

CORPORATE SOCIAL RESPONSIBILITY AND LEADERSHIP

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Abstract: *Recently there has been increasing attention in the literature about the role of the corporation with respect to its social responsibility. The shift in approach is reflected in a move from philanthropy to pragmatism as stakeholders have increasing expectations of business to not only spend their corporate social responsibility funds more wisely but to weave social responsibility throughout the fabric of the business.*

In this new context, what are the implications for leadership? What are the qualities of leadership that are required? How do we develop leadership with a social lens? Do we need a new breed of "Social Leaders" to shift corporate social responsibility from philanthropy to pragmatism? It is these questions that this paper explores.

As a starting point, a series of research questions on leadership and corporate social responsibility were developed. These research questions guided the development of the qualitative and quantitative data collection inclusive of a literature review, an online survey and one-on-one focus interviews. Over 300 people participated in the research.

The research showed that there are clear motivations, enablers and challenges to social leaders and corporate social responsibility. The motivators are personal values and expectations of others. Collaboration, Self-Awareness and Working with Purpose and Vision are all considered critical enablers. In addition the respondents of the survey indicated that Systems Thinking and Diversity are important enablers. Challenges include organisation culture, time and energy, resources, remuneration and "us and them" worldviews.

In summary, it was found that social leadership is closely aligned with leadership in general, but there are some specific motivations, enablers and challenges that people found in applying the social lens to their leadership. It was also found there are significant benefits to social leadership and that investing in developing social leadership has merit.

While it is clear leadership matters, not just any leadership will be effective in contributing to corporate social responsibility. In a world characterised by complex and multifaceted environmental and social problems with no simple or ready answers, there is need for social leaders – leaders whose focus is on contributing to the common good.

For social leadership to thrive to enable the move from philanthropy to pragmatism in corporate social responsibility, there are a number of things that need to be embraced. These include:

- 1. Working collaboratively – working across functions, sectors and disciplines and being willing to abandon an individual agenda for a collective one.*
- 2. Letting go of outdated stereotypes of the "other" and searching for common ground.*
- 3. Self-awareness – of their emotions, strengths, the complexity of the system in which they operate.*
- 4. Mainstreaming – allowing leaders to lead for the common good as part of their everyday work, not just as an add-on.*

INTRODUCTION

In the late 80's it was all about making money. Now it's more about giving back. Language has changed – both my own and in general.” - Private Business CEO.

Philanthropy has been a part of business from its very beginning. People who have been successful in business have often felt a responsibility to give back to people who are less fortunate. In this way business has contributed to society. This philanthropy has even been institutionalised in some countries, for example with tax concessions. There has typically been little connection between company strategy and philanthropy, rather it has been based on the interests or whim of the decision makers.

Recently there has been increasing attention in the literature about the role of the corporation with respect to its social responsibility. Two illustrative examples are Michael Porter's article "Creating Shared Value"¹ and John Mackey's book "Conscious Capitalism"². Both talk about the role of the corporation being beyond pure profit, extending to social responsibility. Indeed Michael Porter suggests:

“The purpose of the corporation must be redefined as creating shared value, not just profit per se”.

But he also points out that capitalism is "under siege" and notes the more it responds to criticisms of causing social, environmental and economic problems by embracing social responsibility, the more it is blamed.

The shift in approach is reflected in a move from philanthropy to pragmatism as stakeholders have increasing expectations of business to not only spend their corporate social responsibility funds more wisely but to weave social responsibility throughout the fabric of the business.

In this new context, what are the implications for leadership? What are the qualities of leadership that are required? How do we develop leadership with a social lens? Do we need a new breed of "Social Leaders"? It is these last few questions that this paper explores. (See a brief description of the methodology employed in attachment 1)

In a previous paper exploring the idea of social leadership³, I developed a definition of social leadership as "leadership that contributes to the common good". That, of course, begs the question of what is meant by the common good and demands a definition. I offer the following a definition of the common good based on themes that were developed by conversation with over 300 "social leaders":

“Human rights of all citizens are respected through equity, inclusion and reciprocity.”

Leaders in the for-profit, government and not-for-profit sectors were asked how they would define the common good. Also people in leadership positions who regard themselves as contributing to the common good were sought out and asked a series of questions about their own leadership and how they operate as social leaders contributing to corporate social responsibility in their particular context. These leaders were selected from a consulting database and then each was asked to nominate more leaders, in a purposeful rolling selection.

