STRATEGIC ROLE OF LEADERSHIP IN SUSTAINABILITY

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INTRODUCTION

- Sustainable development and the role of Business enterprises
- Adapt strategies and activities to meet the needs of its stakeholders today, while protecting, sustaining and enhancing the human and natural resources needed in the futures.
- The role of CEOs/ business directors/ top leaders in organizations.
- Apply the concept and implement the system and practices leading to sustainable development.
Dey (2011) - Sustainable development has to be ensured at the national well as the industry level.

The Rio document (2012) - The role of business and industry to advance sustainable development initiatives, taking into account the importance of corporate social responsibility.

Corporate sustainability reporting and encourages companies to consider integrating sustainability information into their reporting cycle.

Pflieger et al (2005) - Trade off between profit and social environmental concern
A positive change in the attitude and practices of business and many organizations have pursued sustainable business practices.

Four reasons for immediate attention on sustainability:

1. Climate change, the consequent environmental and weather related problems including global warming
2. A series of recent industrial accidents, leading to major loss of life and/or huge environmental damage
3. A considerable number of corporate business failures indicating poor corporate governance,
4. Corporate frauds, leading to questionable values, ethics, and integrity.
**WHY COMPANIES GO FOR SR(SUSTAINABILITY REPORTING)**

- Producing sustainability reports is to create an identity and enhance image of the companies in the eyes of its stakeholders and the society.

- **KPMG (2005) report** - 64 percent of world’s largest companies have produced sustainability reports - an important form of disclosure.

- Sustainability reports based on triple bottom line concept deserves a principal place to capture the business practices including values, and issues; and report on economic, social, and environmental aspects.
Example of Infosys (Indian IT Company)

“Building and nurturing the larger ecosystem around us ensures the success of a corporation. We look at sustainable practices as an opportunity to apply our core strengths for social good, and innovate to create winning solutions”.

Reflects the sentiments of many Indian companies showing their concern towards environment management and sustainable development.
REGULATORY FRAMEWORK IN INDIA

- There are a number of regulatory frameworks that govern corporate web disclosure - Companies Act, 1956; The Securities and Exchange Board India Act 1992; Indian Accounting Standards.

- There is no mandatory requirement on sustainability disclosure in India, and it is voluntary on the part of companies.

- Public pressures and regulation influenced the environmental / sustainability disclosure and stakeholders to give more pressure on the company to make more sustainability information disclosure.
WEB REPORTING OF SUSTAINABILITY BY THE INDIAN COMPANIES

- Data from 200 largest Indian companies by market capitalization.
- The sample consisted of companies from various sectors: Banking (23), Chemical (13), Finance (17), FMCG (10), Infrastructure (15), Manufacturing (28), Mining (6), Oil and Gas (14), Pharmaceuticals (17), Power (14), Service (26), Steel / Non Ferrous (11), and Automotive (6).
The Indian companies which have carried out excellent sustainability reporting in the form of standalone sustainability reports are: Ambuja, BPCL, GAIL, Hindalco, Infosys, Indian Oil, ITC, Maruti Suzuki, ONGC, Reliance Industries, SAIL, Tata Motors, Tata Power, Tata Steel, and TCS. A fairly good amount of sustainability information disclosure has been made by the Tata Group companies in India.
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The sustainability reporting indices for the Indian top 200 companies have been calculated and a comparison is provided against the sustainability reporting indices for the global top 100 companies.

Indian companies have performed well in reporting social responsibility through the internet and the index score for the social performance disclosure through the corporate website is 0.63750.

The Indian companies which have done good amount of sustainability information disclosure through website are: ABB, Ambuja, Dr.Reddy’s Laboratories, Maruti Suzuki, Nestle, Pidilite industries, Ranbaxy, Sterlite, Tata Chemicals, and Tata Power.
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Leadership plays a critical role in sustainable development through his vision, mission and by providing a strategic direction to the organization.

Environmental leaders need to exert influence across organizational boundaries using their personal power.

Leaders need to possess certain characteristics like confidence, openness to experience, agreeableness, persistence, promotion regulatory focus, etc.
All the stakeholders must subscribe the idea that they are going to meet the today’s needs without compromising the needs of the future generations.

The business leaders need to make a tradeoff between their business interest and the larger good of community and society.

They are also under pressure to restore the damaged environment firms have to solve these problems in a sustainable manner.

There has been a widespread support in the business community for sustainable development as reflected in the sustainability reports of the companies.
CORPORATE STRATEGY

- The concept of sustainable development needs to be integrated with the policies and practices of management.
- In order to follow sustainable business practices, management requires an effective framework for governance and decision making.
- It should be integrated with business planning and management information and control systems.
STRATEGIC ROAD MAP-

- Identify the stakeholder having interest in the firm
- Identify the needs and expectations of each stakeholder including their current and future needs
- Organization norms and values concerning sustainable development and communicating it to the employees
- Regular information on legislations, industry practices and standards, competitive strategies, community and group interest and policies, unions concern, and advances in technology
- Involving the board of directors
ORGANIZATIONAL/LEADERSHIP ISSUES

- Change in the corporate culture
- Employee attitudes, defining responsibilities and accountability,
- Organizational structures
- Information reporting systems and operational practices.
- Communication
- Reward systems
- Transformation leadership style/Transcendent leadership style
- Role of Emotional intelligence
CONCLUSION

- Corporate world has realized the importance of sustainable development and is engaged with the implementation of the concept of sustainable development, showing regard to social and environmental issues and integrating it with their business plan, systems and practices.
- Most of the large Indian corporate has made disclosure in various forms like web reporting, annual report and sustainability development report.
- The role of leadership in developing business strategy, executing and implementing systems and practices and integrating with sustainable development practices.
- Organizational level variables like structure, culture, communication and HR system and practices and management should ensure that it is taken care while realizing the goal of sustainable development.