

SUSTAINABLE LEADERSHIP: THE NEW CHALLENGE FOR ORGANIZATIONS

Ligita Šimanskienė, Prof.

ligita.simanskiene@gmail.com

Erika Župerkienė, Prof.

erikazuperkiene@gmail.com

Klaipeda University, Lithuania

Abstract

The paper analyses the importance to encourage managers to start think more widely and responsible. This is mean to be a sustainable leader. Nowadays leaders of organizations should pay attention not only to organization's profit, but also to needs of employees and society. So it is mean that take in mind economic, environmental and societal factors. The paper analyses concepts of sustainable leadership, also differences between sustainable leadership and non-sustainable leadership. A model of sustainable leadership was elaborated with four level and nine factors.

Keywords: sustainable development, sustainable leadership, organization, factors.

Introduction

Globalization of the world economy presents ever new challenges not only to the business communities or the governments of different countries, but to all mankind. The resolution of environmental protection, social, and economic problems on a global scale requires new attitudes and innovative methods. Declining natural resources, environmental pollution, and social inequality still remaining in the majority of countries indicate that activities should be oriented towards more effective meeting of social expectations. Sustainable development is an inevitability of contemporary organizations and a responsibility undertaken by them. Organizations ought to strive for sustainable activity and pay greater attention to their own sustainable development, as in that way business contributes to the environmental protection not only inside the organization, but also outside its boundaries.

In scientific literature, sustainable development has been analyzed in different qualitative aspects, such as economic, social, ecologic, institutional, ethical, political, etc. The variety of the applied research techniques further confirms the problematic nature of the concept of sustainable development and its evaluation. This paper aims to emphasize and offer significant insights in the field of a topical contemporary issue, i.e. sustainable leadership. One can find a number of scientific articles and research studies on the essence of leadership; however, there is a shortage of scientific literature that would combine two important factors: leadership and sustainability. A question may arise: is it possible to combine the two concepts? Why should sustainability be analyzed specifically in the context of leadership? Why should one do it? How should it be conveyed? On having assessed the opinions of different authors on the issue, frequently rather controversial, on the basis of the assessment outcomes and the research of a number of scientists, we dare to state that sustainable leadership is not merely a theoretically possibility; it is a must for contemporary organizations.

Usually organizations tend to seek profit and neglect the ecological and social aspects. That is why questions arise: do organizations really understand what sustainable development of an organization means? Why is it useful to be a sustainable organization? Can those processes be managed? What is sustainable leadership? How should the management achieve sustainable leadership for their organization? Which factors influence the promotion of sustainable leadership? Can the managers learn sustainable leadership? Therefore, both the scientific and practical problems are evident: *insufficient understanding of the concept of sustainable leadership and its application in organizations.*

By seeking to supplement the existing knowledge on sustainability and leadership, we shall attempt to explain the essential principles as the basis for sustainable leadership.

The object of the research: sustainable leadership.

The aim of the research: to present theoretical justification of the necessity of sustainable leadership in organizations.

The principal research methods: *analysis, synthesis, observation, comparison.* The authors of the present article analyzed a number of monographs and scientific articles.

1. Sustainable development in action

One can state that sustainable development became the major driving force of the growth of the European Union. In the analysis of sustainable development, it is necessary to take into account not only the global and

national levels, but also the regional and local ones, and to remember cultural differences. The degrees to which the goals can be reached are to be measured by means of sustainable development indicators: definable and measurable parameters whose value and the trends of change demonstrate the evolution of ecological, economic, and social stability of a specific region. For the measurement of sustainable development, a certain number of indicators for each of the three (or more) dimensions – economic, ecological, social, etc. – are usually selected and combined. Organizations are to be examined in an all-round way and assessed at three levels: ecological, economic, and social. In accordance with those three levels of organization assessment, we can rank priorities and values on the basis of which, and by implementing innovations, an organization as a unit can improve alongside a simultaneous rise of the index of the general level of the country. The Lithuanian National Strategy of Sustainable Development was approved by Resolution No. 1160 of the Government of the Republic of Lithuania, 11-09-2003, and in accordance with it, reports on the Strategy implementation were to be submitted every two years (Nutarimas..., 2009); the principal provisions of sustainable development were formulated in Rio de Janeiro Summit in 1992; however, Lithuanians still distrust the concept of sustainable development and, we would say, take a cynical view of it. Why should it be so? What factors predetermined such a view? Partly the said view may be a consequence of Lithuanian mentality based on distrust of grand scale projects and opportunities. Then the following questions arise: do organizations know and apply sustainability components in their activities? Can sustainable development be merely a theoretical concept that finds it hard to take root in the consciousness of a typical Lithuanian? The situation is partly accounted for by the unwillingness to learn and to change one's way of thinking by simultaneously changing one's attitude towards business, the organization, and the state. Although there are great differences between the developed and developing countries in terms of sustainability, the principles of sustainability help the underdeveloped countries to assure more even development and provide an opportunity to reach the level of the developed countries more quickly. Therefore, it is worth taking an interest in, and observing, the principles of sustainability.