The idea of civil society in which citizens have confidence in public institutions, such as banks, public utilities and democratic government is one theme. Another strong theme that emerged is that of human rights – the right to education, health care, employment, security and opportunities for citizenship. Finally there is a set of values that underpin the common good – including equity, inclusion and reciprocity. This aligns closely with Putnam’s work on social capital, which is based on networks of trust and reciprocity.⁴

Interestingly the perspectives about what leading for the common good means varied according to the sector in which the leader was working. Social leaders from the private sector are more likely to indicate that leading for the common good is about ensuring aspects of a well-functioning society are in place such as banking services, an adequate education system and employment opportunities. In contributing to the common good, those from the private sector focus on the creation of mutual benefit and ‘win- win’ solutions for all stakeholders in the community including shareholders, customers, employees and the environment. Social leaders from the community sector perceive contributing to the common good as being about creating the conditions for an equal, inclusive and cohesive society, where individual gain is tempered with society’s needs and human rights are respected. For social leaders in the public sector, leading for the common good is about making decisions that are in the public interest and creating the conditions that allow everyone to participate in society. The focus was as much on public good, in terms of provision of government services, as the common good.

In summary, the results suggest that social leadership is closely aligned with leadership in general, but there are some specific motivations, enablers and challenges that people found in applying the social lens to their leadership. It was also found there are significant benefits to social leadership and that investing in developing social leadership has merit.

If the likes of Porter and Mackey are correct then there are important implications for leadership within all sectors. People in leadership roles in private business must also be social leaders. Those in the government and community sector also need to engage in an entirely different way with the private sector (As outlined later in this article). All sectors need to embrace social leadership as a way of doing business.

METHODOLOGY

Research approach

As a starting point, a series of research questions on leadership were developed. These research questions guided the development of the qualitative and quantitative data collection inclusive of a literature review, an online survey and one-on-one focus interviews.

Literature review

The literature review explored:

- The challenges and opportunities faced by social leaders and corporate social responsibility
- The specific *leadership* challenges leaders face in corporate social responsibility
- The extent to which corporate leaders believe they have a responsibility to contribute to the common good.

Online survey

Qualitative and quantitative data was collected through an online survey distributed to leaders from the private, public, community and social enterprise sectors. In recognition of the fact that many leaders have a number of leadership roles, people were asked to respond to the online survey from the perspective of their primary leadership role.

In total, 268 responses to the survey were received. Over half of the responses (57 per cent) were received from leaders in the community sector; about one-quarter (24 per cent) from the private sector; 14 per cent from the public sector; and 6 per cent from the social enterprise sector. The majority of respondents were between 40 and 50 years of age and just over half were female (58 per cent). Over half of the respondents (66 per cent) were from Victoria and about one-tenth were from the Australian Capital Territory and 81 per cent were based in a metropolitan area.

Interviews

Qualitative data was collected through one-on-one interviews with leaders from the private, public, community and social enterprise sectors across a range of industries including law, construction, finance, banking, health, engineering, education, mining, arts and culture, disability, and information technology. In total, 49 focus interviews were conducted. Just under half of the interviewees were from the community sector (46 per cent); approximately one-third were

from the private sector (35 per cent); 11 per cent were from the social enterprise sector; and 8 per cent were from the public sector. Half of those interviewed were women (51 per cent) and the majority were from metropolitan Australia. While interviewees were aged between 25 and 65 years of age, the majority of interviewees were aged between 40 and 50 years. Two interviewees were of Aboriginal and Torres Strait Islander background and the native language of three interviewees was a language other than English.

Limitations of the research

In reading this paper, the following factors should be taken into account which may or may not impact the findings:

- Self-reporting: Survey respondents were asked to report on their skills and that of their organisation.
- Representation: There is no data on the number and type of social leaders, so it is not clear whether the leaders engaged with are a representative sample of social leaders.

RESULTS

Motivations for Social Leadership

The research showed that social leadership is primarily motivated by a personal value system that has been influenced by faith and/or upbringing. The other key motivator is expectations of others.

Personal Values

The results of the research suggest faith and spirituality are key factors that motivate social leadership. This was not just for those in faith-based community organisations and it included people from the private sector. This aligns with Putnams⁵ and De Botton's⁶ recent work on the value of faith and spirituality. Faith and spirituality provide a framework for values and beliefs.

Faith can also provide a community to which believers can belong. This sense of community for a purpose beyond oneself can lead to a stronger sense of responsibility for, and acceptance of, others.

Social leaders who felt that their upbringing was a driving factor generally made reference to the influence of their parents and family in instilling core values and shaping their world view. The world view includes a sense of responsibility to contribute to a more equal and just world and an awareness that they have skills that can benefit others.

Some spoke explicitly of their faith and others of the influence their upbringing, most often parents and also schools, had on them developing a values system that incorporated contribution, reciprocity and equity.

