Leading Large: What the Marketplace Wants from Leaders Today
Your most important stakeholders want you to look beyond the bottom line and start changing the world for them – and with them.

Running a business well is no longer enough for a leader to be successful.

Price, product quality, and a positive experience for customers and employees – the traditional factors that influence whether people buy from, work for, and respect a company – have become merely the price of admission.

A groundswell of voices, including those of customers, employees, and entire communities, are demanding that business leaders take responsibility for society’s well-being, not just the bottom line.

This powerful, growing coalition wants leaders who stand up for them by working on important global issues and mobilizing others to action, even in areas that are not always related to their business, such as health, climate, and equality. They are staking their money and careers on such leaders, who embrace the idea that playing an active role in society’s well-being is not just nice to do but central to business success.

The desire for leaders to use their power and influence to improve society is clear from our survey of 10,000 North American consumers:

- 61% told us a leader’s position on an issue affects their buying behavior.
- 73% said a leader’s position affects their employment decisions.
- 77% said a leader’s position affects their decisions about which companies they respect.
Within this coalition is a subset of people that you can’t afford to ignore. They are the vanguard of a deep shift in how individuals interact with and think about businesses. We call them the Passionates. This group, accounting for one-fifth of everyone surveyed, reported the most intense feelings about a range of global issues. Passionates won’t buy from you, work for you, or even respect you unless you take a strong position – and action – on issues that go far beyond managing the business. Indeed, 73% of Passionates say a leader’s position on societal issues affects their buying behavior, compared to 57% for all others. Eighty-one percent count it as part of their decision about whom to work for versus 71% for all others. And while 75% of all respondents say a strong position on global issues affects their respect for a company, Passionates take this to another level: 82% include it as a motivating factor.

Most importantly, Passionates represent your most highly prized customers and employees today and in the future. Although we found Passionates in every generation, more than half are Millennials, the largest generation on the planet, whose influence as consumers and employees is becoming impossible to ignore (see sidebar, Why you can’t afford to ignore the Passionates).

Why you can’t afford to ignore the Passionates

- 73% of Passionates say a leader’s position on societal issues affects buying behavior.
- 81% of Passionates say a leader’s position on societal issues affects decisions about whom to work for.
- 82% of Passionates say a strong position on global issues affects their respect for a company.
Who are the Passionates?

Surveys ask what people think. We also asked what they feel. That revealed an important group of individuals that feels intensely about a range of issues, including universal healthcare access, climate change, poverty, and mental health.

This group, the Passionates, make up 20% of our respondent base. Passionates run across all generations but are a predominately young group. The generation with the highest percentage of Passionates is Gen Z, with 31% of their respondents being Passionates, followed closely by Millennials at 28%. A much smaller percentage of Gen Xers and Baby Boomers are Passionates: 18% and 14%, respectively. Passionate Millennials are the most important of these groups, because they are becoming your preeminent customers and leaders. Gen Zers, who are also passionate, have begun to graduate college. “The students of today will be working for you tomorrow. Millennials are now old enough to have leadership roles in your organization,” says Dr. David Caruso, a management psychologist and research affiliate with the Yale Center for Emotional Intelligence.

“Gen Z and Millennials are feelings-oriented generations, and they want you to attend to the feelings of others,” he adds. “To simply dismiss them as narcissistic or self-focused is a big mistake. They’re passionate not just about themselves but also about others and the planet.”

When making a purchase, Passionates put more importance than all other respondents on leaders’ intrinsic characteristics, such as authenticity, empathy, and alignment with their positions on issues. Similarly, when deciding who to work for, Passionates prioritize ethical behavior, trust, transparency, and authenticity. Other survey respondents care more about traditional factors, such as how much they will get paid and whether the products they buy have the right product features, performance, and aesthetics.

Passionates care about their own compensation less than other survey participants do. Indeed, they will take a pay cut for a job that makes an impact on the world. More than three-fourths (78%) would like the CEO to take a pay cut, too.

The continuing global and potentially catastrophic pandemic only amplifies this new truth that has been emerging over the last decade: leaders looking to make an impression on customers and employees would do well to make an impression on the world. “This shift has been coming for a long time, and the current pandemic has only accelerated the need for it,” says Louise Roper, CEO of leadership consultancy Volans.

“There is a pull and push happening at the same time,” says Rajeev Peshawaria, CEO of Stewardship Asia Centre, a business leadership and strategy consultant, and the author of Open Source Leadership. “The pull is that everyone is naked and exposed so you’d better do the right thing, otherwise you will be found out. The push is that your customers and employees want you to do the right thing. They want leaders who take a stand. And the power has shifted to them.”
Passionates want leaders who look out for their fellow humans. It’s no longer enough to focus on shareholder returns while marginalizing or ignoring global issues, such as healthcare access, climate change, poverty, and mental health (the top concerns of all our survey respondents) that business leaders may deem out of scope and out of their control. Leaders who don’t find ways to address broad economic, social, and environmental concerns while growing profitable businesses will find themselves sidelined.

