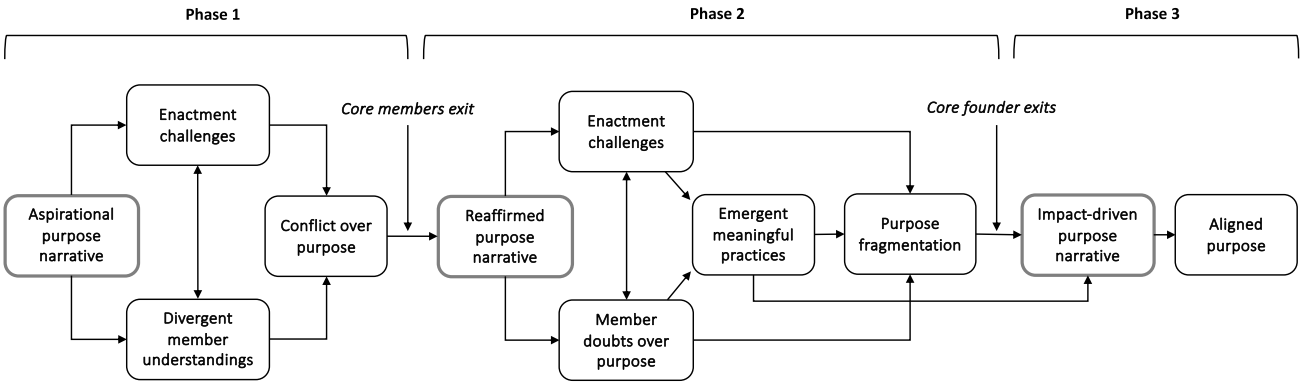
Figure 3. Grounded Model



narrative-understandings discrepancies (step 2), narrative-enactment discrepancies (step 1), and outcomes of purpose discrepancies (step 4). At this stage, we developed multiple tentative visual representations (Langley and Ravasi 2019) and carefully "theorized the arrows" connecting different constructs (Langley 1999) to support our development of an emerging grounded model. Concept-evidence tables (Cloutier and Ravasi 2021), produced during steps 2, 3, and 4, helped us articulate clear definitions for each construct and ensure the grounding of our model in the data. The resulting data structure is presented in Figure 4.

To ensure trustworthiness (Lincoln and Guba 1985), our analysis was conducted in parallel by different members of the group working independently, first on the raw data and next on the emerging set of codes and categories. We periodically shared and discussed our coding to ensure gradual alignment before moving to the next phase. Using a common template to gather and organize evidence corresponding to tentative codes helped us structure our analysis to ensure easy comparability. Recoding, discussing, and relabeling helped us reconcile differences and reach a robust agreement on a set of codes and categories. Finally, we presented our findings to selected informants at Inclusion for feedback on our emerging interpretations.

Findings

Our analysis details how the formation and early evolution of social purpose at Inclusion unfolded in three phases: the initial articulation of the purpose narrative by the founders, their subsequent effort to reaffirm the purpose narrative amid discrepant understandings among volunteers and uncertainty about implementation in practice, and the eventual pragmatic alignment of the purpose narrative with existing practices that members found more impactful and meaningful. The process was shaped by persisting discrepancies among the founders' aspirational narratives, members' evolving understandings, and the on-the-ground enactment of social purpose.

Phase 1: Organizational Founding

Inclusion was formally founded in April 2016, following the onset of the European refugee crisis in Finland. As the organization sought to fulfill the founders' initial ambition to stimulate and support technology entrepreneurship among refugees, it encountered implementation challenges that highlighted discrepancies between the founders' and early members' conceptions of the organization's social purpose.

Aspirational Purpose Narrative. The two founders saw the refugee crisis as an opportunity to provide much-needed talent to the growing startup ecosystem in Finland—a vibrant network connecting community organizations, incubators, accelerators, and investors—based on the assumption that many of these refugees would be talented, skilled, and entrepreneurial:

> If you've travelled 4,000 kilometers from your hometown and gone through hell, you probably have the attitude, you have the desire to improve your life and that of your family, and you have the entrepreneurial spirit. You might be lacking in skills or networks, but at least you have the attitude. —F2, April 2017

Inclusion's initial communication thus was primarily focused on supporting refugees and asylum seekers. In outlining the purpose of the new venture to potential backers, the very first executive summary in January 2016, prior to the formal founding, underscored this focus, noting that "over one million refugees have entered Europe since 2015. By 2020, 100,000 new people may settle in Finland, and Europe as a whole will receive millions of new residents." It described Inclusion's mission as "to empower as many of these individuals as possible to create and work for high-growth companies." Similarly, flyers and social media posts aimed at recruiting supporters described Inclusion's mission as "helping refugees." An early Facebook post announced, "If you are interested in social impact and want to help refugees create the next Finnish unicorns, come to hear more about

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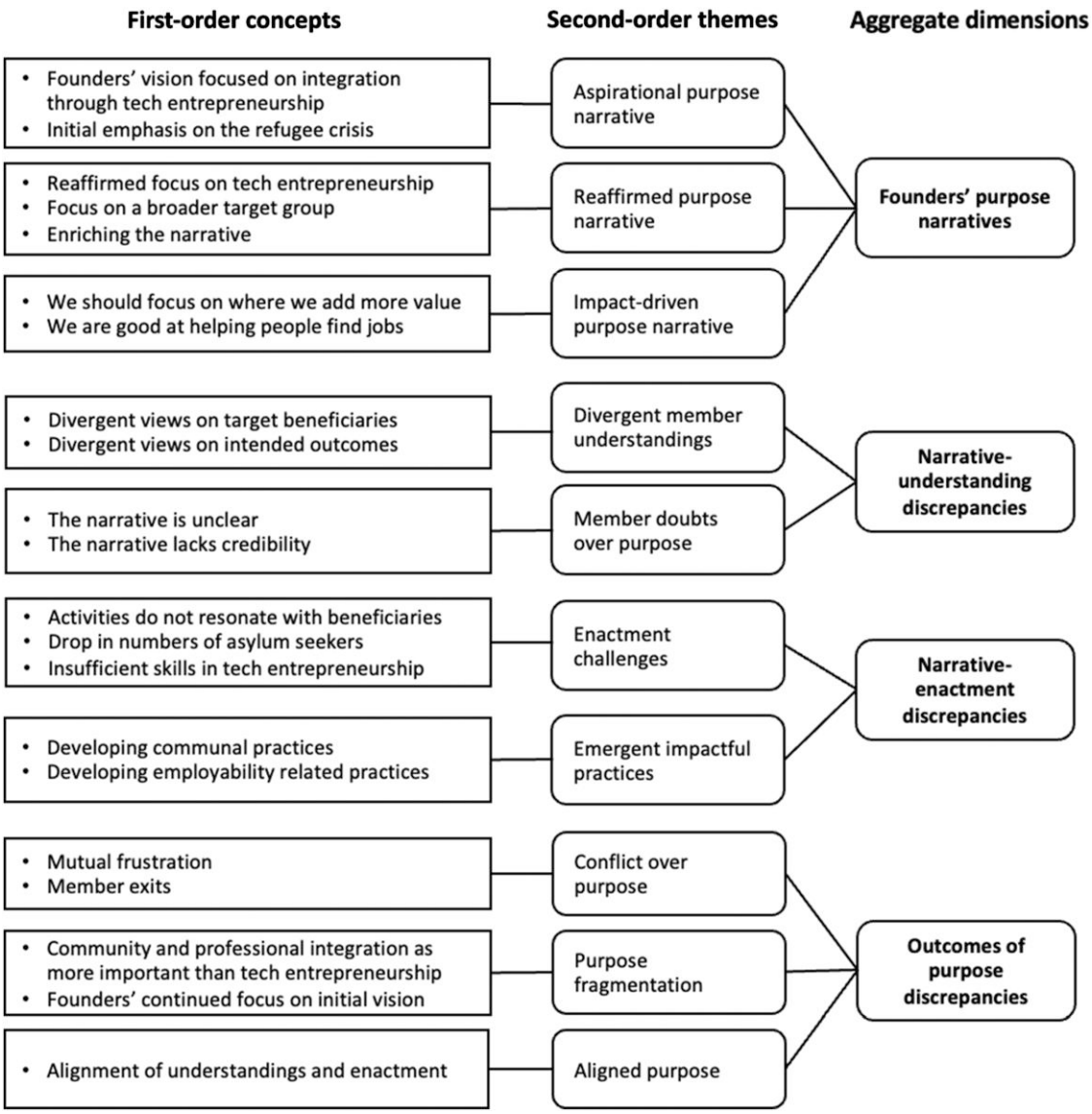
Figure 4. Data Structure



