



## NEWSLETTER

ISL NEWSLETTER May, 2016



### From the editor's desk

ISL is delighted to announce that its new book is being released at the end of this month. The title is [\*Sufficiency Thinking: Thailand's Gift to an Unsustainable World.\*](#)

In this edited book, generously sponsored by the Thailand Sustainable Development Institute, authors present a process model of sufficiency thinking and many examples.

Because the process begins with the concept of a virtuous person or ethical group engaging in activities, this issue focuses on managerial morality or virtue as its special theme.

**Gayle Avery**



*ISL has adopted the honeybee to symbolise sustainable leadership. Honeybee leadership represents collaborative, constructive practices that the community values while achieving high performance. Photo: Olga Mirkina*

### THE VALUE OF VIRTUE MANAGERIAL DECISIONS BASED ON MORALITY

It's pretty old fashioned to talk about virtue, and yet it's the basis of one of three major approaches to ethics. Virtue ethics emphasises the moral character of actions, in contrast to approaches that focus on duties or rules (deontology) or the consequences of actions (consequentialism). Someone operating on virtue ethics would be honest because it is the right thing to do rather than through fear of being caught, for example. Does it matter what motivates behaviour in the business world? Ou et al's (2015) recent research suggests 'yes'. CEO humility, for example, affects firm processes and outcomes. Under a humble CEO, the top management team (TMT) is more likely to collaborate, share information, jointly make decisions, share a vision, and

adopt an ambidextrous strategic orientation - all of which enhance firm performance. How widespread should virtue be? For Gotsis & Grimani (2015), virtuousness can exist all over an enterprise, not just at the top. Virtue refers to an ethical attribute of managers, leaders and employees, and as such occurs at the micro-individual, meso-organisational or macro-societal levels. These authors differentiate between virtuous managerial, leaders' and employees' attitudes on the one hand, and virtuous management and leadership development, as well as virtuous employee training on the other. Segon & Booth (2015) note that virtue is missing from common measures of emotional intelligence (EI), which is worrying

because theoretically, an unethical manager or leader could demonstrate EI competence. These authors propose adding an ethical management cluster and some competencies based on virtue ethics to EI measures. Further reading on virtue: Gotsis, G. & Grimani, K.. 2015. Virtue theory and organizational behavior: An integrative framework. *J. Management Development*, 34(10),1288– 1309. Ou, A.Y., Waldman, D.A. & Peterson, S.J. 2015. Do humble CEOs matter? An examination of CEO humility and firm outcomes. *J. Management, avail. online, doi 0149206315604187*. Segon, M. & Booth, C. 2015. Virtue: The missing ethics element in emotional intelligence. *J. Business Ethics*, 128(4), 789-802.

### INSIDE...

2016 ISL conference news  
Keynote speakers

External Development Day: Greening a desert  
Thoughts on virtue  
Research watch: Corporate morality

Lack of virtue damages corporate reputations  
Podcast on ISL's research  
Publication opportunities

## 11TH INTERNATIONAL SYMPOSIUM ON SUSTAINABLE LEADERSHIP PROGRAM AND KEYNOTE SPEAKERS

The special theme of ISL'S 11th International Symposium is **sufficiency thinking**, a sustainability approach that emerged in Thailand but has wide applicability. We are very grateful for the sponsorship of the Thailand Sustainable Development Foundation in collaboration with the College of Management at Mahidol University, our symposium partners in 2016.

Here is the schedule.

**28-29 May: Don't miss our External Development Day:** an overnight field trip to the Khao Hin Sorn Royal Development Study Centre (see box below) to witness the results of 'greening a desert'. The King of Thailand, himself a scientist, applied sustainable principles to turn a degraded 300 hectares into luxuriant fields and forests. The extra fee for attending this event of 75 euros includes an overnight stay & 3 meals to experience the project first hand.

**30 May:** Registration and welcome cocktails from 5.30-7pm.

**31 May:** Gala opening. Eminent speakers (see opposite for details) open proceedings and launch ISL's new book, [Sufficiency Thinking: Thailand's Gift to an Unsustainable World](#). Interactive workshops will showcase how sustainable thinking is applied in large and small organisations and will feature both academics and practitioners from: health, education, business & agriculture and community development.

At night, the Thai Sustainable Development Foundation is hosting a special dinner, enabling delegates to sample a range of Thai foods at [Ladawan Palace](#).

**1 June: Peer-reviewed presentations** on a range of topics related to sustainable leadership.

**Where:** [Centara Grand Hotel](#), in the centre of Bangkok. Come as presenter or part of the audience; academics and practitioners all welcome. [Click here for further details](#).

**Dr. Chirayu Isarangkun Na Ayuthaya** representing the key sponsor, will officially open the proceedings. Among his other roles, he is Chairman of SCG (Siam Cement Public Co.), Chairman of the Thailand Sustainable Development Institute and Director General of the Crown Property Bureau.



**Mr Harald Link** Head of the B. Grimm Group, whose motto is "doing business with compassion", Mr Link will launch *Sufficiency Thinking* by sharing insights into operating a very large diversified business under sustainable principles, drawing from both European and Thai ethics and philosophies.



**Dr Pojjanee Paniangvait** VP of Thai President Foods, is our keynote speaker opening the presentations on 1 June. She has worked in the food industry at top managerial level for over 20 years.



### ISL'S EXTERNAL DEVELOPMENT DAY: *Greening a desert*



Join ISL's famous External Development Day excursion on 29 May. This year we visit [Khao Hin Sorn](#), the first of six Royal Development Study Centres in Thailand (with an overnight stay and three meals included). Witness the transformation from desert (left photo above) to lush productive land (photos centre and right) using techniques personally conceived, researched and introduced by the King of Thailand.

