

11. Business's challenge: relating corporate sustainability, strategy and leadership

Vikram P. Murthy

DEFINING THE SUSTAINABILITY CHALLENGE AND EXPLAINING THE RATIONALE FOR FIRM-CENTRIC INQUIRY

This chapter diverges in one significant respect from those that have preceded it – it uses the individual firm or business as its lens to view the sustainability challenge. It is from this vantage point that the ‘driving forces’ (Wilkinson 2009) in the mega-environment, of ‘rapid technological diffusion’, ‘extensive environmental threats’, and ‘vast current inequalities of income and power’ (Sachs 2008, p. 8) are viewed. The dystopian scenarios of undermined global governance, social unrest, and ineffective safeguards that may arise from these critical uncertainties (WEF 2012, pp. 16–27) are also contemplated from this firm-centric mindset.

The publication of the first edition of the Global Risks Report of the World Economic Forum in 2006 is a temporal identifier for this prevailing era of relentless and dynamic uncertainty that the above description foregrounds. It is conceptually useful because it highlights the accelerating social, environmental and economic issues as the unfortunate but unavoidable externalities of over two centuries of anthropocene to that point, an epoch where humanity has seriously disturbed many critical earth systems (Crutzen 2009). Amongst the more impactful and potentially deleterious markers of business's macro-environment landscape in this era are chronic fiscal imbalances, greenhouse gas emissions, global governance failure, unsustainable population growth, critical systems failure, overexploitation of species, and mismanaged natural cycles (WEF 2012, p. 11; Sachs 2010, pp. 7–9). This is the overarching sustainability challenge.

There are two compelling reasons for making business the centrepiece of any inquiry into responses to this challenge. The first is a present

and clearly articulated understanding on the part of government and civil society that, 'business leadership is needed in adopting efficiency measures, mobilising capital, creating new markets, developing new technologies, driving innovation, deepening our skills base and developing partnerships across the whole community' (Rudd 2008). The second is the complementary realization on the part of business that it must pro-actively lead on this issue because by 'playing the bystander' it will 'recklessly' ignore 'a significant shift in its market environment' (Hoffman 2007, p. 34).

SUSTAINABILITY AND BUSINESS'S NEW REALITIES

The consequent conundrum for business of this shift in its environment is best described in Lubin and Esty's (2010) summation:

Environmental issues have steadily encroached on businesses' capacity to create value for customers, shareholders, and other stakeholders. Globalized workforces and supply chains have created environmental pressures and attendant business liabilities . . . Externalities such as carbon dioxide emissions and water use are fast becoming material. (p. 44)

Business is struggling with the paradox of redirecting its attention from its single traditional objective of financial performance to two additional vectors of strategic performance, social and environmental sustainability. When viewed from the purely financial corner of the proposition (McDonough 2009), the apparently conflicted nature of the demands of social and environmental sustainability goals on the one hand and the financial and commercial objectives of business on the other hand, are in sharp relief. It is this counterpoint that Siegel (2009) asserts when he says that: 'Managers of publicly traded firms have a fiduciary responsibility to adopt "green management" practices only if such actions complement the organization's business and corporate-level strategies' (p. 5).

This suggests that business must actively seek to identify, understand and build those new strategic capabilities that will help it succeed financially in a sustainable world. More importantly it must do all this using the 'tools of the strategist' so that the 'issue is best addressed' (Porter and Reinhardt 2007, p. 22). It will now be argued that deploying these tools however requires rooting the sustainability challenge in existing strategy paradigms.

INCORPORATING THE SUSTAINABILITY CHALLENGE INTO BUSINESS STRATEGY

Porter and Kramer (2006) make a compelling argument that business ‘must integrate a social perspective into the core frameworks it already uses to understand competition and guide its business strategy’ (p. 84). They contend that any sustainability approach that is ‘fragmented’ and ‘disconnected from business and strategy’ will ‘obscure many of the greatest opportunities for companies to benefit society’ (p. 80). The proliferation of overlapping ‘concepts such as sustainable development, corporate citizenship, sustainable entrepreneurship, Triple Bottom Line, business ethics, and corporate social responsibility’ and the ensuing confusion and impediments in implementation of a coherent corporate sustainability strategy are both an evidence and outcome of such fragmentation (van Marrewijk 2003, pp. 95–96; Faber et al. 2005).

The case therefore exists for integrating sustainability issues into business strategy and more importantly thereafter, using these issues as levers for value-creation and sustainable competitive advantage. Yet, as Gladwin et al. (1995) observed, ‘attention to nonhuman nature is absent from the strategic management literature’, in the period leading up to 1994 (p. 874).

In the 15 years thereafter to the end of the first decade of the new millennium, the progress on the subject of ‘making social impact integral to the overall strategy’ (Porter and Kramer 2006, p. 90) has remained desultory as underlined by Crews’ (2010) observation that ‘the focus of much of the research [in sustainability] is on evaluation and monitoring, with little attention to strategy formulation, and implementation’ (p. 15).

THE FIRM’S STRATEGIC CAPABILITIES FOR ADAPTING TO THE SUSTAINABILITY CHALLENGE

The starting point for such integrated strategy formulation is conceptualizing a sustainability framework for the business. As Selznick (1957) advised so presciently more than 50 years ago, this requires understanding the business’s ‘external expectation’ and matching that with its ‘internal state’ by developing ‘distinctive competences’ (pp. 67–74). External expectations such as environmental regulation, standards set by governments, and pressures resulting from customer groups and community provide useful stimuli to business (Howard-Grenville 2006). They signal the ‘foreseeable change in the social, political, and macroeconomic context’ of the firm and its industry (Christensen et al. 1982, pp. 179–80).