[…] Inclusion" (January 2016). At various events, Inclusion was presented as an organization supporting asylum seekers and offering new solutions to the refugee crisis. An informant noted, "The refugee crisis was clearly the main focus" (C3, April 2017). Another member later recalled:

> The way [F1] pitched it was very much in the frame of asylum seekers coming in. It was all about recognizing the opportunity for Finnish society in this influx of newcomers, and, when I got involved, it was very focused on refugees and asylum seekers. —C4, September 2021

Inclusion's founders presented technology entrepreneurship as their focal means to create social impact, as captured in their first slogan: "Integration through technology & entrepreneurship." Early presentations emphasized asylum seekers "creating or working for a high-growth company" as a path toward integration. The first executive summary mentioned "a propensity or curiosity for technology and entrepreneurship, and an inclination for creating and/or joining technology startups" as "the main criterion for participation" in the activities of Inclusion. On March 26, 2016—one month before the official founding—the newly launched website emphasized this criterion, inviting new members who were "curious about technology and entrepreneurship" to join:

> Technology has no colour, no boundaries. We welcome anyone looking for a fresh start and wishing to integrate better into Finnish society and the startup community, using technology and entrepreneurship. If you are a refugee, an immigrant, a foreigner living in Finland, or a young person unsure of what to do

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> next, we are really keen to see you join. Our services are open to all. The main criterion for participating is ATTITUDE: if you are curious about technology and entrepreneurship, you're welcome to Inclusion.

This purpose narrative enabled the organization to quickly recruit three full-time volunteers (C1, C2, and C3) and several part-time ones. Two of the former (C2 and C3) were primarily motivated by the opportunity to help asylum seekers integrate into Finnish society; the third one (C1) was sympathetic toward multicultural, marginalized young people, being himself an immigrant. We refer to these three full-time employees as "core members" because of their central role in designing and implementing activities and programs for asylum seekers.

Enactment Challenges. Early volunteers were enthusiastic to enact the leaders' narrative and design activities that "involved asylum seekers with entrepreneurship and technology" (executive summary, April 2016). For example, board members, founders, and volunteers visited refugee reception centers to give "inspirational talks" and share their startup experiences. They sought to enroll asylum seekers in "clubs" and other entrepreneurship-related events, such as the Business Ideation Weekend and the School of Startups program. A memo from March 2016 clarified that the purpose of these events was to "promote Inclusion and its mission, [and] congregate people who are interested in learning more about using entrepreneurship and technology."

Soon, however, it became evident that turning the purpose narrative into a tangible reality was challenging. Participation in Inclusion's events dwindled as refugees' interest in these activities quickly waned. Inclusion's members lamented that events and activities were "ill-adapted to the asylum seekers' needs" (memo, February 16). Regular weekly activities attracted fewer and fewer asylum seekers. The English club, for example, folded only six weeks after inception, and the "movie night" club—where participants would watch inspirational talks by famous startup entrepreneurs—was a failure: "On Friday, Ali tried to organize the video night, 4-5 people joined, two didn't speak English" (memo, March 2016). The School of Startups, intended as the prime event, also disappointed the organizers: "150 people registered but only 68 joined, as the first wave of asylum seekers from Iraq and Afghanistan were getting rejected at the same time." —F1, March 2017

Indeed, at the same time, the number of new asylum seekers began to decrease, and many of those already in the country were denied residency in Finland. As one of the founders recalled, the refugee crisis "was not that high on the agenda anymore, because [first] there was a huge influx, and then suddenly it dropped" (F2, April 2017). The founders also recognized that not many refugees were as "suitable for tech entrepreneurship" (F2, June 2018) as they had thought. As the founder CEO explained:

> In the crowd of refugees, there were not many who were skilled, who spoke English, who could be involved in what we were doing as we thought there would be. The numbers were much smaller than expected. —F1, March 2017

Many volunteers began questioning whether the practices promoted to support refugees were effective or appropriate. They viewed the current efforts as inadequate and began to urge the organization to focus on developing more impactful practices that better addressed the beneficiaries' needs. These concerns revealed and accentuated discrepancies between the founders' aspirational narrative and the members' understandings, as we highlight below.

Divergent Member Understandings. The challenges in enacting the purpose narrative forced the founders to clarify their initially ambiguous vision, leading to growing divergence between the priorities of the founders and many of the volunteers. During the summer of 2016, it became clear that some members' views regarding who the beneficiaries of the organization should be and what social impact it should pursue diverged considerably from the founders' intentions.

Consistent with their initial vision, the founders were eager to rapidly expand the range of beneficiaries targeted by the organization. An early board member explained:

> [F2] already had a fairly clear idea of what he wanted to see happen and it was obvious that it wasn't just about asylum seekers or refugees, even in those early days. He saw it as something that would exist for decades. […] not simply about that situation in time, but about "generalizing" the startup approach to [other] sectors of society. —B1, May 2017

The lack of traction for early events and activities precipitated the founders' decision to target a broader and somewhat more privileged audience, including international students and expatriates' spouses, rather than adapting their practices to better serve refugees.

Not all volunteers, however, agreed (see Online Appendix E). Many of them had been attracted to the organization by its initial emphasis on integrating refugees into the Finnish society and economy as a meaningful and worthy cause that aligned with their own ideals. Interviewees recalled their strong desire to "help refugees" (V5, 2017) and mentioned feeling "inspired" (C3, 2017) by the positive impact that the organization would have on the refugee community:

> This insane movement is happening in Europe. And we're all watching it, and going: What can I do? And

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> all of a sudden here it comes, this grassroots organization of people going: We're going to do something about this. And I think a lot of people really related to that. —C3, April 2017

One core member noted how helping refugees was the part of the purpose narrative that "they wanted to hear" (C2, May 2017). Another core member explained:

> [The refugee crisis] really resonated with people. Whether there was a slide somewhere that said it was not just refugees but other groups as well, that is what the focus was, and that is who the community was focused on. That is what people that were involved cared about. —C3, April 2017

Volunteers' views regarding the ideal social impact the organization should pursue also evolved over time. Many volunteers understood the organization's purpose to be about "helping people." They believed that Inclusion should prioritize supporting refugees rather than supplying talent and skills to the startup ecosystem:

> […] what I thought originally: a socially-driven initiative. I thought, I'm going to help people who are in a bad situation as refugees to get a better job. We could go to refugee camps, we could inspire them to get further education and be positive members of society. This is how I saw it. —V2, May 2017

Volunteers had envisioned the profound social impact that Inclusion could have on the lives of the beneficiaries they had come to know personally. One volunteer reflected on her experience at the reception center: "While at the reception centers, it was awesome. It was great vibes. We're gonna do it, we're going to make things happen" (V2, May 2017). They noted that many refugees aspired to set up more traditional businesses, which Inclusion's founders had ruled out of their scope, as one core member commented:

> It's strange to say we're helping people integrate through entrepreneurship, and then, if someone wants to open a café, we say we can't help you. Just "put an app on it, and then we'll help you." —C2, May 2017

Whereas members considered it meaningful to support traditional brick-and-mortar entrepreneurship or to place refugees in regular employment, the founders were unwilling to adapt their focus:

> If you really want to create your own, I don't know, physiotherapy practice, [another organization] is for you. If you want to create something that is tech-enabled, a software company or something, Inclusion is for you. —F2, April 2017

Volunteers grew disillusioned about the likelihood that a significant number of refugees would create successful high-tech startups or find employment in them. They believed that practices focused on technology entrepreneurship did not meet the specific needs of the beneficiaries or make a positive social impact. As one volunteer mentioned:

