An Empirical Study on the Function of Leadership in Fostering Organizational Sustainability

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Abstract: Every organization needs effective leadership in order to survive in the global marketplace. The speed at which change is occurring in our lives today highlights the significance of developing new leadership abilities that combine pragmatism and a broad perspective. In order to address these changes in the labor market, employment relations, and society at large, sustainable HRM has been implemented recently. Viewed as a continuation of strategic HRM, sustainable HRM offers a fresh perspective on people management with an emphasis on long-term resource development, renewal, and rejuvenation. Viewed as a continuation of strategic HRM, sustainable HRM offers a fresh perspective on people management with an emphasis on long-term resource development, renewal, and rejuvenation. In contrast to mainstream HRM, the characteristics of sustainable HRM are less evident. In contrast to mainstream HRM, the characteristics of sustainable HRM are less evident. There is a greater motivation for firms to report on their sustainability actions in response to the growing public awareness of the significance of organizational contributions to sustainable development. Alongside this, there have also been the emergence of "sustainable HRM," which incorporates a growing corpus of scholarly and practitioner work linking HRM and corporate sustainability A new era in the history of leadership—known as "sustainable leadership"—is brought about by this entirely new idea of leadership. Every organization is gradually being forced to adopt sustainable practices, which pushes managers to broaden their perspectives and develop into sustainable leaders. A new and expanded understanding of the role of leaders in addressing sustainable challenges through the creation of an inclusive, collaborative, and reflective leadership process that leads to sustainable competitiveness is made possible in large part by sustainability education. In addition to concentrating on their bottom line, today's businesses also retain a sustainable competitive advantage by managing their internal resources in addition to external economic, environmental, and social variables. It is seen as an all-encompassing collection of guidelines and initiatives that are incorporated into supply chains, business operations, and decision-making procedures across the board to give the organization a long-term, competitive advantage. In order to understand the concept of sustainable competitive advantage, this paper focuses on the empirical explanations found in the literature on leadership. Specifically, it discusses how leadership practices can effectively create a sustainable culture within an organization and how this can lead to change within and around Indian IT organizations based in Kolkata.

Keywords : Leadership, Sustainable leadership, sustainable competitive advantage, organizations, innovation, change

Introduction

Sustainable practices play a critical part in the fierce rivalry that every organization faces in the globalization and liberalization period, whether they are producing large aero planes or tiny pins. In essence, sustainability is the idea that an organization must assume the responsibility of contributing positively to society through any kind of development that fosters the culture of "power to be good." It includes how their actions affect every facet of their business operations for improving the community, environment, and customers. It is an essential idea for modern organizations, and they bear a crucial duty in it. In today's business world, this idea is seen as a global trend. In today's business world, this idea is seen as a global trend. Businesses may interpret it differently; some may merely consider the effects on the environment, while others consider a wide range of societal, economic, and personal ramifications. This is a relatively new strategy, and organizations are having difficulty determining their long-term duties as it is now required. It is sometimes regarded as philanthropy and other times as a business's ethical obligation. The concept of sustainable leadership holds that managers of human resources should prioritize long-term goals of sustainable development, the environment, and society over short-term profit maximization. The increasing demand for sustainable practices—which necessitate new insights, inventiveness, and value creation for all stakeholders—is driven by the concept of effective leadership. The main concerns of the majority of countries are the depletion of natural resources, the rise in environmental pollution, and societal inequality; these suggest that efforts should be directed more effectively towards meeting social expectations. Organizations in the globalised business sector are placing a greater emphasis on upholding an environmentally friendly culture both inside and outside of their buildings in order to preserve the ecological balance of the environment, which gives rise to the concept of sustainability. Sustainable leaders have broadened the definition of leadership beyond simply inspiring and guiding others to maximize profits. Instead, they have taken charge of fostering and instilling sustainable values in their workforce, encouraging them to recognize and cherish the ecological and cultural diversity of the world's natural resources. This is how sustainable leadership differs from traditional leadership.