For an organization, sustainable development means the application of business strategies and activities that presently meet the needs of an organization and its interested parties and simultaneously protect, reinforce, and increase human and natural resources needed for the future. Indicators of sustainability are defined as a simplified tool of communication and planning that facilitates the choice from among alternatives, as well as political decision-taking aiming to attain sustainability. To attain the aim, it is

necessary to establish a limited number of simple and easily understood indicators (Čiegis, Ramanauskienė, Martinkus 2009). However, the indicators should by no means try to cover all the aspects of sustainability as in such cases they frequently become very subjective and meaningless. To manage sustainability, the society has to formulate transparent and measurable sustainability goals that are to be regularly revised and specified. The conception of sustainable development obliges organizations to change their behavior with respect to the interested parties, therefore, the sustainability of an organization is based on the economic, environmental protection, and social responsibility aspects (Juknys 2008).

It is extremely important to understand the meaning of sustainability for a specific organization and at a specific time, as much as it can be used for the aims of the organization or as much as it is related to the protection of natural resources. Only long-term decisions taken in organizations can have an impact on sustainability. The most widely used definition of sustainable development was presented in the report *Our Common Future* by the World Commission on Environment and Development (*Our Common Future... Brundtland Commission, 1987*): “Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. In seeking better quality of life presently and in the future, the aims of economy, social development, and environmental protection are combined and supplement each other (Landorf, Doscher, Rocco 2008; Pedagogų profesinės raidos centras 2008). Assurance of sustainability should be a dynamic process resulting in balance between different social groups and between community and nature, given future prospects (Razauskas 2009). Those decisions are made with the financial, environmental protection, social, and ethical issues taken into account (Kleinaitė 2007). The Resolution *On the Approval and Implementation of the National Strategy of Sustainable Development* of the Government of the Republic of Lithuania states that the basis of the conception of sustainable development consists of three equal components: environmental protection, economic, and social development.

Economic sustainability includes the requirements for sufficient and stable economic growth, such as the preservation of economic stability, low and stable inflation rates, the ability to invest, and innovation (Čiegis 2008). Economic development and environment are closely related. In accordance with the approach of ecological (environmental) sustainable development, the greatest attention is paid to the stability of biological and physical systems. Under that approach, the primary goal of economic development is to find out the boundaries of natural systems for different economic activities (Molchanov 2011). According to R. Čiegis (2008) sustainable development

is limited by economic, social, and cultural components; one may state that sustainability is a normative ethical principle for further development of the society which indicates the state of things not as they are, but rather as they should be, and provides the need for the criticism of the algorithms of regular human relations and activities. Sustainable economic decisions can only be ecological, therefore, they can be expected merely when fundamental changes in people's moral values take place, a new ethics is formed, as well as a new attitude towards ecology implying the responsibility of all of us and maintaining a healthy relationship with nature (Čiegis, Gavenauskas 2005).

The *social-cultural* conception of sustainability reflects the relationship between the development and the predominating social norms and seeks to preserve the stability of social systems, including the assurance of high employment and democratic participation in decision-making, the ability of social networking system to contribute to key demographic and cultural changes, equality between different generations and preservation of cultural diversity, as well as the reduction of the probability of destructive havoc. The main principle of social (ethical) sustainability is meeting of the principal needs of enterprises. One of the principal criteria in that is the assurance of human rights (Štreimikienė, Vasiljevienė 2004). To assure the success of an enterprise, one should integrate all its cultural, economic, and organizational values into a sustainable whole (Svensson, Wood 2007). As a summary of the experience of sustainable enterprises with high moral values, eight principles of honesty and profit seeking were formulated (Hargreaves, Fink, 2008): the responsibility of the management for the assurance of the enterprise viability; transparency: the activity is to be visible and an opportunity to analyze decisions ought to be provided; honesty in providing information about products and in carrying out contracts; proper behavior with the employees, including their involvement in the enterprise decision-making processes; sustainable maintenance of such an attitude and the application of methods that reduce a negative impact on the environment; a diversity of relationships with simultaneous maintenance of balance and equality; and humanism professed by all the employees in terms of citizen rights in all international divisions and in communication with all partners. J. Elkington (1997) formulated a 3P (people, planet, profit) theory, later transformed into a 3E theory related to the three pillars of sustainable leadership: economic, ethical (social), and ecological responsibility.