Expectation of Others

Another motivation for social leadership is that it is the right thing to do and improves the organisation's reputation and brand. This "risk management" motivation is a point along a spectrum of corporate social responsibility that emerged in the interviews.

The notion of motivation applies to organisations as well as individuals. There are different motivations for each point along the above continuum. The minimum motivation is to comply with regulation and to stay on the right side of the law. The next step is to manage the risk to the organisation beyond compliance. The next and possibly most typical corporate social responsibility motivation is reputation management and as a marketing tool. Beyond that there are certain economic efficiencies that can be achieved through social responsibility. This is basically the point made by Porter in *Creating Shared Value*. The next step is from a genuine sense of social, environmental or economic responsibility. Ultimately an organisation can benefit from strategic innovation as a result of leading for the common good. The following story is an example from a different point along the spectrum.

Other interesting findings from the data, that might warrant further research, include:

- some from the private sector also noted a factor that influenced them to lead for the common good is an awareness of how their skills can benefit others.
- those from the public sector are more likely to be motivated by public expectations than those from other sectors
- respondents from the private sector are more likely to be motivated to contribute to the common good because it benefits their organisation's profitability and is important for the management of risk
- people in leadership roles in the public and private sector are more likely to be motivated by the sense of personal satisfaction they feel when they contribute to the common good.
- those from the community sector tend to be driven more by faith and spirituality than those from the public and private sector

A power company had a major infrastructure program of putting in many kilometres of new power lines. Their initial approach to consultations was “decide and defend” – make the decision and defend it at community consultation sessions.

The company was convinced to undertake genuine consultations. They went out and spoke with people who would be affected. They heard stories such as one man who said he went fishing with his grandfather and now takes his grandchildren fishing in one spot that would be devastated by power lines. They then collated the data and came up with eight different options based on community concerns. All of the options were cheaper than the original option. So successful had the community consultations been that the new route did not require environmental assessments. When they went to formal planning stage there was not one objection. Farmers were willing to work with the power company to determine where the lines would go through their properties.

They saved millions of dollars, a great deal of time and developed positive relationships with the effected communities.

Enablers of Social Leadership

The findings highlight the importance of key ‘enablers’, factors that facilitate and support social leadership. These enablers are collaboration, diversity, self-awareness and systems thinking. The graph shows the percentage of people interviewed who cited the future leadership skills required in leading for the common good.

Collaboration, Self-Awareness and Working with Purpose and Vision are all considered critical leadership skills for the future. In addition the respondents of the survey indicated that Systems Thinking and Diversity are also key enablers for leadership for the Common Good. The Diversity dimension is also reflected in the graph in some of the responses in the People Focus category.

Future Leadership Skills



Collaboration

As the roles of business, government and community sectors merge and overlap, at least in relation to social justice, the need for collaboration increases. Collaboration was cited as a key factor both within sectors and between sectors. Where possible and appropriate, social leaders need to be proactive in the development of collaborative relationships that address gaps in their skills, networks and expertise. Through its very nature in bringing people from diverse backgrounds, skills sets and expertise together, collaboration increases the likelihood that adaptive solutions to complex problems will be generated.

Community Organisation CEO:

"It is very difficult to get innovation and creativity without collaboration.

But bureaucracy wants too much control.

The innovative space is under-funded (bureaucrats think they know best).

.. e.g. homelessness is fixable if we collaborated effectively with good policy and programs.

Too often good practice is limited to each state – they don't share their practice.

Some people suffer from "not invented here syndrome"

There is not enough opportunity for all sectors to get together and come up with a consolidated approach."

Examples of collaboration were powerful, albeit rare. One example offered was microfinance - an example of business, government and community organisations leveraging their strengths to provide opportunities for people to actively participate in society through increased financial inclusion.

In 2013, Harvard Business Review authors Nick Lovegrove and Matthew Thomas, explore the complex relationship between the business, government and social sectors as it relates to their role in addressing the most pressing challenges facing society – issues like managing resource constraints, controlling health care costs, training the twenty-first century workforce, developing and implementing smart- grid and intelligent-urbanization technologies, and stabilizing financial systems to foster sustainable economic growth. Their research suggests that the future of collaborative leadership depends on the ability of leaders to engage and collaborate with the business, government and social sectors.⁷