Business’s response to these signals provides a partial understanding of

how external environment and the opportunities and threats therein, guide its actions. From a sustainability perspective, it explains, for example, the forces that drive it to minimize emissions and waste, limit life cycle cost of products, and reduce the environmental burden of firm growth (Hart 1995, p.992). However if these merely result in the development of practices with the limited objective of control and compliance, then business's response has been partial, reactive and tactical. What it needs to fully comprehend in addition to its external expectation therefore, is the structure and content of its internal state and the nature of its distinctive competence: that is, its key resources and capabilities and the sustainable competitive advantages that could potentially accrue from their leverage for overcoming the sustainability challenge.

SUSTAINABILITY CAPABILITY AS THE SOURCE OF SUSTAINABLE COMPETITIVE ADVANTAGE

One strategy paradigm that recognizes the potential of valuable, rare, inimitable and non-substitutable firm resources to generate competitive advantage is the resource-based view (Barney 1991, p.99; Barney 2001; Wernerfelt 1984). Augmenting this paradigm in the light of the sustainability challenge Hart (1995) has argued: 'It is likely that strategy and competitive advantage in the coming years will be rooted in capabilities that facilitate environmentally sustainable economic activity – a natural-resource-based view of the firm' (p.991).

Hart (1995) has proposed a conceptual classification for this natural-resource-based view, where three strategic capabilities of pollution prevention, product stewardship, and sustainable development, have been founded on three key firm resources of continuous improvement, stakeholder integration and shared vision respectively. These three strategic capabilities could each then conceivably yield the business sustainable competitive advantages. Pollution prevention, which seeks to prevent waste and emissions, could give a sustainable competitive advantage of overall lower costs. Product stewardship, which expands this prevention to include the entire value chain and life cycle of the business's product systems, creates the potential for competitive advantage through strategic pre-emption. Sustainable development, which reduces the environmental burden and increases the economic benefits for lesser-developed markets, could deliver a competitive advantage of future position (Hart 1995, p.992; Hart and Dowell 2011, p.1466).

Subsequent iterations of the original classification, additions to it from other strategy paradigms, and practitioner and scholarly inputs have made

the natural-resource-based-view comprehensive and robust. For example, the strategic capability of sustainable development has been separated into two distinct capabilities: clean technology and Base of Pyramid (BoP) (Prahalad and Hart 2002). In addition, the explicatory strengths of the dynamic capabilities perspective, with its emphasis on adaptation within ambiguous and dynamic markets, have added to the paradigm. It has, for example, informed the study of clean technology and BoP, because the operating context for firms developing the capabilities to deal with these issues resonates with the dynamic capabilities perspective (Teece et al. 1997, p. 509; Prahalad and Hamel 1990; Dierickx and Cool 1989; Aragon-Correa and Sharma 2003).

This amplified and augmented natural-resource-based view resonates with sustainability experts and their 'roadmap for natural capitalism' (Lovins et al. 2007, p. 172). The strategic capabilities that it enumerates correlate well with the four interlinked shifts in business that proponents of natural capitalism advocate: firstly, radical resource productivity through cradle-to-cradle and whole-system design tenets (McDonough et al. 2003, p. 436) and innovative, environmentally friendly technologies; secondly, biomimetic production with closed biological and technical nutrient cycles (Benyus and Baumeister 2002, p. 26; McDonough 2005, p. 36); thirdly, a solutions-based business model where value is delivered as a flow of services (Lovins et al. 2007, p. 174); and lastly, reinvestment in natural capital through an augmented multiple capitals framework (Bent and Draper 2007; Porritt 2006).

This significantly enhanced version of the natural-resource-based view also makes common voice with academics who have been insisting for almost two decades that firms needed to cultivate an emerging set of sustainability related capabilities like waste minimization, green product design, and technology cooperation in the developing world in order to enjoy a sustainable competitive advantage in the future (Gladwin 1992; Kleiner 1991). It is simpatico with the steady inclusion of a growing list of critical capabilities into the firm's repertoire. They include for example: the ability to anticipate and shape regulation; the capability to manage green know-how; and the ability to understand what customers want and to figure out different ways to meet their needs (Nidumolu et al. 2009, p. 60).

THE CAUSAL CHAIN OF SUSTAINABLE COMPETITIVE ADVANTAGE

Potential sustainable competitive advantages can accrue to the business as a consequence of the augmented natural-resource-based view described in

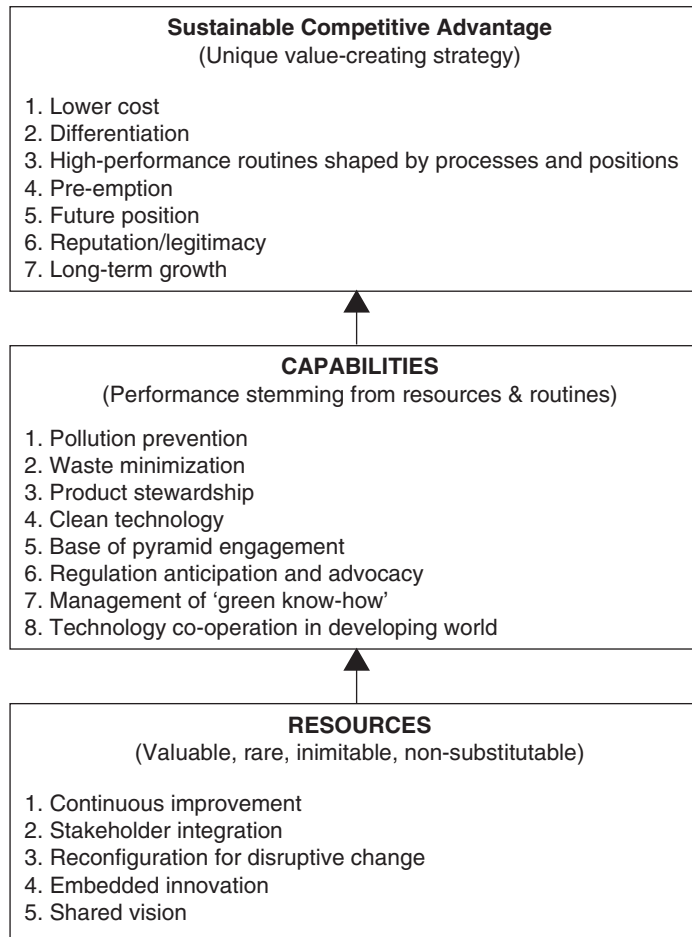


Figure 11.1 The natural environment and firm's resources, capabilities and competitive advantage

the preceding discourse. This is because of the causative flow of strategic capabilities from sustainability related resources (see Figure 11.1).

