

## In Search of Meaning



Many of us feel we are at a point in our lives when the presence of meaning at work has become essential. Or, maybe, its absence has started to be incredibly annoying...?

Not that it didn't matter earlier, but as we have "grown up" a bit more, especially since many of us have achieved a decent level of financial well-being, we've come to realize happiness and non-financial well-being haven't always come in the same "package".

Of course, happiness is subjective, but that is not the point of this article so let's begin...

### The "dawn"

Something seems to have happened lately, in that a growing number of executives and institutions (including PE funds) have expanded their focus beyond just bottom-line metrics when they talk about the near future or when they make investment decisions.

A [NY Times article](#) published early last year writes about **Laurence D. Fink**, founder and chief executive of the investment firm BlackRock, informing business leaders that *their companies need to do much more than making profits — that they need to contribute to society as well if they want to receive the support of BlackRock.*

[Fred Kiel](#) the founder of KRW International\*, one of the pioneers in leadership character study and a collaborator of ours on this topic, writes in one of his latest articles a couple of months ago about one sign of this changing sensibility: *"In August 2019, 181 U.S. CEOs who are members of the Business Roundtable signed a statement affirming that the purpose of a corporation is to serve not just shareholders but four other groups of stakeholders: employees, customers, suppliers, and communities."*

Moreover, Harvard Business Review has changed a bit the way it ranks the performance of the CEOs. Since 2015 HBR's ranking has been based not only on financial performance but also on **environmental, social, and governance (ESG)** ratings. But this only contributed to 20% of each CEO's final score. Starting from 2019 HBR changed the formula, increasing this weightage to 30%. Details [here](#).

Even though I still don't consider the percentage to be high enough (and this shows how strong "greed's immune system" is), I do believe it is a very important step towards focusing on what I believe is right

## **-Stakeholder Value.**

I consider its dimension depends on the nature/sector of the business, its context, its stakeholders etc. But as a rule of thumb (if I can apply such a rule here) I would say 45%+. The idea behind it should be related to decency and I know it is subjective but I would make sure that besides the E&G I have high people engagement, capability to adapt and learn, alignment on direction, behaviors in the company matching the values and mission on the walls and that the CSR policy is not just a bunch of PR actions generating a nice feeling but having very little and lasting impact in society.

## **The “golden cage”**

Many executives I have met lately seemed discouraged. During conversations they admitted to feeling trapped as if in some sort of a cage. A “golden” one as most have influential roles in big brand companies, are paid pretty well, have their kids attending good schools and so on.

Yet, most of their waking ours is spent at work, in companies trying (often without success as they try to respond to the VUCA environment outside by complicating things inside) to reinvent themselves and apparently incapable of providing the needed meaning to their people.

A lose - lose trade-off or as I like to say, those people put time (i.e. life) in exchange for simply... money.

*“...a few more years to do this until my kids finish school, ...until I pay the house, ...the car, the.. whatever...all in a few years”* – are the “mantras” I have heard most often. They appear to be nothing more than comforting thoughts to validate the situation they find themselves into.

Some who were close to their energy limits went for help to various coaches or started experimenting a variety of other activities, such as meditation, yoga, Qigong, sports and so on. All in their quest to cope with one of their major sources of frustration and stress – meaningless work. Some, not as close to their conscious limits, were “frozen” by stress and fear while being spectators to their lives which are wasting rapidly.

**Shirzad Chamine**, executive coach and professor of Positive Intelligence at Stanford University says that one of the biggest traps many of us fall into is *“I will be happy when...”*

## **Value creation**

Many of the biggest companies are today publicly traded. As shareholders want to make money, if CEOs make bad decisions, they will start selling shares which will drive the prices down. And an even a bigger issue is that the agenda of some large shareholders such as financial institutions is what often drives the CEO’s decision rather than doing what is right for the company, stakeholders and society.

Many specialists call the stock market a force for good as it “drives companies to take good decisions, to make money for the shareholders, to create new well-paid jobs”.

Is it so in reality? Or if it is, what has happened lately?

*“It is not the real value of companies that drive their stock prices - it is the most popular stories people believe about those companies. Sometimes these perceptions are based on facts, but sometimes...these stories are just bubbles.” \**

**Kevin Kaiser**, a Wharton Adjunct Professor of Finance, formerly at INSEAD and one of the top specialists in the world in company valuation mentions in his book called "The Blue Line Imperative" that "capital markets like the internet behave like a wise crowd – and the more investors involved, the better the result. There is no coordinated leadership, nobody trying to push things in one direction or the other and, of paramount importance, no opinions to get in the way". "Value creation when properly understood is not simply someone's ethical perspective on how to manage a company. Value creation is a self-generating, self-governing, basic planetary imperative based on nature itself, and if you don't uphold it, the planet will shut you down every time."

