

Leadership of organizational change

Toward an integrated model of leadership for corporate responsibility and sustainable development: a process model of corporate responsibility beyond management innovation

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Abstract

Purpose – The literature on corporate responsibility (CR) increasingly recognizes the importance of leadership in support of organizational change. This is particularly the case when CR provides the basis for the business contribution to sustainable development, which is understood to involve organizational and social innovation leading to change. The paper draws on theoretical and empirical studies to examine leadership for CR as a particular example of management innovation.

Design/methodology/approach – The paper develops a model of leadership for CR as the business contribution to sustainable development by confronting and integrating the literatures on management innovation and leadership for CR. The proposed model is consistent with the direction, alignment, commitment (DAC) framework that fosters a culture of organizational leadership relevant to the specific case of business and sustainable development.

Findings – The process model described in the paper connects leadership in organizational change with literature on management innovation. The paper draws on theoretical and empirically grounded literature on management, corporate responsibility and organizational psychology. It puts forward a sequence of mechanisms that contribute to successful change and discusses how they are linked. This sequence provides a process model of leadership practices for CR as the business contribution to sustainable development viewed as a particular form of management innovation, which involves the advancement of leadership practices for CR as organizational and social change.

Research limitations/implications – The model is useful as a reference to practice and as a basis for leadership development. In terms of theory the model needs to be more thoroughly tested in empirical settings to understand better the interdependencies between leadership practices for CR and management innovation.

Originality/value – This process model is the first attempt to develop a comprehensive understanding of CR in a management innovation framework. In doing this it moves beyond the recent focus on leadership skills and competences of individuals.

Keywords Leadership, Corporate social responsibility, Sustainable development, Innovation, Organizational change, Social change

Paper type Conceptual paper

Introduction

Corporate responsibility (CR) is a multi-faceted concept with many definitions and varied practice. At one end of the spectrum CR is understood in terms of the philanthropic activities

of community and public affairs departments or corporate foundations that provide resources from a company to contribute to social and/or environmental requests received by the company or gaps perceived by senior management. These activities can take place with no substantive impact on the core activities, technologies or business model of the company. At the other extreme, CR constitutes a set of practices developed in direct response to demands placed on society and the activities of the company by dynamic forces in the economy, society and environment.

Probably the most strategic form of CR arises when companies set out to reorient the ways they create value because of the demands for less environmentally or socially damaging activities or more sustainable approaches to development. The current paper focuses on leadership for this highly strategic form of CR.

This strategic view of CR can be traced to the seminal work of the Brundtland Commission (Brundtland, 1987) although it has not figured highly in academic studies or management practice. The report states that:

Sustainable development is not a fixed state of harmony, but rather a process of change in which the exploitation of resources, the direction of investments, the orientation of technological development, and institutional change are made consistent with future as well as present needs.

The report also recognizes that sustainable development is a particular form of development requiring “commitment to action of individuals, voluntary organizations, businesses, institutes, and governments”. In other words sustainable development is viewed as a societal project involving many actors in the economy and society in processes of change. That change necessarily involves business but these changed practices cannot be isolated from the change by other actors. Indeed there is no suggestion that the unit of analysis for sustainable development is the company or its activities. However, CR can be regarded as the set of ideas and practices by which business contributes to the societal project termed sustainable development. In this way CR involves a company in the co-creation of organizational and social change along with other actors.

Few business scholars or managers have seen CR and sustainable development in the way described above. Indeed, Spingett (2003, p. 83) comments that “managers in capitalist institutions have a very sketchy understanding of the history, issues and key principles that underlie the concept of sustainable development”. There are exceptions. For example as early as 1992 Ontario Hydro, promoted sustainable development as a new strategic mission to help make (the province of) Ontario an energy efficient, competitive economy and a leading example of sustainable development. In this way, Ontario Hydro explicitly defined its intent to provide leadership in bringing about transformational change that would go beyond conventional ideas about environmental protection, change that would affect not only the corporation, its customers and suppliers but the society in which the corporation operated. In this case CR involved Ontario Hydro in setting about the co-creation of sustainable development through leadership for organizational and social change (Roome and Bergin, 2006).

