Helping business leaders to think big

As a world that has become far more connected, one of the key issues is the lack of global governance," according to Unilever’s Chief Executive Officer, Paul Polman. Tackling big societal issues is a commitment Polman has made since he took over the reins at Unilever in 2009. As a result he has stepped up the stock market on quarterly performance to encourage a more long-term perspective and has launched initiatives such as the sustainable living plan that focuses on reducing calories in certain food products, cutting energy usage as well as backing the call for a price on carbon.

While the influence of large non-state actors in improving societal and environmental issues is increasingly relevant, the ability to mirror such big thinking is often hampered by a company’s development stages and geographical location. The task is even more difficult when we factor in rapid global economic and technological development that is questioning traditional reference points on corporate growth and leadership, particularly in emerging economies where there is a high level of transition from heavy industry to the service and e-commerce sectors.

Access to higher education and digital development is creating new shareholder expectations. The urbanisation of rural areas and the creation of middle class consumers with greater purchasing power, as well as increased and more sophisticated product demands mean business leaders in emerging economies are having to evolve in managing risk and the risk of things going wrong, an argument that companies focus too much on short-term performance and act long-term in order to enhance business performance and pursue profit responsibly for the benefit of companies, their stakeholders and wider society.

A fresh look at leadership

A focus on education

In this respect, executive education has an increasingly important role to play in such a narrative. A more progressive approach to executive education can help emphasise a deeper understanding of wider societal and environmental issues to equip leaders with the appropriate tools conducive to a mindset that promotes long term thinking and decision making. This approach has particular resonance when we take into account that we currently have a number of different tools to measure a company’s profitability, but no credible Key Performance Indicators (KPIs) for measuring the quality of decision making.

Certainly an approach that favours quantity over quality does little to measure the effect of corporate decision making on people’s lives and the environment, both of which are important elements of sustainable business growth and board culture. At a granular level we can note that pressure on leaders to improve performance in the short term increasingly results in a trickle-down effect that creates a more stressful working environment that can have an adverse impact on the mental and physical health of employees, as well as lowering morale. By not nurturing its human capital, a company’s effectiveness and its ability to compete is likely to be reduced. Developing a framework that encourages boards to adopt principles that help them identify and deal with the wider impact of their decisions, including corporate governance codes relating to areas such as tax transparency and social compliance, is therefore now more relevant than ever.

Articulating a shared value model

To this extent, finding a way to better articulate a shared value model that represents how being positively active in today’s society can deliver a competitive advantage would be a huge step forward. This is particularly pertinent at a time when the interplay between developed and emerging markets is increasingly obscure and economies that have been driving global growth are slowing down. As a result, business leaders need to have a much clearer vision of how to achieve growth and identify market opportunities in the future. This is not only about identifying new markets for products and services, but also about leaders having the vision and courage to take risks. There’s an argument that companies focus too much on managing risk and the risk of things going wrong, which often sees cash-rich companies resort to the safe option of share buy backs. The counter argument suggests that not using cash to enhance long term value is in itself a risk, as it minimises a company’s opportunity to grow.

Good leaders understand that there is no growth without risk, but also that the best way to develop markets and encourage growth is to answer societal needs. The more we can create a business environment where such ideas can be explored, the more able we will be to achieve a long term mindset that is at the very heart of what Business. For Good can look like,