Sustainable leadership: Honey bees or locusts?

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Macquarie Graduate School of Management, Sydney, Australia
Where have we been?

- **Seminar 1 – Understanding leadership paradigms**
  RHYS WITHERS, Managing Director, Munich Holdings of Australasia Pty Ltd
- **Seminar 2 – Visionary leadership**
  TIM PETHICK, Chief Executive Officer, nudie juices
  STEPHEN PURCELL, Managing Partner, Henry Davis York
- **Seminar 3 – Leadership development**
  VARINA NISSEN, Managing Director, Manpower Services (Australia/New Zealand) Pty Ltd
  KIM SCHMIDT, Organisational Development Manager, Woolworths Limited
- **Seminar 4 – Global leadership**
  ROD VAWDREY, Chief Executive Officer, Fujitsu Australia Pty Ltd
- **Seminar 5 – Environmental and corporate social responsibility**
  Dr CHARLOTTE GREZO, Director of Corporate Responsibility, Vodafone Group Services (UK)
- **Seminar 6 – Leading change**
  MORRIS ABRAHAM, BE., MEngSci., MBA., AFAIM, Director, ODDAC Pty Ltd
  CHRIS AKAYAN, General Manager Organisational Development, Stockland
- **Seminar 7 – Rethinking the fundamentals of leadership**
  Prof GAYLE AVERY, Professor of Management, Macquarie Graduate School of Management
Today’s agenda

● Levels of sustainability
● Contrasting models of capitalism
● 20 sustainable leadership criteria
  – Support from gurus, research & cases
● The future: honey bees or locusts?
● Discussion questions
LEADERSHIP FOR SUSTAINABLE FUTURES
ACHIEVING SUCCESS IN A COMPETITIVE WORLD

GAYLE C. AVERY
WHAT IS SUSTAINABILITY?

“Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.”

UN Dept of Economic & Social Affairs
Division for sustainable development
http://www.un.org/esa/sustdev/
Sustainable leadership considers:

- economic sustainability
- social sustainability
- environmental sustainability
- a range of stakeholders
Levels of sustainability

4. Efficiency = enjoy the savings
3. Compliance = legal & community expectations
2. Non-responsiveness = irrelevant
1. Rejection = anti

IBM’s environmental protection savings

- savings outweighed the costs by 2 to 1
- saved US$238 million in 2002
Levels of sustainability (cont’d)

5. **Strategic benefits** = creates competitive advantage
4. **Efficiency** = enjoy the savings
3. **Compliance** = legal & community expectations
2. **Non-responsiveness** = irrelevant
1. **Rejection** = anti

Ethics at Nokia

Ethics make sense at Nokia to
- minimise risk
- ensure legal compliance
- increase efficiency
- build reputation
Levels of sustainability (cont’d)

6. Sustaining corporations = right thing to do
5. Strategic benefits = creates competitive advantage
4. Efficiency = enjoy the savings
3. Compliance = legal & community expectations
2. Non-responsiveness = irrelevant
1. Rejection = anti

Models of capitalism at war?

- Anglo/US capitalism
  - neoliberalism
  - liberal market economics
- Rhineland capitalism
  - stakeholder capitalism
  - coordinated market economics

These models lead to contrasting ways of leading organisations and adding value for investors.
Strong pressures currently favour the Anglo/US model

- Business schools
- US academic journals
- US government policies
- Media
- Managers are tied into it via self-interest
- Stock market analysts
- Major investment funds
- Many people don’t know anything else
Rhineland philosophy found in many organisational forms

Family businesses:
  eg SAS (US software co.)

Family/founder run public companies:
  eg Marriott, Nordstrom

Public companies:
  eg Allianz, Canon, Colgate Palmolive, Continental Airlines, IBM?, Munich Reinsurance, Novartis, UBS?