Environment and business are closely related, and the long-term business success depends on the ability of an organization to harmoniously integrate into the environment and to feel public sentiment. Although historically business was mainly focused on profit accumulation, to date, it has to take the environmental sustainability and broader social interests into account,

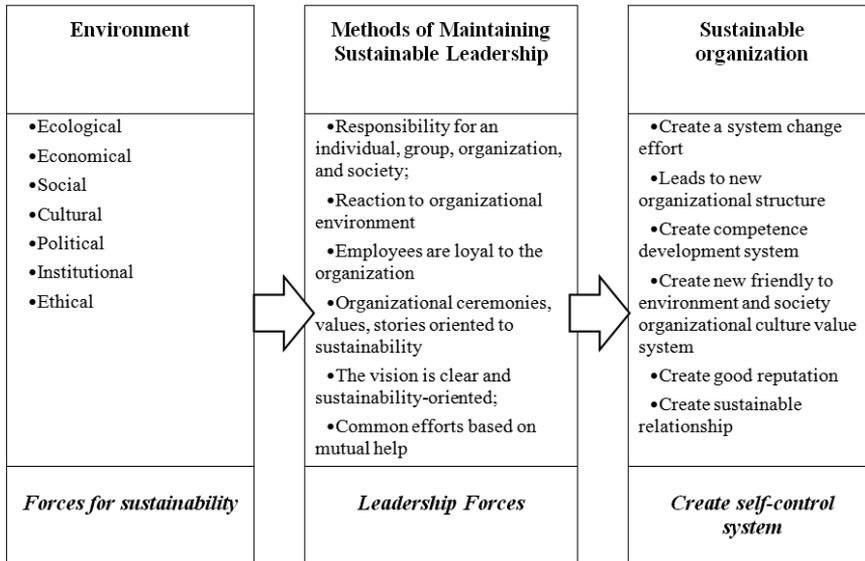
as that is the foundation of successful business and an indispensable prerequisite for its further development. Most frequently, the concept of sustainable development is used in the analysis and assessment of a region or a country development. However, it is obvious that the sustainable development of the region is not possible without the sustainable development and sustainable leadership in specific organizations. The aim of sustainable leadership is to lead an organization and its members towards sustainable development, to implement socially responsible activity, and to use the methods of a socially responsible enterprise. Sustainable leadership is not easy to implement: it does not depend merely of the leader's ability and resolution; it is important to maintain continuous attention and efforts in seeking progress; however, most of leaders and their supporters frequently burn out, and the leaders who take their place are not always able to continue the started work and to maintain the achieved results. It is obvious that the overall performance of all organizations depends on their effectiveness of manager performance; therefore, the managers who apply the principles of sustainability to their activity serve both a specific organization and the state. On the basis of sustainability principles, managers can perform much more effectively, the employees get involved in the activity, and by conscious communication and collaboration, as well as by full exploitation their skills and common decision-taking, they can complete the same activity with a new kind of quality and get the best result that would provide satisfaction to both the managers and the employees. In compliance with a theoretical statement that not a single attempt to improve the performance of an organization will be successful unless each member is provided an opportunity to contribute to its activity makes one to constantly look for ways of sustainable combination of the interests of an organization, an individual, and the society.

2. Definition sustainable and not-sustainable leadership

When we talk about organization and its development, we are implying that we want to find ways to change the organization from its current state to a better- developed state (Avery, Bergsteiner 2011). Organization development is a long- range effort to improve an organization's problem-solving and renewal processes, particularly through a more effective and collaborative management of organizational culture- with special emphasis on the culture of formal work teams- with the assistance of a change agent, or catalyst, and the use of the theory and technology of the applied behavioral science, including action research. The creative, correct learning and developing model gives the employees a possibility to understand what requirements and hopes are related to them and to get any needed support

to do the work. The ability to manage the work effectively influences the effectiveness of the organization, has a positive influence on the employees. So managers of organizations should pay attention to process and way how to develop organization that organization became sustainable.

Figure 1. Relationship between environment and sustainable organization



Source: compiled by authors.