Hank Rubin author and President of the Institute of Collaborative Leadership has written "A collaboration is a purposeful relationship in which all parties strategically choose to cooperate in order to accomplish a shared outcome." In his book "Collaborative Leadership: Developing Effective Partnerships for Communities and Schools" Rubin asks "Who is a collaborative leader?" and answers "You are a collaborative leader once you have accepted responsibility for building - or helping

to ensure the success of - a heterogeneous team to accomplish a shared purpose . Your tools are (1) the purposeful exercise of your behavior, communication, and organizational resources in order to affect the perspective, beliefs, and behaviors of another person (generally a collaborative partner) to influence that person's relationship with you and your collaborative enterprise and (2) the structure and climate of an environment that supports the collaborative relationship."⁸

David Archer and Alex Cameron in their book "*Collaborative Leadership: How to succeed in an interconnected world*", identify the basic task of the collaborative leader as the delivery of results across boundaries between different organisations. They say "Getting value from difference is at the heart of the collaborative leader's task... they have to learn to share control, and to trust a partner to deliver, even though that partner may operate very differently from themselves."⁹

Self-Awareness

"Knowing others is wisdom, knowing yourself is Enlightenment." - Lao Tzu

The literature about values clearly proposes that self-awareness is crucial for effective leadership. According to the February 2007 Harvard Business Review self-awareness has been recognised as the most important capability for leaders to develop. (Simms, M. 2007). The work of Robert Kegan¹⁰ on adult development reinforces the importance. Kegan highlights a critical distinction between subject and object. When we are subject to a situation, emotion or state our responses are compulsive and when we can treat the situation, emotion or state as an object we can be more choiceful. Kegan argues that our awareness of that distinction is key to our development.

Leaders who have high levels of emotional intelligence and self-awareness, and are able to remain centred and grounded, will be more effective. Effective social leaders understand that while a certain level of technical skill in any given area is important, it is often emotional intelligence and self-awareness that differentiates an effective social leader from a not-so-effective one. Social leaders who will thrive and sustain their contribution to the common good in the long term will be those who are conscious that uncertainty, ambiguity and change are characteristics of the current environment, and who are aware that their self-worth is not tied to the achievement of their objectives for the common good.

The social leaders interviewed understood and stressed the importance of self-awareness. The awareness of our own values and motivations are regarded as foundational to leading for the common good. Whether those values are derived from faith, spirituality or upbringing is unimportant. It is the awareness of what is important, and why, that is critical.

Working with Purpose and Vision

The ability to clearly articulate a compelling purpose was regarded as a critical skill for social leadership. Purpose was also described as ‘the glue’ that brings people’s contribution and efforts together. This is because it defines why people are working towards something and why it is worth working on it together. In fact, purpose becomes the “invisible leader” as it both connects different actions taken and supports everyone to know why their contribution is valuable.

“Collective clarity of purpose is the invisible leader” - Mary Parker Follett

When purpose is clear and collectively understood – the greater good of why action is needed, the clarity of what is being pursued and the will to do it regardless of the conditions – then purpose becomes a powerful attractor that allows people to put their individual efforts to work together on making a difference for all.

In an organisation or a community, many purposes co-exist, and often not enough effort is given to interconnect these purposes so that it can often feel that different and conflicting purposes are at play. It is therefore important to remember that different purposes are at play, for example:

- the purpose of the stakeholders that the organisation serves
- the purpose of the whole community /organisation
- the purpose of the core group
- the purpose of each member of the core team.

Putting effort in aligning these different levels of purpose is a key strategic action that if overlooked, can end up with entanglements, confusion and even conflicts instead of achieving outcomes that make a difference.

“Great leaders think rationally, inspire collective participation and action, and empower people to set up structures and develop systems. When a company has a purpose – whether it is altruism, discovery, excellence or heroism – its employees become ennobled through their shared understanding. Their work involves a search for meaning”

- Nikos Mourkogiannis.

Mourkogiannis¹¹ goes on to propose that purpose is a defining characteristic of successful businesses. It leads to success for three reasons:

1. It drives achievement at all levels of a company, from executives to line workers.
2. It reveals the human side of an organisation.
3. It motivates people to do what they do.
4. It drives the behaviour of leaders, determining how they spend their time, and what issues they ponder and discuss.