Non-profit: Fraunhofer, Migros
Research suggests that Rhineland leadership is more sustainable

Albert, 1992, 1993
Champlin & Knoedler, 2003
Gelb & Strawer, 2001
Ghoshal, 2005
Hilb, 2004
Hofstede & Hofstede, 2005
Hutton, 2002
Kennedy, 2000
Malik, 2002
Mintzberg, Simons & Basu, 2002
Mitchell, 2001
Ozment, 2005
Stiglitz, 2002
Vitols, 2002
Willmott & Flatters, 1999
Zalewski, 2003

Authors come from Canada, France, Holland, Switzerland, UK, USA
Anglo/US gurus support Rhineland sustainability principles

Warren Bennis
Charles Handy
Henry Mintzberg
Steven Covey
Gary Hamel
Margaret Wheatley
Peter Drucker
Tom Peters
SUSTAINABLE LEADERSHIP CRITERIA
theory and practice in alignment

20 criteria form a self-reinforcing system
<table>
<thead>
<tr>
<th>GRID ELEMENTS</th>
<th>Rhineland (Honey Bees?)</th>
<th>Anglo/US (Locusts?)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CEO concept</td>
<td>top team speaker</td>
<td>decision maker, hero</td>
</tr>
<tr>
<td>Decision making</td>
<td>consensual</td>
<td>manager-centered</td>
</tr>
<tr>
<td>Ethical behaviour</td>
<td>an explicit core value</td>
<td>ambivalent, negotiable</td>
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<tr>
<td>Financial markets</td>
<td>seeks maximum independence</td>
<td>is a slave of the markets</td>
</tr>
<tr>
<td>Innovation</td>
<td>strong, systemic, at all levels</td>
<td>limited, selective</td>
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<tr>
<td>Knowledge management</td>
<td>shared throughout the organisation</td>
<td>limited to a few “gatekeepers”</td>
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<tr>
<td>Long term perspective</td>
<td>long-term overrides short-term</td>
<td>short-term overrides long-term</td>
</tr>
<tr>
<td>Management development</td>
<td>promote from within</td>
<td>like to appoint from outside</td>
</tr>
<tr>
<td>Organisational culture</td>
<td>strong culture widely shared</td>
<td>weak or strong top-down culture</td>
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<tr>
<td>People priority</td>
<td>people are the organisations key asset</td>
<td>people are a fungible resource</td>
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<tr>
<td>Quality</td>
<td>quality is a culture thing</td>
<td>quality is a control thing</td>
</tr>
<tr>
<td>Retaining staff</td>
<td>long tenure</td>
<td>high turnover</td>
</tr>
<tr>
<td>Skilled workforce</td>
<td>develop everyone all the time</td>
<td>selective developing</td>
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<tr>
<td>Social responsibility</td>
<td>values people and the community</td>
<td>exploits people and the community</td>
</tr>
<tr>
<td>Environmental responsibility</td>
<td>values the environment</td>
<td>exploits the environment</td>
</tr>
<tr>
<td>Stakeholders</td>
<td>everyone matters</td>
<td>only the shareholders matter</td>
</tr>
<tr>
<td>Teams</td>
<td>self-governing, empowered</td>
<td>manager-centered</td>
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<tr>
<td>Trust and respect</td>
<td>high trust in others' ability &amp; integrity</td>
<td>low trust in others’ ability &amp; integrity</td>
</tr>
<tr>
<td>Uncertainty and change</td>
<td>evolving and considered process</td>
<td>fast adjustment</td>
</tr>
<tr>
<td>Union-management relations</td>
<td>mostly cooperative</td>
<td>antagonistic by conviction</td>
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</tbody>
</table>
Important points …

- Rhineland leadership philosophy is found in many regions
- Many factors promote the Anglo/US model despite its flaws
- Many Anglo/US gurus favour Rhineland leadership despite its flaws
- Rhineland philosophy is considered more sustainable
- 20 self-reinforcing criteria
  - Support from academics, research & practice

Now what happens in your organisations?
Questions

- At which level of sustainability is your organisation?
- Is this level of sustainability ok with you?
- Does the Anglo/US model predominate in the Australian business environment?
- If Rhineland leadership promotes sustainable organisations, will it emerge more strongly?
- Will talented employees tolerate the Anglo/US model?
- Is there really an alternative?
- Which way will emerging economies eg China go?