



## Engaging boards with climate change – Part 2

‘Others emphasised the benefit of linking climate change reporting to a board’s normal financial reporting cycle and saw the principles issued by TCFD (Task Force for Climate-related Financial Disclosures) as a useful standard, requiring companies to engage with stakeholders and explain how they were contributing to reducing climate risks.’

*Alex Cameron and David Archer*

## Kindness in leadership

‘A number of our interviewees ... suggested that kind leadership behaviours had a strong positive impact on organisational well-being and performance. For employees, the result is greater contentment, higher motivation, higher engagement and participation. Teams and management, they found, were more creative and innovative, with positive relationships more prevalent.’

*Gay Haskins and Alison Gill*

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## Feature

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# Kindness in leadership

**Gay Haskins** and **Alison Gill** cite a range of organisational examples, to suggest that kindness should be more to the fore in governance and in the boardroom ....

Have you ever thought that you should be emphasising kindness as a key feature of organisational success? Is kindness a core value of your organisation? Does the importance of kindness in leadership often come up in board meetings, board appointments and governance frameworks? The probable answer is, 'No'.

Yet those of us who live in English-speaking countries will hear the word 'kind' very often. It is one of the 500 most frequently used words in the English language. Kind actions are remembered: they have a 'boomerang' effect: *Kindness begets Kindness*. The evidence suggests that kindness costs nothing yet creates significant value, yet its role in the boardroom is, to a large extent, unexplored.

### The 21st century organisational context

In our recent book, *Kindness in Leadership*, we obtained input from 200 leaders around the world in public and private sectors. Among these were 30 leaders with executive responsibility currently working in public and private sector organisations in the UK. Several of the public sector interviewees were employed within the National Health Service (NHS). We began by asking them about their current organisational context.

In both sectors we found that there had been a significant erosion of trust in organisations, triggered particularly by the economic crises of 2008 and for those working in the NHS, the publication of the Francis Independent Inquiry into the Mid-Staffordshire NHS Trust in 2013. More recently, the political instability associated with the Trump Administration in the US and political and economic uncertainty in Europe and the UK by Brexit have continued the erosion of trust in leadership. These events have brought to public attention serious systemic failings in the leadership and governance of our most important institutions and in society today.

A perception of 'unfairness' is also evident. In the US, a recent Forbes report (20.07.2018) cited the findings of an Economic Policy Institute report on pay in 2016 within 350 US companies: the average CEO made \$15.6 million, 271 times what the average worker earns. In the UK, steps are now being taken to publish worker to boss pay gaps. Nonetheless, awareness of these kinds of earnings disparities fuels an erosion of trust, commitment and engagement within organisations.

In response to these developments, our interviewees underlined the need for leaders to adopt a strategic

organisational focus on people and relationships: a leadership approach with a more relational style. A need to focus not just on what an organisation does, but how and why they do it and with what impact on others.

Within this context, what role, if any, does kindness have to play?

### Defining and acting with kindness

We found a marked similarity in the definition of kindness, both among the UK and worldwide sample of interviewees. Kindness was defined by all as relational act or behaviour, a typical response being: '*Kindness is active. Acting with the interests of the recipients at heart*'. It was also generally felt to be a virtue (showing high moral standards, goodness and decency) and to be something that can be learned and developed through practice.

These leaders emphasised that kindness in leadership is characterised by a variety of kindness-based behaviours, all of which reflect a strong relational style. These include: fostering a sense of inclusion; accommodating personal issues; treating others with respect; being generous in giving as well as receiving; caring and being responsive; communicating with a personal touch; sharing information transparently and explaining logically; giving time and listening intently; valuing the views of others while giving truthful and constructive feedback; counselling and mentoring; and embracing diversity and tolerance.

### The impact of kindness

There are some (but not yet many) larger organisations that have put kindness to the fore with a positive impact. Two well-known UK examples are retail giant John Lewis, established with a core belief in fairness and kindness to employees and Nationwide Building Society, set up to 'build for good' and still using advertising messages around the 'currency of kindness'.

In the US, researchers Jane Dutton and Monica Worline of the Ross School of Business have examined performance over two years across 40 units in the financial services industry. They found that, when compassion was part of the values of the business units, these units exhibited better financial performance, were perceived as more effective and realised higher employee and customer retention.