Systems thinking

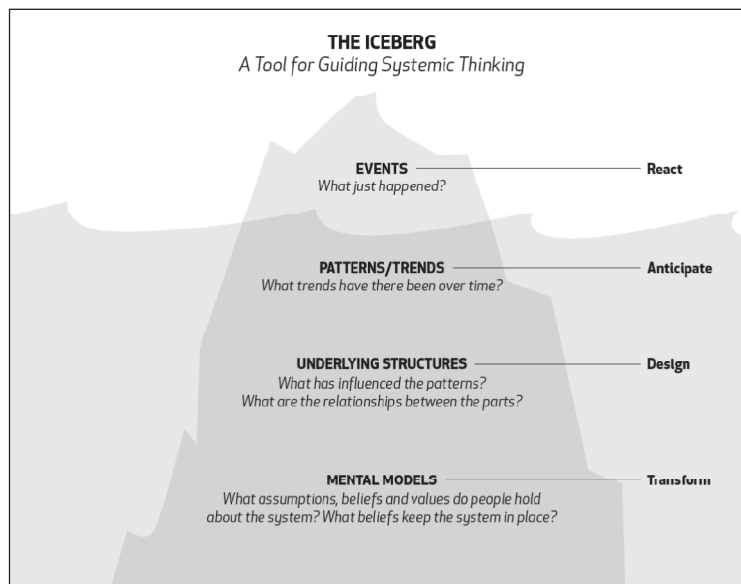
Understanding the context and interrelationships between events, patterns and underlying structure supports social leadership.

Thinking through the implications of decisions in terms of context and relationships can make a huge difference. For example one respondent talked about the decision his Board made about establishing a new site in a place where employment was most needed. The ability to take the decision in a wider context, to apply a social lens, in addition to economic considerations, allowed social benefit to flow while implementing a financially viable solution.

The ability to understand the context and relationships between social, environmental and economic factors and incorporate them into operational decisions is critical. A systems thinking approach is more likely to avoid unintended consequences. It also allows for capitalising on opportunities created by the confluence of various factors, such as the two examples above of the power company and a new site to promote employment opportunities where they are most needed.

The respondents strongly agreed with the need for a system-wide perspective. Indeed it was the ability and willingness of leaders to balance economic, environmental and social factors of the system in which they operate that is a defining feature of social leadership. A strong awareness of unintended consequences of a purely financial or economic perspective was both an enabler and a motivation for social leadership.

As the diagram above¹² depicts an approach to systems thinking is to differentiate between events, patterns and structural causes. The diagram shows



that the more we focus on structural issues the greater the leverage in solving the problem. Structural issues include tangible and intangible factors. Intangible factors include systems, equipment, policies and procedures and intangible factors include mental models or world views and beliefs. This research has identified the belief systems that characterises the various sectors, with each holding a stereotypical view of the other, which inhibits collaboration.

Related to systems thinking is the issue of applying technical solutions to adaptive problems. All too often we are rewarded for our success, rather than taking risks. This creates a tendency in us to use tried and tested solutions. The problem is, as the environment in which we work becomes increasingly complex, there is less and less likelihood that solutions that worked before will work again. In complexity theory this is referred to as non-linearity - the link between cause and effect becomes weaker. These situations have been referred to as adaptive problems.¹³ Applying our tried and tested solutions, referred to as technical solutions, to adaptive problems simply does not work. Indeed it is only when we keep trying to apply technical solutions to a problem and realise that they are not working that we know we have an adaptive problem.

In order to effectively address such adaptive problems and thrive in this new world, leaders will be required to apply adaptive rather than technical solutions. These solutions involve experimentation, new discoveries and adjustment,¹⁴ and require that leaders across all sectors re-think their role and approach, including how to contribute to the common good.

This change appears to be in motion already, with the apparently increasing acceptance that contributing to the common good should not be the sole responsibility of the public and community sectors. This has coincided with the emergence and rapid growth of the social enterprise sector and the increasingly common belief that the private sector's focus on profit should be balanced with philanthropic, social responsibility and/or sustainability initiatives.

People focus and the importance of diversity

The need to engage with people in a caring and constructive way was highlighted by many. This was often associated with the need to gain diverse perspectives. There was widespread awareness of the importance of embracing diversity in order to successfully support people to respond to the increasingly uncertain and complex world.

The benefits of diversity are clearly outlined in the literature. Diversity is claimed to be beneficial to both the organisation and the individual. Diversity is said to bring substantial potential benefits such as better decision making and improved problem solving, greater creativity and innovation, which leads to

enhanced product development, and more successful marketing to different types of customers.^{15 16} Diversity provides organisations with the ability to compete in global markets.¹⁷ Simply recognizing diversity in a corporation helps link the variety of talents within the organization. The act of recognizing diversity also allows for those employees with these talents to feel needed and have a sense of belonging, which in turn increases their commitment to the company and allows each of them to contribute in a unique way.

Diverse skills and behaviours are required to effectively lead for the common good. These include the ability to effectively collaborate within and across sectors (where appropriate); manage stakeholders from diverse sectors, industries and disciplines; think and act strategically; communicate a complex idea and vision with clarity to diverse stakeholders; influence and mobilise others; build relationships; work with people across all generations; manage and deal with uncertainty, complexity and change; measure impact; and know oneself including strengths and weaknesses.