The current paper takes this deep view of the connection between CR and sustainable development. It sets out to explore the character of leadership needed to affect change that is co-created by individuals, teams, businesses, organizations, and the networks within and between organizations commercial or otherwise. The theoretical point of departure for the paper is provided by recent literature on management innovation. The paper then advances a process model of leadership for CR that builds on the management innovation literature in combination with empirically grounded literatures on CR as a process of innovation and change, concerning leadership practices. The empirical evidence draws on companies with highly embedded CR practices. This combination of ideas is then used to identify the leadership practices and organizational architecture that provides for the establishment of direction, alignment and commitment within organizations.

Our argument is that sustainable development is not simply about change, but it is about change that demonstrates integration of economic, social and environmental goals, draws on economic, social and environmental information and leads to coherent choices. This



involves a mix of technological, organizational, institutional and managerial innovation (Freeman and Perez, 1990).

From the vantage point of the company, the CR practices that contribute to sustainable development involve managers in formulating and enacting new ways of working with others to bring about these innovations. These CR practices not only constitute leadership practices for CR they also represent a form of management innovation.

Management innovation and CR

A (narrow) definition of management innovation is the invention and implementation of a management practice, process, structure or technique that is new to the state of the art and intended to further organizational goals (Birkinshaw *et al.*, 2008). Management innovation is underscored by three key ideas: the use of novel principles that challenge management orthodoxy; a systemic approach that encompasses a range of processes and methods; and being part of a continuing program of invention (Hamel, 2006).

Innovation in management policies and procedures is seen to create long-lasting advantages and contribute to a competitive position that crosses new performance thresholds (Hamel, 2006) and provides for economic success (Nooteboom, 2000).

Despite this primary focus other objectives are discussed in the literature. For example, Mol and Birkinshaw (2006) identify concerns about reputation and legitimacy, or enhancing the satisfaction and working conditions of employees. They suggest that management innovation has greatest potential when changes are radical, systematic and platform based.

Birkinshaw *et al.*'s (2008) review of the literature identifies four distinctive perspectives on management innovation:

- institutional, focused on the socio-economic conditions in which new management ideas and practices take shape;
- fashion, focused on the dynamic interplay between users and providers of management ideas, e.g. the managers who use new management ideas and the "fashion setters" who put them forward;
- cultural, focused on how an organization reacts to the introduction of a new management practice, or how a specific management practice shapes, and get shaped by, the culture of the organization in which it is being implemented; and
- rational, focused on how management innovations deliver improvement in organizational effectiveness.

Underscoring these perspectives is the notion that management innovation involves change agents, who champion the adoption and implementation of solutions directed at specific goals.

Roome and Jonker's (2006) meta-study of the processes used by seven companies successful in formulating, implementing and embedding CR in their overall practice and business models, recognize the process through which CR became an integrated part of these companies' competitive position as management innovation. The process was not designed but emergent. However, just as with mainstream management innovation the introduction of CR happened in stages. Their empirical research emphasized the interplay between changes in context and institutions around the company. The search for a new vision for the company and for new concepts to guide that vision by drawing on ideas from outside the company and the roles of managers – or management groups – in promoting platforms that fostered the contribution of ideas for testing, learning and innovation, leading to organizational as well as personal development and change.

There are several areas of comparison between CR as a process and the literature on management innovation. For example, all the perspectives advanced by Birkinshaw *et al.* (2008) have some resonance with work on CR. From an institutional perspective CR is understood to arise from an increased awareness that change outside the company requires management attention. Change is seen to threaten the company's competitive position and



requires internal adaptation and new activities. However, contemporary CR can be understood as both a social movement and a business practice shaped by and shaping institutions.

From a fashion perspective the advancement of ideas such as the triple bottom line (Elkington, 1997) or cradle to cradle (McDonough and Braungart, 2002) or The Natural Step (TNS) (Robèrt *et al.*, 1989) has the effect of offering fashionable new ideas that provide a way of thinking for managers who see the need for change around the environmental dimensions of CR.

The cultural perspective is supported by the suggestion that companies with an organizational culture that emphasizes organizational learning, quality or other forms of practice based on participation are more likely to be successful in the development of their CR practice than those without this type of culture (Roome, 1994).

