

Real World Leadership

Lead with purpose and sustain
superior results.

Development that drives transformation and growth.
Part four of the Real World Leadership report series.

About the study.

Korn Ferry commissioned a comprehensive, global survey of views on leadership development in July and August of 2015. The survey generated more than 7,500 responses from 107 countries, with broad representation from markets such as North America, the UK, continental Europe, Australia, and Asia. Three in four of the leaders who responded are engaged in their organizations' business functions; the rest are in human resources.

The breakdown of the respondents follows:

- ▶ C-suite (26%)
- ▶ VP/SVP/EVP (31%)
- ▶ Director (27%)
- ▶ Other (16%)

Introduction.

Organizations confront complex public pressures these days to go beyond optimizing shareholder value. More than ever before, they also are asked to take responsibility for how they affect their employees, the environment, their communities, and society as a whole. They must try to deploy their resources to help communities and improve people's lives.

While commitments vary, most larger organizations and many smaller ones have responded by establishing a social responsibility agenda.


The good news is that giving back is a win-win for the company and society as a whole. Socially responsible organizations tend to have cultures that are more positive, a stronger sense of purpose, enhanced employee engagement, and greater sustainability.

Moreover, this designed altruism can be an effective way to develop leaders and organizational culture. Those in the business world who also take leadership positions in community organizations often develop skills and experiences that help them to become better leaders in their companies.

Korn Ferry, in a recent global survey on leadership development and in earlier research, has explored issues surrounding corporate social responsibility, sustainability, and purpose-driven leadership development.

Key findings include:

- Engagement levels are lower than expected across all levels of leadership—an average of only 36% of organizational talent is "highly engaged."
- Organizations that tap their social responsibility agenda to develop leaders report improved overall company engagement and performance.
- Social responsibility is an underused tool in leadership development programs.
- What matters most to generation X and millennial employees is the ability to make a difference within an organization or to make an impact on the business.
- The top factor that improves people's feelings about their job is working for a company whose culture aligns with their values.



While pressure on organizations from consumers, stakeholders, and activist groups has fueled the social responsibility movement, organizations increasingly want to do good for its own sake. Many younger employees expect their employers to embrace a socially conscious agenda, and to offer them opportunities to give back to the world and the communities they serve. A growing number of senior executives also want to leave a legacy of creating a more ethical and sustainable organization.

By connecting their leadership development programs to their aims in social responsibility, organizations build a powerful tool to create purpose-driven leaders. They, in turn, can unleash their full potential, driving engagement and inspiring others throughout the organization; this can boost companies as they pursue their missions.

This is the fourth and final report in a series that discusses the results and implications of our global research on leadership development.

Stu Crandell

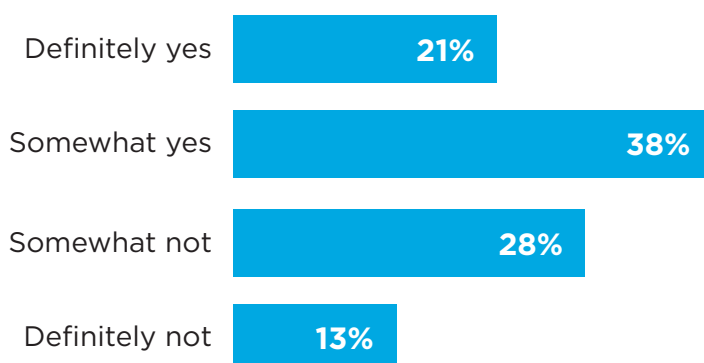
Senior Vice President of the Korn Ferry Institute

An underused tool to develop leaders.