Organizations today focus on identifying various product strategies, developing core competencies, acquiring unique technologies, and encouraging innovation in order to achieve a sustainable competitive advantage. These strategies can all be used to build an organization's success in a highly competitive market. Its main goal is to make resources rare, valuable, and immovable for all enterprises. Through improved staff recruitment, retention, and motivation as well as increased production, the idea of sustainability adds value to the company. Today's organizations struggle to develop a sustainable culture by

concentrating on three areas: comprehending sustainability, figuring out how to integrate it into the organization by developing capable leaders, and, most importantly, carrying it out correctly by monitoring, recording, and disclosing sustainability initiatives.   It emphasizes addressing current demands without sacrificing those of future generations in order to address current needs. This idea has been interpreted in a variety of ways in scientific literature, but at its foundation, it is a strategy that strikes a balance between various and conflicting goals and an understanding of the social, economic, and environmental constraints that society faces. Living inside one's own environmental boundaries is this concept's main idea. However, in practice, it's a much bigger notion that encompasses the environment, society, addressing the various needs of individuals in both current and future communities, fostering individual wellness, fostering social inclusion and cohesion, and establishing equitable opportunity. Sustainability practices come with opportunities as well as threats, so firms require leadership that is direct and unambiguous when it comes to defining how operations are to be improved. This analysis tries to incorporate findings from other research that have classified leadership behaviors. It also revealed an expanding body of knowledge regarding the three distinct leadership approaches: environmental leadership, sustainable leadership, and sustainability leadership. In the sustainability age, sustainable leadership first surfaced as a new paradigm for leadership, addressing the question of ethical leadership. Based on social power, ethical leadership examines how leaders use their influence to make decisions, take actions, and impact others in six areas: moral awareness, community/people orientation, character and integrity, motivating, empowering, and managing ethical accountability. According to JT McCann and Holt (2010), sustainable leadership is a new paradigm in leadership that emphasizes sustainability in the context of generating profits for a business both now and in the future while also enhancing the lives of all stakeholders.

We need engaged citizen leaders who can actively work to shift our current social, political, economic, and ecological realities and cooperatively rebuild our sense of community in order to discover solutions to the compound issues that confront our global civilization. Saltmarsh, 1996; Hepburn, 1997; Cress, 2005; Colby & Sullivan, 2009; Shulman, 2007. The concept of sustainability is in and of itself a complicated process that deals with a wide range of problems, including stakeholder conflict, uncertainty, and numerous interconnected areas, all of which highlight the necessity of competent leadership. It takes new structures, abilities, and beliefs to address the many complex issues facing sustainable organisations; these factors ultimately show the way to a new definition of leadership. According to Forbes (2014), "leadership is a complex socially constructed phenomenon," necessitating the need for leaders who can function in a global setting including interdependent, ambiguous, and ever changing entities.

In order to advance the notion of sustainability, a new field of leadership must emerge, one that emphasizes social responsibility and preserving the ecological balance while also fostering organizational change. This essay explains how strong leadership contributes to the development of an organizational culture that offers a sustained competitive advantage.

Literature Review

"There are almost as many definitions of leadership as there are persons who have attempted to define the concept," stated Stogdill in 1974. As each person is unique, their leadership styles are also unique, hence the concept of leadership is broad and devoid of specific guidelines.

According to Rumelt and Lippman (1982), a competitive advantage can only last as long as the resources supporting the advantage's capabilities are difficult for rivals to imitate. Businesses that are addressing the idea of sustainability are focusing on controlling and establishing their own values through creative and effective leadership techniques in a manner that other businesses cannot predict.

Leadership is about "finding the passion, persistence and imagination to get results, to be able to find the Wow factor and to be able to think the weird thoughts necessary to learn and thrive in a disruptive age," according to management guru Tom Peters (1989). Crafting a vision and motivating others to make it happen by increasing their positive energy is the ability of leadership.

