

BUILDING SUSTAINABLE PERFORMANCE THROUGH LEADERSHIP

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Abstract: *The past decades witnessed the emergence and development of the sustainability issue in any field of activity or industry. On the one hand, international organizations and governments worldwide collaborated and established numerous agreements, conventions and laws in favor of environmental protection. On the other hand, sustainability has become an interesting and appealing scientific research topic for a plethora of experts and scientists. Consequently, the leadership of organizations has made and makes significant efforts to build and attain sustainable performance. The purposes of the paper are to define in brief the concepts of sustainable performance and leadership, and to outline their relationship. To reach these aims the author employed a scientific methodology based on a qualitative research method. The findings show that leadership highly influences organizational performance in any domain of activity. Moreover, sustainable performance demands the reconciliation among the economic, the social, and the environmental sides. This is why leadership should make efforts to deeply embedded social and environmental aspects in the economic activities and processes of an organization.*

Keywords: *sustainable performance, leadership, sustainability, organization.*

JEL Classification: *L25, M19, Q01.*

1. Introduction

In the late 1960s, an eclectic group of individuals, composed from economists, scientists, academics, industrialists, civil servants from ten countries, gathered in Rome to discuss about the future of humanity. Starting from five key elements- population, industrial production, pollution, food production, natural resources- they concluded in their research that the limits to growth on our planet will be attained in the next one hundred years (Meadows et al., 1972). Later, the Brundtland Commission, appointed by the United Nations, addressed the most important challenges (e.g., environmental, economic) to the human society and called for sustainable development (World Commission on Environment and Development, 1987).

This is why the past decades witnessed the emergence and development of the sustainability issue in any field of activity or industry (Cornescu et al., 2004; Marinescu and Toma, 2015a). On the one hand, international organizations and governments worldwide collaborated and established numerous agreements, conventions and laws in favor of environmental protection. Sustainable growth and development became key objectives for many countries all over the world (Toma and Grădinaru, 2017; Toma, 2019). On the other hand, sustainability has become an interesting and appealing scientific research topic for a plethora of experts and scientists (e.g., ecologists, lawyers, economists, engineers) in an increasing globalized world (Toma, 2005; Toma and Săseanu, 2007).

On their turn, non-governmental organizations, business and non-profit organizations have understood the need to adopt, implement and promote the principles of sustainability in their activities and processes (Toma et al., 2011a; Toma et al., 2011b; Toma, 2012). Consequently, the leadership of organizations has made and makes significant efforts to build and attain sustainable performance.

The purposes of the paper are to define in brief the concepts of sustainable performance and leadership, and to outline their relationship. These aims were achieved through a qualitative research method. The structure of this study is as follows: the next

section illustrates the literature review. The research methodology is exhibited in the third section of the paper. The results are discussed in the fourth section. The paper ends with conclusions.

2. Literature review

Recent years confirmed the increasing role of sustainability issues in human society. Being analyzed through its three main dimensions (Kuhlman and Farrington, 2010)- economic (profit), social (people) and environmental (planet)-, sustainability means „transforming our ways of living to maximize the chances that environmental and social conditions will indefinitely support human security, wellbeing, and health” (McMichael et al., 2003, p.1919).

Sustainability raises a delicate question for any organization: how does the organisation relate to its environment? (Metcalf and Benn, 2012). Thus, it requires leaders of organizations to design sustainable strategies and to initiate sustainable practices (Metcalf and Benn, 2013). In essence, the shift to sustainability has deeply influence leaders in organizations to adopt the principles of sustainability. Therefore, they have sought not only to attain but to build sustainable performance in their organizations. Sustainable performance is defined as:

- the performance that „measures and assesses the performance of the firms from all aspects and for all stakeholders” (Iqbal et al., 2020, p.3).
- „organizations achievements regarding stakeholders’ expectations in three main areas, i.e., economic, social, and environmental performances” (Dey et al., 2022, p.4).
- „the ability of the organization to achieve its business and increase value for shareholders, taking into account the long-term economic, environmental and social responsibility” (Al-Abbadi and Abu Rumman, 2023, p.3).
- „an organization’s ability to achieve its financial objectives while making a positive impact on the environment, [employees’ well-being](#), and society as a whole” (Abensur, 2024, p.1).

