

Building Leaders for Corporate Social Responsibility (CSR): A Case Study

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Abstract: According to UN, Corporate Social Responsibility (CSR) is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is an approach which helps a company to achieve a balance of economic, environmental and social constraints popularly known as “Triple-Bottom-Line- Approach”, by addressing the expectation of shareholders and stakeholders at the same time. The HR Manager is responsible to a wide ranging group of employees, communities, and investors. With the impact of information technology and globalization there has been a change in nature of these affairs which is affecting corporate performance. As Hilton and Gibbon (2002) said that Corporate Social Responsibility requires Corporate Social Leadership. This concept has achieved greater consequence due to its importance for growth of the society and its people in particular. This article aims at studying the role of Leadership for CSR, the Leadership practices for CSR Leaders and to study the implication required in converting managers to CSR Leaders. The study is poised basically from journals, conference proceedings, business article etc. The aim of article is to emphasize the importance of CSR leaders towards the progress of the society and for a better planet.

Keywords: Corporate Social Responsibility, Economics and Managing Business, Leadership.

1. INTRODUCTION AND PROBLEM DEFINITION

According to UN, Corporate Social Responsibility (CSR) is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. It is the way in which CSR helps a company to achieve a balance of economic, environmental and social imperatives popularly known as “Triple-Bottom-Line- Approach”, by simultaneously addressing the prospect of shareholders and stakeholders. The HR Manager is responsible to a varied group of stakeholders – employees and communities, and investors. Due to internet and globalization there has been a change in nature of these relationships which is affecting corporate performance. As Hilton and Gibbon (2002) said that Corporate Social Responsibility requires Corporate Social Leadership. This concept has just gained prominence due to its importance for growth of society and its people in particular.

Corporate social responsibility lies beyond stakeholder engagement. It needs to cultivate leaders within the organization. We know that all managers cannot be leaders. So Leadership involves an obligation beyond managing routine tasks. Leaders are answerable, courteous and consistent in their approach and need to be open to communication. Pairing solid management skills with these leadership qualities helps companies to sustain a climate of social responsibility and ethics by ratifying a tacit organization-wide regulations of equality and admiration for others. The aim of our study is based on the role of Leadership for CSR, study the Leadership practices of CSR Leaders and to study the implication to managers needed to change managers to CSR Leaders working to promote a socially responsible leader for the CSR leaders for the benefit of the society and for a better planet.

2. LITERATURE REVIEW

A leader is a person who has a dream, a drive and a dedication to achieve that vision, and the skills to make it happen. Leadership can also be defined as organizing a group of people to achieve a common goal. Some theories on Leadership involves traits, situational interaction, function, behavior, power, vision and values, charisma, and intelligence, among others.

According to theories in the 20th century great leaders were born, not made. By the current studies reveals that leadership is much more elaborate and cannot be confined with few key traits of an individual. We have found by study that one such trait or a set of traits does not make an individual an amazing leader. What scholars have been able to arrive at is that leadership traits of an individual do not change from situation to situation; such traits include intelligence, assertiveness, or physical attractiveness.

Resolve and drive consist of traits such as plan, energy, boldness, firmness, masculinity, and sometimes supremacy. People possessing these traits often tend to enthusiastically follow their goals, tend to work long hours, are determined, and often are very competitive with others. Cognitive capacity include aptitude, analytical and verbal ability, flexibility in behavior, and good judgment. Individuals having these traits are able to prepare solutions to tricky problems, work well under stress or deadlines, adapt to changing situations, and create well-thought-out plans for the future. Howell provides examples of Steve Jobs and Abraham Lincoln as encompassing the traits of determination and drive as well as possessing cognitive capacity, demonstrated by their ability to adapt to their continuously changing environments.

Self-confidence encompasses the traits of high self-worth, boldness, emotional stability, and self-confidence. Individuals who are self-confident do not distrust themselves or their abilities and decisions; this ability of self-confidence is projected onto others thus building their belief and obligation. Candor is demonstrated in those individuals who are honest, reliable, ethical, consistent, dependable, loyal, and not deceptive. Leaders with integrity often share these values with their followers, as this trait is chiefly an ethics issue. It is often marked that these leaders keep up their promises and are truthful and open with their associates. Friendliness describes individuals who are warm, extroverted, tactful, flexible, and interpersonally capable. Such a trait helps leaders to be acknowledged well by the public, use subtle actions to solve issues, as well as hold the capability to adjust their social role to the present state.

There is growing identification of the new types of business leadership skills and competencies required to support long-term competitiveness with broader sustainability risks and challenges. The GE Chairman and CEO Jeffrey Immelt (2010) commented in his letter to shareholders that "There are certain fundamentals of leadership at GE that never changes its commitment to integrity, a commitment to performance and commitment to innovation. Beyond this as the world changes, leadership must evolve as well".