According to De Vries (2001), the word "lead" (which meaning "path or road") is the source of the terms "leader," "leadership," and "leadership." To travel is meant by the verb. Therefore, a leader is someone who walks ahead of other passengers to show them the route. Additionally, he makes the argument that management, which is concerned with the success of operations, and leadership, which is focused on the efficacy of strategy, are not the same. Harvard Business School professor John Kotler contends that management and leadership are sometimes misunderstood and that management is about following complexity while leadership is about adjusting to difference.

In their 2002 study, Becker, Ayman, and Korabik examined how a leader affects the organizational context (functioning in or out of role) and their own capacity for self-monitoring in relation to differences in the leader's self-perception and the group members' perceptions of the leader's consideration for and influence over structural behaviors.

"A radically expanded understanding of leadership that includes an enlarged base of everyday leaders in all walks of life who take up power and engage in actions with others to make a sustainable difference in organizations and communities" is what Ferdig (2007) describes as the emerging concept of leadership for sustainability. It is more important to

undertake a root cause analysis of the reason for unsustainability rather than merely adopting the new phenomena, which calls for a thorough knowledge.

"Leadership is about getting people to go where they wouldn't have gone on their own," according to Kingfisher CEO Ian Cheshire (2010). It entails pointing the way in the proper direction by projecting the destination that the people will walk to reach.

Remarkably, several corporate executives believed that the necessity to distinguish environmental leadership from general leadership would be a passing trend. For example, according to Ian Cheshire (2010), "maintaining the [sustainable] agenda and genuinely The unique present combination of difficulties with a 10-year perspective is what makes it vital to the organization. Hopefully, after that, things become much more back to normal. According to Johnson Matthey CEO Neil Carson (2010), "This is like the quality revolution that we had in the eighties." Either businesses died, or they acquired quality. This will eventually apply to sustainability as well. However, there's a transitional period where that applies solely to certain businesses. Thus, you likely have ten years left.

The notion of leadership is not limited to organizational settings; it is also present in many operational domains. Being a leader is having the capacity to persuade, mentor, and educate others in order to accomplish an objective or realize a vision. A formal source of influence, such as a manager with a certain position or grade, might exist. It may also be casual, including any member of the group. In an organizational setting, a manager must possess leadership skills in order to motivate people to complete tasks as a team. Every area need leadership.

It is improbable that any one sustainability leader will exhibit every characteristic, style, talent, and expertise in our model. Instead, in order to be most effective in tackling sustainability concerns, they need to draw from what is acceptable or fitting to their particular circumstances and personality. Additionally, they will work to foster similar attributes in others by assembling teams that possess as many of the necessary components as possible, so facilitating the emergence of distributed leadership inside the company (Center for Excellence in Leadership et al., 2007). Doppelt (2010) refers to the Interface scenario, which emphasizes team structure over the performance of individual leaders. According to what he writes, "some are safety-oriented, some are competitors, some are team builders, and some are entrepreneurs."

The idea of sustainable development has gained attention recently due to the rising concern about environmental and climate change, as well as the problems associated with the depletion of natural resources. Nowadays, everyone—corporate, academic, and practitioner—pays attention to upholding the sustainable culture within their respective fields.

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"To get to the future fast, top managers must either see opportunities, by virtue of pre-emptive and consistent capability - building that other companies cannot copy," state Prahalad and Hamel (1990). Thus, organizations set a high value on developing the idea of core competencies for turning resources into a competitive edge.

According to Teece and Pisano (1997), an organization's capacity to continually build new skills and to refresh, integrate, and expand its current competencies is what gives it a competitive edge that it can maintain. Every firm concentrates on its unique strengths and skills in a way that makes it tough for rivals to copy in order to maintain its place in a fiercely competitive environment.

After weighing the many definitions and phrases, "sustainability" is the most appropriate term for this paper's objectives. "Sustainability" is defined by Quinn and Dalton (2009) as an organization's dedication to initiatives that show how social and environmental issues are integrated into regular business operations.

Sustainable leaders understand the gravity of the sustainability issues that confront their firms and the need to create ethical, compassionate, and sustainable solutions. which also emphasizes the significance of ethics, values, with creative solutions to problems related to sustainability.