The ability of a leader to generate collective wisdom from a diversity of information sources, and then articulate that wisdom clearly, was seen as a critical skill for social leadership. The traditional view of the hero leader is less and less tenable as the environment becomes more complex. It is not possible for any one person to have all the answers. New leadership requires the leader to be more of a host of a process that generates collective wisdom. An example of this is provided in Columbus Ohio where the community gathered to determine how to ensure affordable health care for all.¹⁸

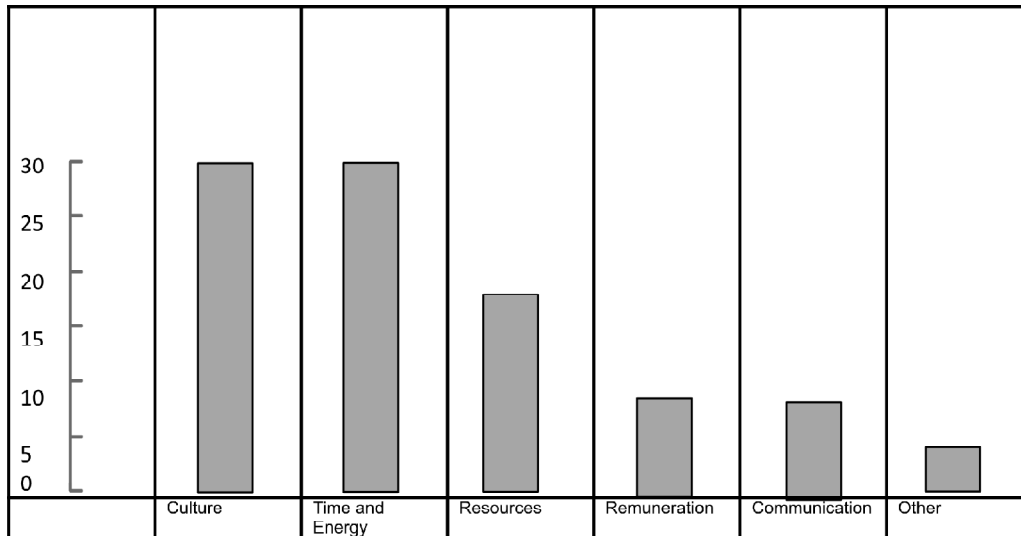
While some female social leaders indicated that their experience has less to do with their gender and more to do with their personality, drive and commitment, some believe that society has some way to go before the capability and competency of women in leadership is truly harnessed.

For organisations to thrive, diversity is crucial. To be the best they can be, and achieve their objectives for the common good, organisations will be required to attract and retain a mix of employees, board members and/or volunteers with respect to skills and expertise. Consideration will also need to be given to creating the conditions for diverse work practices and arrangements that enable those with the necessary skills to contribute despite having other commitments (for example, family) or a preference for different working styles (for example, working from home).

Challenges to Social Leadership

There are a number of factors that challenge social leaders' ability to contribute to the common good. The respondents to the survey and the focus interviews showed the following as the key challenges:

Challenges to Social Leadership (%)



Organisation Culture

Respondents reported (30.4%) that a number of the challenges they experience in leading for the corporate social responsibility are related to the operations and culture of their organisation. In particular, their organisation's focus on short term goals at the expense of long term ones. The bureaucratic nature of organisations, along with their lack of leadership, strategy and vision are also considered factors that impact their ability to contribute. Perhaps, not surprisingly, respondents in a senior leadership role at an organisation are five times more likely than those in a CEO role to indicate that their organisation's lack of leadership, strategy and vision¹⁹ as factors that limit their ability to contribute to the common good.

There is a culture of fear – which prevents everything really” - Public Sector Leader

Many of the operational challenges experienced are sector-specific. For those in the community sector, lack of resources such as funding, personnel and knowledge are challenges that impact their capacity to contribute to the common good. Other challenges reported are the preference of some funding bodies to support programs and initiatives that are new and/or innovative, as opposed to continuing to fund existing programs that are achieving outcomes, as well as meeting the reporting requirements of funders. The preoccupation of some in the community sector in growing their size and building their brand rather than investing time in deepening the impact of their work is another challenge to effectively contributing to the common good. In the private sector, the legal

responsibilities and obligations they have to a diverse range of stakeholders including shareholders, employees, customers/clients and the environment, many of which have different agendas and arguably competing priorities, can be a barrier to social leadership.

