THE NATURE OF CSR LEADERSHIP
Definitions, Characteristics and Paradoxes

By Wayne Visser

In CSR circles, we see the task of creating a more equitable and sustainable world as both a serious challenge and an enormous opportunity. We are convinced that without bold and effective leadership – at a political, institutional and individual level – we will fail to resolve our most serious social and environmental crises. We will also miss out on the vast business opportunities presented by society’s transition to a sustainable economy.

Over the past few years, in response to these global challenges and opportunities, we have seen more and more evidence of CSR leadership emerging, albeit not nearly enough. In order to better understand what makes these leaders effective catalysts for positive change, I have been conducting research with the University of Cambridge Programme for Sustainability Leadership (CPSL), mainly focused on individual leaders in business. In this short paper, I present some of our initial findings and conclusions.¹

What is Leadership?

Our first step in understanding CSR leadership was to go back to the basics and ask, What is leadership? There are of course numerous existing definitions (see for example Box 1). However, the definition we developed at CPSL is that a leader:

Someone who can craft a vision and inspire people to act collectively to make it happen, responding to whatever changes and challenges arise along the way.

There are also various theories on leadership and while it is not our intention to provide an exhaustive review of these, they do set a frame for CSR leadership. Hence, we can distinguish three main approaches to understanding leadership:

1. The Trait/Style school, which focuses on the characteristics or approaches of individual leaders;
2. The Situational/Context school, which focuses on how the external environment shapes leadership action; and
3. The Contingency/Interactionist school, which is about the interaction between the individual leader and his/her framing context.

To these can be added the rather more practical tenets of leadership as described by Goffee and Jones (2009):

¹ This paper was prepared with input and feedback from Polly Courtice, Director of the University of Cambridge Programme for Sustainability Leadership (CPSL). A significantly modified version, authored by Polly Courtice, later appeared in the CPSL 2011 publication, The State of Sustainability Leadership 2011.
1. Leadership is *relational*. It is something you do with people, not to people. Put simply, you cannot be a leader without followers. Like all relationships, it needs to be monitored and cultivated.

2. Leadership is *non-hierarchical*. Formal authority or a title doesn’t make you a leader. Leaders can be found at all levels.

3. Leadership is *contextual*. You need to size up and tap into what exists around you and then bring more to the party.

**What is CSR Leadership?**

These general perspectives on leadership establish the foundation for our more specific enquiry into the nature of CSR leadership. Based on our review of the academic literature, together with CPSL’s experience working with senior leaders over the past 20 years, we distilled the following simple definition:

*A CSR leader is someone who inspires and supports action towards a better world.*

Looking at the theories of leadership that inform this definition, our conclusion is that CSR leadership is not a separate school of leadership, but rather a particular blend of individual leadership characteristics applied within a definitive context. Put another way, the context – comprising the sustainability challenges facing the world and our aspirations for a better future – calls for particular types of leadership.

This approach aligns most closely with the Contingency/Interactionist school, although our emphasis is as much on the actions of leaders as the context that shapes their behaviour. Hence, our model of CSR leadership has three basic elements: Context, Characteristics and Actions. The model was tested and refined through interviews with selected CSR leaders, some of whose thoughts and insights are shared in the sections below.

**Figure 1: A Basic Model of CSR Leadership**

The sustainability context has become ‘mission critical’ for many businesses. According to a recent survey of 766 United Nations Global Compact (UNGC) member CEOs conducted by Accenture, 93% of CEOs globally see sustainability as important to their company’s future success, especially tackling issues like education, climate change, resource scarcity and health. 73% of CEOs see this as a way of strengthening their brand, trust and reputation.

Jeffrey Immelt (2007), CEO of General Electric, agrees, saying, “The most important thing I've learned since becoming CEO is context. It's how your company fits in with the world and how you respond to it.” Similarly, Sandy Ogg (2010), Chief HR Officer for Unilever, told us that CEO Paul Polman stands out as a CSR leader “because he understands the context and he understands leading with empathy in a multi stakeholder environment”.

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The Importance of Context

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Defining Characteristics

There are many characteristics (traits, styles, skills and knowledge) that are associated with CSR leaders. Our research suggests that the following seven key characteristics are among the most important in distinguishing the leadership approach taken by individuals tackling sustainability issues. Although it is unlikely that any individual will embody all seven characteristics of CSR leadership, to give a flavour for each characteristic, they are illustrated below by observations from a selection of leaders, many of whom we have worked with and who demonstrate some of these qualities themselves.