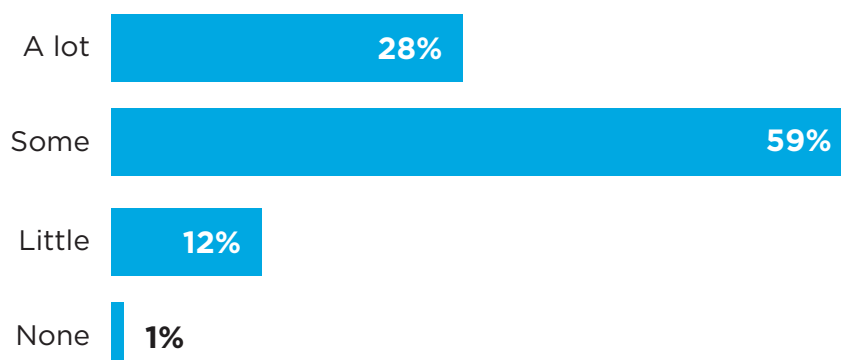
While organizations are expanding their social responsibility initiatives, many miss an opportunity to connect these efforts with their leadership development.

Our research shows that 87% of organizations that have linked these two powerful forces see significantly improved overall engagement and performance. But only 59% have made the right connections. If more organizations could do so, they could take advantage of a significant opportunity.

Does your organization leverage its social responsibility agenda to develop leaders?



To what extent has this positively impacted your company's overall engagement and performance?

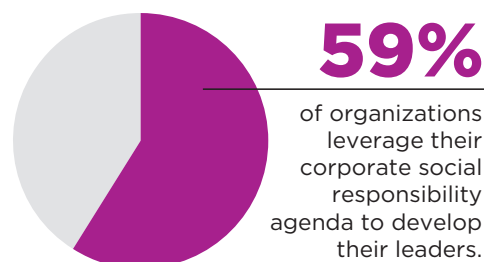


Social responsibility has evolved. In the movement's early stages, many organizations focused on simply reducing their harm to the environment—for example, a utility switching to cleaner fuels or a tire manufacturer developing safer ways to dispose of chemical waste.

Today, most organizations take a much more expansive view. Many commit to making a positive contribution to the world through both their core business and their charitable activities.


"The world has changed. It isn't enough to make a profit anymore. Companies are looking to do good in their communities," says **Rick Lash**, senior partner at Korn Ferry. "They are encouraging their leaders to get involved with community organizations, and they are supporting these organizations financially."

Some progressive companies go even further, linking profitability with social responsibility and embedding these goals into their core mission statements. Meantime, other organizations suffer a disconnect in their social responsibility agenda between their core mission and purpose. While their intentions may be laudable, these companies miss an opportunity with their altruism to generate engagement, develop leaders with purpose, and enhance a mission-driven culture.




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*Rick Lash
Senior Partner
Korn Ferry*



Leadership development can play a central role in ensuring companies develop and meet their social responsibilities. In turn, the programs and initiatives to do so provide executives a platform to practice leadership skills, and to gain invaluable experiences as leaders.

"Organizations have an opportunity to tap into their community and social responsibility platform and to think about it developmentally," says **Noah Rabinowitz**, senior partner and global head of Korn Ferry's Leadership Development practice. "Their altruism can be intentional. And it will have the collateral benefit of allowing organizations to develop their leaders."



"...find a cause that your employees can feel connected to."

*David Melcher
Former CEO
Exelis (now Harris Corporation)*

Exelis (recently acquired by Harris Corporation), an aerospace and defense company, donates resources to community-based veterans' organizations and it incorporates volunteer initiatives into its formal leadership development programs.

"I would advise anyone to try to find a cause that your employees can feel connected to," says **David Melcher**, former CEO of Exelis. "Service leadership to me means being a whole person, and understanding that it's about your work life, your personal life, your family life, your social life, and your philanthropic life."¹

Companies that pair their service initiatives with leadership development programs more effectively sow the seeds for a future generation of leaders who are prepared to drive their organizations' social responsibility agenda in the years ahead

"It's really a situation where everyone benefits: the individual leaders, the organization, and the local community," says **Bruce Jackson**, principal consultant at Korn Ferry. "Organizations that are not making these connections are going to be left behind."