Spread over 303ha, [Khao Hin Sorn](#) demonstrates a variety of sophisticated agricultural, animal husbandry and water management techniques. The visit to this inspiring site is an optional extra component of the 2016 ISL conference. Visit [our website](#) for more details or click here for the [program](#).

Click [here](#) to watch a video about the Centre.



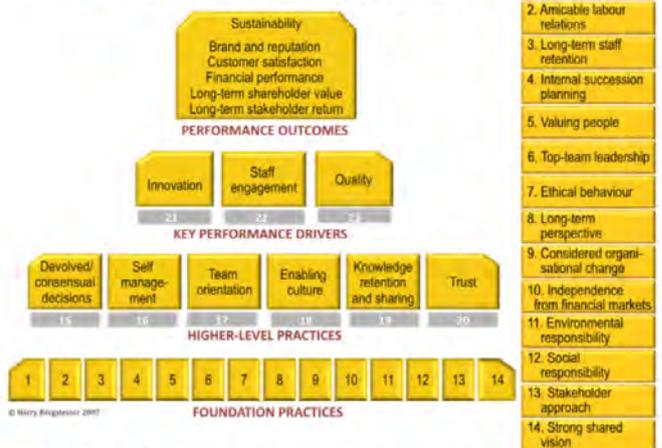
# LACK OF VIRTUE DAMAGES CORPORATE REPUTATIONS

A key performance outcome for sustainable or ‘honeybee’ companies is to protect, and where possible enhance, their brand and reputation (see the Sustainable Leadership Pyramid, below). It can take years to build a great reputation and mere moments to destroy it. Here are two examples where, instead of protecting their reputations, both firms acted as ‘locusts’ rather than honeybees; sustainable leadership went missing in action.

VW is a case in point, topical because of the global scandal surrounding manipulated emissions software uncovered late in 2015. Only a year before, in the 2014 *Harvard Business Review* Linda Hill and her team had praised the ‘collective genius’ at VW where Luca de Meo, as head of marketing communication, asked his team members to reflect on the meaning of being part of VW and to adopt the values forming part of the brand's three components in guiding their work. These three components were: innovation, responsibility and value. The emissions scandal has had severe effects on all three components of the company’s brand and reputation. The brand has been substantially devalued. Before the scandal broke, the value of the VW brand was estimated at about US \$31 billion. Experts estimate that manipulating the emissions has devalued the brand by around \$10-12 billion. It doesn’t help when top managers treat the matter lightly, even when intended as jokes. Denial also doesn’t help. Ongoing investigative reports claim that various senior executives from the top management team were informed about the emissions manipulation before the scandal broke, ensuring that the matter continues. Not only are customers and governments angry about the deception, but institutional and other investors are threatening to sue the automaker. People increasingly ask: will the company survive this scandal?

In another part of the world, former Australian building materials company, James Hardie, sold products made of asbestos that caused serious medical problems leading to death in users. To deal with the resulting legal claims, two subsidiaries with significant asbestos-related liabilities were spun off from the group, with compensation claims to be paid from a designated Medical Research and Compensation Foundation. The Foundation’s funds for meeting claims were inadequate despite what the company had formally announced to the Australian Stock Exchange. In fact, the Australian High Court held that the seven non-executive directors of James Hardie had each breached their duties by issuing that misleading announcement. Another move that caused considerable ethical concern was the parent company changing its domicile to The Netherlands and transferring liabilities from the parent company to the Foundation.

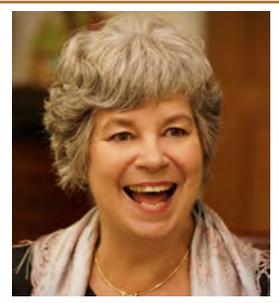
The Sustainable Leadership Pyramid



Source: Avery, G.C. & Bergsteiner, H. 2010. *Honeybees & Locusts: The Business Case for Sustainable Leadership*. Sydney: Allen & Unwin.

## HEAR MORE ABOUT ISL’S RESEARCH MACQUARIE UNIVERSITY INTERVIEWS GAYLE AVERY

Gayle Avery was interviewed as part of Macquarie University’s Pioneering Minds podcast series. You can access the podcast [here](#). Gayle talks about the concepts behind sustainable leadership, and some of the work that ISL has been doing in Thailand on the Sufficiency Economy Philosophy.



## REMINDER: PUBLICATION OPPORTUNITIES

**JOURNAL OF GLOBAL RESPONSIBILITY:** The *Journal of Global Responsibility* publishes scholarly articles on a wide range of issues related to creating and maintaining sustainable organisations. The editor, Professor Grant Jones, an active member of ISL, is open to quality articles on a wide range of relevant topics. Visit the [journal website](#) for more details.

**STRATEGY & LEADERSHIP:** Reach decision makers by writing for *Strategy and Leadership* (an Emerald journal). Editor Robert Randall is currently seeking articles, cases, interviews and columns that insightfully define a strategic management or leadership problem, dilemma or opportunity from the perspective of senior management; propose a creative solution to the problem or a way to take advantage of the opportunity; describe the model, tool, technique or concept that enables the solution; show evidence or examples that the proposed solution has worked or could work; provide a mini-case of the process in action; show results; list the how-to steps and describe how to perform a diagnostic; note the pitfalls; and lay out next steps. Illuminating quotes from senior corporate leaders are highly valued. References should be presented as endnotes. Visit the [website](#) and/or contact the editor: Robert M. Randall: [RRandallPublish@cs.com](mailto:RRandallPublish@cs.com).

**SUSTAINABILITY:** Submissions to the special issue on sustainable management and leadership closed on 28 February. Some papers are still under review.