The need to develop and hone sustainability-related resources and capabilities as the basis of strategic competitive advantage is therefore critical. Absent this capability and 'the natural environment could create a serious constraint on firms' attempts to create sustainable advantage' (Hart and Dowell 2011, p. 1465). The presence of these strategic capabilities on the other hand will help firms to simultaneously improve social and human

welfare, reduce their ecological impact and effectively achieve organizational objectives (Sharma 2003).

SIGNIFICANCE OF CORPORATE SUSTAINABILITY AS A STRATEGIC CAPABILITY FOR THE DEVELOPING WORLD

The preceding arguments are of equal import to both developing countries and the developed world. This is because developing countries are bearing the brunt of the impact of phenomena like globalization, foreign direct investment, economic growth and business activity (World Bank 2006). Globalization in particular has evidenced markedly deleterious outcomes for developing countries and its ensuing problems have been increasingly intractable and therefore difficult to ignore.

The responses to the common challenges may however manifest differently in these countries because of specific and contextualized pre-occupations. Thus, for example, the social theme is the pressing focus for business's role in society in developing countries as opposed to, for example, business ethics, or stakeholder management. Corporate social responsibility (CSR) is thus synonymous with corporate sustainability in the developing world (Visser 2008, p.475). This is evidenced in India, for example, where 'there is a strong belief that CSR is an essential element in social uplift and development, something very relevant to India' (Balasubramanian et al. 2005, p. 86).

In turn this has meant that CSR in developing countries is itself yoked to a variety of economic multipliers, including, but not limited to, the capacity to generate investment and income, create jobs, invest in human capital, spread international business standards, produce safe products and services, and build physical and institutional infrastructure (Nelson 2003). This is understandable because if one takes India as an example, even while its corporations have become globally competitive, the country still battles with issues like high unemployment, income inequality, and lower standards of health, education, safe drinking water, nutrition and so on (Arora and Puranik 2004).

BENEFITS OF CSR FOR BUSINESS IN EMERGING ECONOMIES

Business therefore has a pragmatic rationale for such an economic focus, given that it 'is negatively affected by poor education, poor health,

delinquency, crime, and unstable regional and national development' (Boyle and Boguslaw 2007, p. 103). Under the circumstances the corporate sector will be a key beneficiary of any systemic solution that can visualize investment in the development and growth of individuals, civil societies and nations as a critical necessity (Karnani 2007).

Businesses in emerging economies apparently understand the above argument, judging by the available empirical evidence on CSR from the developing world. Thus for example in the period just after the millennium, nearly three quarters of large companies in India, the emerging economy exemplar referred in this chapter, presented themselves as having corporate social responsibility policies and practices (Chapple and Moon 2005).

The justification for this has come from turn-of-the-millennium business strategy overhauls that advantaged longer-term business initiatives (Khan and Faisal 2001) and supported social responsibility concerns on the part of business (Sankaran 2003). This salutary state of CSR appears to be continuing and paradoxically for a country with the lowest level of gross national product per capita, India has the highest level of CSR among other Asian economies (Reserve Bank of India 2009).

INTEGRATION INTO CORPORATE STRATEGIES AND DAILY PRACTICE

'Nonetheless', as Baskin (2006) has argued, 'corporate sustainability in emerging markets, while more extensive than commonly believed, is less embedded in corporate strategies, less pervasive and less politically rooted than in most high-income OECD countries' (p.46). Indian academic, practitioner and institutional commentators concur that while CSR is being seen as a strategic concern for corporations in India, it has not been extensively integrated into the daily practices of many of the large Indian corporations (Balasubramanian et al. 2005, p. 87).

They urge that effort is needed to establish the principles of CSR as part of normal strategy and business operations (NSE/NIFTY 2003; Sankaran 2003). As the experience of transnational corporations has demonstrated, these exhortations may be well placed and worth heeding because, 'these companies are in fact deriving strategic value from responsible business practice . . . even finding that principled behaviour is essential to business survival and success' (Hall 2007, p. 31).

The defining nature of the challenge of sustainable development for both emerging economies and for the developed world is evident from the preceding discussion. Business cannot however embark on strategic

corporate sustainability capabilities-building activities while ignoring the role of organizational leadership in effecting such activities. This would be a material omission that may 'yield imprecise conclusions regarding the antecedents and consequences of such activities' (Siegel 2009, p. 13). The remainder of the chapter explores organizational leadership for corporate sustainability.

Emerging Sustainability–Leadership Lessons from Praxis

With the foregoing as the backdrop, a review of the extant practitioner literature for business exemplars of corporate sustainability will help underline insights on leadership virtues, practices and enactments in these organizations. The evidence cited below will argue that the nature of organizational leadership, its pervasiveness and performance are crucial predictors of firm success when responding to the challenge of sustainability. Successful corporate sustainability planning begins with the realization that to remain 'relevant' in a 'Green, Global, Google' world, organizations must transform into 'living, dynamic systems of interconnected relationships ready to change in smart ways' (Duin and Baer 2010, p. 31; Epstein et al. 2010). For such a transformation to be systemic it must be pivoted on conceptions of 'leadership as a more relational process' that is dependent on 'networks of influence' (Fletcher and Kaufer 2003, p. 21).