Time and Energy

The ability to make time and having enough energy to lead for the common good was almost as big a challenge as organisation culture (29.6%). The pressure of day-to-day work and lack of work/life balance were all reported as being barriers to doing more to contribute to the common good. The “daily grind” is making people feel stretched and is seen as a barrier to more creative and exciting ways of working. Those in metropolitan areas are twice as likely to indicate that the pressure of day-to-day work is a limiting factor compared to those from regional areas.

“Doing what is practical rather than best” - For profit leader

The need for some free time, time for family and hobbies, was also a consistent theme. There was a sense that leading for the common good is beyond work time and therefore might erode personal time. This shows that people are still regarding corporate social responsibility as an “add-on” to real work, rather than a central part of it.

Resources

The constraint of resources was also a common theme from respondents (17.8%). The primary perspective came from people in the community sector who are frustrated by the constant need to seek and justify funding.

“Having to be constantly on the hunt for funding is so exhausting and the nature of funding rounds can be very frustrating.” - NFP Leader

The other aspect of resourcing which emerged was the difficulty in finding the right people. There was a consistent lamentation of the inability to find people who were willing to step up to challenges and who were willing to accept delegation. There was a perception that people are reluctant to accept responsibility and take accountability. People from the community sector also raised this issue in terms of volunteers and to whom it seems it is increasingly difficult to get the number and quality of volunteers required.

On the other hand the view was expressed that resources are really a superficial problem. Given a compelling vision and clear purpose people are willing to step forward and go the extra mile to contribute to the common good.

“The best of breed make time and money available” - For profit CEO

Remuneration

Inadequate remuneration was reported to be a challenge for social leadership, especially for those working in the community and social enterprise sector. For some in the corporate sector the issue of remuneration was more about needing a certain level of income and so deciding to work in a well- paid job instead of working for the common good. It was clear that for these people, and certainly others, leading for the common good was something that was done outside work, perhaps in a voluntary setting. However with the pressure of day-to-day work and lack of work/life balance there was too little time and energy available to do that “extra” work.

“I have to balance the need to put a roof over my head” - For Profit Leader

“Us and Them”

When asked about the role of each sector and the scope for collaboration some very common perceptions were articulated, which are described by the following stereotypes:

- The private sector is all about exploitation and greed
- The government sector is all about control and avoiding risk
- The community sector is “warm and fluffy” but largely ineffective.

These perceptions/mental models were surprisingly consistent, and shared by the other two sectors. There was an implicit assumption that the respondent’s own sector was completely willing and able to collaborate, if only the other sectors weren’t so greedy/risk averse/ineffective. There appeared to be little self-reflection in this regard.

While respondents indicated that collaboration is important to effectively lead for the common good, it would appear that the ‘us and them’ mentality that exists within and between sectors is a barrier to the effective execution of that collaboration. This mentality can result in a lack of respect between organisations, and in some instances, an organisation or sector believing their approach to contributing to the common good is superior to that of other organisations. Rather than leveraging the opportunities that collaboration presents such as the sharing of resources, expertise and knowledge, resulting in improvements in efficiency, the competitive mind-set of some limits their capacity to explore partnerships that will assist them to achieve their objectives for the common good.

In situations where inter-sector collaboration is appropriate, addressing the ‘us and them’ mentality that appears to exist to varying degrees amongst social leaders across all sectors is crucial. As mentioned above this related to the ability to take a systems perspective and look at the structural issues and mental models that are impeding collaboration.

The need for some free time, time for family and hobbies, was also a consistent theme. There was a sense that leading for the common good is beyond work time and therefore might erode personal time.

DISCUSSION AND CONCLUSION

Benefits of Social Leadership

The benefits of social leadership were not specifically part of the focus interviews and surveys however as we talked with people indications of positive benefits to social leadership emerged, further this was supported by our literature review.

Strategic Innovation

As described above there is a spectrum of motivations for participation as corporate citizens. The highest level is described as strategic innovation. The 2010 IBM Global CEO Survey cited two major challenges – dealing with increasing complexity and creativity / innovation. They offer the following quotation:

“Complexity should not be viewed as a burden to be avoided; we see it as a catalyst and an accelerator to create innovation and new ways of delivering value.” – Juan Ramon Alaix, President, Pfizer Animal Health

In the past three IBM CEO surveys, CEOs consistently said that coping with change was their most pressing challenge. In 2010 a new primary challenge was identified: complexity. CEOs said they operate in a world that is substantially more volatile, uncertain and complex. Many shared the view that incremental changes are no longer sufficient in a world that is operating in fundamentally different ways. A core finding was that creativity is the most important leadership quality. It is critical to practice and encourage innovation throughout the organisation. To succeed they take more calculated risks, find new ideas and keep innovating in how they lead and communicate.