Organization development as a change approach does not normally seek to solve the immediate and visible problem. Instead it is a longer range change approaches that to affect organizational performance by focusing on changing the attitudes and behaviors of organizational members (Tansik et al. 1980, Chase, Aquilano 1980). They assumed that only real way to change any organization is to change its culture; that is, the system of beliefs, attitudes, norms, patterns of interaction and so on. Another definition of organizational development is offered by Beckhard (Tansik et al. 1980, Chase, Aquilano 1980): organizational development is an effort planned organization wide and managed from the top, to increase organization effectiveness and health through planned interventions in organization’s processes, using behavioural science knowledge. About needs of changes in organizations wrote Zakarevičius (2003). He describes some views on organizational change – including organizational culture. Seilius (1998) also mentioned that changes in organizational culture can change all organization. There is a large number of intervention techniques available for use if we need change for development in organizations (Tansik, Chase, Aquilano 1980):

diagnostic activities (methods include questionnaires, surveys, interviews, meetings), team- building activities, intergroup activities, survey-feedback activities, education and training activities, life-and- career- planning activities, coaching and counseling activities, grid organizational development activities (Blake, Mouton leadership theory) and others.

Managers seeking sustainability are able to come to an agreement and to adjust their views. In that way, they grant their employees significant power and simultaneously make an impact on them. Sustainability seeking managers are empathetic; they care for employees, support them, and maintain good emotional relationships with them. Whenever such leaders need help, employees are always ready to come in (George, Sims 2008). The definition of sustainable leadership provided by A. Hargreaves and D. Fink (2006) is applicable to any field of the organization activity. One can name the *essence of sustainable leadership*: sustainable leadership retains and deepens the knowledge of anything that spreads and lasts without doing any harm and assuring a positive impact on everything that surrounds us at present and will surround in the future. Sustainable activity demands a personal contribution, i.e. the transformation of the way of thinking of each individual involved in the process. Therefore, the transformation of self-awareness starts with an individual and then continues to other levels: those of a group, an organization, and the society. To quote A. Hargreaves and D. Fink (2003), sustainable leadership means shared responsibility with the aim of prevention of unjustified undermining of financial and human resources or violation of the environment. The characteristics of sustainable and non-sustainable leadership are presented in the table 1.

Table 1. The characteristics of sustainable and non-sustainable leadership

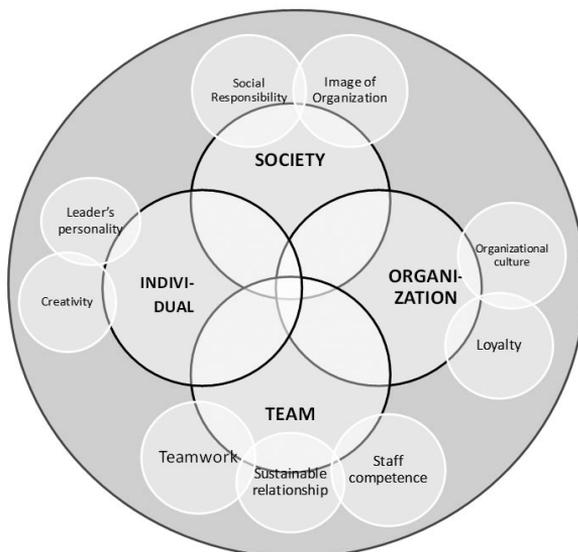
The characteristic	Non-sustainable leadership	Sustainable leadership
Business vision	The vision is unclear	The vision is clear and sustainability-oriented
Goals	Orientation towards fast progress	Oriented towards long-term progress
Responsibility	Managers are responsible for themselves and partly for the work group	Responsibility for an individual, group, organization, and society
Organizational culture	Fragmentary	Strong, oriented towards sustainable development of the organization
Solidarity	Individual efforts	Common efforts based on mutual help
Trust	Strict control is necessary	High degree of trust and goodwill

Activity results	Totality of individual contributions	Synergy of common efforts of team members
Changes	To destroy the old by creating the new: looking for new constructions, new technologies, and new employees	The disassembled parts owned by the organization are newly used, laid out, and combined.
Collaboration	Desirable, but not necessary	Regular
Team-centered orientation	Group work	Team work
Quality	Achieved via control	Achieved via sustainability-oriented organizational culture
The concept of sustainability	No idea about it	Based on the principles of sustainability
Loyalty	Employees stay in the organization just for the salary	Employees are loyal to the organization, as their needs are met and safety assured
Development of employees	Randomly chosen people are trained	Everybody is trained
Professional development	Professional development is the responsibility of the employee	It is taken care of and takes place regularly
Innovations/creativity	Restrictive, selecting the addressees of funds and resources	Systemic, regular, and creative due to allotment of necessary funds
Work relations	Indifferent	Seeking collaboration

Source: compiled by authors.