In order for companies to behave in a way that is both prosaically and pro-nature, sustainable leadership has implications for a value-based model of leadership development as well as for strategic decision-making that considers economic, social, and ecological factors. Future studies on sustainable leadership development with an emphasis on sustainability-related concerns will have chances thanks to this paradigm for sustainable leadership.

Chief Human Resource Officer of Unilever Sandy Ogg (2010) noted that, from a strategic standpoint, there is no distinction between the leadership techniques for being a sustainable leader. It eventually boils down to whether they are leading for profit or sustainability, which is ultimately defined as leading with empathy in a multi-stakeholder context.

Research Gaps:

Many studies on leadership effectiveness and corporate sustainability have been conducted independently up to this point, which stimulates interest in investigating how successful leadership may help a company maintain a sustainable culture. There isn't much literature on the integrative element of tying corporate sustainability and sustainable leadership together. The structure of this article aims to reduce these gaps.

In the real world, sustainable leadership transforms companies profoundly in all spheres—economic, political, and commercial policies, practices, and strategies—in order to forge a social compact with stakeholders and the larger community.

Research Objectives:

1. Organizations with effective leadership have a sustainable culture.

2. How effective leaders develop their core capabilities, which in turn creates sustainable competitive advantage.

A suggested model is being defined that aims on the elements that affect leadership and, if maintained successfully, produces a lasting competitive advantage inside the firm.

| Leadership for Sustainability | H_1 | Core Competencies | H_2 | Sustainable competitive advantage |
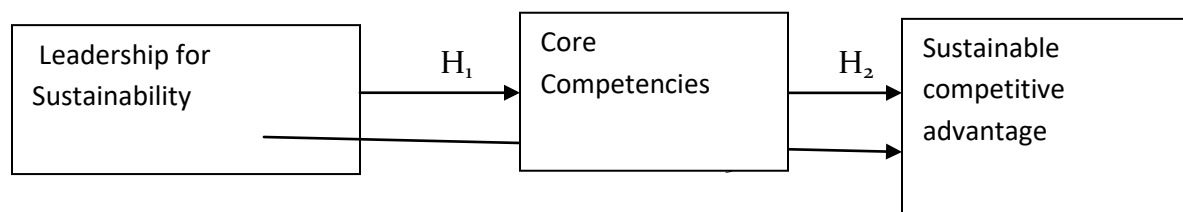
Proposed Hypothesis

H1: Core competencies are the result of sustainable leadership

H2: A durable competitive advantage stems from core skills

H3: Sustainable competitive analysis results from sustainable leadership

Research Methodology

Three main constructs of the proposed model— leadership for sustainability, sustainable competitive advantage, and core competency—are examined in this section of the study. These constructs are unobservable variables, and primary data were gathered for this purpose using a field survey method, with some data also being gathered online. There were 150 people in the sample. The survey consisted of two main sections. The purpose of the first portion was to gather demographic data. The respondents, who were mostly decision makers from big and mid-tier IT organizations in and around Kolkata, ranged in age from 35 to 50, and they included both male and female respondents. Personal interviews were conducted between september 10 and October 10, 2023.

In contrast, the second part attempts to quantify the impact of three constructs. The respondents were asked to indicate their choices based on ten questions that were constructed on a five-point Likert scale, with 1 being the lowest response and 5 the highest.

Cornbach's Alfa was computed for the reliability measurement and determined to be 0.7, well within the required limit. EFA, or exploratory factor analysis, was used to assess the scale's validity. Nine of these ten assertions had factors of 0.5 or higher, and those nine

variables were selected for additional examination. Confirmatory Factor Analysis was used to gauge the scale's validity even more (CFA).

Following the scale's validity and reliability tests, the connection was established using SEM (using AMOS 5.0). Initially, a measuring model was created for this purpose, and CFA was used to assess validity. Important fitness metrics including CMN, CHI SQR/DF, GFI, AGF, and RMSEA were all well within the advised range.

Data Analysis

Following the measurement model's confirmation, a route model was created and each of its parameters was evaluated appropriately.