According to European Commission CSR is described as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis". CSR as defined by World Business Council for Sustainable Development as "the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large."

In relation to stakeholders –"Companies are augmenting their discussions with labor unions, environmental groups and other relevant stakeholders and the implementation of certification solutions by corporations, which is the establishment of codes of conduct" (Kapstein, 2001). According to Wood (1991), Thomas and Simerly (1995) and Agle et al (1999), while creating frameworks can be informative, much more thought should be given to concrete examples of how managers use CSR values in their decision-making because managers decide on what gets done in organizations. Waldman et al (2006b), found a neo-charismatic leadership paradigm and suggest that two key aspects of leaders are critical to social responsibility and sustainability: visionary leadership which encompasses a sense of mission, an inspirational vision and determination; and secondly, the concepts of integrity and authenticity, encompassing stability and continuity. Similarly, while autocratic leadership leads to explicit, compliance-based CSR, authentic leadership styles promote implicit, transformational sustainability according to Angus-Leppan et al (2010).

The concept is been argued by Luthans and Alvolio (2003) that an authentic leadership development strategy is urgently needed for leaders to cope with the ethical issues thrown up to achieve sustainability in leadership. They draw on a wide ranging body of research including the area of positive psychology (Seligman, 2002; Seligman & Csikszentmihalyi, 2000;

Snyder & Lopez, 2002); transformational leadership (Bass, 1985, 1998) and ethical and moral perspective-taking (Schulman, 2002). It is found in an issue of The Leadership Quarterly in 2005 which further expands the domain to include work on authentic follower development (Ilies, Morgeson & Nahrgang, 2005).

According to Avolio and Gardner (2005) authentic leadership with other leadership theories without really moving things forward More successfully, they draw out positive psychological capital, positive moral perspective, leader self-awareness, leader self-regulation, leadership behavior, follower self-awareness, and follower development as key themes.

3. OBJECTIVES OF STUDY

Our aim of this study is:

1. To analyze Leaders, their Traits and their Role for CSR.
2. To examine the Leadership practices of CSR Leaders.
3. To review the implications needed to convert managers into CSR Leaders.

4. METHODOLOGY OF STUDY

The Qualitative data in the research is extracted from interviews, archives, documents, newspapers, etc. Two types of data have been used in conducting the research; primary and secondary. Primary data is available on the corporate website and is in the form of archived interviews, statements, documentation, etc. The other type of data used for the analysis is the secondary data. These are academic journals and articles available on scholarly online databases, newspaper articles, and books.

5. CASE STUDIES OF LEADERS IN THREE LEADING COMPANIES

5.1 CSR at IBM:

According to CEO Samuel J. Palmisano, a smarter world – by which he means a more instrumented, connected and intelligent global society – is also a more sustainable world. In the post-industrial age that we have now entered, he says, “the relevant struggle is not nature vs. industry, but systemic vs. fragmented.” For example, using IBM integrated solutions, Cosco, a global shipping firm in China, reduced its distribution centers from 100 to 40, lowering its logistics costs by 23% and its CO₂ emissions by 15%. Palmisano emphasises that “the most important factor in achieving this kind of progress is not technology. It's leadership. Because just as complex, interdependent systems demand new kinds of technology, they also require new forms of management.”

5.2. CSR at Patagonia:

Patagonia built the best product by integrating CSR into business model to inspire and implement solutions to the environment crisis creation and strategic management. Financial Improvement was profitability by growing revenue, increasing Market Share, creating customer value, environmental goodwill by providing extreme fight to save clients understanding the customer. In 2011 Patagonia made its Green strategy by developing a green business into new polyester fiber which is lower than making it products model throughout the company, by integrating from previously unused raw materials, and savings of 76% in economic costs and of 72% in Co₂ taking part in related projects emissions. Patagonia has succeeded in reducing the widely impact on the atmosphere by producing polyester known but Patagonia's place is in the third wool from recycled soft-drink bottle ends. There is an initial cost and barrier for Patagonia, heart of these groups are an integral part of the environmental innovation, technology, but its strategy and form part of its surroundings. Patagonia creates high quality products for the company and also for the rest of society and natural environment. As Yvon Chouinard says: “If you miss out on one of environmental issues and climate crisis the pieces in this puzzle, it's highly likely that you'll of it', lose the lot”

Hence by total integration of CSR and strategy responsible values, Patagonia's values are clearly aligned with what its source of innovation customers expect of it- love of nature and adventure. The way in which Patagonia approaches the production is of making its product brand better known. The continual process of obtaining quality products and how they use and deal with raw materials implies development and innovation in new technologies - as unlike its closest rivals.

5.3 CSR at Google:

Google has been successful in building a perception of caring around the world, Nielsen. They are seen as a company that treats their people well. It ranks number one in the world in this dimension—and that is a great platform to stand on. The logic is that, if you treat your own people well you are open, honest, and a caring company. And through its focus on this dimension, Google has been able to be seen as a local company in many countries around the world.”