> It felt like squaring a peg in a round hole. It didn't feel like the most appropriate way to help the people. Just inviting refugees to some events […] doesn't work because it's not adapted to their needs. —V2, April 2017

Another one expressed a similar sentiment, noting that founders did little to "get to know people … [instead] they were just imposing practices that didn't really resonate" with volunteers and beneficiaries (C2, May 2017). Sharing this feeling, some members unsuccessfully attempted to convince the founders to develop activities more closely aligned with the refugees' needs:

> [C2] was pushing us to do something that makes a difference. What's really going to make a difference in these people's lives? Shouldn't we be pairing them up with somebody who can help mentor them? And that mentoring does not need to be about startups. It does not need to be about tech. It could be about how they network in Helsinki. Wouldn't that help them? I'm sure that is a really great idea and also in line with the mission of Inclusion. —C3, April 2017

These discrepancies culminated in a widespread sentiment that Inclusion was prioritizing startups over refugees. A core member questioned whether startup events were rather aimed at "empowering startups more than people" (C1). Another core member recalled:

> I always thought that we really were here to help the people, and I don't even know … We're trying to help the startup community, which is already the best community in Finland. They have all the money. It's already super international. It's the most international ecosystem that we probably have in this country. Do they really need help? [laughs] and it got really ugly. —C2, May 2017

Conflict over Purpose. Eventually, mutual frustration escalated into a confrontation between the founders and several of the early members and volunteers over the purpose of Inclusion. As frontline individuals tasked with interacting with beneficiaries and designing activities and events, core members felt they should have a say in shaping the purpose narratives—particularly given their deeper understanding of the community's needs. However, the founders remained resolute in their own vision for Inclusion, leaving members feeling unable "to influence […] what we were doing, what we stood for" (C3, April 2017). As one core member pointed out:

> [F1] took nothing in. She was just defending the whole thing. She was saying that you understood it wrong and it's your feeble mind that doesn't get the

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> mission, and you were always wrong. She's been saying the same thing since the beginning, and we just understood it wrong. —C2, May 2017

Similarly, a volunteer noted:

> Inclusion is all about driving refugees into IT-related education and startups. And I told [F1] that not all of them have this ability or the background. She responded, "Good, we're going educate them on that." Okay, but what if I want to be a hairdresser? What if I want to have an ethnic supermarket? This is entrepreneurship, but it's not what you're going for and you are excluding a good part of refugees if you don't make it "entrepreneurship," not just tech entrepreneurship. But she said, "This is our vision." —V2, May 2017

As conflicting priorities became apparent, members who had become emotionally invested in improving the lives of the refugee community felt deflated and questioned their participation in the venture. They saw the prioritization of technology entrepreneurship and the startup community over refugees as incompatible with their own values. As a core member explained:

> I need to get rid of this, it's against what I am. It would be so weird to work with this because it's not at all about the things that I feel important, and—I don't know—I just didn't want to be a part of it. I left because [Inclusion] was basically not really helping people. —C2, May 2017

Several people left at this stage "because the expectation when they started and the reality of what was happening didn't match" (V4, April 2017). Some of those who stayed also felt dismayed at the sudden realization that Inclusion did not stand for what they thought it stood for. A board member lamented:

> It was difficult to accept it on an emotional level because I have always been more interested in the kind of projects that target disenfranchised youth and the ones who are in the most terrible situation —B1, May 2017

The loss of two out of three core members in the summer of 2016 prompted the founders to contemplate changes in how they communicated their envisioned purpose of the venture.

Phase 2: Bolstering the Foundational Purpose

The second phase was characterized by a continued focus of founders on technology entrepreneurship and efforts to broaden the range of beneficiaries served by the organization. Despite these efforts, members became increasingly skeptical of the social purpose narrative, which remained somewhat disconnected from organizational practices and demonstrated little tangible impact on intended beneficiaries.

Reaffirmed Purpose Narrative. The founders acknowledged that the way they initially presented the venture had set expectations that they were unable or unwilling to meet. Instead of addressing members' frustrations, they chose to downplay these concerns, attributing them to a lack of understanding among members of "what the organization is about." As one founder reflected:

> I understand that there have been some tensions and some debates about identity or what to do and what not to do. I think that it is partly probably the lack of communication, and partly because people have had wrong or different expectations. —F2, April 2017

The founders sought to reiterate and clarify their commitments and aspirations for the venture, placing a strong emphasis on technology entrepreneurship and enabling diverse individuals to join the startup scene. This ongoing commitment also aligned with the expectations of the foundation that contributed to funding Inclusion's activities. The head of the foundation noted that they expected the organization to be "linked to supporting entrepreneurship in society" (R1, March 2018). In her communication, the CEO emphasized startups more consistently:

> Even though we are about integrating people and it's about society at large […] in reality what we want is to turn these people into wanting to create a startup or work for one. […] Trying to get them to think startups, and not business or entrepreneurship, is another inspiration and journey that they have to understand. We're talking about scalable businesses. —F1, March 2017

The emphasis on refugees gradually decreased in external communications, and starting from May 2016, presentations no longer made explicit references to refugees. The CEO later noted that Inclusion "had to really, purposefully change the way we were communicating so that people understood that it was bigger than what we had started with" (F1, May 2018). In September 2016, a redesigned website stated: "Our events are open to everyone who wants to learn what startups and high-growth companies are and whether creating or working for one is matching his/her personal talents and aspirations."

The founders also sought to attract members and volunteers with a solid understanding of the startup ecosystem and possessing an entrepreneurial mindset. They sought to attract people who "share the same values" (C5, April 2017) and understand this emphasis on technology entrepreneurship. As one board member noted, "If you don't feel that technology is a way to solve the issues we have in society, then you're probably not a fit for Inclusion" (B5, April 2018). The CEO shared a similar sentiment: "It is easier to make startup entrepreneurs want to help people than to make individuals

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who want to help people into startup entrepreneurs" (F1, email correspondence, March 2017).

To increase the resonance of the venture's social purpose among potential new members and supporters, the team started to deliberately refer to "inclusivity," "diversity," and "community" (see Online Appendix D). The revised mission in November 2016 reflects these changes:

> Our mission is to inspire and empower people from diverse backgrounds to join the startup ecosystem. We actively work toward lowering the barrier of participation. By extending the funnel to be more **inclusive** [*bold red in the original*], we will contribute to optimizing under-utilized skills and creating more high-growth companies.

From October 2016 onward, the organization claimed to focus on helping people from "diverse backgrounds," sometimes spelled out more explicitly as "foreigners and multicultural people trying to integrate into Finnish society" (presentation, October 2016).

From April 2017 onward, external communications presented Inclusion as "a community-driven organization." A few months later, an updated mission included goals to "inspire and empower our community through gatherings, workshops, trainings and programs that help them explore ideas, share knowledge and develop skills […] in the startup life" (website, August 2017). The communal side of Inclusion was further reinforced by the acquisition of a physical space in the basement of an entrepreneurship accelerator at the end of summer 2017. This space, called the Laboratory, would allow "people to come in and really feel welcome and part of a community" (C4, June 2017).

Enactment Challenges. Although the revised purpose narrative resonated with some members, many others were increasingly critical about the organization's ability to effectively translate the narrative into tangible impact because of insufficient expertise in technology entrepreneurship and a lack of resonance of entrepreneurship-related activities among beneficiaries.