On the one hand, such transformation must be embedded in an organizational culture that fosters leadership at all levels because as the earlier discussion on social movements has highlighted, 'evenly shared' power ensures 'faster response times to environmental demands' during turbulent times (Pearce et al. 2009, p. 235). On the other hand, it must attract and hold senior leadership's strategic interest in order to gain organizational legitimacy and operational momentum. As Lubin and Esty (2010) have deduced from their consulting experience, senior leadership is indispensable to the success of sustainability initiatives because:

Companies that excel in sustainability make shifts in key areas, moving from tactical, ad-hoc, and siloed approaches to strategic, systematic and integrated ones . . . [Their] C-level leadership links sustainability strategy, with initiatives and outcomes, and develops shared goals in partnership with suppliers, customers, and other stakeholders. (p. 46)

Case studies from large American businesses like Procter and Gamble, and Nissan North America, buttress these arguments. They provide empirical validation that 'soft systems' like 'organizational culture, leadership and people', do 'nurture a company's drive for sustainability' and 'integrate sustainability into the rhythm' of its business (Epstein

et al. 2010, pp.44–5). In a similar vein, academic research has also begun to underline the significance of ‘the role of corporate leaders in formulating and implementing’ sustainability initiatives (Siegel 2009, p.13). Reminiscent of the concept of organizational task complexity and leadership’s situational response in contingency theory of leadership, Heifetz and Laurie (1997) have argued that the ‘*adaptive challenges*’ [italics in the original] organizations face because of ‘changes in societies, markets, customers, competition, and technology around the globe’ demand ‘new ways of operating’ (p. 124).

Writing more than a decade later, Kegan and Lahey (2010) stress that these adaptive challenges are continually becoming more nuanced in a ‘faster, flatter, [and] more interconnected’ world (p.782). ‘Leading business’ therefore involves ‘engaging people in collective goals that damage neither people nor environments’ (Hind et al. 2007, p.8). This implies that for the goals of sustainability to be achieved, leaders must ‘reform, redesign, and restructure their organizations to minimise their negative impacts’ (Quinn and Dalton 2009, p.22).

ZEITGEIST LEADERSHIP: INTEGRATING COGNITION, CONSCIENCE AND COLLECTIVE SPIRIT

The preceding examples and arguments for a variety of leadership practices and enactments are being more fully investigated, developed and classified using the ongoing findings of two related research studies that have been undertaken in Australia and New Zealand respectively. Both studies use a neo-classical grounded theory approach (Glaser and Strauss 1967) to explore enhanced leadership virtues, practices and enactments that comprise strongly emerging and conceptually appropriate leadership responses to the challenges and opportunities of a dynamically changing environment.

The first of these studies involved senior leaders of eight successful Australian-based local, regional, and multinational businesses. The outcomes have been detailed in Murthy and McKie’s (2009) book *Please Don’t Stop the Music: An Ensemble Leadership Repertoire for Productive Sustainability, and Strategic Innovation in Uncertain Times*. Two recurrent themes in Australian organizations wrestling with high-velocity change in 2008, just prior to the Global Financial Crisis, have been described in this book. The first was the environment as a prime driving force in organizations’ performance; and the second was its deterministic influence on leadership and management’s intentionality and choice. The authors surfaced

a set of newly evidenced, and still-developing challenges, which promised to have explicatory power when it came to describing what ‘environments of high-velocity change’ actually meant in practice, to businesses. They also signalled a set of emerging leadership practices relevant to these high-velocity and complex environments.

The grounded theorizing thus produced a set of theoretical concepts that collectively defined the core category of ‘Complex Environment’. It also established that leadership’s successful response to this Complex Environment is an augmented leadership repertoire described by another set of theoretical concepts labelled the Ensemble Leadership Repertoire. These two core categories of Complex Environment and Ensemble Leadership Repertoire that emerged from this grounded research informed and extended theoretical understanding in both areas in new and insightful ways.

When it came to the complex environment, it asserted that there is a definitive and dramatic difference in the current environment, making it unique when compared to anything that preceded it. This was strongly evidenced from the fact that each of the three concepts that emerged from the senior leaders’ substantive descriptions of the environment, were founded on incidents that were products of post-millennial issues and concerns, not experienced at any time prior. Secondly, it distilled the amorphous and multiple descriptors of the current and likely future environment into three internally consistent, but mutually differentiated concepts. Thirdly it added clear dimensions to each of these three concepts by weighting them based on the relative importance assigned to them in leaders’ interviews: with 47 per cent of the complexity arising from the internal environment; 29 per cent coming from the industry in which they participate; and 24 per cent resulting from global driving forces (see Figure 11.2).

The grounded theory research provided a robust and reliable basis for leaders and their organizations to develop practices and frameworks that targeted the environmental complexity detailed in this study. The research study generated an augmented leadership repertoire of existing and emergent practices to successfully navigate the current and future challenges of a Complex Environment. The Ensemble Leadership Repertoire provided a robust and reliable theory for use in a post-millennial world as it was generated from rich data, densely conceptualized and delineated into three clear categories. Each of the three categories was clearly dimensionalized based on the relative importance assigned to them in leaders’ interviews. The results highlighted ‘Zeitgeist – integrating cognition, conscience and collective spirit’ – as a new and emergent category that existing leaders recognized as highly significant based on the relative importance this category was assigned in leaders’ interviews – 66 per cent (Figure 11.3).

