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Introduction to the special issue: The leadership imperative for sustainability and corporate social responsibility

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The world is at a tipping point. We are simultaneously on the edge of unprecedented wealth creation and catastrophic implosion, as a result of many geopolitical forces. On the one hand, the financial crisis precipitated mainly by events in the United States, and the ripple effects throughout Europe and the rest of the world are slowly coming under control.

Yet, at the same time, much of the world is restive. Sub-Saharan Africa, particularly Nigeria, Niger, Cameroon and Chad, are in de facto war with extremists intent on returning the region to the Stone Age. The same is true in Syria and the region around it, as we see various groups struggle for complete domination. In Eurasia, Russia has invaded, or threatened to invade multiple of its neighbors (e.g., Estonia, Georgia, Moldova, Ukraine). The Taliban is resurging, threatening peace and tranquility in but another beleaguered region.

Oil, of course, is central to economic development, yet many are striving to develop more sustainable sources of energy. As we witnessed climbing oil prices the investment in so-called green energy seemed more promising. In 2014, however, oil prices plummeted and so too did the power of oil rich nations like Russia.

China's rise to economic and geopolitical power continues to ascend. Here again, however, is an area of environmental concern. Air pollution in the major urban areas of China is severe, bringing into question the sustainability of their current economic engine. These and other trends have forced us all to look into the mirror to face the imperative for sustainability and corporate social responsibility.

THE CRISIS

As the world is slowly recovering from the effects of a major economic crisis and, some have argued, the underlying crisis

of leadership ethics, many practices formerly considered "business as usual" are coming under increasing public scrutiny. Ethical breaches have become front-page news: Enron and Arthur Andersen's questionable accounting practices, misuse of company funds at Merrill Lynch and Elf in France, the collapse of Lehman Brothers, improper payments to government officials by Xerox managers in India, Nike's use of child labor in Pakistan, the corruption scandal involving Siemens, Shell's handling of human rights violations in Nigeria and BP's massive oil spill in the Gulf of Mexico, inappropriate trading and other illegal activities at Credit Suisse, Deutsche Bank, Citigroup and Goldman Sachs — the list is seemingly endless. Not only Western leaders, but also top-level executives in non-Western countries have been exposed for dishonesty, greed, and unethical business practices. For instance, managerial malpractice exacerbated by cultural factors is now blamed for inadequate responses to environmental disasters in Japan. Similarly, bribery and corruption scandals in China and South Korea seriously shook up the economic and political stability in these countries.

These highly visible instances of organizational wrongdoing have eroded public faith worldwide and brought to the forefront the recognition that business leaders may be acting irresponsibly more often than previously thought. As a result, trust in business is at one of the lowest levels on record. According to the 2013 Edelman Trust Barometer, for example, fewer than 20 percent of the general population believes that business (or government) leaders are truthful. The Edelman Trust Barometer has been gathering data on trust, around the world, for more than a decade. In 2013 they declared the "crisis of leadership" as the most important issue we face regarding world-wide economic development. Because trust is the very foundation upon which all human endeavors are founded, there is real cause for concern. Neuro-economics

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research, for instance, clearly demonstrates that trust is the bedrock of economic development: no trust, no development.

Alarmingly, there is some evidence that trust in business is lowest among the younger generation, resulting in cynicism, disengagement, and resignation. A survey by Net Impact and the Aspen Institute in 2008 found that the vast majority of MBA students in the U.S. and Canada agreed that business should work toward addressing social and environmental issues (88 percent) and that being responsible leads to profits (77 percent), but less than a third (31 percent) believed that corporations are working towards the betterment of society.

THE IMPERATIVE

The imperative we now face is to create a more sustainable, responsible world, and it starts with leadership. The quest for responsible leadership is not only an answer to recent business scandals and subsequent calls for more ethical conduct of corporations and their leaders, but also a result of changes and new demands in the global marketplace, such as increased stakeholder activism and public scrutiny. In light of growing socio-political and environmental challenges around the world, there is increasing pressure on corporate executives to engage in self-regulation, take more active roles as citizens in society—in essence to create *sustainable* responsibility. As the growing membership of companies in the U.N. Global Compact and booming corporate social responsibility (CSR) initiatives indicate, more and more business leaders commit their companies to contribute to the “triple bottom line,” which simultaneously considers social, environmental, and economic sustainability (i.e., “people, planet, profits”).

