

CEDA

Emerging Leaders Session 7, August 8, 2006



Sustainable leadership: Honey bees or locusts?

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WHERE SUCCESSFUL PEOPLE GO TO GO FURTHER



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



Reference

Publisher
Edward Elgar: UK
April 2005

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

Dunphy, D. (2003) Corporate sustainability: Challenge to managerial orthodoxies, *Journal of the Australian and New Zealand Academy of Management*, 9(1), 2-11.



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
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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
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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

Gary Hamel

Henry Mintzberg

Margaret Wheatley

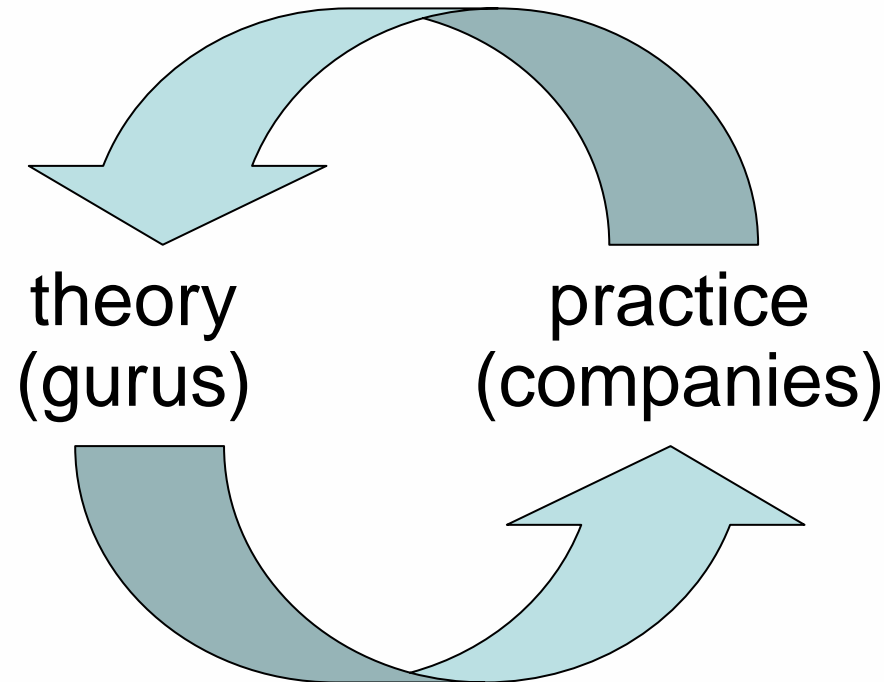
Steven Covey

Peter Drucker

Tom Peters

SUSTAINABLE LEADERSHIP CRITERIA

theory and practice in alignment



20 criteria form a self-reinforcing system

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

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?