Corporate Responsibilities

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October 28, 1996

Elizabeth Drye
Chief of Staff
Domestic Policy Council
Old Executive Office Building, Room 216
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Dear Ms. Drye:

Here is the Johnson School's survey on "new values" in corporate leadership that Laura Philips told you about. We talked with 250 senior executives at Fortune 1000 companies.

Some of the most interesting findings:

• The majority (58%) "strongly agreed" that corporations have a responsibility to address social issues such as work-family, diversity, equal rights and the environment. But only 14% "strongly agreed" that they are doing a good job on those issues now.

• 53% agreed that corporations should be required by law to address such issues.

• Almost two-thirds (63%) agreed that there should be tax or other incentives to reward companies that consider their obligations to their workers, the communities in which they operate, and the environment when making business decisions.

• 41% supported penalities for companies that focus single-mindedly on profits to the exclusion of other issues when making decisions.

• A significant minority (24%) disagreed that maximizing profits was a company's primary responsibility; 21% disagreed that a company's financial strength should outweigh all other considerations when corporate leaders are faced with difficult decisions.

• "Compassion" was ranked second only to "team-building" as the *most important* characteristic to successful corporate leadership a decade from now. This stood in stark contrast to the cited characteristics of *today's* corporate leaders, where "competitiveness" and "aggressiveness" topped the list and "compassionate" fell at the bottom.

The survey summary is attached. I'd be glad to answer any questions that you have.

Sincerely,

Margo Hittleman

Margo Hittleman
Director of Communications

enc.

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## Executives Call for Compassion in Corporate America

### Survey finds MBA students focused on bottom line

NEW YORK (October 16, 1996) — Compassion will be one of the most important characteristics business leaders will need for success a decade from now, according to executives of Fortune 1,000 companies surveyed by Cornell's Johnson Graduate School of Management. Only team-building was cited more often than compassion by the executives, who selected from a list that also included the terms competitiveness, intelligence and aggressiveness, among others.

"The results may seem surprising in this era of mass downsizing, but they clearly show that executives think there's more to corporate responsibility than just profits," said Thomas Dyckman, acting dean of the Johnson School, which released the survey results today. "Executives may be getting weary of the 'chainsaw' management mentality that's been receiving so much attention lately ."

In fact, 24 percent of the executives disagreed that maximizing profits was a company's primary responsibility, and 21 percent disagreed that a company's financial strength should outweigh all other considerations when corporate leaders are faced with difficult decisions.

The majority (58%) of today's executives strongly agree that corporations have a responsibility to address social issues such as work-family,

-more-diversity, equal rights and the environment, but only 14 percent strongly agreed that corporate leaders are doing a good job addressing those issues.

Further, more than half the executives agreed that corporations should be required by law to address issues such as work-family, diversity, the environment and other social issues. Moreover, 63 percent agree there should be tax or other incentives to reward companies that consider their obligations to their workers, the communities in which they operate, and the environment when making business decisions. On the other hand, more than half opposed penalties for companies that focus single-mindedly on profits to the exclusion of other issues when making decisions.

But if today's employees think they may have a kinder, gentler corporate future ahead, they may want to think again because tomorrow's corporate leaders—MBA students at the country's top 20 business schools—are keeping their eyes on the bottom line. The characteristic they selected most often as most important was results-oriented. Further, nearly 60 percent of the students said that executives in today's era of mass downsizing make good role models.

On the issue of the environment, half of the executives strongly agreed that corporations have a responsibility to limit their negative impact on the environment, while only about one-quarter of the MBA students felt the same way.

In addition, 52 percent of the executives —but only 35 percent of the MBA students —strongly agreed that a corporate leader's responsibility is to ensure the greatest good for the greatest number of stakeholders, which include shareholders, employees, customers and local communities.

"It's also surprising that the MBA students appear less concerned about social issues than current executives," said Dyckman. "The results may indicate that experience cultivates a broader definition of corporate responsibility. It would be interesting to survey the MBA students 20 years from now and see if their positions have changed."

When asked to describe the characteristics found in today's corporate leaders, the executives cited competitiveness and aggressiveness as the top two on a list of 19 leadership traits. Only charisma and ruthlessness rated lower than compassion as characteristics seen in today's leaders.

In developing their leadership skills, most of the executives cited college/business school education as being the most important influence,

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followed closely by on-the-job training and mentors.