1. **Systemic, interdisciplinary understanding**

José Lopez (2010), Executive Vice President Operations and GLOBE of Nestlé, insists that “one of the elements that will really get us going in this sustainability fight is the elimination of the root cause for unsustainable behaviour, unsustainable business morals, unsustainable practices and so on. The ability to see the root cause of those things will set companies apart. They have to do with the profound thinking that you have and the processes of how you invest money and how you train your people and how you develop resources.”

2. **Emotional intelligence and a caring attitude**

Jan Muehlfeit (2010), Chairman of Microsoft Europe, observes that “over the next ten years, the only way individuals, organisations and countries will succeed and compete will be through the ability to unlock human potential.” He believes that “as a leader for the future, you would need to distinguish between motivations; you can motivate people’s hands or their brains but you can’t motivate their hearts – it takes real inspiration.”

3. **Values orientation that shapes culture**

Truett Tate (2010), Group Executive Director (Wholesale) for Lloyds Banking Group, believes there is a “personal, almost spiritual commitment that needs to be epitomised in someone who is going to be successful in this sustainability space. So, a morality, a spirituality [which has] a great coupling with [having a] longer term vision.” He adds that their credibility must come from “the way that they behave and interact with the world. They epitomise interconnectedness. They understand community [in the sense of] communion with facets of the world around us.” Hence, although not everyone would characterise their actions in terms of spirituality, a values-based approach is critical.

4. **A strong vision for making a difference**

Ray Anderson, CEO of Interface, is well known for his vision to make Interface the first truly sustainable, zero-impact, or “restorative” company in the world, which their performance metrics suggest they are on-track to reach by 2020. He calls on “our people, our customers, our suppliers, our communities and our owners ... to learn and believe in a new and better way to be more profitable, and to reach for significance beyond success—a higher purpose for us all.” Hence, CSR leaders are able to effectively communicate a compelling narrative on how their organisations can contribute to creating a better world.

5. **An inclusive style that engenders trust**

Ian Cheshire (2010), CEO of Kingfisher, believes “leaders actually lead through teams. The idea that you have a superstar leader,” he says, “is just nonsense.” A great definition of leadership, he goes
on to say, is “about getting people to go where they wouldn’t have gone on their own. If they can get there on their own then they don’t really need a leader. Equally, you can’t always be dragging them in the opposite direction to where they want to go.” Hence, leadership is about “the leader and the followers working together to get to certain outcomes”.

6. A willingness to innovate and be radical

Anita Roddick (2001), founder of The Body Shop, exhorted leaders to “be daring, be first, be different, be just”. Similarly, Jeffrey Swartz (2010), CEO of The Timberland Company says, "Future capabilities will be very different, and will put a premium on lateral thinking and cross-functional, collaborative problem solving”. For Timberland, this includes not only designing cradle-to-cradle products like their Earthkeeper 2.0 boots, but also responding to challenges by Greenpeace and working with their Brazilian supplier Bertin to support the deforestation moratorium (meaning they will no longer source cattle from protected areas of the Amazon). Hence, CSR leaders recognise that complex problems require creative solutions.

7. A long-term perspective on impacts

Neil Carson (2010), CEO of Johnson Matthey, believes that “companies think much longer term than governments and good companies think much longer term than bad companies.” He makes the point that in terms of sustainability, long term thinking is especially important for leaders of sunset industries. “If you’re into coal mining and turning coal into heat and power, then you’ve got to think of the long term. You’re not really a coal miner, you’re a power supplier. You can look at ways of making things more efficient. Then you can look at ways of sequestering the CO\textsubscript{2}. You can make all these plans ahead of time and move in the right direction. And our experience is that the employees will really react very well to those kind of long-term plans. You get more out of the employees than you might expect if you embark on such a journey.”

Sustainability Leadership in Action

Our research shows that CSR leadership results from the interaction between an organisation’s social, environmental and economic context and the characteristics of individual leaders. However, CSR leadership can only truly be seen, and judged, by the actions that leaders take. In order to illustrate this point, we highlight a number of cases in this section. In each case, these show that although each company is far from reaching the goal of sustainability, leaders have taken important steps along the journey.

**Box 3 – CSR in Action at IBM**

According to CEO Samuel J. Palmisano, a smarter world – by which he means a more instrumented, connected and intelligent global society – is also a more sustainable world. “In the post-industrial age that we have now entered,” he says, “the relevant struggle is not nature vs. industry, but systemic vs. fragmented.” For example, using IBM integrated solutions, Cosco, a global shipping firm in China, reduced its distribution centres from 100 to 40, lowering its logistics costs by 23% and its CO\textsubscript{2} emissions by 15%. Palmisano emphasises that “the most important factor in achieving this kind of progress is not technology. It's leadership. Because just as complex, interdependent systems demand new kinds of technology, they also require new forms of management.”
accolades, GE has not escaped criticism by financial analysts and sustainability activists alike. However, the way in which Immelt has responded to these criticisms is the real story of CSR leadership.