1. O'Connell, W., and David Gibbons. 2016. *At Your Service—Leadership That Truly Inspires*. The Journal for Quality and Participation.

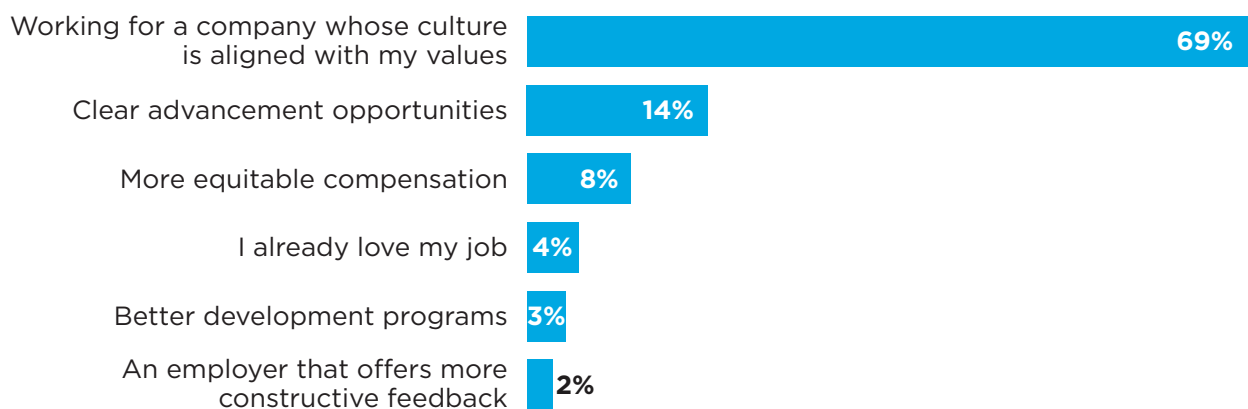
Satisfaction and retention.

Employees increasingly judge organizations by what they contribute to society and how well they live up to their own values.

A growing number of people—from millennials new to the workforce to senior executives looking to give back to society—want to work in companies that are aligned with their values and committed to serving the world in a positive way.

When asked what would most dramatically improve their feelings about their job, 69% of respondents in a Korn Ferry survey² said "working for a company whose culture is aligned with my values."

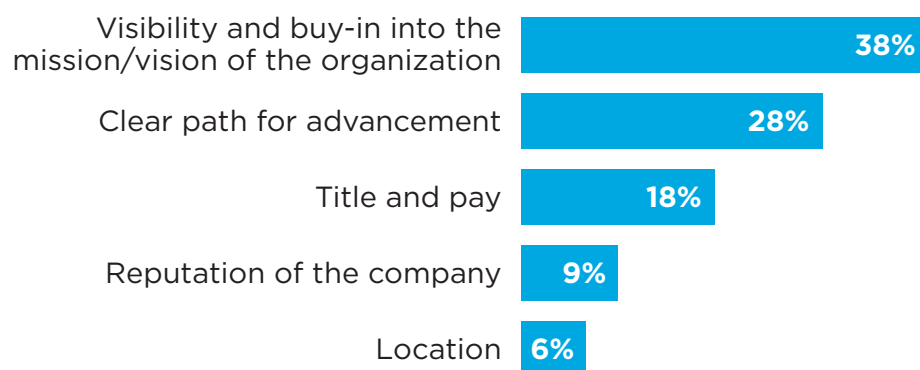
What factor would most dramatically improve your feelings about your job?



