Corporate Stewardship
Achieving Sustainable Effectiveness

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Some of Sue’s focuses

- Widely known for organization design and effectiveness and large-scale change research
- The design of knowledge-based firms
- Knowledge creating systems
- Sustainability and how to design complex collaborations to foster it
- Examination of the research process itself
- How to create academic/company partnerships to yield useful knowledge

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Some of Ed’s focuses

- HR management
- Compensation
- Organization development
- Board effectiveness
- Talent
Quadruple Bottom Line

- Financial
- Environmental
- Social
- Members
Corporate Management Approaches

- Profits above all
- Balance financial and social/environmental
- Stewardship
Definitions of Sustainability

Development that "meets the needs of the present without compromising the ability of future generations to meet their own needs."  
*(Bruutdland Commission, 1983)*

Improving the lives of people and the condition of the planet while building enterprises that are sustained by solid financials and profitability.
Expanded Field of Focus for Sustainable Effectiveness

EVOLUTION OF ROLES OF CORPORATIONS

- Opportunity
- Risk
- Complexity
- Transparency
- Social Justice Advocacy
- Blurring of Public/Private/Civil Roles
- Geopolitical Uncertainty
- Rising Expectations
- Stakeholder Power
Emerging Consensus About the Need

- UN’s Post 2015 Global Agenda
- International Energy Agency – 2015 report
- World Economic Forum’s 2015 Global Risks Report
- Papal Encyclical letter Laudato Si’
- Even the billionaires have spoken: NYT 7/3/15: Billionaires to the Barricades
- December 2015 Paris Agreement: 195 Nations signed the first legally binding global climate accord
Corporate Stewardship

Operating to be simultaneously profitable, ethical, and socially and environmentally responsible.

Careful management of resources that they hold in trust to leave them in better condition for use by future generations.
Moving From Debate to Action

The experts we assembled for this book shared what they have learned through hands-on research and consulting to companies that are leading the way.
Leadership and Ethics:

- Leader role in building a responsible and ethical culture
- Shared Value – Stakeholder alignment
- Infusing values and meaning
Strategy Evolution: Differentiating the Organization Through Sustainability Performance

- **Bolt-on → Embedded Strategies**
- **Incremental change → Radical Innovation**
- **Doing less harm → Net Positive Impact**
- **Serving the Well-off → Socially Inclusive**
- **Pilot Mode → Scaling System Change**

The ‘Holy Grail’: Sustainability as a Core Business Mission

Corporate Social and Ecological Responsibility Shift

From:

Peripheral add-on focuses

To:

(1) Integrated in core business functions
(2) Absorbed in the mainstream management standards
(3) Yielding Discontinuous Change

This requires building stewardship into purposes, strategies, decision-making models, reporting, structures, goals and objectives, employee accountabilities, and rewards

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Sustainability Transitions: Key Elements

- Embracing the Problem
- Values Framework
- Mission & Purpose → Strategy
- Organizing – Breaking Down Boundaries
- Addressing the Full Value Stream
- Inter-organization collaboration; Action Networks
- Re-Defining Success: Integrated Reporting: Goals, Measurement, and Feedback
- Leaders and Employees who see Stewardship as a core responsibility
4 Phases of Transition to Sustainable Effectiveness

**COMPLIANCE:** minimal initiatives to comply

**ENGAGED:** Trying out new approaches to achieve expanded outcomes

**INTEGRATED:** Strategy, operations and design start to be integrated

**PROACTIVE:** Integrated in larger eco-system

Going Through this Transition Requires Agile Capability:

- To Redesign to address new purposes and sustainability challenges
- To continuously change
Unilever Sustainable Living Plan

- Abandoning the traditional corporate goal of maximizing short-term profits for shareholders.
- Changing product mix and characteristics to reduce environmental impact.
- Sourcing raw materials and agricultural products that are fair-traded and certifiably sustainable.
- Influencing consumer behavior to encourage sustainable consumption.
- Reducing the use of water and energy.
- Addressing issues of land rights, pollution, and community development wherever a company operates.
- Achieving gender parity.
- Developing leaders capable and willing to operate in a world of cooperation and openness, and with systemic thinking.
- Moving from rules-based societies and organizations to principles- or values-based ones.
- Adopting holistic business models in which ethics, social responsibility, and sustainability are integrated into global corporate strategies, and creating organizational cultures built around doing the right thing (as opposed to treating responsible practices as inessential add-ons).
- Working with governments to develop concrete policies and programs that effectively address human and environmental needs.
- Cooperating with other institutions in an unprecedented spirit of partnership.


**Key Theme:** We can’t *engineer* our way out of this mess of our own making. We have to expand our aspirations and change our assumptions:

- Strive for shared value, not solely shareholder value
- Protect and enhance the earth and its peoples rather than exploit these resources to build wealth
- Build a world with healthy employees, communities and natural systems—sustainability can’t be simply a way to achieve business success
- Lead the way in solving difficult problems—don’t assume it’s government’s job
- Through collaboration, build a global economic system governed by equity and justice
- Focus on long term sustainable effectiveness, not just short term financial outcomes
**Human Resources**

The scope of employee engagement expands from roles to:

- development, “smart” jobs and employability
- connections to the workforce as a whole – affinity groups and diversity
- work-and-life balance
- connections to community-and-society – service that makes a difference

Stewardship role extends to the whole workforce, the broader society and the world:

- Service learning around the world
- Supporting economic inclusion in communities
- Supporting balance in society
- Engaging the whole workforce in serving society

What is HR doing?

Most HR executives believe HR should at least actively support Sustainability activities.

Less than 50% say HR actively supports Sustainability.

Sustainability is integrated in HR activities (e.g. promotion, performance appraisals) in only about 50% of companies.
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