The good news: These goals are not mutually exclusive. By shifting how they think about the purpose of their business and who it should help, leaders can identify actions that will boost the bottom line while bettering the world.

Making this transition can be difficult, because it is risky. Stakeholders within and outside of the company who disagree with any stand a leader takes may push back—hard. Leaders who were taught to guide their companies from quarter to quarter, measuring their success in terms of short-term revenues and share prices, will need to learn how to take a longer, broader view and be willing to advocate against skeptics for their vision.

The stakes could not be higher. Unprecedented, parallel threats, including rolling pandemics, intensifying natural disasters, and political unrest, require bold leaders who have an expanded view of their role, understand the deep interconnections in the global economy, and can work in more collaborative ways than ever before.

There’s no time for delay. Sixty-two percent of Passionates believe that business leaders should always take positions and speak out about global issues, regardless of the relevance it has to their business, as do 43% of the other respondents. That means a large majority of your customers, employees, and the public are watching.

“We used to think about leadership as an act of taking rather than giving. You rise up the corporate ladder to take over as CEO,” says Rajeev Peshawaria, CEO of Stewardship Asia Centre, a business leadership and strategy consultant, and the author of Open Source Leadership. “But true leadership is not about what you can get from the world. It’s about what you can give to it. Real leadership comes from a burning desire to make things better.”

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Rajeev Peshawaria, CEO of Stewardship Asia Centre
Even before 2020, leaders sensed the need to make big changes in how they ran their companies.

In August 2019, the CEOs of nearly 200 multinational corporations signed a statement publicly pledging to lead their companies not simply for the benefit of their shareholders but for the good of their customers, their employees, their growing supplier ecosystems, and their communities.

The pledge gained a fair amount of attention. But our survey respondents expect more.

They know in their bones what the COVID-19 pandemic made painfully clear: everything is connected, and everyone is suffering. While respondents believe that governments have the primary responsibility for addressing the world’s problems, they think businesses should be equal partners with individuals and communities in doing their part. (See sidebar, The 5 new truths about leadership.)

They know in their bones what the COVID-19 pandemic made painfully clear: everything is connected, and everyone is suffering.
All survey respondents agree on one thing: The assumptions that many leaders made before this current era of globally connected issues, such as healthcare, climate, and equality, are no longer valid.

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<tr>
<th>Old assumptions</th>
<th>New truths</th>
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<td>1. Taking action or public positions on issues that do not directly affect the business is a waste of corporate leaders’ time and effort and can even detract from performance.</td>
<td>90% of respondents want leaders to speak out and act on global issues. And that action will pay dividends. 79% of respondents say it influences their buying decisions. 84% their employment decisions, and 86% their decision on which companies to respect.</td>
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<td>2. Consumers only care about buying a good product, at the right price, and having a good experience in the process.</td>
<td>Consumers still care about traditional buying criteria, but these won’t differentiate you from competitors anymore. They now see other values as intrinsic to their buying decisions. 85% consider factors such as a leaders’ empathy, trustworthiness, and authenticity; their ability to affect change; their openness to new ideas; whether leaders are ethical; and whether they run a transparent organization before making a purchase.</td>
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<td>3. Leaders don’t need to explain the reasons for their decisions, even to employees.</td>
<td>When leaders are open about their reasoning, employees are more likely to want to work for them. 89% of respondents said that leaders’ transparency, trust, and authenticity affected their employment decisions.</td>
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<td>4. Returns to shareholders justify paying CEOs extravagantly.</td>
<td>Many people feel that pay inequity is out of control. 72% of respondents support limiting CEO salaries to a fixed percentage of employees’ average pay.</td>
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<td>5. Work–life balance is an individual’s responsibility. Employees must figure out how to manage their lives.</td>
<td>Leaders are accountable for creating a work environment that recognizes employees have lives beyond their jobs: 68% of respondents say the demands of the workplace are preventing them from having a balanced life.</td>
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An expanded field of vision

To make this shift in how they think about their businesses, leaders must begin to work on a different plane, expanding their perspective to include the larger ecosystem in which their organization runs.

For the last 50 years, business leaders have been persuaded that their companies exist in isolation – the most prominent influence on that attitude being Nobel Prize-winning economist Milton Friedman and his 1970 article asserting the primacy of serving shareholders. Over time, leaders have returned to the idea that their companies have some duty to society, in the form of corporate social responsibility initiatives. But these efforts, Peshawaria observes, have always been treated as offshoots rather than central to the business model.

Our survey respondents care most about issues like healthcare access, climate change, and mental health, which cannot be addressed or resolved in a silo. Passionates’ feelings about these issues run even deeper than those of other respondents.

Leaders need to think, and act, more broadly. To focus not just on what traditional stakeholders think and want, but to consider people once thought to be beyond a company’s reach and responsibility.

Embracing empathy for all matters more now than ever, says Dr. David Caruso, a management psychologist and research affiliate with the Yale Center for Emotional Intelligence. “Some leaders will say that’s not my job. It takes too much time. And I get that,” he says. “But they need to take their head out of the sand because to succeed today they need to lead in a very different way and need to develop a new set of skills.”