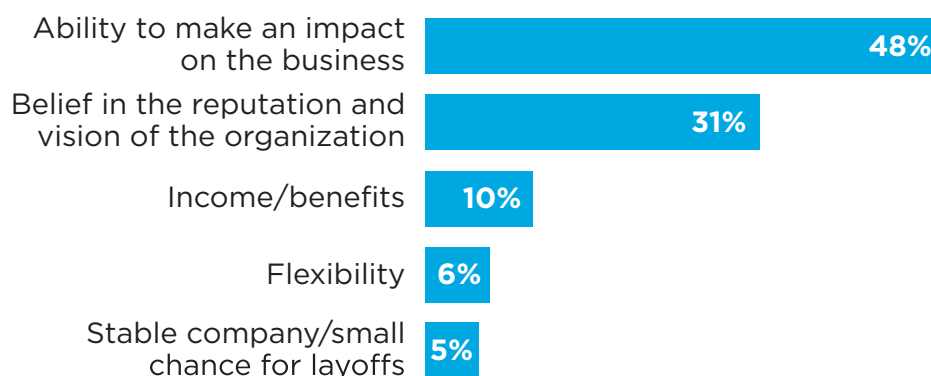
2. Korn Ferry. 2015. *Korn Ferry Executive Survey Reveals Top Job Frustrations, Fulfillments.*

When competing for talent—especially promising leaders earlier in their careers—organizations may find that their capacity to project meaning and purpose becomes a critical part of their reputation and value proposition for prospectives. When determining which jobs to accept, executives say millennials and generation X weigh heavily an organization's "mission/vision" or its "reputation and vision."^{3, 4}

What makes a millennial choose one job over another?



What makes generation X choose one job over another?



3. Korn Ferry. 2016. *Want the Job Done? Ask a Gen Xer.*

4. Korn Ferry. 2015. *Futurestep Survey Finds Compensation One Of The Least Important Factors For Recruiting Millennial Talent.*

"For the up-and-coming generation, it isn't all about profit," Rabinowitz says. "Their relationship to their employer, the values of the organization, and core purpose of the work they're doing is just as important."

For organizations, developing a culture that provides employees with meaning and purpose is critical to talent retention and recruitment.

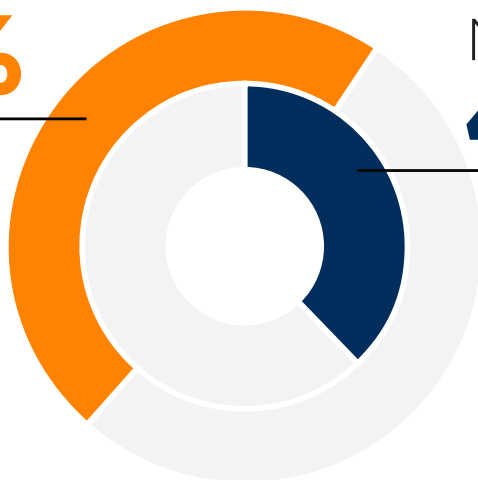
"If leaders create the type of culture that inspires and moves colleagues' hearts and souls, they will attract the best and the brightest," Jackson says. "If they don't, people will go elsewhere."

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Principal Consultant
Korn Ferry*


NEARLY
50%

of generation X employees choose one job over another based on their ability to make an impact on the business.



NEARLY
40%


of millennials choose one job over another based on their visibility and buy-in to the mission/vision of the organization.



As social responsibility becomes more prominent, companies will be challenged to ensure their embrace of it is not only meaningful but also that it stands up to employees' and stakeholders' scrutiny.

"Companies must first be in touch with their purpose—that is, who they are and why they do what they do," says **Elaine Dinos**, principal for the global consumer market at Korn Ferry. "Social responsibility has to connect with the organization's core purpose to be sustainable and drive performance."

Dinos likes to use a tree analogy to explain: "Social responsibility can't simply be a single branch that could be easily chopped off. It has to be implanted in the roots. It has to be part of the core life force of the organization, connected with the other branches, and embedded in the values and purpose of the organization."



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Principal, Global Consumer Market
Korn Ferry*

Purpose-driven leaders.

Social responsibility helps companies tap into one of the most powerful leadership development principles: aligning an individual leader's inner purpose with the organization's broader purpose. "When personal purpose, team purpose, and organizational purpose all line up, that's where real engagement is," says **Kevin Cashman**, senior partner at Korn Ferry.