From the rational perspective CR is introduced by human agents whose goal is developing the organization and working more effectively. The innovative solutions they propose are meant as a response to contingent problems, and actors champion the adoption or implementation of those solutions (Howell and Higgins, 1990). There is no single individual champion in the formulation and adoption of innovation, but this occurs through the combination of upper management, the executive team or other groups in the organization or even across organizational boundaries.

In all perspectives, management innovation involves multi-level change that spans micro-macro levels. While CR connects with all four perspectives on management innovation the work to date suggests there is a strong emphasis in CR on the role of human agency and through that a strong identification with leadership practices.

Although the literature on management innovation does not specifically address CR it does suggest that management innovation can generate positive outcomes for the innovating firm and/or for society as a whole (Birkinshaw *et al.*, 2008). The notion that management innovation provides mutual benefit is consistent with conceptual work that suggests competitive differentiation is a core driver of CR at company level (Draper, 2006) and that the balance between a company's core business and CR strategies sustains and develops CR-related programs in the long long-term (Bonfiglioli *et al.*, 2006).

Management innovation therefore provides a framework for understanding CR within a company. Management innovation in general, and CR in particular, are held to be part of a complex process related to the way in which individuals, organizations, the business world and society interpret the new role of business in society, responsible business and sustainable development. Moreover, management innovation literature is concerned with the diffusion of these practices across industries or countries (Guler *et al.*, 2002); the same interest is apparent in academic and professional research on business and sustainable development (Jamali and Sidani, 2008).

CR is an embedded process that is both a product and a generative mechanism. It is a generative mechanism insofar as it has the potential to reorient the way value is created through engagement with other actors in society. Indeed, for many companies "engagement" with other actors is a management innovation, which can stimulate and/or steer other innovations. What is lacking is an explanation of the generative mechanisms by which management ideas are developed and then implemented (Birkinshaw *et al.*, 2008). Moreover, the mechanisms of CR as management innovation need to be better understood. We therefore focus on the actions that individuals and collectives undertake that shape the practice of CR as management innovation, and explain the critical role of human agency in this process. These ideas are explored in the next section of the paper by drawing on recent work on leadership practices.

Leadership practices for CR – the building blocks of the organizational architecture

While leaders are recognized for their role in reforming, redesigning, and restructuring their organizations for sustainable development (Hawken, 1993), the leadership role to integrate



sustainability is still unfamiliar territory, supporting the need for further investigation (Laszlo, 2008). Indeed, this echoes the much earlier call for more research and better understanding of the processes by which firms integrate environmental issues into their thinking and practice (Gladwin, 1993).

Typically investigations into what is required of leaders for sustainable development focus on the traits and skills of leaders. Roome (1994) discusses the skills developed by management education for sustainable development that provide for leadership and managerial participation in innovative action and the management of change. Both Roome (1994) and Frankel (1998), identify the need for capacity in systems thinking and analysis, as well as the ability to see individual problems in their wider context (holism) and to transcend single disciplinary interpretations of the world. Jackson and Nelson (2004) have identified networking, collaboration, and bridge building as important capacities.

Elkington (2001) outlines some of the characteristics needed for responsible CEOs: strength vision, stamina, appreciation of diversity, readiness to walk the talk, desire to learn, learning from failures, and a healthy sense of humor. Waddock (2007) suggests the appropriate skills for CSR as a natural intelligence, network analysis, holistic systems thinking, cross-cultural understanding, power-sharing and reflection. Googins *et al.* (2007) identified some specific leaderly functions, such as setting high standards, promoting dialogue and engagement, and balancing social and economic factors unique to organizations pursuing citizenship activities.

Leadership styles and how they can either compliment or weaken CR efforts have also been considered (e.g. stakeholder-, performance-, or motivation-driven) (Basu and Palazzo, 2008), and the transformational leadership style of CEO's increased the likelihood of companies to engage in strategic CR (Waldman *et al.*, 2006). Leaders that take into account social and environmental impacts must be able to span boundaries, listen to diverse constituencies, have the courage to make tough decisions, deal with complexity, and see the firm in a larger context (McGaw, 2005). For example, when discussing how industry-wide initiatives affect competitiveness, Draper (2006), among others, discuss the capacity to enable greater leadership – such as generating baseline frameworks of standards for the whole sector, providing enhanced platforms for the progressive business to innovate and drive differentiation around CR.