Despite their efforts to implement the founders' stated purpose, many of our informants saw the venture as incapable of effectively promoting technology entrepreneurship:

> There were a few cases, last year, where people came to us and then started businesses. Maybe five. There are a few cases of people doing our programs and, through that, getting jobs with startups, but we haven't seen exactly measurable success in those areas so far. —C4, March 2018

Furthermore, members perceived enactment to be hampered by the lack of required "tech expertise" (C4). As one core member noted:

> Our qualifications are still very humanistic, like we do not have anybody in the staff or the volunteers who is a software architect, for example, or anything like that. —C8, January 2019

With limited domain knowledge and expertise, Inclusion's entrepreneurship programs also lacked coherence. During the School of Startups program in 2018, for instance, an observer noted:

> The workshops are fun and intense and provide a lot of interesting information. However, this doesn't feel like a regular training program on how to create a startup or move from A to B. It's more like bits and pieces. —field notes, March 2018

Finally, it was becoming evident that technology entrepreneurship did not resonate well with the targeted beneficiaries. In November 2017, for instance, Inclusion launched a program titled Social Impact Bond, with the focus on helping highly skilled unemployed immigrants find work in a startup or launch their own ventures. An assessment report for the program, however, concluded that most beneficiaries displayed "low interest toward entrepreneurship" and far higher interest in "getting a job" (SIB report, April 2018). The report, based on interviews with participants in the program, further stated:

> The program participants have not applied to the program with the intention of starting their own venture, and they do not identify themselves as having an entrepreneurial mindset. Additionally, the program has not been able to spark an interest toward entrepreneurship in them. In this respect, Inclusion has not been successful in meeting its intended outcome: inspiring and activating the participants toward a career in entrepreneurship or the startup ecosystem. —SIB assessment report, April 2018

Members' Doubts over the Purpose Narrative. The challenges in enacting the purpose narrative intensified doubts about the organization's direction. Members grew increasingly concerned that the organization had failed to create a tangible impact and questioned its ability to do so:

> I think they should disclose what kind of impact they made in order to gain more credibility in the market. If it's a startup they should disclose how many people they have coming in, how many of them have found jobs or they created their own jobs. —V2, May 2017

One board member shared similar frustration regarding the organization's elusive social impact:

> It's very hard to grasp … Like, […] What's the concrete outcome of this? […] what are we creating? Are we building up an idea, and getting enthusiastic about what you said […] and what he said and she said … We doubt actually anything concrete happening. —B3, May 2018

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Furthermore, several informants lamented that whereas the purpose of the organization might be clear for the founders themselves, it remained ambiguous for internal and external stakeholders. One volunteer observed a need to "see more focus, a clearer message about what Inclusion is about and some continuity" (V8, April 2017). Similarly, a former core member noted that "currently I don't really understand what they're doing" (C1, May 2017).

Continued doubts and confusion over the social purpose narrative prevented members from forming a shared and meaningful understanding of what the organization was going to accomplish. This lack of a shared understanding was particularly evident as members struggled to articulate the organization's purpose in their external communication:

> I don't think I ever fully understood exactly how Inclusion differs from the various other organizations that seem[ed] a lot more focused. So, as a result, I've had a bit of a hard time explaining what Inclusion is when pitching it to others. —V8, April 2017

Emergent Meaningful Practices. Challenges in enactment and doubts over the purpose narrative led members to shift their focus toward activities that they found more meaningful and rewarding. As efforts aimed at technology entrepreneurship failed to gain traction, members focused on communal activities and social interactions such as "lottery lunches," "community gatherings," and other "get-to-know-each-other activities":

> The community gatherings were good because that's where everyone comes together in a very informal atmosphere. Basically, the team and volunteer gatherings are where we cook together, so it's really relaxed, and anyone can join at any point—whether it's the cooking, the eating, or the games. I think these gatherings are important events that Inclusion should continue to hold in the future. —M11, April 2017

For some members, these social interactions had a "very tangible" impact "on the microlevel" (M21, March 2018), which they saw reflected in the "spark in some people's eyes" (V2, May 2017) and the "glimpse of hope" (V9, April 2017) they seemed to bring:

> From the feedback I got so far, one big value is inspiration and motivation. People feel really inspired by the environment, by all the information they get, to be looking for new opportunities, where they can reinvent themselves, try out new areas. —C11, April 2018

Others redirected their focus to initiatives aimed at supporting the employability of immigrants through activities such as "matchmaking" (C11, April 2018) that facilitated connections between beneficiaries and employers to help the former "find jobs" (V12, April 2018; C4, June 2017). As a core member reported:

> I had experience in doing different workshops for people interested in finding a job in general. And I wanted to bring that here to Inclusion. —C8, January 2019

Although these impromptu efforts initially seemed to lack direction, members came to recognize the positive social impact of these practices and their value in helping beneficiaries in their search for employment. —SIB report, 2018

Purpose Fragmentation. The latent discrepancies between the founders' narrative, members' understandings of the organization's goals, and the efforts to realize a positive social impact remained unresolved from early 2017 through to the beginning of the pandemic in 2020. Whereas the organization exhibited no open conflict or outright dysfunction, the continued discrepancies in social purpose and the inability of members to foresee a meaningful impact from the founders' purpose narrative led them to ignore and even deviate from the founders' aspirations.

Community building came to overshadow technology entrepreneurship as volunteers found meaning and fulfillment in activities that fostered human connection. They valued helping people connect with "like-minded" others (V1, May 2017), who were "facing the same challenges" (C11, April 2018), and who offered "support that you are not alone" (V1, May 2017). Many began to see Inclusion primarily as a place where people could walk in, connect, share ideas, and "create something together" (V5, April 2017). As one informant explained:

> Community (…) is about people having a place, a point to connect to. [Inclusion] is somewhere where they feel like they belong, where they're curious, where they meet people who stimulate and motivate them. —C4, March 2018

Another mentioned, "You don't even have to have a business idea, or you don't even want to join the startup ecosystem. You just join us to share your own stories and chat with the others" (C5, May 2017). This statement seemingly contradicted the official purpose, as founders had always seen community as a means to foster entrepreneurialism. As one founder emphasized:

> We call ourselves a grassroots community-run organization […] On the community side … it's all about inspiring and empowering people first. It's about them discovering and exploring whether Inclusion or startups and technologies are for them. —F1, May 2018

This divergence in emphasis between the leaders' narratives and the members' understandings was exemplified by a promotional video created by a group of

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interns and detailing the activities of the organization. A core member observed the striking omission of technology entrepreneurship: "Never once are the words 'tech and entrepreneurship' mentioned in the video. So, it's beautiful […] but maybe we have become a little distracted" (C4, June 2017).

Further, whereas the leadership still expected the organization to develop activities around technology entrepreneurship, volunteers failed to see this articulated purpose as credible, let alone commit to it. Instead, they experienced the employability-related practices that had evolved through bottom-up initiatives to be far more impactful, with several informants highlighting the importance of "creating job opportunities for people who arrived in Finland and are looking for jobs" (V5, April 2017). As one of them explained:

> Inclusion's mission is to bring together immigrants and foreign students, asylum-seekers, and everybody who is skilled and talented, but has nothing to do. [It is about] supporting them mentally, but also [enabling them to] develop their skills. Then afterward, they can apply to find a job or even have their own business. —C6, April 2017

The views of members, however, were far from uniform, with no shared understanding of the organization's purpose emerging. During our discussions with informants in 2018, for instance, a core member of the team still maintained emphasis on entrepreneurship:

> It's good [getting people hired], but that's not our mission. At least not at the moment. […] Because our goal is to get them in startups, that's where we are strong. —C9, April 2018

A few other members explicitly referenced the founders' stated social purpose. As a former board member observed: "You could notice how [tech and entrepreneurship] disappeared in that sense the community moved in front of entrepreneurship" (B2, July 2021). Even board members themselves had developed a fragmented understanding of the organization's purpose, as one explained: "[Inclusion] is about integration and employment opportunities, finding your place, and building your professionalism in a foreign environment" (B3, May 2018).

A report from November 2019, the last one published before the onset of the pandemic, illustrates the fragmented nature of the organization's purpose by referencing both elements of the foundational purpose narrative, such as technology and high-growth entrepreneurship, as well as elements that members really valued, such as community, belonging, and access to employment:

Inclusion Impact goals:

- We build opportunities for employment and mobility in tech community
- We activate new entrepreneurs with can-do attitude to build confidence and adopt a high-growth mindset
- We enable people to find sense of empowerment and belonging
- We encourage new startups to emerge and help companies find the talent they need
- We reverse integration failure
- We accelerate employment bringing systemic economic benefits to Finland
- We test new models for societal impact

(abridged slide from White Paper on Diversity & Inclusion in the Tech industry, November 2019)

As one member mused, reflecting back on this period:

> I think we didn't really know who we were, and where our space in this part was […] We did lots of cool-looking stuff, and we tried to do things that didn't work. So, in a way, it was … very lively and lots of happening, but deep down it was not really focused. And I think many times we tried to be something that we were not. —C13, June 2021

Amid this fragmentation, however, the original founders remained committed to their initial aspirations and continued their emphasis on technology entrepreneurship in their communication. During a third interview with the CEO in 2018, she noted:

> Inclusion does exactly the same thing as at the beginning. We are integrating people using technology and entrepreneurship […] We want more people from diverse backgrounds to create startups or work for one, so our goal is to lower the barrier of participation for more people to consider startups or technology as one way of redefining their career. —F1, May 2018

It was only after the founding CEO stepped down and a new CEO took over in November 2020 that Inclusion found an alignment between the official purpose narrative, members' understandings, and organizational practices.