CFA Model
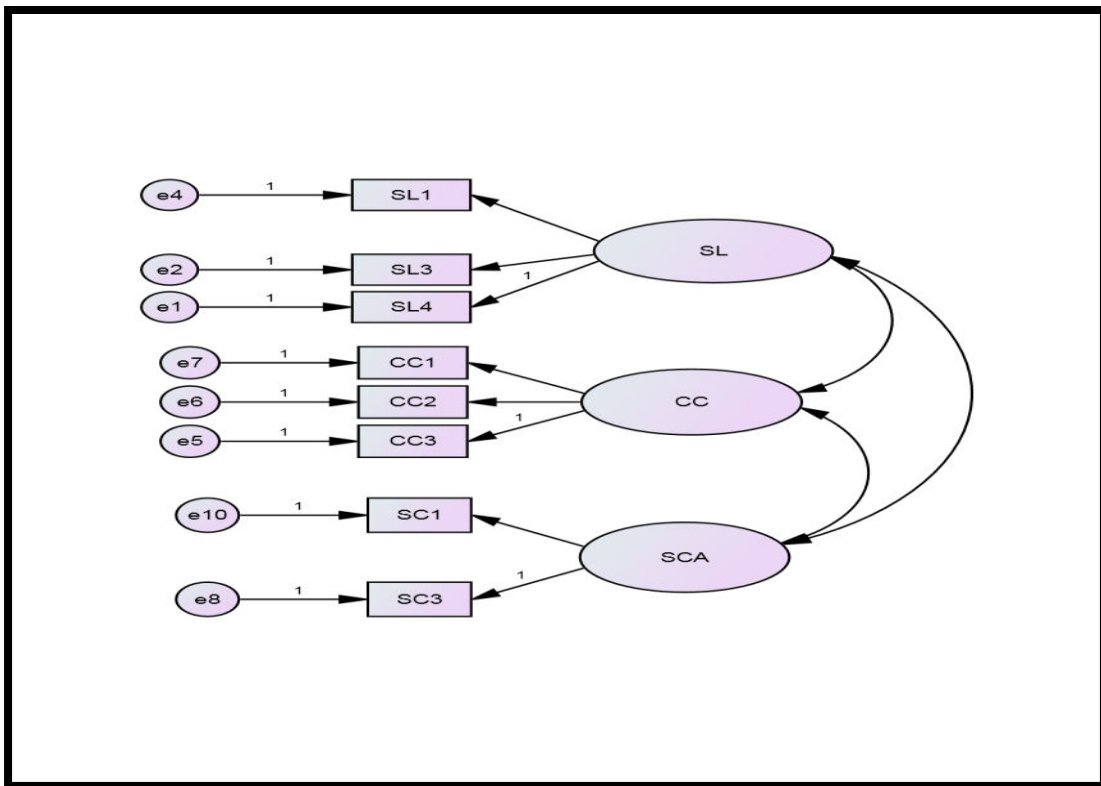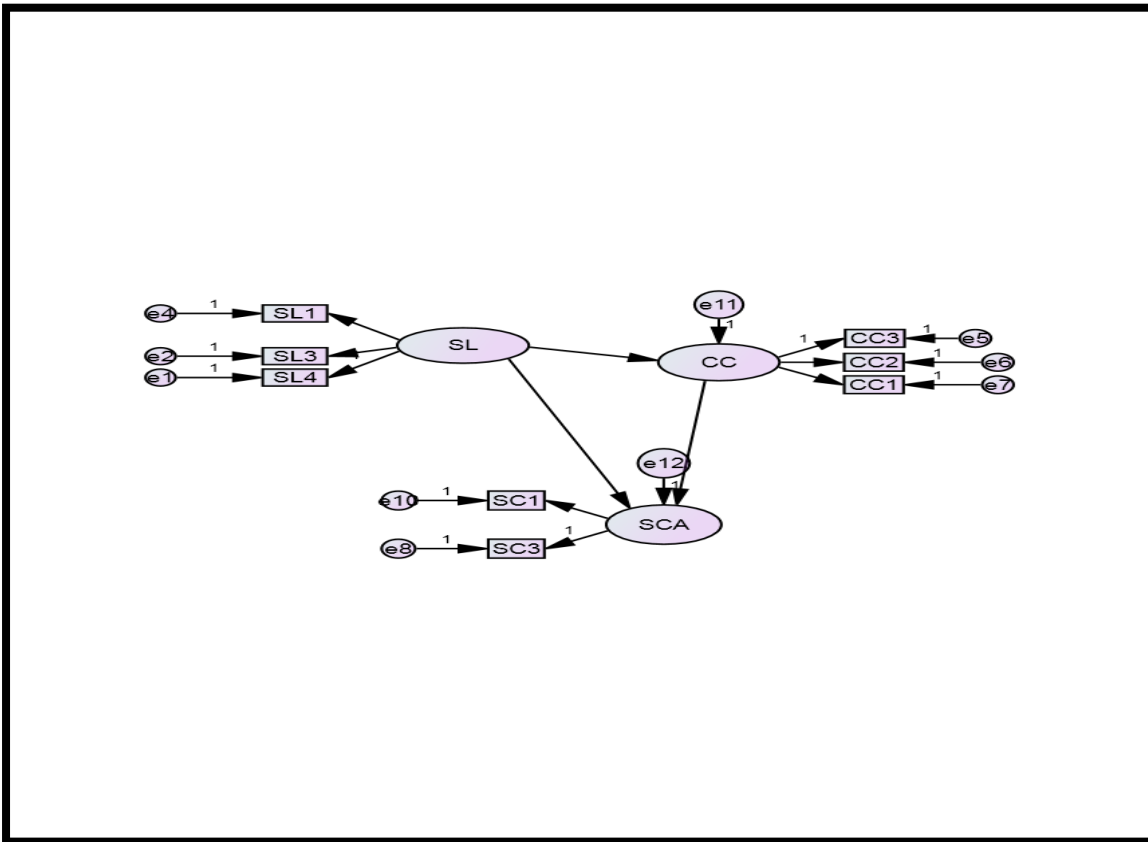