These above-mentioned definitions allow the identification of the following features of sustainable performance:

- ❖ There is no unique definition of this concept.
- ❖ It is strongly connected with economic issues, social problems and environmental issues.
- ❖ The concept addresses a plethora of stakeholders (e.g., employees, shareholders).

On its turn, the concept of leadership is one of the oldest in the scientific literature. It is defined from various perspectives as:

- „an asymmetrical relationship of influence, where one actor guides or directs the behavior of others towards a certain goal over a certain period of time” (Underdal, 1991, p.140).
- „the actions of individuals who endeavor to solve or circumvent the collective action problems that plague the efforts of parties seeking to reap joint gains in processes of institutional bargaining” (Young, 1991, p.285).

- „the ability to motivate others and listen to them, be trustworthy and competent” (Twin, 2024, p.1).
- „a set of mindsets and behaviors that aligns people in a collective direction, enables them to work together and accomplish shared goals, and helps them adjust to changing environments” (McKinsey, 2024, p.1).

These above-mentioned definitions enable the identification of several characteristics of leadership, as follows:

- It represents a complex, elusive and multidimensional concept (Toma et al., 2020a; Toma et al., 2020b).
- Leadership involves a relationship between the leader and its followers (Marinescu et al., 2015; Marinescu and Toma, 2015b).
- It is associated with the collective attainment of some common goals (Toma, 2008a; Toma, 2013).
- Leadership provides direction for an organization and its people (Grădinaru et al., 2020; Toma, 2024).

In order to build sustainable performance, the leadership of an organization should possess strategic thinking (Toma and Marinescu, 2015; Toma et al., 2016a), design and implement strategic plans (Toma and Marinescu, 2013; Toma and Grădinaru, 2016; Toma et al., 2016b), implement sustainable business models (Tohănean and Toma, 2018; Toma and Tohănean, 2018; Toma and Tohănean, 2019), promote an entrepreneurial mindset (Marinescu et al., 2017; Grădinaru et al., 2018; Catană et al., 2020), align with the corporate social responsibility principles (Toma, 2006; Toma and Hudea, 2012), utilize lean and agile management (Naruo and Toma, 2007; Marinescu and Toma, 2008; Toma, 2023) and marketing mix (Grădinaru and Toma, 2017; Catană and Toma, 2021a; Catană and Toma, 2021b), invest in its human resources (Marinescu and Toma, 2013; Săseanu and Toma, 2019; Catană et al., 2021), and use various managerial methods and techniques (Toma, 2008b; Toma et al., 2010).

Since the beginning of the 21st century, many researchers have published numerous articles and books related to the relationship between sustainable performance and leadership (Hind et al., 2007; Spreitzer and Porath, 2012). The analysis of this relationship is presented in chapter 4.

3. Research methodology

To attain the objectives of the paper, the author employed a qualitative research method. First, he identified and collected needed the information through desk research from multiple secondary data sources such as articles and books. Second, the author carried on a comprehensive literature review. Third, he carefully analysed and synthesized the information. Then, the author elaborated the study.

4. Results and discussion

This section of the research analyses the relationship between sustainable performance and leadership at organizational level. By embracing the principles of sustainability, the leadership of an organization, irrespective of its size and industry, can highly contribute to building sustainable performance. Starting from the literature review, the following outcomes seem relevant for the research:

- A responsible leadership should be at the core of organisational sustainable performance (Figure no. 1). In this case, there are several compulsory attributes for a leader such as (Hind et al., 2007):
 - Performing with integrity.
 - Being an open-minded person.
 - Taking care of subordinates.
 - Demonstrating a long-term perspective.
 - Knowing to communicate with others.
 - Behaving in an ethical manner.
 - Managing responsibly both inside and outside the organisation.
 - Showing respect for all employees.
 - Being positive, honest and trustworthy.
- An effective leadership should encourage not only a pro-organisational but also a pro-social, pro-environmental and pro-societal behavior (Lu and Lin, 2014).
- An ethical leadership should convince employees to behave in a socially responsible manner (Dey et al., 2022).
- A sustainable leadership should allow and stimulate employees to play a significant role in attaining superior organizational performance in a sustainable manner. A thriving workforce is essential for building sustainable performance (Spreitzer and Porath, 2012).
- A collaborative leadership should make organization members to often interact in ways that give birth to new forms of intellectual and social experiences and understandings (Gemmil and Oakley, 1992).
- A transformational leadership should create an organizational environment conducive to novel ideas and innovation (Shin and Zhou, 2003).
- An authentic leadership should stimulate leader's integrity and job performance (Walumbwa et al., 2008).