The literature emphasizes skills and traits and pinpoints the role of leadership in establishing a culture based around a proactive approach to environmental and social objectives, providing for continuous improvement and ensuring the appropriate resources are available for strategy implementation (Kerr, 2006). From an empirical point of view a recent survey of corporate leaders identified that they recognize a need to enhance three broad clusters of knowledge and supporting skills required for CR. These relate to context, complexity and connectedness (Gitsham and Peters, 2009). These three clusters are consistent with the leadership skills and traits identified across the academic literature that include, vision, systems thinking, networking and collaboration, supporting engagement and dialogue, appreciation and diversity as well as bridge building. Some of these skills and competences are central to the ability to innovate; however, van Kleef and Roome (2007) suggest that some skills and competences identified in the literature on business innovation and sustainable development are far more accentuated as compared with the skills and competences required for innovation around conventional aspects of business competitiveness.

This suggests that sustainable development challenges some deeply held beliefs and traditional processes and behaviors found in organizations and these go beyond the role/function of competencies, which by definition are the underlying characteristics of an individual that are causally related to the performance (Boyatzis, 1982).

An alternative way of framing leadership and leadership development is by examining the practices that constitute leadership (Carroll *et al.*, 2008), or the observable shared behaviors that shape and ultimately define the leadership culture (Pasmore *et al.*, 2009).



In this perspective organizational leadership is achieved through the concerted actions of a collective in pursuit of collective goals. Therefore a practice approach to organizational leadership moves from a focus on individuals to multiple units of analysis, providing a broader base and scope of leadership for change (Chia and Holt, 2006). This focus emphasizes the relational aspects of leadership (Bolden and Gosling, 2006).

Recent empirical research on organizational leadership for CR has resulted in a holistic model of leadership practices that enact sustainable development (D'Amato *et al.*, n.d.).

These authors used a cross-case comparison of five global corporations headquartered in five different countries to disclose eight clusters of leadership practices that contributed to deep change toward sustainability:

1. *Developing vision, strategy and policies.* This includes practices such as grounding the company vision for global responsibility in its context; crafting a strategy that focuses on the triple bottom line, and developing specific policies that support strategy and vision. The practice of creating a vision help order and prioritizes the many potential activities a company might undertake. Once a compelling vision for global responsibility is developed, strategies are crafted to work towards that vision. The development of specific policies link vision and strategy to organizational systems and day-to-day operations. To become a globally responsible organization, a company develops a long-term vision that is rooted in the background of the firm and takes into account the business' strengths.
2. *Operationalizing CSR.* This cluster encloses practices that make global responsibility part of everyday processes and procedures and integrates actions across business lines and locations. Challenges in different locations and business lines are answered with different tools or actions, yet under the standpoint of a company-wide impact, requiring some high-level integration to ensure the same vision is enacted. Putting policies into actions on a local level facilitate the understanding of global responsibility principles as well as the application of such actions.
3. *Top management support.* In order for a company to make real progress towards global responsibility top management support is a vital ingredient, in different forms (e.g. adequate resourcing for global responsibility projects, creation of dedicated positions, specific investment decisions, etc.). Top management support is revealed in actions that create visibility and awareness of global responsibility inside and outside the company, such as briefings, executive speeches, internal newsletter or celebrations. Top management support, consistently endorsing the organization's global responsibility efforts, prove particularly relevant when challenges arose, or during periods of increased cost or decreased revenues, difficulties with sustained stakeholder engagement, or situations of gaining client acceptance of CSR orientation and related policies.
4. *Engaging across boundaries (stakeholder engagement).* The leadership practices in this cluster are concerned with the engagement of stakeholders – internal as well as external – across boundaries. This requires leadership practices directed to working across, e.g. personal boundaries of social identity, internal boundaries of level and function and structural boundaries of organization country, or region. In the same cluster are leadership practices geared toward developing culture and systems to approach stakeholders' engagement built through partnerships at any level (e.g. with direct reports and teams, top management, clients and customers, suppliers or the society as a whole), actively reaching out to external community, building balanced relationships with a clearly stated and understood reciprocity of commitments, responsibilities, and benefits and first of all creating a shared understanding of the situation.
5. *Empowerment and development.* Leadership practices in this cluster refer to actions and processes for empowerment and development of stakeholders to be more globally responsible, such as enhancing individual power to properly promote and perform global responsibility, or the individual and organizational development in the understanding and implementation of responsibility-related activities. Formal training for global responsibility promotes the understanding and commitment to the goals of the triple bottom line;