There is, however, a difference between proclaiming and doing. While the examples cited above illustrate a growing awareness of the need to appear responsible, inculcating such practices into an organizational ethos is a far more challenging undertaking. For this reason, we have pulled together this special issue of eminent thought leaders, as well as several rising stars, to shed light on the leadership imperative for sustainability and responsibility. In the next section we provide a bit of a glimpse into the key insights provided in this special issue. We believe you will find these experts insights both intriguing and challenging.

THIS SPECIAL ISSUE

This special issue was motivated by our increasing concern about the future. The headlines from the news are a definite cause for consternation. Is our current economic model sustainable? Are the corporations of today acting responsibly? What about the leadership crisis that is perceived by the overwhelming majority of the population, mentioned above? These and other questions are the focus of the articles that comprise this special issue.

This special issue contains a wide variety of insights into these questions. The authors and contributors hail from across the globe and come from academia, consulting and the c-suite. The authors draw upon decades of work and provide many vivid exemplars of how to develop sustainable

responsibility. Archie Carroll provides our “kick-off” article to this special issue. In his article, “Corporate Social Responsibility: The Centerpiece of Competing and Complementary Frameworks,” he provides an excellent grounding in the historical evolution of the notion of both responsibility and sustainability. When he began his work in the ken of responsibility it was, at best, a public relations notion that was not taken very seriously by executives. His article weaves the tapestry that comprises the field as we know it. There is much to be gleaned from his historical perspective and real world, inspirational examples. His prognosis for the future is hopeful, but guarded. His fundamental message, nonetheless, is that the responsibility of sustainability is that of executive leadership.

Edward E. Lawler, III and Jay A. Conger, in their article “The Sustainable Effectiveness Governance Model: Moving Corporations Beyond the Philanthropy Paradigm,” explore the role of governance when it comes to responsibility and sustainability. They provide numerous examples of how organizations confront the tradeoffs required of decision makers regarding short term viability of operations, as well as long term sustainability of organizations, with Unilever as an especially important exemplar. The key insight they provide regards decisions revolving around organization design: They argue that the organization design processes drive organizational decision making toward sustainable effectiveness. Again, it is leadership at the fore.

Next, Morela Hernandez, Laura Noval and Kimberly Wade-Benzoni guide us through the decision making involved in intergenerational transitions in organizations in their article entitled “How Leaders can Create Intergenerational Systems to Promote Organizational Sustainability.” They highlight the importance of moral emotions as the key catalyst for sustainable decision making. They illuminate these issues by honing in on the story of Ray Anderson, the founder and chairman of Interface, Inc. Interface is a leading producer of carpet in the world. The authors demonstrate the powerful importance of momentum. Essentially, the (un)sustainable momentum fostered by one generation of leaders creates a powerful role modeling influence on the next generation of leaders. It makes us pause and consider, even more carefully perhaps than before, how critical all of our actions are as leaders. Not only do our actions have immediate effect on others but also the effects can literally last for generations. The authors provide several specific pieces of advice for leaders on how to leave a positive legacy, while avoiding the pitfalls of negative irreversibility.

Jonathan P. Doh, Benjamin Little and Narda Quigley take us on a deep dive into the challenges of sustainability in developing economies in their article entitled “CSR and Sustainability in Emerging Markets: Societal, Institutional and Organizational Influences.” CSR and sustainability are somewhat vogue in developed economies. After all, no matter how much some people might complain, in developed economies there are surpluses and it is, relative to developing nations, far more easy to think about the long term. I, the first author of this introductory article, lived in Northern Nigeria for more than a year and understand first hand the challenges faced by a population that lives hand-to-mouth. Sustainability takes a back burner to survivability in such situations. Yet, Doh and colleagues provide concrete examples from Oderbrecht and proffer specific advice for how to

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