"Purpose is the hidden key for companies to unlock their drive for leadership development, performance, and innovation," adds Dinos. "Social responsibility, if it's connected to the core purpose of an organization, can ignite the unique purpose of each individual so that he or she connects with the organization's purpose."

For some organizations, like pharmaceutical companies, it is easier to define their purpose. They can, by the nature of what they do, draw a direct line from their business to a social benefit (patients' improved health). Other enterprises may encounter greater difficulties in defining their purpose in directly benefitting society, but it's worth the effort to do so.

The #1 FACTOR
that improves
job satisfaction
is working
for a
company
whose culture is
aligned with
personal values.



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As **Gary Burnison**, Korn Ferry's CEO, observes in his latest book: "To lead is to define a common purpose that transcends individual self-interest to an organization's shared interest." Individuals will strive harder when they know their organization's higher purpose and can be of service to it, themselves, their communities, and society. "Where there is purpose," Burnison explains, "there is hope of succeeding—and exceeding what anyone thought possible."⁵

For **Max Stier**, president of Partnership for Public Service, a nonprofit devoted to revitalizing the federal government "by inspiring a new generation to serve and transforming how government works," the key is ensuring employees get a sense of how they can serve others in and outside their organization.

"The best leaders recognize that the whole point of the organization is that you can achieve more (as a unit) than you can as an individual," he says. "Your greatest value really ought to be in helping others have the environment and support to achieve what they're capable of doing."⁶

"At any level of leadership, from an individual contributor to CEO, people need to understand what their gifts are and how those gifts create value when they are put into service," offers Cashman. "It's the intersection of core talents and core values that ignites true potential."

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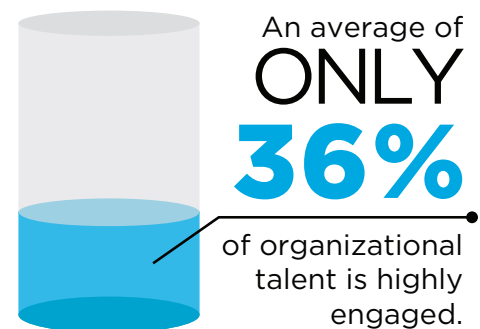
*Max Stier
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5. Burnison, G. 2016. *The Leadership Journey: How to Master the Four Critical Areas of Being a Great Leader*. Hoboken, N.J.: John Wiley and Sons.

6. O'Connell, W., and David Gibbons. 2016. *At Your Service—Leadership That Truly Inspires*. *The Journal for Quality and Participation*.

Four Pillars of Leadership Development.

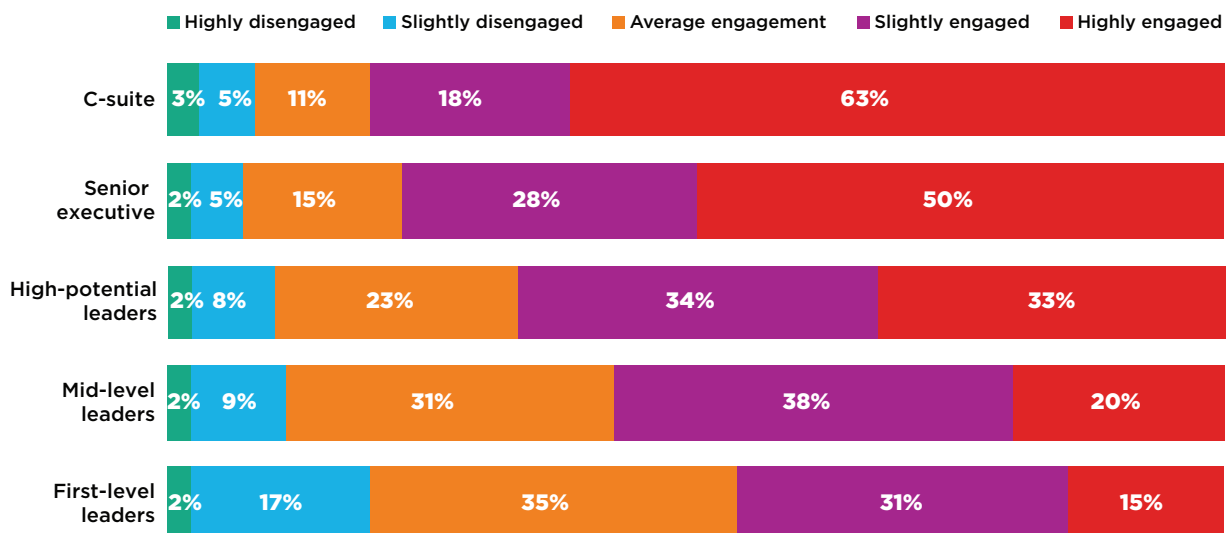
Organizations face a giant challenge due to the lack of engagement among leaders. Our research shows that an average of only 36% of organizational talent is "highly engaged." C-suite leaders are the most highly engaged, at 63%. But engagement levels drop to 50% for senior executives, and they drop even more significantly to: 33% for high potentials, 20% for mid-level leaders, and 15% for first-level leaders.