training can be either provided as a stand-alone activity or can be integrated into other standard training activities. Other leadership practices that prove effective are mentoring and coaching, offering challenging assignments linking business activities with the triple bottom line, support for bottom-up initiated sustainability actions and projects, delegation of decision making at any level.

6. *Communication for CR.* Leadership practices for communicating around global responsibility comprise the development of policies and procedures to effectively collect and share information. This includes business needs, successes and challenges in company-wide global responsibility as well as specific applications and actions throughout the organization and across organizational boundaries. Communication on global responsibility follows paths and mechanisms that portray it as highly meaningful and strategically important to the organization; regular communication is more important than frequent communication. Systematic communication include both informal and formal communication activities, verbal and written, adapted to fit the local context of the audience – and two-way process across organizational boundaries to inform the company's direction for global responsibility and to ensure commitment and create a deeply shared understanding among all the different stakeholder groups.
7. *Performance development and accountability.* This means managing performance to encourage global responsibility efforts and holding individuals and groups accountable for their contributions; establishing responsibility goals, standards and norms at individual and organizational levels. Elements of responsibility goals are included in employees' performance development plans. On a collective level, companies promote external audits, look for and provide timely feedback and actively participated in setting standards and norms for the sector. The formal measures contribute to monitor and control performance and to plan ahead for future goals. Managing performance to enhance global responsibility in a company implies a focus on continuous improvement rather than the aim of meeting a certain standard and then maintaining this. Accountability is necessary to ensure that CSR goals are not only set but enacted. Accountability at the individual level is ensured by incorporating responsibility targets in annual performance reviews, feedback sessions, regular reporting, professional development and certifications, as well as rewards and recognition. At the organizational level, external audits and regular reporting help ensure accountability.
8. *Ethical actions.* Leadership practices are here based on the recognition that ethics and integrity are the foundations of leaders' decision making for CR. Acting with integrity set an example inside and outside the company that global responsibility is taken seriously. In turn, this speed up the integration of global responsibility into the company's business model. Managers, who openly practice sustainability in their personal life, are role models for other employees. Companies set incentives for all employees to bridge personal and professional sustainability. Acting ethically and with integrity is fundamental at the organizational level, e.g. participative decision making including the major stakeholders, the use of decision criteria that include environmental, social, and financial considerations, open book practices and systematic integrity policies for suppliers and clients are practices that represent consistency and honesty on a collective level.

By isolating effective leadership practices it is possible then to identify contributing competencies and skills. The leadership practices: creating vision, crafting strategy and developing policies for CR and strategy implementation were found to be independent of cultural context across the companies in the study. This corroborates the ideas of systemic thinking (Hind *et al.*, 2009; Roome, 1994, Waddock, 2007) and strong vision (Elkington, 2001).

The practices of engaging across boundaries are consistent with cross-cultural understanding (Waddock, 2007), embracing diversity (Hind *et al.*, 2009; Elkington, 2001), and stakeholder engagement (Freeman, 1984; Schouten and Romme, 2006). This connects with enlightened self-interest (Crane and Matten, 2004) as the concern to satisfy stakeholders beyond shareholders. Since leadership for sustainable development



develops through interdependencies and interrelationships with others it is vital to develop appropriate coordinating mechanisms across a multitude of actors or stakeholders. Sustainable development is successfully addressed through good communication and stakeholder relationship-building within a supportive enterprise culture (Kerr, 2006; Roome, 1994). The communication practices identified in this model are also mentioned as meaningful dialogue (Hind *et al.*, 2009), and general communication practices (Schouten and Romme, 2006).