Given that keeping a business profitable is already more than a full-time job, attending to society’s big and complex problems on top of it may feel overwhelming. But when community well-being and global issues become intrinsic to the job, it won’t be another ball to juggle. It will be central to the mission.

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Passion plays

Our research suggests several actions leaders can take to appeal to stakeholders who expect more from a company than a well-priced, good-quality product or service and a positive customer experience.

Embrace transparency.
It’s not a question of if, but when, your customers, suppliers, and the world at large find out what your company is doing behind the scenes. More than 60% of Passionates say trust and transparency matter when making a purchase, more than 75% consider it when making an employment decision, and more than 80% cite it as influencing whether they respect a firm.

“In the past, business leaders who wanted to succeed maximized control and were opaque in their dealings,” says Peshawaria. “But today, they need to minimize control and maximize transparency. That’s the new mandate, and those leaders who are slow to understand this will not survive.” Patagonia, for example, details how its products are made, where it gets its materials, and the working conditions of those involved in production.

Give employees a role in developing the qualities of the organization.
Seventy-nine percent of survey respondents say that a leader’s openness to new ideas increases their workplace engagement.

Leaders can create processes for collecting and acting on employees’ input about the organization’s vision and values. Involving employees in the process will increase their participation in the pursuit of these broader goals.

Create a shared purpose.
A shared purpose isn’t simply an articulated mandate from the leader. It is a vision co-created with stakeholders considering for themselves what the purpose should be, according to Mark Bonchek, CEO of Leading Large: What the Marketplace Wants from Leaders Today.
The Passionates are tired of proclamations. They want to see companies make tangible changes.

Shift Thinking, a consultancy. The vision should be a natural expression of what the organization stands for and connect how it makes money with how it contributes to the world. South African medical insurer Discovery, for example, used a shared-value approach to develop and then articulate a broad vision: increase people’s life expectancy by changing their behavior. Once an organization has defined its purpose leaders can share what it means to their stakeholders (employees, customers, suppliers, political leaders, others) and enable them to contribute, says Bonchek.

**Demonstrate that you can influence the world, not just change your organization.**

The Passionates are tired of proclamations. They want to see companies make tangible changes. More than 60% of the Passionates think that businesses need to play a role in improving educational systems, for example. Hewlett Packard Enterprise president and CEO Antonio Neri made education a focus in the wake of the COVID-19 crisis. HP teamed up with the Global Business Coalition for Education to provide equipment to students whose schools were closed in Houston, Chicago, and Dallas.

**Address workplace fears of automation.**

Automation has been affecting workers for decades, but now we’re entering a new realm of concern: 75% of respondents have negative feelings about automation within the workplace. Respondents don’t just fear being replaced by technology; they also worry about it becoming their colleague.

Indeed, 75% of respondents say they don’t want AI-enhanced robots telling them what to do. What’s more, we can no longer see automation as a niche problem, confined to a particular business function or a few roles: 60% of respondents now believe that the near-future holds mass unemployment due to emergence of AIs. Leaders will be expected to ensure that the people who use, or are affected by, new technologies understand how they will be hired, managed, and rewarded. “The fact is that we are experiencing a tectonic shift,” says Peshawaria. “Those that get it are upping their empathy and compassion quotient. There’s an opportunity to deal with this the right way and soften the fall.”

**Address work–life balance for employees.**

The idea that employees are hired to do a job and it’s up to them to figure out how to manage their lives is outdated. When people overwhelmingly say they have difficulty balancing their professional and personal lives (69% in our survey), it isn’t because they aren’t trying hard enough. Eventually, you’ll lose your burnt-out workers to someone who helps them with their struggle. This is an area where a new type of leader can really shine. Indra Nooyi, former CEO of PepsiCo, was passionate about addressing work-life balance; the company set up on-site childcare for employees at the headquarters and “near-site” for employees elsewhere. “This is a challenge we need to take on urgently,” she said at the time. “We need to come together, as corporations and as a society, to support workers who are caring for young children, aging parents, or both.”
Continuing on the same, old leadership path may seem easier but ultimately, it’s untenable.

Taking this new road won’t be easy.

“Leadership is about creating a better future, and naturally any attempt at doing so creates a whole lot of resistance,” Peshawaria says. “When you start living a set of values, you’re not going to make everyone happy. But the greatest leaders don’t give up.”

The alternative is eventual destruction.

“There is an emotional storm coming your way,” says Caruso. “The students of today are looking for action on social justice and climate change, for example. There is going to be a wave of [activism] that you will no longer be able to ignore. All of this is a wonderful thing. This is a world where more people give a damn about others.”
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About This Research
The SAP Insights research center conducted this research study to measure the general population's sentiment and reactions to global issues. The study took place online in January 2020, and 10,000 total responses (8,905 usable) were collected from individuals equally across Canada and the United States. The respondents from each nation were demographically representative across five key factors: age, gender, household income, race, and geographic region.

The SAP Insights research center supports the discovery and development of new research-based thinking to address the challenges of business and technology executives.

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