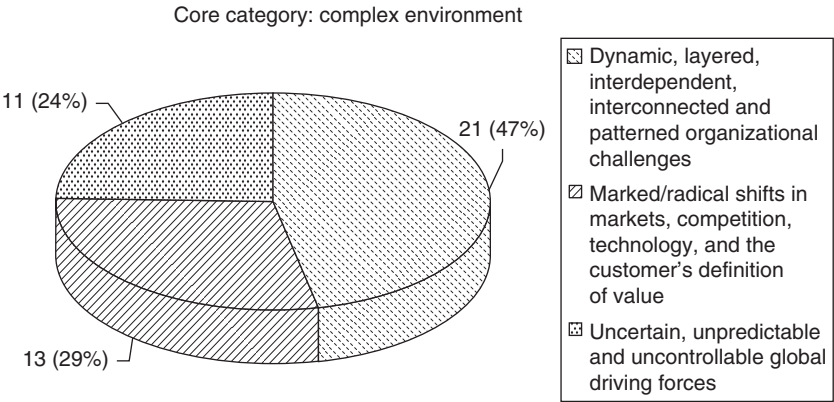


Figure 11.2 The complex environment and its dimensionalized concepts

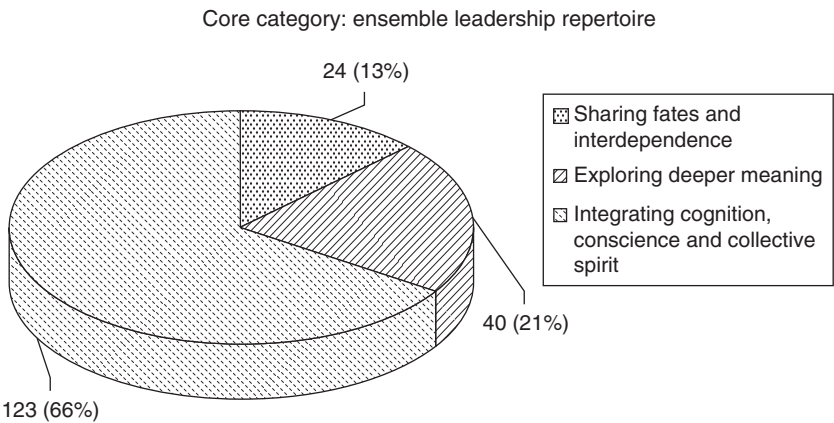


Figure 11.3 The ensemble leadership repertoire and its dimensionalized categories

The Australian research study has been extended to New Zealand where the two themes – of the environment as a prime driving force and leadership’s corresponding adaptive repertoire – are continuing to undergird the work of longitudinal exploration with senior organizational leaders. This stage of the study currently involves the senior leadership of 18 multinational, regional, and local organizations across several sectors (Table 11.1).

The study has narrowed its focus to just one emerging category of the full Ensemble Leadership Repertoire inducted from the Australian

Table 11.1 Demographics of NZ study

Industry	Key products & services	Position/role
Charity	Disability related services	Director HR
Construction	Marine, civil, mechanical, maintenance services	Managing director
Construction	Commercial construction	Finance director
Digital media	Digital marketing tools	Managing director
Education	Tertiary education	Vice chancellor
Energy	Electricity distribution services	CEO
Financial services	Banking	General manager
FMCG	Printing & packaging	Managing director
Hospitality	Pubs & restaurants	Managing director
Hospitality	Event management	CEO
Local council	City services	CEO
Manufacturing	Machinery design & manufacture	CEO
Professional association	Business advisory	CEO
Real estate	Property investment & development	CEO
Recruitment	Executive search & placement services	Managing director
Telecommunications	Mobile telecommunications	Chief Marketing Officer
Telecommunications	Mobile telecommunications	General Manager
Telecommunications	Mobile telecommunications	Director HR
Telecommunications	Mobile telecommunications	CEO
Tourism	Marketing, tourism & strategy	CEO
Training & development	Management training	Managing director

research that preceded it. This is the category of Zeitgeist – Integrating Cognition, Conscience and Collective Spirit. Initial findings from the New Zealand study suggest a classification of five virtues', with their corresponding practices and related enactments that could describe this Zeitgeist Leadership response to uncertain times.

The leadership virtue of 'being present' has two key practices: 'excelling at work'; and 'developing self'. Each of these two practices is underpinned by important enactments that operationalize the practice (Table 11.2).

The leadership virtue of 'being good' has three key practices: 'taking a strengths-based orientation to organizational and personal change'; 'leading a full life'; and 'leading ethically'. Each of these three practices is underpinned by important enactments that operationalize the practice (Table 11.3).

Table 11.2 The virtue of 'being present'

Practice: excelling at work	Practice: developing self
Enactments	Enactments
1. Storytelling	1. Acting authentically
2. Responding wisely & adaptively to the environment	2. Developing self awareness
3. Performing efficaciously	3. Moving forward with energy & purpose
4. Maximizing positive inner work-life	4. Constructing extended life narratives
5. Predicting 'flow' on signature strengths	5. Growing through adversity
6. Searching for enjoyed absorption & meaning	6. Deploying mature defence mechanisms
7. Using skill & effort for achievement	7. Building self through choice of action
8. Demonstrating 'grit' for high accomplishment	

The leadership virtue of 'being in touch' has three key practices: 'making organizational learning transformative'; 'inquiring collaboratively'; and 'understanding the other'. Each of these three practices is underpinned by important enactments that operationalize the practice (Table 11.4).

The leadership virtue of 'being creative' has three key practices: 'managing mindfully during uncertain times'; 'projecting horizons of future expectations'; and 'reinventing buyer value'. Each of these three practices is underpinned by important enactments that operationalize the practice (Table 11.5).

The leadership virtue of 'being global' has three key practices: 'respecting the realities of prevailing times'; 'balancing the paradox of redirecting attention'; and 'leading diversity and multiculturalism'. Each of these three practices is underpinned by important enactments that operationalize the practice (Table 11.6).