Model fit summary:
CMIN- 2.937
GFI- .920
AGFI-.830
RMSEA-.120

Path Model

Model fit summary:

CMIN- 3.574

GFI- .918

AGFI-.826

RMSEA-.127

<u>**REGRESSION WEIGHT TABLE**</u>:

	ESTIMATE	P	LABEL
CC←SL	.481	***	H_1
SAC←SL	.117	.131	H_3
SCA←CC	.179	.003	H_2

Given that P for both H1 and H2 is less than.005, it may be presumed that those two connection hypotheses are acceptable. In contrast, P in the instance of H3 cannot be accepted since it is.131, or greater than.005.

In addition, by using the core competences as a mediator, the outcome—sustainable competitive advantage—is connected with the sustainable leadership functioning as a casual variable, according to Barren and Kenny's (1978) Mediation.

Conclusion

Thus, it can be said that sustainable leadership, supported by core competences, may effectively and efficiently generate sustainable competitive advantages inside the enterprises. In the context of leadership, the organization's observation and awareness patterns determine the meaning of sustainability. In order to create a social compact with the stakeholders and the larger society, sustainable leadership is what significantly alters organizational economic, political, and business policies, practices, and strategies.

Managerial Implications

Companies that were praised as sustainability leaders in the past may lose credibility in the present as the global problems and competitive landscape change. In a similar vein, the villains of today may become the heroes of tomorrow when it comes to sustainability, and vice versa. Survival is the ultimate objective of sustainable leaders. These days, sustained leadership is essential and given top attention in the management setting. According to Paul Polman "This is not some inspirational dream to help us to try to recruit the best people in the world," states Ogg (2010). This is ultimately a survival problem. If we cause a major environmental catastrophe, we will not be allowed to expand and, worse still, we will not be allowed to continue in business. The world is not going to tolerate it. Both awareness and amplification are overly prevalent. Consider the influence a blogger may have if they decide to spread their message more widely. An organization may create a sustainable competitive advantage by developing the leaders' core skills in sustainability.

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