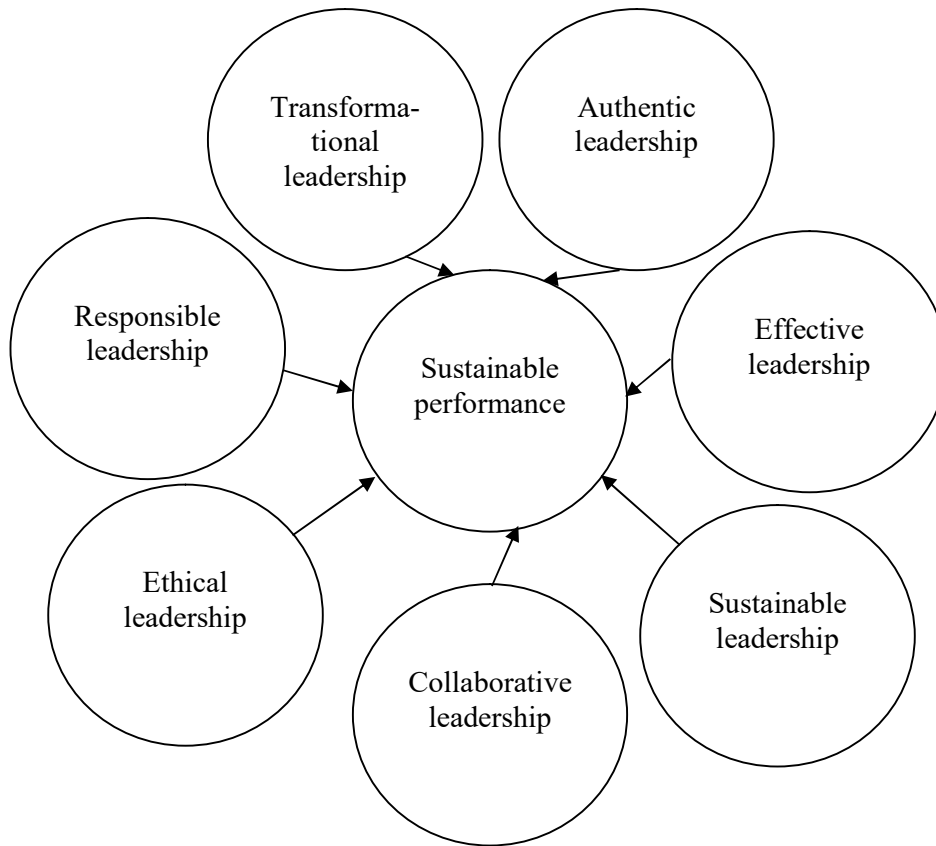


Figure no. 1. Sustainable performance and leadership
Source: author's contribution

In essence, these results outlined some of the most important features and facets leadership should possess in order to build sustainable performance within an organization. Without any doubt, leadership highly influences organizational performance in any domain of activity. Moreover, sustainable performance demands the reconciliation among the economic, the social, and the environmental sides. This is why leadership should make efforts to deeply embedded social and environmental aspects in the economic activities and processes of an organization.

5. Conclusions

Since the late 1980s, there has been a growing concern towards environmental protection. In the past decades, sustainable development and sustainability have become key issues both in theory and practice.

The paper defines the concepts of sustainable performance and leadership, emphasizing some of their characteristics. Also, it shows that building sustainable performance through leadership at organizational level requires the attainment of an equilibrium between the economic view and the socio-environmental side.

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