Phase 3: Pragmatic Alignment

The hiring of a new CEO from outside the organization in November 2020 marked a new phase in Inclusion's journey. Lacking the personal and social commitments that bound the old leadership, the newly appointed CEO sought to address the persisting misalignments between the stated and enacted purpose of the venture as well as the incoherence in its activities, as the new CEO observed:

> When I got there, I realized very quickly that it wasn't clear to the team what we did. It wasn't clear to the external stakeholders. It wasn't even clear to the community. —NC, May 2021

Impact-Driven Purpose Narrative. The new CEO set out to articulate a credible purpose narrative rooted in

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the organization's emergent practices and observable impact. In her new role, the CEO worked closely with the team to conduct a thorough assessment of the current state of the organization: "We spent the first three months just doing a proper analysis […] We looked at that data and we were able to see who are we serving, what types of profiles, where are they from." This analysis revealed a misalignment between the articulated social purpose, established practices, and tangible outcomes. The continued emphasis on startups and technology entrepreneurship in external and internal communication did not reflect the activities or impact of the organization. The new CEO shared her reflections:

> There was a very strong expectation that we would explore and grow the entrepreneurship side of our business because historically this was where we are rooted, and this is also where we see the future path of the industry. It is a very critical point and something we were actually putting a lot of focus on. But when you look at our community, that's not what they want or need. It was really taking an intentional and really hard look at where can we add the most value. —NC, May 2021

The analysis indicated that Inclusion's practices were "30% entrepreneurship and 70% employment" (NC, May 2021). In terms of both impact and external funding, the focus on employability was even more significant. Another informant noted that whereas "the employability part" had clearer results, "the entrepreneurship part was quite vague" (C13, June 2021). Both the new CEO and the employees emphasized the willingness and openness to change:

> The beautiful thing was that when I joined, [the new CEO] said, "hey, you can shape this however you want to in some sense, and because there is not that heavy legacy, there's quite a lot of freedom to be part of that transition and shape it in a way that we feel is suitable for our community." —C15, May 2022

During our last round of interviews, the new leadership shared with us reflections that eventually manifested in the new mission statement, slogan, and accompanying descriptions they published on their website in July 2021 (see Online Appendices D and E for some excerpts). These reflections, as the new CEO explained, were based on what Inclusion was demonstrably able to accomplish:

> Where are our strengths and weaknesses? What are the products and projects that have the most impact and best success and position us to do more? We did that full analysis. About maybe two months ago, we started then enacting the plans to shift from where we were to where the data says we should be. —NC, May 2021

The stated purpose of Inclusion was thus revisited to reflect the shifting emphasis on "career transformation" and helping people integrate socially and professionally. The organization adopted a new slogan, "We put you in the game," and updated its website accordingly:

> Inclusion is the place for meaningful professional integration and career transformation in Finland. We are an impact-driven non-profit organization that bridges the gap between job seekers and companies in Finland by providing in-demand training and fostering a growth mindset in the community where educated individuals can upskill and build a meaningful career. —website, July 2021

Aligned Purpose. These changes resulted in an alignment of the purpose narrative with the organization's practices and related social impact. The aligned social purpose appeared to strengthen members' sense of commitment, as highlighted by one core member:

> I think it's the mission [that is inspiring the team]. We are all, or most of us are ourselves immigrants here, and I think we all feel this very strong need to support people like us … and I think that's like very inspiring to see … that we can help. —C14, May 2022

The organization focused on practices and activities designed to "either get people employed or start their own business" (C15, May 2022), such as career coaching and assistance for job seekers. The only residual practices related to technology entrepreneurship were technology skill certifications and practical training sessions on setting up small businesses. References to startups and high-growth firms were removed from communications, reflecting the new CEO's belief that "there's a lot of value in having sort of brick-and-mortar entrepreneurship" (May 2021). Entrepreneurship thus became one of many pathways for professional integration, as the new website stated:

> Reach your professional goals with us—*no matter if you're looking for a job or want to start your own business*. We offer events, coaching, and training to help you create a meaningful career. —website, July 2021 (italics added)

These changes were supported by the new CEO's strong commitment to "doing the right things with the most impact" (NC, May 2021). One member confirmed that the organization no longer had "events just for the sake of having them" but instead sought "to make sure that each event serves several groups, [to be] more focused and bring more value" (C14, May 2022). Likewise, another member emphasized that prioritizing beneficiaries' actual needs and considering the potential impact of practices are important initial considerations when planning new events or programs:

> … there used to be a time where it was, like, "oh, here's this cool new startup topic, and let's do an

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> event around it." We had events around pet tech or food tech or, you know, these kinds of things. And now it's more like, "OK, what helps our community actually with integration and getting a job?" So now we look at each event that we do and we ask, "Will this actually have an impact for the community?" —C15, May 2022

Reflecting on Inclusion's purpose and observable impact, one member noted: "I think one of the keywords […] is professional integration, even though it's a little bit clunky, not the nicest word for marketing [laughs]. But that is what we do here, we do professional integration" (C15, May 2022). Another respondent similarly stated:

> I think professional integration [is the keyword], and we always talk about helping people find a meaningful career, whatever that means to you. So, for someone, it's finding a job, and not just any job but some job that is fulfilling for them. —C14, May 2022

The team felt confident and at ease with how the organization was developing. As one member noted, "There are always things that we can improve, but I think we're in a pretty good spot right now […] [the new CEO] has been integral to the development of the organization and the team" (C16, May 2022). Another team member highlighted the organization's ability to create impact:

> I can see that we have really the right ingredients to make real change. So, if we could scale some of these products to even bigger, we can be a meaningful contributor to helping internationals find jobs but also to solve lack of talent in Finland. —C17, June 2022

Taken together, aligning the purpose narrative with practices and impact both clarified the organization's reason for being as well as fostered a sense of contribution and meaningfulness among the members.

Grounded Model: The Formation and Evolution of Social Purpose in Nonprofit Organizations

Our grounded model, depicted in Figure 3, builds on our empirical observations to illuminate the processes through which social purpose forms and evolves in a nascent nonprofit organization through the interplay among the purpose narratives articulated by the founders, members' understandings of purpose, and enactment of purpose in practice. The model explains how discrepancies among these three dimensions arise and, when left unresolved, lead to either outright conflict over purpose or its fragmentation and how these dynamics shape the evolution of social purpose in nonprofits.

Social purpose formation begins when founders of a new organization craft an *aspirational purpose narrative* that outlines the organization's desired social impact and how it will be pursued. For nascent nonprofit organizations heavily dependent on the goodwill of volunteers and donors, founders often intentionally craft ambiguous narratives that incorporate diverse elements to secure support from a broad stakeholder base. In our case, this initial narrative included helping refugees, fostering technology entrepreneurship, and supporting the start-up community. Research has shown that such ambiguous strategic goals enable the accommodation of multiple interests (Sillince et al. 2012), whereas "incomplete" narratives invite start-up employees to project career ambitions into the venture (Bort 2025). In nonprofit contexts, our findings suggest that an ambiguous purpose narrative allows an organization to appeal to constituents' personal values and concerns.

Over time, an organization must turn aspirational purpose narratives into concrete practices. Yet implementing ambiguous plans is fraught with uncertainty, often resulting in *enactment challenges* when efforts to create impact fall short of shared expectations. In our case, enactment was hampered by both unrealistic expectations, such as the founders' assumption that a significant proportion of refugees would be interested in and capable of working for high-tech startups, as well as unforeseen shifts in the external environment, such as the unexpected decrease in refugee inflow to Finland that further challenged the founders' initial plans. Addressing such challenges may require founders to revise their assumptions and adapt the venture's activities accordingly (Grimes 2018), for example, by redefining the scope of beneficiaries and/or the services offered, as illustrated in our case.

