

BOARD'S ROLE IN EMBEDDING 'SHARED PURPOSE' IN AN ORGANIZATION



Defining the Board's Role in Embedding Shared Purpose

In today's rapidly evolving corporate landscape, the need to establish, promote, and maintain a sense of shared purpose throughout an organization is more important than ever. Whether it's addressing the growing need for environmental sustainability or social equity and inclusion, many of the increasingly urgent and complex challenges facing businesses today will simply not be overcome in the absence of a truly collaborative and mutually rewarding workplace culture.

To learn more about the growing importance of shared purpose in today's environment, and more specifically, how these values are being embedded at the level of corporate governance, Egon Zehnder' Directors Development Program held a session on the topic led by **Arundhati Bhattacharya**, earlier Chair of State Bank India and currently Chair and CEO of Salesforce India.

Key insights from the session include:

Guiding Company Culture

When asked about the board's role as it relates to defining and embedding purpose and shared values, Arundhati reminded us that beyond addressing issues related to compliance and oversight, board members have a certain responsibility to contribute to, and in fact, actually *guide*, the overall direction of the company and its underlying culture. "Board members are often looked at as guides," she said, "as people who will contribute to strategies, but also people who will contribute to the culture."

Importantly, this means boards need to increasingly involve themselves not only in the process of defining purpose, but in setting concrete goals that drive action and allow for that purpose to be realized throughout the organization. For example, in Arundhati's experience, the overall notion of purpose in a corporate context has often been grounded in facilitating positive change, whether it

relates to environmental sustainability or the welfare of society at large.

More specifically, Arundhati shared her experience implementing what she calls a “1-by-1-by-1” policy, in which 1% of a company’s profits, products, and even the personal time of board members is contributed to the nonprofit sector.

She further explained that “we have about more than 75,000 nonprofit companies that are using our licenses, at no cost or highly discounted cost to do their governance, their sales, their service, their follow-up of donors. So, 1% of our products are given to the nonprofit sector and 1% of our time means every one of us, we take one week, paid time off in order to go and volunteer with whoever we want. And this 56 hours of volunteering, is part of our KPI so that this is something that is monitored along with the rest of our goals on a quarterly basis”. In addition to serving as a distinct strategy for giving back to society, this ensures values-driven initiatives are embedded into and monitored alongside all other goals and performance indicators on a regular basis. By promoting purpose at the level of policy, the board can create a corporate culture that not only values sustainability, equity and inclusion, but also treats the community and the planet as actual stakeholders in the company.

Purpose & Profit Go Hand-in-Hand

As the focus on environmental and social issues continues to rise across the global business landscape, there are some who might argue that these issues may be getting in the way of a company’s more traditional purpose: turning a profit. Arundhati shared her experience that strong programs and policies of giving back can have a surprisingly positive impact on employee outlooks and experiences. This is particularly true of the younger generation of workers, who tend to be more values-driven than older generations give them credit for and whose satisfaction and sense of belonging are more important than ever to cultivate in an environment of high attrition. “When employees find out you have a really solid agenda regarding how you give back, it actually entuses them to join,” she said.

But more than simply providing initial motivation, embedding purpose and meaning in the work being done can also alleviate some of the stress of professional life, and in turn, translate to greater collaboration and productivity. In fact, Arundhati believes that one of the primary goals of giving back to communities outside of the organization is to instill a sense of belonging *within*, and furthermore, that this kind of engagement is in no way at odds with the broader goals of serving shareholders and generating revenue.

“At the end of the day work is stressful, so it’s very important to have this concept of creating a culture of giving. Because this not only serves the community, but also results in a culture of collaboration within the organization and has a direct impact on your revenue and margins.”

she said.

The Importance of Measuring Impacts

Finally, Arundhati was careful to note that while it’s important to know the impact of values-driven initiatives on internal factors like revenue, it’s also equally critical to measure the impacts of these programs out in the real world. This is why dedicating ample time and resources to a board’s Corporate Social Responsibility committee (CSR) has become increasingly paramount and why Arundhati and others have even taken the extra step of setting up official foundations through which to execute and oversee environmental and social programs.

“First and foremost, having a foundation allows you to bring in experts [to maximize impact],” she said. “Second, it allows you to undertake bigger projects through increased funding and collaboration with other organizations. And when you take

up larger projects, you can perform actual impact measurement, which is absolutely necessary and otherwise very difficult to do.”

Moreover, while impact measurement is naturally critical when it comes to matters of general optics and regulatory compliance, it is perhaps even more important when it comes to sustaining that sense of belonging and motivation among the workforce. To this point, Arundhati reflected on a particular project in which employees went out and introduced new plant life into the foothills of the Himalayas, which had previously been denuded. Through the use of quarterly reports, supported by drone footage, which detailed the entire lifecycle of the project and guided further interventions, employees never lost sight of the mission at hand and could constantly be reminded of the ongoing positive impact they were having on the planet.

“We could see what happened every quarter, and we could see that many of the plants and trees were growing,” she said. “Some patches had become brown again, so you’d have to go back and replant them. But the actual impact could be seen, and that makes employees very proud of the fact that they’re really achieving something and giving back to their community.” She concluded by reiterating that leading a purpose led organisation is very congruent with maximising shareholder value.

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