Earlier this year, Cornell's Johnson School announced the Park Leadership Fellows program, a highly competitive fellowship which will award full tuition and a stipend to 30 outstanding students beginning in the fall of 1997.

"In selecting Park Leadership Fellows, we will seek well-rounded, high-impact individuals who will have not only exceptional leadership skills and unusual intellectual curiosity, but also have demonstrated a commitment to community service and a concern for social and environmental issues," said Dyckman.

The survey results were announced at "New Values for Corporate Leadership," a roundtable discussion sponsored by the Johnson School at the Cornell Club in New York. The roundtable was hosted by Robert Kennedy, CEO (retired) of Union Carbide Corp., and included panelists James Belasco, president of Management Development Associates; Thomas W. Jones, president and COO, TIAA-CREF; Eli Manchester Jr., president and CEO, Kewaunee Science Corp.; Pamela S. Mayer, vice president, Center for Creative Leadership; Philip Merrill, chairman, Capital Gazette Communications; and Dayton Ogden, CEO (retired) Spencer-Stuart.

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# THE JOHNSON GRADUATE SCHOOL OF MANAGEMENT

## THE CORPORATE LEADERSHIP SURVEY:

## METHODOLOGY AND
## SUMMARY OF SURVEY RESULTS

Prepared by

Market Research Institute, Inc.

October 16, 1996

## METHODOLOGY

During the days from September 17th to October 7th, 1996, the Market Research Institute conducted a 7-10 minute telephone interview with Fortune 1000 executives and first-year MBA students from the top 20 business schools as listed by *Business Week* magazine. A total of 500 interviews were completed within the two categories. The 500 interviews provides a 95% +/- 5% confidence level when analyzing the data.

The sample used to call the executives came from a business listing of the top 1000 companies located in the United States. The sample used to complete the MBA portion of the study was collected from a variety of sources including school directories, the Cross directory, and random digit dialing within census-tract areas of the schools.

The objective of the study was to ascertain the perceptions and feelings of executives and MBA students about issues that leaders are faced with daily.

## SUMMARY OF SURVEY RESULTS

Q1a. Maximizing profits is a corporation's most important responsibility.

**Results:**

| | Fortune 1000 Executives | MBA Students |
|---|---|---|
| Strongly Disagree | 05% | 03% |
| Somewhat Disagree | 19% | 04% |
| Neither | 01% | 07% |
| Somewhat Agree | 55% | 61% |
| Strongly Agree | 20% | 25% |

Q1b. Corporate leaders are doing a good job of maximizing profits.

**Results:**

| | Fortune 1000 Executives | MBA Students |
|---|---|---|
| Strongly Disagree | 02% | 01% |
| Somewhat Disagree | 10% | 04% |
| Neither | 06% | 02% |
| Somewhat Agree | 50% | 61% |
| Strongly Agree | 32% | 32% |

Q1c. Corporations have the responsibility to address social issues such as work-family, diversity, equal rights, education, health care, and care for the environment.

**Results:**

| | Fortune 1000 Executives | MBA Students |
|---|---|---|
| Strongly Disagree | 06% | 02% |
| Somewhat Disagree | 07% | 07% |
| Neither | 01% | 04% |
| Somewhat Agree | 28% | 57% |
| Strongly Agree | 58% | 30% |

Q1d. Corporate leaders are doing a good job addressing social issues such as work-family, diversity, equal rights, education, health care, and care for the environment.

**Results:**

| | Fortune 1000 Executives | MBA Students |
|---|---|---|
| Strongly Disagree | 07% | 10% |
| Somewhat Disagree | 25% | 14% |
| Neither | 08% | 03% |
| Somewhat Agree | 46% | 50% |
| Strongly Agree | 14% | 23% |

Q1e. A company's financial strength should outweigh all other considerations when corporate leaders are faced with difficult decisions.

**Results:**

| | Fortune 1000 Executives | MBA Students |
|---|---|---|
| Strongly Disagree | 09% | 07% |
| Somewhat Disagree | 12% | 14% |
| Neither | 03% | 01% |
| Somewhat Agree | 38% | 53% |
| Strongly Agree | 38% | 25% |

Q1f. A corporate leader's responsibility is to ensure the greatest good for the greatest number of stakeholders, which include shareholders, employees, customers, and local communities in which the company is based or does significant business.