The ability of a nascent nonprofit to realize its aspirational purpose narrative can be further constrained by *divergent understandings* among organizational members. Our findings reveal that early members selectively prioritized specific social issues (what), focused on a particular subset of intended beneficiaries (who), and developed their own understanding of appropriate means (how), often diverging from leaders' priorities. Because volunteers are typically motivated by a strong desire to help others and contribute positively to society through nonprofit work (Garner and Garner 2011, Brandtner 2021, Faletehan et al. 2021), they may be especially drawn to problems and solutions that resonate with their personal values. In our case, members developed a strong commitment to helping refugees, whom they viewed as facing the most urgent needs, despite leaders' broader vision. They also believed that the organization should prioritize traditional entrepreneurship and access to employment over the intended focus on technology entrepreneurship. In short, our case shows how members may construct their own interpretations of ambiguous narratives,

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amplifying aspects that feel particularly meaningful to them while disregarding others.

To address enactment challenges, leaders may be forced to make difficult decisions about the type of beneficiaries it serves, the types of needs it seeks to address, and the means through which to do so—which, in our case, resulted in the prioritization of supplying talent to the start-up community over helping refugees secure employment. Whereas these choices may resolve ambiguities in the purpose narrative by prioritizing some elements over others, they may accentuate the divergence between members' understandings and leaders' aspirations, potentially causing early members to question whether the organization has abandoned the core purpose that originally motivated their involvement.

Discrepancies between leader narratives, member understandings, and the tentative enactment of purpose can precipitate *conflict over purpose*. The organization's inability to meet beneficiaries' needs can frustrate members whose expectations and priorities—shaped and reinforced through everyday interactions with beneficiaries—diverge from the founders' vision. These members may interpret the founders' adaptive choices as evidence of a "mission drift" away from what they perceive as the organization's "real" purpose (Grimes et al. 2019) or even as a signal that founders do not see these beneficiaries as worthy of support (Shepherd and Patzelt 2025). At the same time, members' sense of ownership over the practices they develop to address beneficiary needs (Alfes and Langner 2017) can further reinforce divergent understandings and fuel conflict, as disagreement turns into open contestation.

In principle, leaders could resolve the conflict over purpose by adjusting their purpose narratives to better align with members' understandings and expectations. However, founders might instead choose to *reaffirm the purpose narrative*, often because they remain deeply invested in it, either for its personal resonance (Zuzul and Tripsas 2020) or because of commitments to important stakeholders (Garud et al. 2014). Reaffirming the core elements of the original narrative can help reduce ambiguity and enable more consistent implementation while maintaining the broad appeal needed at this early stage. Yet leaders' reluctance or inability to accommodate members' concerns and priorities can ultimately lead to the departure of early supporters who are unwilling to compromise on the purpose ideals that inspired their involvement.

Open contestation and the loss of early supporters create an imperative for founders to further strengthen their reaffirmed purpose narrative by incorporating new elements that enhance its appeal and help attract new members (see also Kouamé et al. 2022, Mittermaier et al. 2022). At Inclusion, the founders enriched their original vision by incorporating "diversity," "inclusivity," and "community" more prominently in their communications. Reaffirming thus involves both reiterating commitment to the founding purpose to preserve crucial stakeholder support—as illustrated by the continued support of a key foundation in our case—and strengthening it to enhance its appeal.

However, merely reaffirming the original purpose may be insufficient to resolve discrepancies. As our case shows, new organizations often struggle to develop the necessary practices to realize ambitious visions of social impact, leading to persistent *enactment challenges*. This struggle can be reflected in the lack of convincing evidence that the venture can achieve its stated goals. In the absence of tangible social impact, members may begin to cast *doubts* over the feasibility of the organization's official purpose. Whereas aspirational visions can generate initial goodwill in newly founded organizations, as stakeholders rarely expect immediate impact from organizations without the required structures and practices, they may grow increasingly impatient and begin to expect tangible results as time passes.

Enactment challenges and doubts over the feasibility and relevance of the purpose narrative can push members to turn to their interactions with beneficiaries and communal activities to find justification for their continued involvement with the venture. These frontline engagements offer opportunities to develop a deeper understanding of beneficiaries' conditions and concerns and experiment with *emergent practices.* Although these practices may diverge from the organization's founding vision, they can generate tangible impact for the beneficiaries and feel *meaningful* for members and are, hence, worth doing (Wrzesniewski and Dutton 2001, Pratt and Ashforth 2003).

As the official purpose narrative gradually loses credibility, members begin to develop their own understandings of the venture's purpose by drawing on personal interactions, emergent practices they engage in, and concrete manifestations of impact they observe "on the ground." In the absence of a purpose narrative that recognizes and articulates these emerging understandings, the organization risks *purpose fragmentation*, with each member developing their own understanding of purpose based on their idiosyncratic personal experiences and interactions.

Eventually, persistent fragmentation can undermine the organization's ability to deliver its intended impact by preventing the coordination of resources and efforts around coherent activities and goals. Whereas leaders may continue to push for the enactment of their initial vision, they risk a growing erosion of member commitment, enthusiasm, and support. At Inclusion, the founders remained steadfastly committed to their initial purpose narrative until the departure of the leader, who had articulated the original vision and the recruitment of a new leader. Unburdened by personal ties and public commitment to the founding purpose, an

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outsider can open space for reevaluation and realignment of the organization's purpose narratives and practices. A break from the original vision allows an organization to acknowledge the limitations of its past efforts and craft a new purpose narrative that better reflects existing practices and members' understandings.

The divergent understandings and emergent practices that contributed to purpose fragmentation in the previous phase can provide the leadership with a new foundation for articulating an *impact-driven purpose narrative*—one that is grounded in current practices and their observable impact. Unlike the initial aspirational narrative that was forward-looking or the reaffirmed narrative that attempted to preserve founding commitments while accommodating new elements, this impact-driven narrative is constructed from practices that have already demonstrated their tangible value. Doing so helps repair purpose fragmentation by restoring a mutually reinforcing alignment between members' everyday experiences and practices and the official narrative, anchored in meaningful and demonstrable prosocial impact.

Discussion

Our study expands research on organizational purpose by moving beyond the recent emphasis on for-profit corporations and social enterprises (Hollensbe et al. 2014, George et al. 2023, Morrison and Mota 2023, Ocasio et al. 2023, Chua et al. 2024) to examine, in more depth, challenges and dynamics associated with the formation of purpose in nonprofit organizations. Doing so helps shed light on purpose as a "powerful but intangible phenomenon" (Ocasio et al. 2023, p. 124) that manifests differently across different organizational forms and contexts. Building on the grounded model presented in the previous section, we elaborate on how leader-member dynamics shape the evolution of social purpose in NPOs, highlight the value of purpose as a conceptual lens for studying nonprofit organizations and outline the boundary conditions and future research avenues of our study.

Leader-Member Dynamics in the Evolution of Social Purpose

Prior research on organizational purpose has commonly taken either an inside-out perspective—where leaders are seen as central architects of an organization's idiosyncratic purpose—or an outside-in perspective—viewing purpose as conforming with societal expectations and stakeholder demands (Almandoz 2023, Lucas and Park 2023, Ocasio et al. 2023, Rindova and Martins 2023). Our study offers an alternative view of social purpose as dynamically coconstructed by leaders and members through shifting alignments among narratives, understandings, and practices. Following Selznick (1957), research on purpose has often emphasized the role of leaders in defining and safeguarding purpose as an embodiment of organizational values. We complement this view by drawing attention to the parallel role of organizational members in steering purpose through their tangible practices. In nonprofit contexts, this view foregrounds the pivotal role of volunteers and other frontline members who engage directly with beneficiaries as a counterforce to leaders' long-term visions.

Our perspective highlights three key differences in how leaders and frontline members relate to social purpose: their abstract versus concrete understandings of social purpose, their distinct commitments (to foundational ideas and influential donors versus beneficiaries), and their different temporal orientations, which together create generative tensions driving the formation and evolution of purpose.