The engagement of stakeholders implies a practice based on empowerment and participation. This echoes the finding that intellectual stimulation from the CEO is the best predictor for a company's strategic orientation towards CR (Waldman *et al.*, 2006) and is based on power-sharing and reflection (Waddock, 2007). The leadership practice of operationalizing CR supports the importance of a mix of global and local perspectives in the implementation of CR, and is consistent with integration (of CR) with normal business processes (Schouten and Romme, 2006).

The model reveals some less commonly mentioned leadership practices – such as visible top management support, performance and accountability, and ethical actions. Leadership as direction setting by allocating resources to CR helps alignment in the organization by integrating CR into strategic planning. This is consistent with the idea that senior managers need to provide resources for experimentation around CR projects and endorse the measurement of CR performance in line with the vision of the company (Waddock, 2007).

Similarly, ethical consistency in actions allows leadership to act as a role model. This goes beyond the idea that managers should walk the talk by aligning actions by the organization with the words it uses in communication. It requires transparent behavior, measuring improvements and assuming personal accountability for change. This contributes to the alignment of efforts and maintenance of commitment and continued effort. The empirical evidence for leadership practices around performance and accountability is relatively novel to work on CR although it is discussed in terms of environmental responsibility (Gray *et al.*, 1993) and management for sustainable development (Roome, 1994).

The corroboration between this empirical research on leadership practices and literature on elements of leadership for CR suggests these eight leadership practices are robust across firms and methodologies. When considered as a configurational model they are seen to help companies in taking a role in support of the transformation of society to sustainable development, no matter where the company is located, its cultural context, industry, or business model.

The model for leadership practices for CR overlaps with previous studies, yet has two distinct advantages. In contrast to past work on corporate responsibility it does not focus on single determinants of leadership, but features a comprehensive structure of leadership. The second advantage is that it is situated within a theoretical leadership framework – direction-alignment-commitment (DAC) (Drath *et al.*, 2009) – a teleological framework of how leadership allows specific behaviors and practices for setting direction, creating alignment, and maintaining commitment.

The DAC framework emphasizes that leadership is about the establishment of shared direction, so that each member knows the aims and goals of the collective, and also knows that the other members know those aims and goals; alignment is the coordination of knowledge and work in the collective; commitment is the willingness of members to expend effort toward the needs of the collective over and above the effort needed to meet their individual needs. Leadership is viewed as emergent through interaction: people, who share work, have (or quickly develop) beliefs about how to produce DAC. These leadership beliefs lead to well-accepted practices for reproducing DAC. The prevalent beliefs in an organization determine which leadership practices are adequate to produce DAC for specific outcomes – in the case of the research that was sustainable development or corporate responsibility.



The DAC model views leadership as a co-created process with outcomes based in a culture of beliefs and practices. This is consistent with Waddock's (2007) advocacy of leadership shared across levels and parts of the organization.

Our contention is that leadership outcomes (direction-alignment-commitment) are important in the formulation and implementation of CR and these are brought about through shared work. This leaves unanswered what factors enable or foster the connections that constitute "work shared" across levels and boundaries of organizations.

From leadership practices for CR to management innovation: a process model

We previously noted that CR as management innovation is a generative mechanism; it is both process and outcome. Process models are important in understanding the potential for CR; they are structured in terms of activities, events, control and data-flow dependencies, and associations between activities and resources (Redding *et al.*, 2008).

Leadership practices for CR clearly represent the framework or architectural frame that holds together activities, events, resources, and so on. This framework unfolds over time to allow for development and implementation of CR as a process. As previously noticed leadership practices shape the organizational leadership culture (Pasmore *et al.*, 2009). Explaining the role – as well as the outcomes – of leadership practices helps in developing a comprehensive, empirically-based model of CR, and this in turn offers an important contribution to any theory of CR as organizational change for improved social, environmental and competitive performance. A comprehensive model also provides a reference point against which any organization can consider its own practice and identify areas for improvements in terms of process and outcomes. A process model is therefore strictly expressed through the underlying leadership practices that describe its nature and development. Knowing the process as well as its outcomes offers a basis from which to develop leadership practices for CR through management education or leadership development programs.