Investing in social leadership provides an opportunity to improve strategic innovation and make better decisions through the enablers of social leadership, such as collective intelligence of diversity and systems thinking.

Increased Productivity through Staff Satisfaction

An increasingly important driver in the business case for corporate citizenship is the benefit for human resource management or the human and intellectual capital of companies. Studies, such as the Smith Family report²⁰, suggest that practices such as Employee Volunteering Programs have benefits for the human resource function of firms which in turn lead to improved financial outcomes. The key people-related benefits include:

- Increased employee motivation, morale, commitment and loyalty. A key reason is that money is not the only factor that influences how employees feel about their jobs and their employer. Many employers have realised that non-monetary rewards and needs of employees have been overlooked in the drive for efficiency;
- Creating a shared sense of purpose and loyalty among employees helping foster employee teamwork and cohesion, and improve employee skills such as leadership;
- Improving hiring practices, studies suggest that firms with higher reputations and extensive corporate citizenship programs are seen as more attractive to potential applicants.

The report suggests that “While companies will still undertake corporate citizenship and social responsibility practices for a variety of reasons that often focus on external factors (e.g. improved image and reputation), increasingly they are and will also do so for the internal ‘human resource’ and ‘people benefits’.”

The search for what motivates staff has become something of a crusade for leading-edge companies. Many are recognising that money is not – and possibly never was – the best motivator. Employees are looking for more. They want the kudos of working for a respected and successful organisation. They want opportunities for personal development and meaning in their work. They want to know they are making a difference – not just to the corporate bottom line, but to the community in general. For corporate Australia the focus has turned from the employee’s pay-packet to the company’s ability to prove its mettle as a corporate citizen.

Benefits of Collaboration

Nick Lovegrove and Matthew Thomas (co-founders of The InterSector Project) writing for the Harvard Business Review²¹, interviewed over 100 leaders who have demonstrated their ability to engage and collaborate across the business, government and social sectors and found six distinguishing characteristics:

- **Balanced motivations.** A desire to create public value no matter where they work, combining their motivations to wield influence (often in government), have social impact (often in non-profits) and generate wealth (often in business)
- **Transferable skills.** A set of distinctive skills valued across sectors, such as quantitative analytics, strategic planning and stakeholder management
- **Contextual intelligence.** A deep empathy of the differences within and between sectors, especially those of language, culture and key performance indicators

- Integrated networks. A set of relationships across sectors to draw on when advancing their careers, building top teams, or convening decision-makers on a particular issue
- Prepared mind. A willingness to pursue an unconventional career that zigzags across sectors, and the financial readiness to take potential pay cuts from time to time
- Intellectual thread. Holistic subject matter expertise on a particular inter sector issue by understanding it from the perspective of each sector

Madeleine Carter²², writing for the Center for Effective Public Policy as part of research project funded by the United States Department of Justice and State Justice Institute, defines five qualities of a collaborative leader:

- Willingness to take risks
- Eager listeners
- Passion for the cause
- Optimistic about the future
- Able to share knowledge, power and credit.

Leadership Development with a Social Lens

Given that we have found that there are a cadre of people in leadership roles that lead for the common good, and that there are likely to be significant benefits from that, how might an organisation get a piece of that action? Here are some ideas that emerged during the research.

A question we asked in the survey was “Do leadership development programs develop the necessary skills for leadership in our current and emerging environment?” The answer was a resounding “no”. There was a sense that leadership development programs were transactionally focused, rather than focused on transformation. They are seen as honing technical skills rather than developing adaptive skills. A number of people said leadership development programs need to have a “social lens”.

Leadership development needs to ensure a systems thinking perspective to ensure leaders are noticing patterns and trends and seeking to resolve structural issues.

Measuring impact will continue to remain important particularly as budgets continue to tighten. Understanding and being able to demonstrate return on investment of leadership development programs is critical.

CONCLUSION

While it is clear leadership matters, not just any leadership will be effective in contributing to corporate social responsibility. In a world characterised by complex

and multifaceted environmental and social problems with no simple or ready answers, there is great need for social leaders – leaders whose focus is on contributing to the common good.

For social leadership to thrive, there are a number of things that need to be embraced. These include:

5. Working collaboratively – working across functions, sectors and disciplines and being willing to abandon an individual agenda for a collective one.
6. Letting go of outdated stereotypes of the “other” and searching for common ground.
7. Self-awareness – of their emotions, strengths, the complexity of the system in which they operate.
8. Mainstreaming – allowing leaders to lead for the common good as part of their everyday work, not just as an add-on.

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