"What makes leadership development hard is when people are not deeply engaged with their work," Rabinowitz says. "Purpose fuels inspiration and engagement. If you can tap into that, you can build a wide range of leadership skills."

That's a fundamental aspect of Korn Ferry's Four Pillars of Leadership Development. The firm has found that for organizations, it can be powerful to engage leaders' sense of purpose and service to a greater good. This, in turn, can help them perform at their best. It motivates them to apply discretionary effort to solve complex and valuable problems. The Four Pillars provide a framework to demonstrate how social responsibility most effectively can help develop leaders.

Describe the level of engagement demonstrated by each talent pool in your organization.






Context is critical: Leadership development is most effective when people are engaged in solving current problems. From a developmental perspective, social responsibility initiatives should connect with the organization's core mission and address a real problem. A chemical company committed to environmental sustainability might, for example, help its community deal with a water pollution issue.

Develop the whole person: Leaders can develop their personality, leadership skills, and gain broadening experience through their organizations' social responsibility efforts. An accounting firm could volunteer prospective partners to assist with the finances for minority start-ups or nonprofit community service organizations.

Development is a journey: Effective leadership development is delivered through a journey over time to create paths that connect individual growth to organizational needs. Participants must experience the same compelling journey within an organization's social responsibility programs that are linked to their development goals. An executive striving to become an enterprise leader might serve on the board of an industry association, allowing him or her to interact with other senior leaders on industry-wide, public-service issues.

Service promotes purpose: Most importantly, the social responsibility experience should tap into the individual's innate desire to contribute to the greater good of society. A publishing organization that is committed to improving literacy could encourage rising leaders to tutor young people in reading.



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Senior Partner and Global Head
Korn Ferry Leadership Development*

Must-dos for C-suite leaders.

Top leaders must develop and oversee the execution of companies' social responsibility plan and programs. C-suite executives must lead by example to ensure these also connect to leadership development efforts.

"Social responsibility begins with a leader with a servant's heart who leads by example, does the right thing, contributes to society, and makes the organization a better place to work," says **James Sipe**, managing principal at Korn Ferry.


Jackson adds: "Social responsibility won't work in any respect if it's a low management priority. Senior leaders need to strategize around social responsibility. They must do so with the express purpose of connecting social responsibility to the core values of the organization and how the organization communicates those values in the community."

Jackson says some companies donate a percentage of their revenue to charity. But they often fail to follow up and examine how such gifts are used. They fall short by failing to offer their volunteers' time and talent to groups and individuals in need. "It's a missed opportunity," he says.

Organizations, Jackson says, not only need to identify "core values and purpose," they must be public, proud, and supportive of these corporate verities. Once top leaders set a socially responsible agenda for their organizations, they must "set an example of service, go out in the community, and give of themselves."