CONCLUSION

This chapter uses the individual firm or business as its lens to view the sustainability challenge. It makes the case for integrating sustainability issues into business strategy and more importantly thereafter, using

Table 11.3 The virtue of 'being good'

Practice: taking a strengths based orientation to organizational & personal change	Practice: leading a full full life	Practice: leading ethically
Enactments	Enactments	Enactments
1. Making people's strengths effective & their weaknesses irrelevant	1. Seeking happiness through personal violation	1. Attending to personal values
2. Inquiring into 'what works well'	2. Learning respectfully from the past	2. Reassuring followers by providing sense & order
3. Encouraging collaboration & collegial effort	3. Viewing the future with hope & optimism	3. Liberating followers' creativity & spirituality
4. Evolving affirmative images	4. Meaning through generativity	4. Finding fulfilment in helping followers reach their potential
5. Being the change you wish to see	5. Connecting individuals' happiness to the organization's success	5. Sharing power & authority
6. Flourishing through positivity		6. Making common cause with followers' vision, tasks & goals
		7. Protecting the welfare of others outside the group

these issues as levers for value-creation and sustainable competitive advantage.

The starting point for such integrated strategy formulation is conceptualizing a sustainability framework for the business. The augmented natural-resource-based paradigm provides this by rooting strategy and competitive advantage in capabilities that facilitate environmentally sustainable economic activity.

Subsequent iterations of the original classification, with additions from other strategy paradigms as well as practitioner and scholarly inputs, have made the enhanced natural-resource-based-view comprehensive and

Table 11.4 The virtue of 'being in touch'

Practice: making organizational learning transformative		Practice: inquiring collaboratively		Practice: understanding the other	
Enactments	Enactments	Enactments	Enactments	Enactments	Enactments
1. Fresh thinking & new learning	1. Leveraging collective wisdom	1. Accurately detecting others' emotions for effective deliberate action		2. Respecting subjective reality	
2. Adapting to change on an ongoing basis	2. Learning to act & acting to learn	3. Valuing diverse views & perspectives			
3. Going beyond the problem solving orientation	3. Matching learning styles with learning opportunities	4. Improving the ability to empathize through contemplative practice			
4. Boundaryless collaboration	4. Reflecting on action not just on planning	5. Communicating openingly			
5. Acknowledging gaps in knowledge & action	5. Mindset of inquiry not just advocacy	6. Inquiring into others' thinking & reasoning			
6. Celebrating honourable failure	6. Asking the right questions to spur creative thinking	7. Valuing interdependence			
7. Harnessing inter-personal conflict for learning	7. Surfacing unasked questions on issues				
8. Challenging & overcoming organizational defence mechanisms	8. Building group dialogue & cohesiveness through questions				
9. Encouraging individual critical reflection	9. Improving the quality of actions & learning by better questioning				
	10. Challenging the validity of pre-suppositions in prior learning				

Table 11.5 The virtue of 'being creative'

Practice: managing mindfully during uncertain times	Practice: projecting horizons of future expectations	Practice: reinventing buyer value
Enactments	Enactments	Enactments
1. Demonstrating new ways of seeing, thinking & acting	1. Understanding the 'long-fuse, big bang' nature of strategic decision making	1. Orienting the organization to innovation & a willingness to pursue new opportunities
2. Sensing the unexpected in a stable manner	2. Cultivating the long view by using cognitive processes	2. Having an 'outside-in' perspective
3. Dealing with the unexpected in a variable manner	3. Identifying long term driving forces in the environment	3. Targeting value innovation by reconstructing 'buyer value elements'
4. Focusing on the big picture of the future	4. Engaging in the scenario thinking to catalyse bold action	4. Shifting competitive boundaries to create new market space
5. Knowing the detailed picture in the moment	5. Using scenarios to engage with uncertainty systematically	
6. Willingness & capability to invent new expectations		
7. Responding uniquely to specific problems & opportunities		
8. Concentrating on ongoing learning & renewal		
9. Rethinking the organization's structure & hierarchy		
10. Understanding the power of new organizational metaphors to conceptualize change		

Table 11.6 The virtue of 'being global'

Practice: respecting the realities of prevailing times	Practice: balancing the paradox of redirecting attention	Practice: leading diversity & multiculturalism
Enactments	Enactments	Enactments
1. Appreciating that organizational circumstances co-relate with its particular responses	1. Understanding trade-offs in corporate responsibility	1. Recognizing that one person's values may be different to the next
2. Recognizing emergence of a new world order	2. Recognizing 'business as usual' policies will not lead to success	2. Exploring the deeper implications of cultural artefacts
3. Adopting an emergent approach to management practices	3. Balancing world views with regard to environmental sustainability with economic growth & social development	3. Appreciation of the cultural values behind cultural artefacts
4. Valuing individuals' contribution to organizational innovation	4. Identifying growth opportunities from sustainable development	4. Integrating world views of different cultures
5. Recognizing that strategic performance has been redefined in a globalized world	5. Leveraging the power of natural capitalism	
6. Awareness of sustainable development, BoP & global risk as significant challenges		

robust. Potential sustainable competitive advantages can accrue to the business as a consequence of this augmented natural-resource-based view. Without this worldview, however, the natural environment could create a serious constraint on firms' attempts to create sustainable advantage.

These arguments are of equal import to both developing countries and the developed world because corporate sustainability in emerging markets is less embedded in corporate strategies, less pervasive and less politically rooted than in most high-income OECD countries. Notwithstanding the above, sustainable development is a critical challenge for both emerging and developed economies.