Sustainable self-consciousness is an ability to critically assess and to get to know oneself and one's own strengths and weaknesses by understanding one's own motives, needs, and values, the effect of one's influence on employees, and by being aware of the impact of the made decisions on sustainable leadership. A manager with sustainable self-awareness can be characterized by different qualities and skills. The opinions of both practitioners and scientists who characterized a manager (named the necessary qualities) are very universal, indefinite, and are not different from ordinary people's opinion. Therefore, we can present our definition of **sustainable leadership** (Šimanskienė, Župerkienė 2013): sustainable leadership means a kind of leadership undertaken with responsibility to individual people, groups, and organizations by assessing ecological, social, and economic principles of sustainability in the context of a group, organization, and community and by encouraging successful mastering of the ideas of sustainability, cooperation with the environment, successful learning and teaching based on the principles of sustainability, as well as people's self-expression.

Figure 2. The model of the factors of sustainable leadership



Source: compiled by authors.

This model describes the main factors influenced by sustainable leadership. In the center of model there are four areas: individual, team, organization and society. If we would recommend being a sustainable leader, we'll recommend starting from individual level- from ourselves. The significant qualities of leaders in seeking sustainable leadership are identified, and the motives encouraging one to accept the responsibility of leadership are looked into. The subjects under question are related to the central core of sustainable leadership, i.e. self-awareness. When starting any changes in organization, it is necessary to start with oneself, therefore, in the transformation of leadership into sustainable leadership, the leader is to start the process with oneself. The heads of organizations face ever new challenges and need novel ideas for dealing with them: how to manage an organization, how to communicate and design the future of organizational activity, to prepare for swift changes, global competition, labour diversity, changes in the market, and the transformation of organizational culture. Those external and internal pressures make leaders look for new methods which would assist both in retaining the quality of products and services and in fostering the morale of the employees, as well as assuring the stability in the organization. To attain the aims, different forms of leadership are necessary, as orders, commands, or task delegation is simply no longer effective; therefore, the role of sustainable leadership is becoming increasingly more significant. The leader who seeks sustainable leadership in an organization should start

with oneself: to analyze one's own personal qualities and skills and, having identified insufficient abilities, to learn consistently and thus set an example for the employees, touse of innovations and creativity. The factors shall be analyzed in the following sequence: starting with an individual level, i.e. leader's personality, and continuing to team (group) activity, i.e. the group level, and the organizational level, where the significance of the organizational culture will be described, followed by social and organizational needs-oriented social responsibility of creating a sustainable organization. On the next, the team level, the need for qualified labor is discussed, as via them, sustainable relationships between employees and team work as a basis of sustainability are educated. It is followed by the organizational level, or organizational culture, which can be used for the fostering and reinforcement of the ideas of sustainability, the loyalty to organization. Social responsibility of enterprises goes beyond the boundaries of an organization and is oriented not only towards the needs of its employees, but also towards social needs; in other words, it is oriented towards sustainability in an already broader context and towards the perception of a sustainable organization and implementation of the ideas of sustainability as the basis for a better image of an organization. This is the four level- needs of society.

Conclusions and recommendations

We dare to state that the factors of sustainable leadership unavoidably make an impact on the dissemination of sustainability. As mentioned above, the factors of sustainable leadership embrace different levels, starting with the individual level and following via the team and organization levels to the society level. One should not forget that sustainable leadership can only be learnt when the leaders and their supporters have a desire to improve and to be useful both to the organization and society. We believe that each day, irrespective of difficulties and algorisms witnessed in the environment, mankind shall be choosing the road of humanism, healthy logic, and awareness.

We find that very important for leaders if they want to be smart and sustainable, to try involve employees in organizational life: through teamwork, organizational culture. The importance question how to teach employees and managers also? The creative, correct learning and developing model gives the employees a possibility to understand what requirements and hopes are related to them and to get any needed support to do the work. The ability to manage the work effectively influences the effectiveness of the organization, has a positive influence on the employees. Image-building advertising is intended primarily to strengthen a company's identity in the eyes of the public. Organizational image is influenced by organizational culture, news in mass media, advertisement, attention to public interest, charitable work, corporate social responsibility, organization environment, product or service quality and values and needs of employees and managers. So employees not only want to get a salary, as usually they want to be a member of organization and society. But there is one of the biggest task for leaders- to encourage employees to seek more and not only for organization, but also for society, for our common future.

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