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Corporate purpose set up to fail in most businesses without structural reform, report warns

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There is a growing gap between what organisations say about their purpose and what established business structures allow them to do, according to a major new report published today by leading business management consultancy Clarasys.

The report, **Purpose by Design: Ownership, Governance and the Future of Business**, produced in collaboration with independent charity A Blueprint for Better Business, warns that purpose statements are “structurally set up to fail” in many organisations because ownership, governance and legal frameworks still overwhelmingly prioritise short?term financial returns.

The report finds that many listed companies remain highly vulnerable to short?term market sentiment and anti?ESG backlash, in part because of who owns them. **Almost 60% of all UK equity is now foreign?owned**, much of it held by large passive investment houses, leaving boards acutely sensitive to short?term performance signals.

> Clarasys CEO, Matt Cheung, said: “Many leaders we spoke to are deeply committed to purpose, but they are operating in systems that keep pulling them back to a very narrow definition of success. Our research shows that this isn’t about better storytelling or smarter KPIs, it’s about redesigning the underlying machinery of business. The good news is that the levers for change are already here; from alternative ownership models to practical governance interventions that any board can start using today. Purpose by Design is about giving leaders a realistic roadmap to move from good intentions to structures that can withstand leadership changes and market pressures.”

The report is based on a substantial body of research and in-depth interviews with more than 50 business leaders from organisations including **John Lewis Partnership, Anglian Water, Ingka Group, and Jupiter Asset Management**. It examines the UK’s legal landscape, including Section 172 of the Companies Act 2006, and explores options for reform, such as the proposed Better Business Act and the introduction of UK?specific purpose?led legal forms, building on benefit corporations and similar models internationally.

Five ownership models are analysed in the report; public companies, investor?owned private firms, family/founder?owned businesses, member and collective owned organisations, and foundation?owned enterprises. The report finds that each model has different implications for purpose potential, and outlines practical governance interventions they can take. These interventions include redesigned incentives, enhanced board representation, clearer purpose?led decision?making frameworks, and strengthened accountability mechanisms.

Clarasys is an award-winning employee?owned, purpose?driven consultancy that helps organisations turn purpose statements into structurally embedded impact. Bringing together expertise in ownership and governance, organisational design and change, purpose specialists work with boards and leadership teams to hard?wire purpose into decision?making, incentives and day?to?day operations. Clarasys sits at the leading edge of the global purpose movement – helping to shape the conversation as contributors to BSI PAS 808 and the emerging ISO 37011 standard on purpose.

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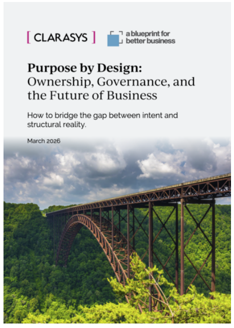

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