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After the recent financial crisis and scandals that took down companies like Arthur Andersen, Enron, and WorldCom, a growing number of CEOs have said they want to leave a better legacy. They hope to be remembered, they say, for leading sustainable organizations that acted ethically and improved the world, while also creating value for shareholders, customers, employees, and other stakeholders.

"These high-profile companies that failed in every respect and let down their employees, shareholders and, really, all of society, are not lost on many current CEOs," Lash says. "We're seeing a much greater emphasis on sustainability and CEOs wanting to be remembered for being trustworthy, honest, and humane."

Top leaders need to be authentic in how they formulate, execute, and communicate their organizations' social responsibility plan and programs. They do so, knowing there may be deep public skepticism about the sincerity of organizations that proclaim environmental and social virtue.

"It's a bit of a double-edged sword, and organizations need to be careful," Lash says. "Sure, they want the world to know they're doing good, but it's probably better to err on the side of understatement. Your actions should speak louder than your words."

Setting the tone with elite leaders.

Developing, managing, and maximizing the value of a social responsibility agenda is no small task. Korn Ferry's **Chief Executive Institute** and **Executive to Leader Institute** uniquely equip leaders to create a personal leadership legacy and to make a sustained, long-term contribution to the organization.

In particular, aspects of the programs focus on skill building to manage expectations of broader constituencies within the context of the organization's objectives—which is directly applicable to developing and communicating a social responsibility message.

The programs provide customized development, utilizing a team of consultants in a specialized setting, followed by 12-18 months of individualized coaching. The programs develop leaders from the inside-out by clarifying values, strengths, and core purpose and from the outside-in through feedback and assessment. Leaders will emerge with broader perspectives and expanded capabilities and they'll be prepared to take on larger challenges and responsibilities.

A focus on leadership development.

Once organizations have undertaken the hard work to develop a robust social responsibility plan and programs aligned with their mission and purpose, they face the big challenge of weaving these into their leadership development efforts.

It isn't easy, especially when many companies make these initiatives voluntary. This can send the message that these efforts aren't mission critical. To make social responsibility programs work, participation—at least for leaders—should be mandatory. But the requirement can be tailored, too: A leading accounting firm, for example, can underscore its commitment to social responsibility by requiring all its employees to spend one day a year helping a community group offsite. The firm can require its employees to report about these experiences so colleagues share and deepen their learning. This also emphasizes the importance to the firm of social responsibility.

To make social responsibility programs work, participation—at least for leaders—should be mandatory. But the requirement can be tailored, too.

"This is the home run of social responsibility," Rabinowitz says. "You're doing good for the community and you're doing good for the organization. This effort is aligned to your mission and purpose, and it's helping to develop your leaders."

As part of their developmental journey, leaders should be required by their companies to work with community groups for a week or two to apply their expertise and help the groups become more effective, Lash says.

"It's all about making an organization-wide commitment that it's not just about the bottom line," he notes. "Organizations need to contribute time and expertise to make the world a better place. Making it part of everyone's development journey sends the right message."

Organizations enjoy a great benefit, too: By volunteering their expertise and time, their people practice their leadership skills.

Core benefits of social responsibility.

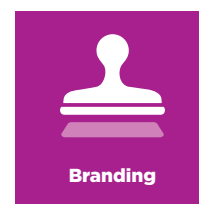
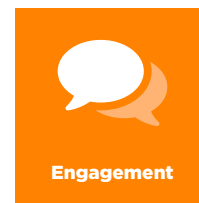
Purpose: A social responsibility agenda that is derived from an organization's core identity can help individual leaders connect their inner purpose with their company's purpose. This can be a powerful part of leadership development.

Engagement: Employees who feel they contribute to something greater than themselves will be much more engaged. "People who are inspired by the ability to make a difference in the world will find more meaning in their work," Rabinowitz notes.

Recruitment: Most people want to work for organizations with humane values and those that try to serve society. "The more leaders and organizations are perceived as giving back," Lash says, "it helps attract the talented and committed people they want."