Organizational leadership plays a significant role in determining how this critical challenge is met. Using insights from leadership of social movements, contingency theories of leadership during uncertain times, emerging sustainability leadership lessons from praxis and the initial findings of an on-going neo-Glaserian study, a *Zeitgeist Leadership Repertoire – Integrating Cognition, Conscience and Collective Spirit* is offered as a set of leadership virtues, with their associated practices and related enactments. While research is continuing, the classification appears promising given its versatility in describing plausible leadership responses to prevailing organizational challenges.

REFERENCES

- Aragon-Correa, J.A. and S. Sharma (2003), 'A contingent resource-based view of proactive corporate environmental strategy', *Academy of Management Review*, **28** (1), 71–88.
- Arora, B. and R. Puranik (2004), 'A review of corporate social responsibility in India', *Development*, **47** (3), 93–100.
- Balasubramanian, N.K., D. Kimber and F. Siemensma (2005), 'Emerging opportunities or traditions reinforced? An analysis of the attitudes towards CSR, and trends of thinking about CSR, in India', *The Journal of Corporate Citizenship*, **17** (Spring), 79–93.
- Barney, J.B. (1991), 'Firm resources and sustained competitive advantage', *Journal of Management*, **17** (1), 99–120.
- Barney, J.B. (2001), 'Resource-based theories of competitive advantage: a ten-year retrospective on the resource-based view', *Journal of Management*, **27** (6), 643–51.
- Baskin, J. (2006), 'Corporate responsibility in emerging markets', *Journal of Corporate Citizenship*, **24** (Winter), 29–47.
- Bent, D. and S. Draper (2007), *Profitable Today, Sustainable Tomorrow*, <http://businessinnovationfacility.org/forum/topics/leader-business-strategies>, accessed 20 January 2011.
- Benyus, J.M. and D. Baumeister (2002), 'Packaging tips from the porcupine fish (and other wild packagers)', *Whole Earth*, **110** (Winter), 26–9.

- Boyle, M. and J. Boguslaw (2007), 'Business, poverty and corporate citizenship: naming the issues and framing solutions', *Journal of Corporate Citizenship*, **26** (Winter), 101–20.
- Chapple, W. and J. Moon (2005), 'Corporate social responsibility in Asia: a seven country study of CSR web site reporting', *Business and Society*, **44** (4), 415–41.
- Christensen, C.R., K.R. Andrews, J.L. Bower, G. Hammermesh and M.E. Porter (1982), *Business Policy: Text and Cases*, 5th edn, Homewood, IL: Irwin.
- Crews, D.E. (2010), 'Strategies for implementing sustainability: five leadership challenges', *S.A.M. Advanced Management Journal*, **75** (2), 15–22.
- Crutzen, P.J. (2009), 'Can we survive the "anthropocene" period?', <http://www.project-syndicate.org/commentary/crutzen1/English>, accessed 16 January 2012.
- Dierickx, I. and K. Cool (1989), 'Asset stock accumulation and sustainable competitive advantage', *Management Science*, **35** (12), 1504–11.
- Duin, A.H. and L.L. Baer (2010), 'Shared leadership for a Green, Global, and Google world', *Planning for Higher Education*, 30–38.
- Epstein, M.J., Buhovac, A.R. and K. Yuthas (2010), 'Implementing sustainability: the role of leadership and organisational culture', *Strategic Finance*, 41–7.
- Faber, N., R. Jorna and J. van Engelen (2005), 'The sustainability of "sustainability" – a study into the conceptual foundations of the notion of "sustainability"', *Journal of Environmental Assessment Policy and Management*, **7** (1), 1–33.
- Fletcher, J.K. and K. Kaufer (2003), 'Shared leadership: paradox and possibility', in C.L. Pearce and J.A. Congers (eds), *Shared Leadership: Reframing the Hows and Whys of Leadership*, Thousand Oaks, CA: Sage, pp. 21–47.
- Gladwin, T. (1992), 'The meaning of greening: a plea for organisational theory', in K. Fischer and J. Schot (eds), *Environmental Strategies for Industry*, Washington, DC: Island Press, pp. 37–62.
- Gladwin, T.N., J.J. Kennelly and T. Krause (1995), 'Shifting paradigms for sustainable development: implications for management theory and research', *The Academy of Management Review*, **20** (4), 874–907.
- Glaser, B.G. and A.L. Strauss (1967), *The Discovery of Grounded Theory: Strategies for Qualitative Research*, Chicago: Aldine.
- Hall, C. (2007), 'Are emerging-market TNCs sensitive to corporate responsibility issues?', *Journal of Corporate Citizenship*, **26** (Summer), 30–36.
- Hart, S.L. (1995), 'A natural-resource-based view of the firm', *Academy of Management Review*, **20** (4), 986–1014.
- Hart, S.L. and G. Dowell (2011), 'A natural resource-based view of the firm: fifteen years later', *Journal of Management*, **37** (5), 1464–79.
- Heifetz, R.A. and D.J. Laurie (1997), 'The work of leadership', *Harvard Business Review*, **75** (1), 124–34.
- Hind, P., Wilson, A. and G. Lenssen (2009), 'Developing leaders for sustainable business', *Corporate Governance*, **9** (1), 7–20.
- Hoffman, A.J. (2007), 'If you are not at the table, you are on the menu', *Harvard Business Review*, **84** (10), 34–5.
- Howard-Grenville, J.A. (2006), 'Inside the "black box": how organisation culture and subcultures inform interpretations and actions on environmental issues', *Organisation & Environment*, **19** (1), 46–73.
- Karnani, A. (2007), 'The mirage of marketing to the bottom of the pyramid: how the private sector can help alleviate poverty', *California Management Review*, **49** (4), 90–111.