More specifically, a process model based on leadership practices for CR will:

- support the search for, and implementation of, new routines that provide for the minimization of risks to the company and society;
- support the search for new solutions, based on technological, organizational and other innovations that enable the achievement of economic, social and environmental goals and performance;
- be multi-level and cross cultural, spanning organizational boundaries; and
- encourage the wider engagement between companies and other actors/stakeholders.

This complex process recognizes the strategic significance of "change agents" (e.g. individuals, corporations, NGOs, even society as a whole) who support the development of new knowledge and resources as and through shared work. These "change agents" work across boundaries to connect actors and knowledge and to change practices and routines. While their work is concerned with creating direction and alignment and commitment they operate in contexts that have high levels of uncertainty and ambiguity in terms of content.

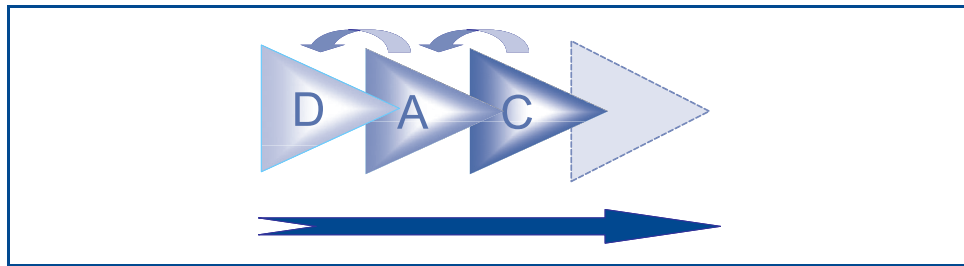
Adopting a sequential and configurational model of leadership practices for CR, as the one presented in Figure 1, offers more certainty and less ambiguity in terms of the structure of the process (cf. Figure 1).

This model shows the steps involved in the DAC represented as a cybernetic model with feedback at each step. Innovation for CR begins when the organization recognizes the need for change linked to an ambition to contribute with others to a more sustainable approach to development.

Leadership practices are geared to develop a consistent vision for sustainable development, which provides the direction of change. It is informed by the company assets – background, core strengths and technological as well as managerial competencies, external demands and pressures. Strategies are crafted around newly



Figure 1 A process model



developed concepts that seek business opportunities and/or enhanced social/environmental performance. Concepts develop through ideas brought into the company and combined with knowledge of the business. The implications of those strategies and their embedded concepts are identified, enabling policies, actions and routines that support strategy to be formed. Other practices essential for setting direction is the integration of CR – not only what companies intend to do to contribute to sustainable development but also how they make this possible and real. This requires top management input and support through involvement in vision setting or concept development, which in turn leads to alignment and integration, and the implementation of strategy and concepts. The system reflects the fact that vision and concepts without ideas and practice have no substance. Ideas and practice without concepts and vision have no direction or coherence.

In order to create wider alignment and commitment companies develop a set of leadership practices for sustainability engaging actors across boundaries. These enable knowledge development and action through collaborative action or partnerships. Building trust, developing two-way communication and matching accountability to resource flows supports alignment. Communication takes place through these networks and partnerships as much as through hierarchical channels.

Key elements in this process are the development and diffusion of knowledge, where alignment is created through the effective sharing of knowledge about business needs and directions, achievements and challenges in corporate responsibility and sustainable development across the organization and its partners. This means showing the direction of the relationship between vision, concepts, strategy and business principles. The result is a common framework that supports alignment as the connection between direction embodied in vision and concepts, and direction as enacted in actions. While action may often be ragged and uneven it benefits from direction.

Leadership practices for alignment involve practices that display commitment to empowerment and development as ways to promote and perform CR alongside individual and organizational development. Maintaining commitment for CR is achieved through performance and accountability, and ethical actions. It implies acknowledging the contribution to change made by those offering ideas and tangible actions, as well as acknowledging the contribution of those doing well the activities that do not require change. Alignment and commitment follow when principles are seen in action.

Leadership practices are dedicated to balancing a multiplicity of interests; they also refer to the need to act and lead with integrity and in adherence to basic principles, values or ethics that recognize the important qualities on which trust is based – consistency, transparency, explanation, honesty and the recognition of contribution.