**Results:**

| | Fortune 1000 Executives | MBA Students |
|---|---|---|
| Strongly Disagree | 02% | 03% |
| Somewhat Disagree | 08% | 05% |
| Neither | 01% | 06% |
| Somewhat Agree | 37% | 51% |
| Strongly Agree | 52% | 35% |

Q1G. Profits to shareholders should be the primary consideration when considering decisions such as plant closings, reorganizations, or sale of the firm.

**Results:**

| | Fortune 1000 Executives | MBA Students |
|---|---|---|
| Strongly Disagree | 10% | 20% |
| Somewhat Disagree | 21% | 16% |
| Neither | 01% | 05% |
| Somewhat Agree | 44% | 39% |
| Strongly Agree | 24% | 20% |

Q2a. Corporations have a responsibility to ensure that their leadership reflects the diversity that exists within society.

**Results:**

| | Fortune 1000 Executives | MBA Students |
|---|---|---|
| Strongly Disagree | 08% | 13% |
| Somewhat Disagree | 27% | 31% |
| Neither Disagree nor Agree | 18% | 07% |
| Somewhat Agree | 31% | 38% |
| Strongly Agree | 16% | 11% |

Q2b. Corporations have a responsibility to limit their negative impact on the environment.

**Results:**

| | Fortune 1000 Executives | MBA Students |
|---|---|---|
| Strongly Disagree | 04% | 07% |
| Somewhat Disagree | 07% | 11% |
| Neither Disagree nor Agree | 10% | 04% |
| Somewhat Agree | 29% | 50% |
| Strongly Agree | 50% | 28% |

Q2c. Corporations have a responsibility to assist their employees to balance work and family obligations.

**Results:**

| | Fortune 1000 Executives | MBA Students |
|---|---|---|
| Strongly Disagree | 02% | 04% |
| Somewhat Disagree | 11% | 09% |
| Neither Disagree nor Agree | 09% | 09% |
| Somewhat Agree | 42% | 51% |
| Strongly Agree | 36% | 27% |

Q2d. Corporations should be required by law to address issues such as family concerns, diversity, environmental degradation, and other social concerns.

Results:

| | Fortune 1000 Executives | MBA Students |
|---|---|---|
| Strongly Disagree | 18% | 21% |
| Somewhat Disagree | 22% | 28% |
| Neither Disagree nor Agree | 07% | 08% |
| Somewhat Agree | 34% | 19% |
| Strongly Agree | 19% | 24% |

Q2e. There should be some mechanism, such as government regulations or tax implications to penalize companies that focus single-mindedly on profits, to the exclusion of other stakeholders, when making business decisions.

**Results:**

| | Fortune 1000 Executives | MBA Students |
|---|---|---|
| Strongly Disagree | 25% | 27% |
| Somewhat Disagree | 31% | 39% |
| Neither Disagree nor Agree | 03% | 11% |
| Somewhat Agree | 29% | 16% |
| Strongly Agree | 12% | 07% |

Q2f. There should be some mechanism, such as tax or other incentives, to reward companies that consider their obligations to their workers, the communities in which they operate, and the environment when making business decisions.

**Results:**

| | Fortune 1000 Executives | MBA Students |
|---|---|---|
| Strongly Disagree | 19% | 21% |
| Somewhat Disagree | 16% | 17% |
| Neither Disagree nor Agree | 02% | 09% |
| Somewhat Agree | 38% | 32% |
| Strongly Agree | 25% | 21% |

Q2g. In general, today's business leaders are excellent role models for tomorrow's managers to emulate.

**Results:**

| | Fortune 1000 Executives | MBA Students |
|---|---|---|
| Strongly Disagree | 08% | 09% |
| Somewhat Disagree | 15% | 21% |
| Neither Disagree nor Agree | 06% | 11% |
| Somewhat Agree | 57% | 38% |
| Strongly Agree | 14% | 21% |

Q3a. On a scale of 1 to 5, with 1 being the least applicable, and 5 being the most applicable, please rate how the following terms describe today's corporate leaders.