- Kegan, R. and L. Lahey (2010), 'Adult development and organisational leadership', in N. Nohria and R. Khurana (eds), *Handbook of Leadership Theory and Practice: A Harvard Business School Centennial Colloquium*, Boston, MA: Harvard Business Press, pp. 769–87.
- Khan, M.N. and M.N. Faisal (2001), 'Mobile commerce: the next dimension', *IIMB Management Review*, **13** (4), 7–18.
- Kleiner, A. (1991), 'What does it mean to be green?', *Harvard Business Review*, **69** (5), 38–47.
- Lovins, A.B., L.H. Lovins and P. Hawken (2007), 'A road map for natural capitalism', *Harvard Business Review*, **85** (7/8), 172–83.
- Lubin, D.A. and D.C. Esty (2010), 'The sustainability imperative', *Harvard Business Review*, **88** (5), 42–50.
- McDonough, W. (2009), 'Key note address: business as an agent of world benefit', <http://www.youtube.com/watch?v=DogArXwGWII>, accessed 10 January 2010.
- McDonough, W. (2005), 'Ecology, ethics and the making of things', *Sojourners Magazine*, **34** (5), 36–8.
- McDonough, W., M. Braungart, P.T. Anastas and J.B. Zimmerman (2003), 'Applying the principles of green engineering to cradle-to-cradle design', *Environmental Science and Technology*, **37** (23), 434–41.
- Murthy, V. and D. McKie (2009), *Please Don't Stop the Music: An Ensemble Leadership Repertoire, Productive Sustainability, and Strategic Innovation for Uncertain Times*, London, UK: Inderscience.
- Nelson, J. (2003), *Economic Multipliers: Revisiting the Core Responsibility and Contribution of Business to Development*, London: International Business Leaders Forum (IBLF).
- Nidumolu, R., C.K. Prahalad and M.R. Rangaswami (2009), 'Why sustainability is now the key driver of innovation', *Harvard Business Review*, **87** (9), 56–64.
- NSE/NIFTY (2003), 'Proposal 84: corporate social responsibility of NSE nifty companies, content, implementation strategies, and impact', NSE Research Papers, Mumbai: National Stock Exchange.
- Pearce, C.L., C.C. Manz and H.P. Sims Jnr (2009), 'Where do we go from here? Is shared leadership the key to team success?', *Organisational Dynamics*, **38** (3), 234–38.
- Porritt, J. (2006), *Capitalism as if the World Matters*, London: Earthscan.
- Porter, M.E. and M.R. Kramer (2006), 'Strategy and society: the link between competitive advantage and corporate social responsibility', *Harvard Business Review*, **84** (12), 78–92.
- Porter, M.E. and F.L. Reinhardt (2007), 'A strategic approach to climate', *Harvard Business Review*, **85** (10), 22–4.
- Prahalad, C.K. and G. Hamel (1990), 'The core competence of the corporation', *Harvard Business Review*, **68** (3), 79–91.
- Prahalad, C.K. and S.L. Hart (2002), 'The fortune at the bottom of the pyramid', *Strategy+Business*, **26** (1st quarter), 54–67.
- Quinn, L. and M. Dalton (2009), 'Leading for sustainability: implementing the tasks of leadership', *Corporate Governance*, **9** (1), 21–38.
- Reserve Bank of India (2009), 'Monthly bulletin, Table 44: foreign exchange reserves', <http://rbidocs.rbi.org.in/Bulletin/PDFs/89876.pdf>, accessed 3 January 2011.
- Rudd, K. (2008), 'Leadership for long term sustainability: the roles of government, business and the international community', address to the National Business

- Leaders Forum on Sustainable Development, Parliament House, Canberra, 19 May, http://www.pm.gov.au/media/Speech/2008/speech_0253.cfm, accessed 22 September 2008.
- Sachs, J.D. (2008), 'A user's guide to this century', *The National Interest*, **96** (July/August), 8–14.
- Sachs, J.D. (2010), 'Globalisation in the era of environmental crisis', *International Trade Forum*, **1**, 7–10.
- Sankaran, K. (2003), 'Imperatives of a civil corporation in the new economy', *IIMB Management Review*, December Issue, 82–8.
- Selznick, P. (1957), *Leadership in Administration: A Sociological Interpretation*, Evanston, IL: Peterson.
- Sharma, S. (2003), 'Research in corporate sustainability: what really matters?', in S. Sharma and M. Starik (eds), *Research in Corporate Sustainability: The Evolving Theory and Practice of Organisations in the Natural Environment*, Cheltenham, UK and Northampton, MA, USA: Edward Elgar, pp. 1–29.
- Siegel, D.S. (2009), 'Green management matters only if it yields more green: an economic/strategic perspective', *Academy of Management Perspectives*, **23** (3), 5–16.
- Teece, D.J., G. Pisano and A. Shuen (1997), 'Dynamic capabilities and strategic management', *Strategic Management Journal*, **18** (7), 509–34.
- van Marrewijk, M. (2003), 'Concepts and definitions of CSR and corporate sustainability: between agency and communion', *Journal of Business Ethics*, **44** (2–3), 95–105.
- Visser, W. (2008), 'Corporate social responsibility in developing countries', in A. Crane, A. McWilliams, D. Matten, J. Moon and D. Siegel (eds), *The Oxford Handbook of Corporate Social Responsibility*, Oxford: Oxford University Press, pp. 473–9.
- Wernerfelt, B. (1984), 'A resource-based view of the firm', *Strategic Management Journal*, **5** (2), 171–80.
- Wilkinson, L. (2009), 'How to build scenarios', <http://www.wired.com/wired/scenarios/build.html>, accessed 16 January 2012.
- World Bank (2006), 'Development and the next generation', *World Development Report 2007*, Washington: World Bank.
- WEF (World Economic Forum) (2012), 'Global risks 2012 (7th edn): an initiative of the risk response network', http://www3.weforum.org/docs/WEF_GlobalRisks_Report_2012.pdf, accessed 16 January 2012.