Speaking at the Prince of Wales’s Business and Sustainability Programme London Lecture in 2010, Immelt set out four pillars of a competitive society: education, affordable healthcare, financial systems that promote entrepreneurship, and clean energy. In particular, he emphasised that a clean energy future – one that is sustainable, that emphasises energy security, that drives competitiveness and job creation and that reduces pollution – represents “the biggest opportunity that we will face in the next decades, and we have to grab it and we have to lead in this regard.”

Hence, Immelt has unapologetically linked GE’s commercial strategy with their sustainability interests. This is most evident in their Ecomagination programme, launched in 2005 and carefully aligned to GE’s overall mission of ‘imagination at work’. Immelt backed this up with bold targets – such as increasing revenues from sustainable products to $25 billion by 2010 – and substantive investments to ensure innovation, including doubling R&D spend in the area to $1.5 billion by 2010.

In a related project, in July 2010, GE announced a $200 million open innovation challenge that seeks breakthrough ideas to create a smarter, cleaner, more efficient electric grid, and to accelerate the adoption of more efficient grid technologies. The money will be invested globally into promising start-ups and ideas. ‘Innovation is the engine of the global effort to transform the way we create, connect and use power,’ Immelt said. ‘This challenge is about collaboration and we are inviting others to help accelerate progress in creating a cleaner, more efficient and economically viable grid. We want to jump-start new ideas and deploy them on a scale that will modernize the electrical grid around the world.’

Another key to Immelt’s success as a CSR leader is his inclusive approach. He believes that ‘Enron and 9/11 marked the end of an era of individual freedom and the beginning of personal responsibility. You lead today by building teams and placing others first. It's not about you.’ One of the ways GE demonstrated this collaborative approach in the market was to partner with Wal-Mart and help them to sell 100 million energy-saving compact fluorescent light bulbs (CFLs), thereby creating a tipping point in consumer purchasing habits. Success meant that total sales of CFLs in the U.S. would double, saving Americans $3 billion in electricity costs and avoiding the need to build additional power plants for the equivalent of 450,000 new homes.

It is to Immelt’s credit that he has made these strategic investments in sustainability despite the company’s stock value having halved over the past decade, and enormous pressure from market analysts to focus on GE’s quarterly profits. This is the mark of a true CSR leader – not only viewing the world systemically and thinking long term, but also investing accordingly. It is no wonder that, under Immelt, GE is still ranked as a top 10 global brand by The Financial Times and Business Week.

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**Box 4 – CSR in Action at Unilever**

When Unilever CEO Paul Polman recently launched their Sustainability Living Plan, it seemed to confirm something Chief HR Officer Sandy Ogg (2010) told us: “There’s so much going on now in the world that if you don’t have amplification and time compression, then it doesn’t rumble. So I call that leading big. You can’t let it drool or dribble out into an organisation like ours and expect to have any impact.”

In this case, for Unilever, “leading big” means seeking to double the size of the company, while halving the environmental footprint of their products, sourcing 100% of their agricultural ingredients sustainably by 2015 and helping 1 billion people out of poverty.
GlaxoSmithKline – Building trust with critical stakeholders

According to the 2010 CEO survey by Accenture and the UN Global Compact, 72% of CEOs cite ‘brand, trust and reputation’ as the main factor that has driven them to take action on sustainability issues. Certainly, this seems to the case in the pharmaceuticals industry, where they have suffered a serious crisis of trust over the past 10 years. This was triggered in 2001 when 39 of the largest international pharmaceutical companies took the South African government to court over plans to introduce legislation aimed at easing access to AIDS drugs, arguing that it would infringe their patents and contravene the Trade Related Aspects of Intellectual Property Rights (TRIPS) agreement.

Tens of thousands of people marched in protest all over the world, and 300,000 people from over 130 countries signed a petition against the action. Eventually, following public pressure, as well as pressure from the South African government and the European Parliament, Big Pharma dropped the case. Justin Forsyth, Oxfam Policy Director, said at the time, ‘This court case demonstrates how powerful drug companies are bullying poor countries just so they can protect their patent rights on life-saving medicines.’ Fanning the flames of public discontent, John le Carré’s 2001 book The Constant Gardener and the 2005 film adaptation depicted drug companies as corrupt profiteers. As Mail & Guardian journalist Qudsiya Karrim reported for Inside Story in 2010, ‘The past decade has been a public relations nightmare for big pharmaceutical companies – and deservedly so’.