While I find the rationale amazingly well written and strong, I still believe the likelihood of a public/listed company to be shareholder value driven and not stakeholder value driven is way higher. Just because greed takes over decency when we talk about investing if we leave it to this kind of nature.

I do not believe that common sense and equity prevail over greed when we talk about many stock market shareholders. Even Milton Friedman, the famous economist, did not recall knowing a society not to run on greed. He declared a few decades ago for NY Times that "because corporations are owned by shareholders, the only obligation of businesses is to make profits".

In addition, the fact that top executives pay is linked heavily to the share price performance, it means that the system encourages decisions heavily favoring the shareholders, and often in conflict with the rest of the stakeholders (employees, business partners, society at large, etc.). The choices made in terms of capital, people, investments and so on are often different depending on top executives' character and long-term focus.

## The "sunrise"

One of McKinsey's most comprehensive studies of its kind shows that "Excellent CEOs spend time thinking about, articulating, and championing the purpose of their company as it relates to the big-picture impact of day-to-day business practices. They push for meaningful efforts to create jobs, abide by ethical labor practices, improve customers' lives, and lessen the environmental harm caused by operations. Visible results matter to stakeholders; for example, 87 percent of customers say that they will purchase from companies that support issues they care about, 94 percent of millennials say that they want to use their skills to benefit a cause, and sustainable investing has grown 18-fold since 1995."

**KRW International's** research on character and business performance found that **strong-character** leadership teams deliver nearly **five times more** to the bottom line, have a reduced risk profile, and enjoy a significantly higher level of employee engagement than do the **weak-character** teams.

**"We can no longer allow the fear-based, self-interested, self-focused leaders to be the norm. We need high-character leaders to take over and provide thoughtful, skilled leadership for these challenging times. That kind of shift will be monumental, but it won't happen all at once. Like any significant change in social norms, a new expectation and attitude about strong leadership must begin in the hearts and minds of each of us, as individuals. As we replace each of our old ideas with a new understanding, society shifts slightly toward cultural norms that reflect the change, just as each grain of sand in an hourglass mark the passing of one moment into another. Even though those incremental movements can be hard to notice individually, together they can form the kind of seismic transition that changes everything."** writes Fred Kiel, the Founder of KRW International and the author of the Return On Character.

And yet, although we all probably agree, what do we actually do? What can we do?... as it looks pretty obvious we are not heading in the right direction.

## My conclusions

While I strongly believe profits are essential for the growth and development of any business, I also believe that greed destroys value and we should guard against falling into this trap.

Unless we really challenge the current model, I feel we will still be running in a vicious circle somehow hoping to be “saved” by the future generations that are more purpose driven.

I see solutions going two ways:

1. Self-awareness increase & any form of meditation that suits you
2. Pursuing a stakeholder value model

For the first, I believe some discussions with the right professionals could help a lot.

For the latter, my bet would be for the responsible business community and governments to support a different, up to date education system starting with the very young generation, from kindergartens. A system including social and emotional learning (SEL), a system to cultivate kindness, compassion, tolerance and responsibility. And maybe this way, we will grow a different generation of executives, more mindful, responsible and caring about society and planet.

With this in mind, we believe we found a way to pursue this. But we need leaders of companies to support it too. And I believe they will, so stay tuned...

And by the way, we would also like to hear your views.

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Parts of the article are influenced by:

- Our experience and research
- \*Netflix – Explained series
- <http://www.ethicalcorp.com/shareholder-primacy-dead-now-we-need-restore-trust-corporation>
- <https://www.mckinsey.com/featured-insights/long-term-capitalism/dont-be-the-villain-niall-ferguson-looks-forward-and-back-at-capitalism-in-crisis>
- <https://www.mckinsey.com/~media/McKinsey/Business%20Functions/Strategy%20and%20Corporate%20Finance/Our%20Insights/The%20mindsets%20and%20practices%20of%20excellent%20CEOs/The-mindsets-and-practices-of-excellent-CEOs-final.ashx>
- <https://hbr.org/2019/11/the-ceo-100-2019-edition>