**Results:**

| MEAN SCORE | Fortune 1000 Executives | MBA Students |
|---|---|---|
| Aggressive | 4.6 | 4.2 |
| Blunt | 3.7 | 3.8 |
| Bold | 4.1 | 4.0 |
| Charismatic | 2.8 | 3.7 |
| Compassionate | 3.0 | 3.5 |
| Competitive | 4.8 | 4.5 |
| Egotistical | 3.9 | 3.5 |
| Entrepreneurial | 3.4 | 3.7 |
| Independent | 3.2 | 3.3 |
| Intelligent | 4.5 | 4.2 |
| Open-minded | 3.6 | 4.0 |
| Pragmatic | 3.1 | 3.4 |
| Principled | 4.0 | 4.3 |
| Ruthless | 2.8 | 2.7 |
| Salesmanship | 3.6 | 3.7 |
| Self-serving | 3.8 | 3.1 |
| Results-oriented | 4.3 | 4.0 |
| Team-builder | 4.0 | 4.3 |
| Visionary | 3.7 | 4.4 |

Q3b. Of those characteristics previously mentioned, what one characteristic do you think will be most important to the leadership of a successful company a decade from now?

**Results:**

| | Fortune 1000 Executives | MBA Students |
|---|---|---|
| Aggressive | 01% | 02% |
| Blunt | -0- | -0- |
| Bold | 02% | -0- |
| Charismatic | 01% | 02% |
| Compassionate | 24% | 04% |
| Competitive | 02% | 13% |
| Egotistical | -0- | -0- |
| Entrepreneurial | 01% | 03% |
| Independent | -0- | -0- |
| Intelligent | 03% | 04% |
| Open-minded | 05% | 09% |
| Pragmatic | -0- | -0- |
| Principled | 04% | 02% |
| Ruthless | -0- | -0- |
| Salesmanship | -0- | 01% |
| Self-serving | -0- | -0- |
| Results-oriented | 14% | 25% |
| Team-builder | 30% | 18% |
| Visionary | 13% | 17% |

Now I would like to ask you some questions about how you have developed your leadership skills.

Q4. On a scale of 1 to 10, where 1 is extremely low and 10 is extremely high, how important where the following in developing your leadership skills?

**Results:**

| MEAN EXECUTIVE | Fortune 1000 Executives | MBA Students |
|---|---|---|
| Role models | 7.9 | 7.6 |
| Mentors | 8.0 | 8.1 |
| College/business school Education | 8.7 | 8.6 |
| Executive training programs | 7.5 | 7.0 |
| On-the-job training | 8.2 | 7.9 |
| Sports | 6.9 | 6.0 |
| Parents | 7.7 | 7.8 |

Q5a. Leadership skills can be effectively taught in a classroom or workshop setting.

**Results:**

| | Fortune 1000 Executives | MBA Students |
|---|---|---|
| Strongly Disagree | 10% | 09% |
| Somewhat Disagree | 21% | 15% |
| Neither Disagree nor Agree | 04% | 11% |
| Somewhat Agree | 48% | 45% |
| Strongly Agree | 17% | 20% |

Q5b. The most effective place to learn leadership skills is in a real-life setting.

**Results:**

| | Fortune 1000 Executives | MBA Students |
|---|---|---|
| Strongly Disagree | 08% | 11% |
| Somewhat Disagree | 11% | 24% |
| Neither Disagree nor Agree | 09% | 04% |
| Somewhat Agree | 39% | 40% |
| Strongly Agree | 33% | 21% |

Q6. In making corporate decisions, which of the following two quotations best reflects your view?

**Results:**

| | Fortune 1000 Executives | MBA Students |
|---|---|---|
| "Public opinion in this country is everything." | 74% | 71% |
| "The public be damned." | 26% | 29% |

Q7. Which of the following best describes your age?

**Results:**

| | Fortune 1000 Executives | MBA Students |
|---|---|---|
| 20-29 years old | -0- | 91% |
| 30-39 years old | 07% | 08% |
| 40-49 years old | 39% | 01% |
| 50-59 years old | 32% | -0- |
| 60-69 years old | 16% | -0- |
| 70+ years old | 04% | -0- |
| Refused | 02% | -0- |

Q8. Please tell me which of the following describes your ethnic background.

**Results:**

| | Fortune 1000 Executives | MBA Students |
|---|---|---|
| White | 72% | 78% |
| Black | 12% | 05% |
| Hispanic | 01% | 01% |
| Asian | 11% | 09% |
| Other | 04% | 07% |

Q9. Gender:

**Results:**

| | Fortune 1000 Executives | MBA Students |
|---|---|---|
| Male | 77% | 71% |
| Female | 23% | 29% |