This was the turbulent milieu into which Andrew Witty (2010) stepped as CEO of GlaxoSmithKline (GSK) in 2008. Believing that ‘to be a successful and sustainable business, we must fulfil our social responsibilities and build trust with our stakeholders’, early in 2009, Witty announced a major reform in their corporate policy on drug affordability and accessibility. GSK cut its prices for all drugs in the 50 least developed countries to no more than 25% of the levels in the UK and US and made drugs more affordable in middle-income countries such as Brazil and India. In addition, they committed to reinvest 20% of its profits in hospitals and clinics in the least developed countries.

Going even further, Witty launched a radically new initiative on opening access to intellectual property through the donation of a number patents to Pool for Open Innovation against Neglected Tropical Diseases. Explaining that move, Witty said, ‘I think it’s the first time anybody’s really come out and said we’re prepared to start talking to people about pooling our patents to try to facilitate innovation in areas where, so far, there hasn’t been much progress.’ GSK may not yet have won the battle for the hearts and minds of its stakeholders, but at least some critics are being cautiously supportive. ‘He is breaking the mould in validating the concept of patent pools,’ said the head of Oxfam’s medicines campaign, Rohit Malpani. ‘It is a big step forward. It is welcome that he is inviting other companies to take this on and have a race to the top instead of a race to the bottom.’

Some of the business benefits have been rather immediate. For instance, in the Philippines, a 60% price cut in cancer vaccine Cervarix increased sales by around 600%. Time will tell whether these short-term concessions – which in some ways undermine the commercial viability of their Research and Development investments – will prove sustainable in the long term. What Witty has recognised,
however, is that without the trust and support of your key stakeholders, there is no long term to contemplate.

**Unmasking the Paradox**

One of our most compelling and persistent findings is that CSR leadership is fraught with paradoxes. As the competitive landscape shifts and global challenges evolve, companies that were lauded in the past as CSR leaders may be discredited in the present. Similarly, today's targeted villains may end up being tomorrow's sustainability heroes and vice versa. There are a number of reasons for this state of flux in CSR leadership:

1. **Sustainability is aspirational** – No company, or society, has achieved sustainability. The goal of sustainable development is an ideal state that we are striving for. By definition, companies will fall short of the mark and be exposed for their inadequacies.

2. **The context is dynamic** – Our global challenges are part of a complex, living system, which is constantly changing. Companies that do not innovate and adapt to match the evolving context will be left behind, while others will emerge as new leaders.

3. **Perceptions can change** – The sustainability agenda is driven as much by emotions and perceptions as by factual realities. Society’s views on issues – like nuclear and GMOs – can change, and with it the perceived sustainability performance of companies.

4. **Sustainability is a learning process** – As our understanding of sustainability challenges and solutions improves, so too do our expectations of companies. Companies in their turn need to constantly renew their sustainability learning, or be left wanting.

We can illustrate this paradox of CSR leadership by putting the spotlight on a number of companies (Monsanto, BP, Wal-Mart and Nestle). The purpose is not to name and shame, but rather to emphasise the dynamic and complex nature of CSR leadership. Besides, far from representing an underperforming minority, these examples are typical of the prevailing majority on the corporate sustainability landscape.

**BP – Brave leadership or “greenwash”?**

Another classic case is John Browne’s leadership of BP from 1995 to 2007. At the time, Browne was widely credited not only with resurrecting the company’s financial fortunes, but also for turning BP from being a target for NGO criticism to being hailed as a leader on sustainability.

One landmark action was in 1998 when Browne threw down the gauntlet to BP and the oil industry, promising to cut emissions from its own operations by 10% from 1990 levels by 2010, which was more than the average Kyoto Protocol country targets and certainly more than any other major oil company had committed to up until that time. In fact, they achieved the target four years later, eight years ahead of the target and at no net cost to the company.

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**Box 6 – The Paradox of Monsanto**

When Monsanto began manufacturing the chemical pesticide DDT in 1944, it was seen by many as a saviour of the agricultural industry, dramatically increasing food yields. But years later – and following the scientific work of Rachel Carson (author of the highly critical *Silent Spring*) and others – DDT was banned as a highly toxic contaminant, and Monsanto was stereotyped as a dangerous and polluting business.