Abstraction vs. Concreteness. Our study highlights the contrasting tendency of leaders and other members of nonprofit organizations to formulate and pursue relatively more abstract versus more concrete understandings of purpose. By abstractness and concreteness, we refer to the varying levels of granularity with which core aspects of purpose—such as the target beneficiary groups, intended impact, and means through which it is pursued—are articulated and understood (Baek et al. 2023). Our findings suggest that these differences can be explained by the distinct concerns and social interactions, with leaders promoting their vision for the organization to diverse stakeholders and members' views reflecting their routine, direct engagement with beneficiaries.

In nascent nonprofits, founders often begin with an abstract vision of the organization's intended social impact, its primary beneficiaries, and the provisional means through which these beneficiaries will be served. They craft broad narratives designed to resonate with a diverse array of stakeholders—narratives that invite others to "fill in the blanks" and imagine themselves as key actors in the organization's growth and success (Garud et al. 2014, Bort 2025). These early visions cohere around desired organizational values (Selznick 1957) and typically rest on untested assumptions that remain abstract until challenged by implementation. Because abstraction enhances narrative coherence and persuasiveness and motivates action, leaders may hesitate to make their purpose narratives more concrete (Martens et al. 2007, Abdallah and Langley 2014). Because these visions are oriented toward the yet-to-exist future, they are neither true nor false, but aspire for "narrative verisimilitude," the sense of internal coherence and resonance with audiences' expectations (Ricoeur 1984).

Other members, and particularly frontline volunteers, are often drawn to nonprofits by a desire to

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create positive social impact (Garner and Garner 2011, Brandtner 2021, Faletehan et al. 2021). Whereas they may initially be attracted by the abstract ideals articulated by its founders, their understanding of social purpose often evolves as they begin to work directly with beneficiaries and experience the tangible impact of their actions, which makes their engagement feel more meaningful (Wrzesniewski and Dutton 2001, Pratt and Ashforth 2003, Rosso et al. 2010). Our findings show that such engagement can lead members to develop more concrete and focused understandings of the organization's social purpose than those outlined in leaders' narratives. Over time, sustained interactions with beneficiaries offer a strong sense of "realized meaningfulness" and may even instill a sense of duty toward them (Lepisto and Pratt 2017, Jasinenko and Steuber 2023). These hands-on experiences provide members with a more immediate and compelling "justification regarding why their work is worthy or valuable" (Lepisto and Pratt 2017, p. 106) than the abstract visions articulated by leaders.

Highlighting this difference does not imply that the founders' more abstract purpose narratives are any less valuable, meaningful, or consequential than the more concrete understandings developed by other members. Rather, our case illustrates how both leaders and members contribute in complementary ways to the formation and evolution of social purpose. Founders' abstract visions offer shared aspirations that inspire members and other stakeholders, whereas members' concrete experiences justify their continued involvement as the founding vision encounters unexpected challenges. Whereas an idealistic and abstract representation of purpose can be crucial for generating early enthusiasm, the development of more grounded understandings may be equally important for ensuring long-term stability and enabling the organization to adapt its activities to realize social impact. Our study thus suggests that purpose formation in nonprofit organizations involves an ongoing tension between abstraction and concreteness as the organization pursues resonance, meaningfulness, and viability.

Distinct Commitments. Our findings also reveal an important difference in how leaders and frontline members commit to organizational purpose. Whereas leaders anchor their commitment in an outward-facing purpose narrative—reflecting their original ambitions and aimed at securing key stakeholders—members' commitment is more strongly rooted in the beneficiaries they serve and the social issues they confront daily. These different social and emotional commitments help explain the distinct willingness of leaders and members to drive or resist changes to the organization's social purpose.

Broader entrepreneurship research has shown that leaders are often deeply invested in the purpose narratives they articulate and promote, both because they express their own identities and personal values (O'Neil and Ucbasaran 2016, Zuzul and Tripsas 2020) and because they represent commitments that matter to stakeholders (Garud et al. 2014). Our study shows how leaders in a nonprofit organization can remain similarly attached to the founding narrative as a long-term vision that they communicated to influential stakeholders and find it difficult to change without breaching implicit promises (see also Morrison and Mota 2023). Social purpose narratives are, in a sense, the very "products" nonprofit organizations "sell" to their stakeholders (Minkoff and Powell 2006). As such, changes to these narratives can threaten credibility and undermine stakeholder support.

Our case shows that members tend to form commitments to the underlying social issues that motivated their engagement and the beneficiaries whose needs they perceive as worth addressing. Direct interaction with beneficiaries deepens these commitments as members come to understand the beneficiaries, their needs, and how to best serve them. As our findings suggest, these experiences, in turn, reshape members' understandings of the organization's purpose. Thus, whereas it is not uncommon for nascent ventures to adapt their narratives and actions in response to emergent challenges (e.g., Grimes 2018, Shepherd and Gruber 2021), such adaptations can be problematic for nonprofit organizations, where purpose is closely tied to members' lived experiences and moral commitments.

The pressures to adapt the organization's social purpose can surface tensions between these distinct commitments. Leaders may be reluctant to accommodate diverging understandings that conflict with their broad vision or their commitments to influential stakeholders. For committed members, growing misalignment between their evolving understandings and the leaders' ambitions can push some to eventually leave, feeling unable to fulfill their social and moral commitments—as exemplified by the end of phase 1 in our study. Others may see an opportunity to sustain their commitments "on the ground," leveraging the relative autonomy that volunteers and employees typically enjoy in nonprofits to pursue bottom-up efforts and influence the organization's direction, as illustrated by phase 2.

Different Temporal Orientations. Leaders and other members of nonprofits differ in their temporal orientation toward the pursuit of social purpose. Leaders in nascent organizations commonly articulate and promote future-oriented aspirational visions (Roundy 2014, Suddaby et al. 2023). In nonprofits, leaders articulate an ambitious vision of social impact and a

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desirable future that inspires the imagination of members and other stakeholders and secures their support (Gümüsay and Reinecke 2022, 2024; Kouamé et al. 2022). In our case, the founders' purpose narrative remained anchored in the future even when the organization faced challenges in its implementation. In contrast, frontline members, and particularly those working closely with beneficiaries, may develop a more present-oriented focus that connects to more immediate activities and their tangible impact. At Inclusion, whereas many volunteers were initially drawn by the bold vision of technology entrepreneurship to address the refugee crisis, they soon shifted their focus to meeting the immediate needs of the people they worked with daily and set aside the more distant goal of launching careers in high tech.

These diverging temporal orientations are a potent source of tension. Members who initially buy into aspirational narratives may grow increasingly impatient when future-oriented visions fail to materialize, turning to immediate and tangible results. Leaders in nonprofits may thus need to navigate a shift in temporal focus—from early aspirational narratives that attract stakeholder support and foster experimentation to more grounded narratives that better capture the organization's tangible impact. As our case shows, failing to manage this transition can lead to growing fragmentation and a persistent misalignment between the organization's aspirational vision and its actual outcomes.

Coconstruction of Purpose. Whereas the above tensions may appear as signs of dysfunction, our study suggests that they can constitute a generative dialectic in young nonprofit organizations. The ongoing push and pull between leaders' abstract, long-term aspirations and members' hands-on, present-oriented efforts can eventually lead to a purpose that is both resonant and more viable. This dynamic is particularly salient in nonprofit contexts, where members often enjoy unusual autonomy, seldom found in firms, and are deeply committed to prosocial goals.

Yet this generative dialectic is not without its risks. We observed how discrepancies in purpose can escalate into open conflict over purpose or lead to purpose fragmentation. Conflict over purpose emerges when members develop a strong and shared commitment to beneficiaries that collides with the leadership's broader vision. Purpose fragmentation, in turn, describes a drift when leaders' vision no longer resonates with members, who then actively pursue alternative sources of meaningfulness and forms of social impact. Both purpose conflict and fragmentation become generative when they create conditions for a distributed search process through which leaders and members, more or less deliberately, explore alternative conceptions of what the organization could and should be. This process helps reconcile differing views on social impact ("what" the organization does), intended beneficiaries ("who" it serves), and its practices ("how" it serves them).