Conclusion and implications for research and practice

This paper moves beyond the discussion on leadership skills and competencies, to develop a more comprehensive process model of leadership for CR and sustainable development. The model is based on organizational leadership as a collective act delineated in the DAC framework. It emerges through interaction as a co-created process with outcomes based in



a culture of beliefs and practices. This combines theoretical ideas about management innovation with grounded-theory on CR as sets of leadership practices.

A particular strength of the model is that it is developed from evidence observed in the practice of organizations that are highly successful in CR. Moreover, it is flexible enough for adaptation to business or non-business contexts, because it involves change agents beyond an organization's boundaries. In sum, it provides a framework that enables a company to lead through CR for sustainable development or, for that matter, to participate in sustainable development led by others.

The leadership practices identified and discussed in this paper are a new contribution to the field of CR. They are the properties of companies successful in deep or radical change and yet they offer guidance to all companies confronting the challenges of sustainable development, and point toward their crucial importance for CR as transformational change in relation to sustainable development. Furthermore the interdependence of these practices, and the resulting configurational model, offer the right ground to speak about management innovation in its classical definition, or the implementation of advanced practices and processes intended to further organizational goals. The paper therefore provides for an improved understanding of CR as management innovation as well as management innovation for CR.

Management innovation does not guarantee the success of outcomes in CR or sustainable development. However, a better understanding of the quality and character of management innovation enables improvements to CR as a process of change. This has theoretical value – because the process of management innovation is not yet fully understood, just as the process of CR as a management innovation is even less well understood. It also has practical usefulness.

Moreover, the model sheds light on the generative mechanism of CR and sustainable development in the sense that leadership practices provide the foundation for the creation of a culture of responsibility. Management innovation as an overarching outcome clarifies the role of the leadership practices for “change agents”. Naming these leadership practices is important as they can then be deployed as part of advanced leadership for CR. In other words the model indicates the way that these practices relate and contribute to one another although the strength and direction of their interdependence provides a focus for further research.

Even with this limit the model reduces the risk of overlooking fundamental linkages that were previously not discussed in the literature or applied in practice. The model acknowledges the pluralistic and complex nature of work organizations and highlights practices and procedures that shape organizational change for CR. Furthermore, it shows how these are connected in ways that foster direction, alignment and commitment.

The paper points to a number of areas for further research. A further step is to consider the roles played by managers, groups and organizations that directly act to foster change agency. More research in this direction is needed.

Furthermore, more research is needed to explore whether the process model is emergent or whether it can be designed as a form of intervention that is introduced into an organizational setting where there is a concern to change. Given that the paper draws on examples of where CR was successfully fostered, more light needs to be shed on the factors that limit or support the practices described in our model. Similarly, more empirical research can highlight the circumstances that contribute to innovation and change for CR, or the best combination of leadership practices.

The process model also offers insights and guidance for practitioners. Those involved in the practice of CR can use the model as a tool against which to compare their current approach to CR. It provides a guide in the formulation of a tailored process of change or guidance on where the company is in its process and/or what its next steps might be.



Finally, the authors recognize a mid-ground between the implications of the model for further research and practice. This mid-ground occurs because our research is developed with three aims in mind:

1. To advance knowledge through research.
2. To support the development of more informed practice.
3. To use that knowledge to develop our own practice in education and leadership development.

The model provides a basis to develop a practice of leadership development and education. By extension it is possible that others involved in leadership development and education might use the model as a point of comparison to their existing practice or as the basis for developing a more advanced practice.

A note of warning as the task of developing CR and sustainable development is complicated by differences across cultures, industry sectors, (von Geibler *et al.*, 2006) and national setting (Roome *et al.*, 2006). While the call for sustainable development is global the response to that call is necessarily local and tailored to local conditions and circumstances. Further research is needed to establish whether the notions drawn in the model are culturally based or truly generalizable.

Nevertheless, we believe the model developed and discussed in this paper is a contribution to the understanding of management innovation and makes a significant contribution to the field of CR and leadership and in that way serves as a foundation for further theory building and development.

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