Branding: Authentic plans and programs for social responsibility create a distinct and positive identity for organizations with their customers, suppliers, distributors, investors, and other stakeholders.

Sustainability: Social responsibility plans and initiatives help to ensure the long-term health and sustainability of organizations by encouraging them to act for society's good.



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Recommendations.

Organizations can succeed with their social responsibility plans and programs if they:

- Align their plan and programs with their identity, core purpose, and values.
- Require leaders to work on altruistic projects as part of their development journey and to discuss how this relates to the organization and their development.
- Encourage all employees, not just developing leaders, to participate in social responsibility initiatives.
- Ensure that top leaders regularly evaluate the social responsibility plan and programs, make needed adjustments, and communicate this effort's importance and successes to the entire organization.

Conclusion.

Organizations are under increasing public scrutiny as to how they contribute to society and whether they live up to their espoused values. These judgements will come not only from customers and external stakeholders but also from employees who are striving to find meaning and purpose in their work.

Companies that embrace their social responsibilities and make them central to their identity and purpose will build up a foundation that helps drive superior engagement, develop stronger leaders, and ensure a sustainable enterprise.

Social responsibility is a proven tool to develop leaders. By working with external groups on important issues, leaders get to practice their skills and broaden their perspectives. They return to their organizations refreshed, and with a deeper sense of purpose, commitment, and engagement.

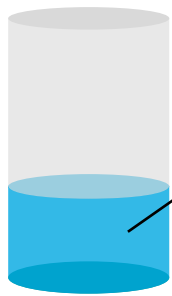
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To access all reports, visit: www.kornferry.com/real-world-leadership

- ▶ Part one: Develop leaders who can drive real change.
- ▶ Part two: Build a pipeline of ready-now leaders.
- ▶ Part three: Create an engaging culture for greater impact.
- ▶ Part four: Lead with purpose and sustain superior results.

Real World Leadership



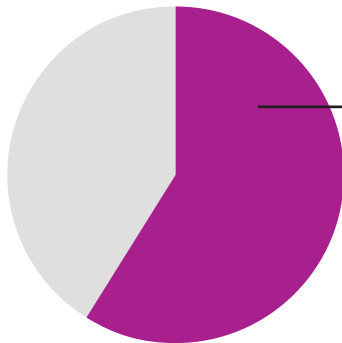
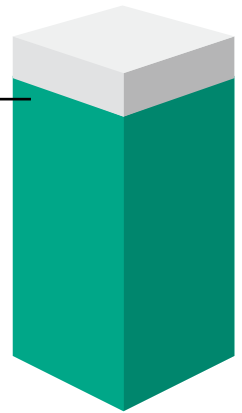
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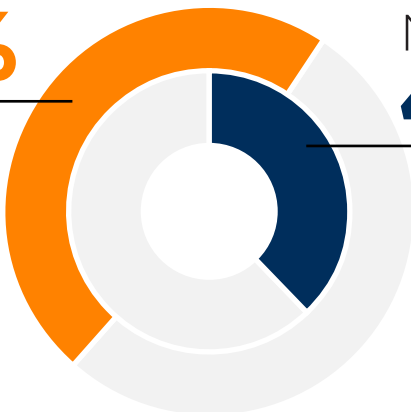
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Core benefits of social responsibility.



Purpose



Engagement



Recruitment



Branding



Sustainability

About Korn Ferry

Korn Ferry is the preeminent global people and organizational advisory firm. We help leaders, organizations, and societies succeed by releasing the full power and potential of people. Our nearly 7,000 colleagues deliver services through our Executive Search, Hay Group, and Futurestep divisions.

About The Korn Ferry Institute

The Korn Ferry Institute, our research and analytics arm, was established to share intelligence and expert points of view on talent and leadership. Through studies, books, and a quarterly magazine, Briefings, we aim to increase understanding of how strategic talent decisions contribute to competitive advantage, growth, and success.

For more information about this report series, visit:

kornferry.com/real-world-leadership

#RealWorldLeadership