A number of our interviewees were graduates of the Oxford Advanced Management and Leadership, run by the Saïd

# Feature

Business School. These worldwide leaders echoed the findings of the US research. They suggested that kind leadership behaviours had a strong positive impact on organisational well-being and performance. For employees, the result is greater contentment, higher motivation, higher engagement and participation. Teams and management, they found, were more creative and innovative, with positive relationships more prevalent. This positive outcome was encapsulated by Richard Everard, Chairman of Everards Brewery Ltd. He wrote: *'Kindness is at the very heart of our philosophy, but it demands that everyone lives and breathes it every day. The human, financial and societal outcomes are tangible and will endure through future generations.'*

## A place in the boardroom?

If the impact of kindness in leadership is as tangible as Richard suggests, would a greater emphasis on kindness help to dispel the erosion of trust in organisations that has taken place and if so, how can kindness be brought into the boardroom?

In our research with UK public and private sector companies we found some leaders associated kindness as a behaviour relevant when colleagues required compassion (for example supporting colleagues with sick loves or bereavement). However, they struggled with kindness as a genuine leadership style that would be accepted by their board and shareholders. They feared being *'too kind'* might be seen as weak leadership particularly counter-intuitive in environments in which there is pressure to reduce cost and meet targets. Yet both public and private sector leaders regarded kindness as a relational leadership behaviour promoting trust and connection between people, elements which are critical to high performing work environments. It seems there is work to be done at board level to build organisations in which kind leadership can flourish.

In our research we found that the key attributes of kind leaders included empathy, altruism, respect and fairness. Empathy, as the key foundation for emotional intelligence; altruism because it was felt to be part of a belief system to truly care about people and society; respect was emphasised because of its association with humility and the ability to genuinely care about people regardless of rank and hierarchy and, fairness because without fairness somehow kindness cannot flourish.

The board plays a key role in a company's purpose, values, strategy, culture and that the directors running the business act with integrity, lead by example and promote the desired culture (The UK Corporate Governance Code, July 2018). The work of the board starts with the way that the board interacts with the executives; board directors can demonstrate the attributes of kind leaders. The board has the opportunity to build kindness into publicly available statements and make kindness part of the mission, strategy and values. Finally,

through the work of the board committees there is opportunity to place foremost respect, fairness and kindness in policies and practices.

Our research highlighted concern that the attributes of kind leaders are not sufficiently recognised by Board Nomination Committees; nor that fairness underpins Remuneration Policy or that a focus on kindness to customers underpins the practices of Board Risk Committees. Kindness potentially holds the key to building trust in commercial business; this leap of faith starts with the board.

*Gay Haskins is Associate Fellow, Saïd Business School, University of Oxford. She is the co-editor, along with Professors Lalit Johri and Mike Thomas, of Kindness in Leadership, published by Routledge, 2018. Alison Gill is Co-Founder and Director of Bvalco, a Board Evaluation Consultancy and author of two Chapters of this book.*

## Conference News

### ICGN Amsterdam 2019

**12 – 13 February 2019**

The annual ICGN two-day conference next year is being held in Amsterdam, the birthplace of shareholder activism, it will be hosted by Eumedion at the Beurs Van Berlage.

It features 10 plenaries and keynotes including:

- Awakening governance; The evolution of corporate governance in China
- Dialogue between shareholders and stakeholders: how and why?
- The future of the AGM: physical, virtual or hybrid?
- Robots on the board: will artificial intelligence lead to more board effectiveness?
- Future of the audit firm
- Netherlands and shareholder rights: a race to the top, not the bottom

*For more details go to <https://www.icgn.org/events/icgn-amsterdam-2019>*

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The introduction of stakeholder advocates to challenge management would provide a way for directors to avoid 'group think' as sought by BlackRock. Stakeholder associations provide a way to introduce what BlackRock describes as 'A new model of corporate governance'. More importantly the actual achievement of KPIs by firms would provide a way for Parliament to continually evaluate the performance of its regulators.

1 Royal Commission Interim Report (2018), 28 September, Volume 1, <https://financialservices.royalcommission.gov.au/Pages/interim-report.aspx>.

2 Givens, B. (1991), Citizens' Utility Boards: Because utilities bear watching, Centre for Public Interest Law, University of San Diego, School of Law, CA.

3 Fink, L. (2018) BlackRock, Annual Letter to CEO's, New York, <https://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter>

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## What our subscribers say

'Governance is a useful means of keeping up to date on developments in a field which is assuming greater importance by the day.'

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