Similarly, when the company pioneered genetically modified crops in the 1980s, including the creation of drought-resistant strains that could help alleviate poverty, they expected to be lauded as sustainability pioneers, yet found themselves targeted by environmental and social activists for creating farmer dependency and allegedly reducing crop resilience. Despite selling 90% of the USA’s GMO seeds, the EU placed a moratorium on all GMO crops.
Other applauded actions were BP’s investment in renewables and the implementation of an internal greenhouse gas emissions trading scheme. And yet today, after a spate of accidents like the Texas City oil refinery explosion in 2005 and the Deepwater Horizon oil well blow out in 2010, as well as key strategic actions like investment in the Alberta tar sands, BP’s sustainability reputation is severely tarnished and Browne’s perceived legacy as a CSR leader has been brought into question.

**Nestle – Exploiting the needy or “creating shared value”?**

Nestle is another case in point. In 1977, they became the target of a boycott campaign that still exists today, on the basis that they aggressively marketed baby milk formula in Africa as an alternative to mother’s breast milk. Despite Nestle stating that its infant formula is only targeting mothers who cannot produce their own milk, the company continues to draw criticism that it is in violation of a 1981 World Health Organization code that regulates the advertising of breast milk formulas.

Today, Nestle’s sustainability approach goes under the guise of a Creating Shared Value strategy, which focuses on specific areas of the Company’s core business activities – namely water, nutrition, and rural development – where value can best be created both for society and shareholders. They are investing heavily in all of these areas and attracting praise from many sustainability advocates.

Nevertheless, this did not prevent Nestle’s KitKat brand from being the target of a Greenpeace campaign in March 2010, which accused the company of aiding and abetting rainforest destruction through their Indonesian supply chain. Greenpeace later called off the campaign, which Nestle Executive Vice President for Operations, Jose Lopez (2010), says was achieved “by putting on the table a very technical view of the issues we are talking about. We’ve demonstrated that we have a logic, a path and a process that drives continuous improvement into topics of high concern, which in this case is deforestation.”

These paradoxes of CSR leadership are more the rule than the exception. This is inevitable in a global context that is so dynamic and with sustainability challenges that are so complex. Hence, as we present the findings from our research below, we want them to be considered against this backdrop of uncertainty, ambiguity and apparent contradiction. For while the characteristics of leadership, and its application sustainability, may be fairly durable and unchanging, the examples of CSR leaders in practice are anything but constant.

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**Box 7 – The Paradox of Wal-Mart**

When Harold Lee Scott Junior took over as President and CEO of Wal-Mart in 2000, *Fortune Magazine* described the company’s public image as being that of a ‘rapacious behemoth’. Scott commissioned a review of Wal-Mart’s legal and public relations problems, and it wasn’t a pretty picture. A discrimination lawsuit had been certified as a federal class action, new stores were blocked by activists in Los Angeles, San Francisco and Chicago, and the company had just forked out millions to regulators for air and water pollution infringements.

Speaking at the 2007 London Lecture of HRH The Prince of Wales’s Business and the Environment Programme, former CEO, Lee Scott reflected on how hurricane Katrina in 2005 had “brought out the best in our company ... In the aftermath of the storm, we asked ourselves: How can we be that company – the Wal-Mart we were during Katrina – all the time? Sustainability became a big part of the answer.”

Taking action, Scott announced three radical goals: 1) to be supplied 100% by renewable energy; 2) to create zero waste; and 3) to sell products that sustain people and the environment. Already, we see the Wal-Mart effect of scalability in action in three areas: more
Conclusion – Collaborative Leadership

Ultimately, given the scale and urgency of the challenges, CSR leadership needs to be bold leadership. It also needs to be collaborative leadership – leaders acting together at all levels of organisation and society. Many of the CSR leaders that we spoke to emphasised the importance of collective action. James Smith, Chairman of Shell UK, told us that his view of leadership is not based on a hierarchical model but on the notion of a network – i.e. that the leadership is not invested in one person. Smith concedes that many CEOs do base their leadership on the cult of personality and cause things to happen, but their success is short lived. Sustainability leadership, by contrast, "is about cultivating good people for sustainability to be delivered."

Hence, while individual leaders at the apex of organisations are critical change agents for sustainability, finding CSR leaders or champions throughout our communities, government departments and companies, is also essential. Some call this approach ‘distributed leadership’, which MIT Professor Deborah Ancona (2010) says is “where junior leaders act when local needs arise and as organizational imperatives demand”.

We all have the potential to be CSR leaders, whatever our area of practice, whatever our role and whatever our level of seniority. We also conclude from our research that – given the paradox of CSR leadership – the success or otherwise of the CSR leader (whether individual or organisational, hierarchical or distributed) must rest with the performance of the company. Ultimately, CSR leadership must be judged by the success of our actions – and whether we inspire and support others to follow our vision and passion for a better world.

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