By foregrounding frontline members in nonprofits, our study challenges the problematic focus on heroic founders in addressing complex social issues (Dacin et al. 2011, Nicholls 2013). By the end of the study, Inclusion's purpose had come to reflect more closely its members' practices and ideals than the founders' original aspirations: integrating beneficiaries into the labor market became central, whereas technology entrepreneurship slipped to the margins. Yet it was the founders' future-oriented vision that created space for members' experimentation, enabling the emergence of a more sustainable purpose grounded in meaningful activities. The coalescence of narratives, understandings, and practices around a new social purpose was not a result of a top-down teleological process but a dialectical process between founding ambitions and members' everyday experiences (Van de Ven and Poole 1995).

Although prior work has noted the freedom volunteers often have to experiment (Alfes and Langner 2017), we show that their emergent practices and ideals can redirect the organization's very purpose. These bottom-up member-led pressures on the leader's purpose can help nonprofits accomplish resonance with external stakeholders backed by credible impact on the ground. By doing so, we illuminate how social purpose in nascent nonprofit organizations is not only dynamic (Clegg et al. 2021) and plural (Varendh-Mansson et al. 2020) but continuously shaped through leader-member dynamics. Our account thus contrasts with and complements George et al.'s (2023) characterization of the interconnected, relatively linear, and elite-driven processes of "framing," "formalizing," and "realizing" that underpin the formation of purpose in a corporate context. Our findings suggest instead that the committed pursuit of purpose can be a more fragmented and emergent process than previously assumed; leaders' ability to engage in the top-down formalization of a purpose narrative might decrease as members' concern for real-world impact increases, along with experimental efforts to learn more about what needs can be realistically addressed and how. Under these conditions, organizations may be better served by weaving an emergent purpose narrative around realized impact rather than relentlessly pushing for the realization of their visionary foundational narrative.

Avenues for Future Research and Boundary Conditions

Social Purpose in Different Contexts. Our study highlights the value of social purpose as a key construct for studying nonprofit organizations and the dynamics

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involved in their formation and leadership. A deeper dialogue between studies of organizational purpose in corporate, social enterprise, and nonprofit contexts can enrich our understanding of the phenomenon. Because empirical and theoretical work on purpose has been mostly conducted in corporate contexts, it has often been seen as largely symbolic (Bromley and Powell 2012) and primarily serving to *limit* what corporations do. In this context, shareholders often conceive organizational purpose in terms of broad institutionalized themes, such as diversity, equity, and inclusion (George et al. 2023). The centrality of social purpose to a nonprofit's very existence provides a contrasting view of what an organization with a "strong" or "deep" purpose may look like (see also Gulati 2022).

The more central and meaningful an organization's purpose is to its leaders and members, the harder it becomes to change or abandon it. Existing literature has noted that corporations can be quick to abandon their purpose narratives when the firm changes its strategic direction or leadership team (Davis and White 2015, Kaplan 2023), as illustrated by the rapid retreat from DEI initiatives in the United States in early 2025. For nonprofits, however, maintaining a consistent social purpose narrative represents an existential imperative. At the same time, Beveridge and Höllerer (2023) recently suggested that companies can become committed to a group of beneficiaries who face salient and intense hardships, often triggered by unexpected events that elicit empathic concern and a sense of duty toward them. Building on these insights, future research should examine corporations and social enterprises where purpose narratives are not merely ancillary differentiating factors of products or services but foundational for stakeholder relationships and thus critical to organizational viability.

Future Research on Purpose in Nonprofits. As our study highlighted both the challenges and benefits created by purpose discrepancies, future research could further examine the dynamics of purpose alignment and misalignment. Paradoxically, prematurely settling on an aligned social purpose might be detrimental for a nonprofit: if the goal of purpose is not only to attract stakeholder support but also to connect organizational practices to pressing societal issues, then a more ambitious, evolving, and, at times, contested purpose may ultimately create greater impact. This suggests that pressure to quickly adopt a viable, actionable purpose can stifle the generative search for social impact, leading to "mission deflation" rather than mission drift. Relatedly, this argument suggests that too firm an alignment between purpose narratives, member understandings, and organizational practices can lead to blindness to the evolving needs of the beneficiaries—a comfortable and stable social purpose that fails to serve. Future research could adopt a comparative research design to explore these risks and assess how the evolving alignment and misalignment of purpose shapes important organizational outcomes, such as perceived legitimacy and authenticity of nonprofits as well as their ability to attract resources and create positive social impact.

Further, our research setting illuminates the growing prevalence of entrepreneurial ideology in nonprofit contexts (Winner 2018, Eberhart et al. 2022, Weiss et al. 2023). This ideology helps explain why a purpose narrative can sometimes take precedence over practices that address the needs of intended beneficiaries. Once entrepreneurial ideology takes hold, leaders may feel compelled to maintain their narrative and seek practices that align with it, rather than adapting the narrative to better address beneficiary needs. The echo chamber of start-up discourse can lead to hubris and "solutionism," as in Chalmers (2021, p. 1367)'s warning against "confident and charismatic social entrepreneurs who have adopted a particular cause célèbre." Our tripartite approach to social purpose can guide future research in examining ideological inertia and the effects of "solutionism" across nonprofits and social enterprises.

Boundary Conditions. Our arguments apply most strongly to nascent nonprofits with novel aspirations, where volunteers directly engage with beneficiaries. They may not apply equally to organizations that are content with mimicking an unambiguous and generic social purpose from existing organizations. Organizations that replicate existing models—such as homeless shelters adopting standardized service protocols—may experience fewer discrepancies than Inclusion, sidestepping many of the tensions we observed. When organizational members are essentially implementing well-proven approaches rather than experimenting with new ones, the dynamics coconstruction we identified may be less visible. Similarly, nonprofits focused on advocacy work, where members and volunteers do not regularly engage with beneficiaries, may generate fewer grounded, experience-based inputs like the ones we observed in our study.

Conversely, it seems plausible that employees in idealistic start-ups may develop a genuine commitment to purpose and even exert pressure to ensure that purpose narratives and practices remain closely aligned with perceived customer needs. Like nonprofit volunteers in our study, start-up employees derive a sense of meaningfulness and motivation, in part, from developing new and creative solutions to complex problems (Bort 2025). Unlike nonprofit volunteers, however, they may not develop a strong sense of duty or moral responsibility toward beneficiaries, making strategic pivots more feasible and less morally contested.

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In this respect, comparative studies examining purpose dynamics across different types of nonprofits, as well as between nonprofits and start-ups, could provide valuable insights into how organizational nascency shapes the coconstruction of social purpose. Such research could help clarify when and why the generative tensions we observed emerge and how various organizations develop different mechanisms for maintaining member engagement and stakeholder commitment.

Second, our model of purpose formation assumes a significant degree of continuity in purpose narratives over time, stemming either from leaders' commitment to their initial ideas or demands imposed by key stakeholders, such as the entrepreneurship foundation in our study. A broader sample of nonprofit organizations could help unpack the dynamics that unfold in contexts of change and disruption—for example, the discontinuation of USAID funding may impose significant shifts across a wide range of nonprofits worldwide.

Conclusion

Research on social purpose provides a distinctive lens on how organizations engage with the world, answering the fundamental question of "how do we make a positive difference?" By doing so, the concept complements the inward-looking questions of organizational identity, "who we are," and organizational purpose, "why we exist." Social purpose is not just a "cognitive bridge" between an organization's identity and its actions (as suggested by Grimes et al. 2019) but, rather, a nexus that fosters a deep and meaningful connection among the organization, its members, and the social issues faced by the beneficiaries. Our findings show that the pursuit of a social purpose can create split loyalties in a nonprofit; when organizational members embrace a purpose, they may become more committed to creating a tangible social impact than to meeting the foundational aspirations and expectations of their organization's leaders. Social purpose can thus act as an "invisible leader" (Follett 1940), instilling organizational members with passionate morality that is beyond the full control of the organization's human leaders. Whereas discrepancies between the leaders' vision and members' efforts can lead to conflict and fragmentation, they can also be a generative force that helps the organization find a more meaningful and impactful purpose.

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