Jacqueline Fuller, director of Google, says “ At Google we are big believers in the power of technology and giving back is a huge part of what motivates us as a company, and as individuals”. Google invest in social entrepreneurs who are using technology to crack the code on the world’s toughest problems. It also invest in tech-based efforts to expand access to clean water, stop wildlife poaching, prevent the horrible practice of human trafficking and reduce poverty worldwide. Googlers—everyone from engineers, marketers to business operations gurus—who help nonprofit teams are intensely passionate about everything they do, and that includes rolling up their sleeves to make their communities a better place—whether it’s responding to natural disasters, tutoring kids in computer science or helping nonprofits collect real-time impact data.

Google has donated over \$400 million in grants worldwide in the past three years, approximately \$4 billion in free ads, apps and products, and Googlers have volunteered approximately 6,500 total days of employee time to support nonprofits (a total of 180,000 hours) rather than only confined with adding dollars into their wallets.

6. CASE ANALYSIS

Leadership practices of CSR Leaders.

After studying the three most significant companies having prominent roles of Leaders for investing in the Corporate Social Responsibility The following assessment were made regarding the attitude of CSR Leaders-

- **Complete, interdisciplinary understanding**

Interdisciplinary understanding (i.e., the ability to integrate knowledge from two or more disciplines to create products, solve problems, or produce explanations) is a hallmark of contemporary problem-solving and discovery—and a primary requirement for relevant leaders today.

- **Emotional intelligence and a caring attitude**

Emotional intelligence (EQ) is the ability to use emotions efficiently. Research says that emotionally intelligent leaders are more successful. It consists of the capability to understand and manage oneself and ability to comprehend and relate well to others. A good leader must recognize oneself and others thus being able to respond well in social situations. These strengths helps in providing a foundation effectively for others.

- **A values orientation that shapes culture**

Individuals held cultural values and beliefs, play an important role in how employees react to aspects of their work. In the leadership domain, like implicit leadership theories (Lord, 1985), cultural value orientations can shape beliefs about what behaviors, styles, skills, and personality traits characterize effective leadership (Javidan , Dorfman , de Luque, & House, 2006). Thus, to be successful in managing a culturally varied workforce, leaders need to be aware of how individually held cultural value orientations affect reactions to leadership, as well as how different leadership behaviors cooperate with followers’ cultural value orientations to influence follower affective, cognitive, and behavioral outcomes.

- **A strong vision for making a difference**

"The very essence of leadership is that you have to have a vision. It's got to be a vision you articulate clearly and forcefully on every occasion." --Theodore Hesburgh, President of the University of Notre Dame. Leaders have vision. They share a vision and direction that other people want to share and follow. The leadership vision goes in advance of your written organizational mission statement and your vision statement. The vision of leadership permeates the workplace and is manifested in the actions, beliefs, values and goals of your organization’s leaders.

- **An inclusive style that engenders trust**

An inclusive leader must take on – and survive with a set of values, which puts human relationships center stage and which defines the intention of your enterprise in other than purely financial or commercial terms. As Philip Sadler quotes "Such set of values will include respect for the individual, the elevation of service above self-interest, restraint in the use of power, and not, least, a concern for sustainable development. This leadership will need to be found not only in the organization's management but also among employees, customers, investors, suppliers and the community." Inclusive leaders perceive the organization as a difficult system of mutually co-dependent relationships, understand the relations between the organization and the wider socio-economic environment and see organizational change.

- **A keenness to innovate and be radical**

Leadership is indispensable for successful innovation since not just processes, methods and techniques are related but the key is the making of the right environment. This has a far greater impact on the success of innovation projects than going on the next creativity procedure to generate new ideas. The problem that large corporations face is not that their employees don't have good ideas – the trouble is that they are reluctant of distribution because the environment doesn't maintain them. Leaders for innovation projects should make sure that the environment allows the materialization of these ideas.

- **A long term perspective on impacts**

The power of the long-term point of view is a critical attribute of visionary leaders—a critical element of leadership in all its forms. The ability to think about what may or can exist ten or more years in the future differentiates visionaries from their peers by setting them and their organizations distant from others. The futurists and leaders identify a vision, a purpose in the future leading the way to that destination. That destination or vision represents the power of the long-term perspective. As organizations and individuals begin to identify that the methods of insight and future studies can be educated and learned on a nonprofessional track, there will be a growing interest in learning futuring systems. There is a rising need to train leaders and future leaders in a nonprofessional track of futuring.

- **Technology along with new forms of management**

Technology is an integral part of business in the contemporary world of cut throat competition. But the interdependent systems in business not only demand new kinds of technology, but also require new forms of management. The need of the hour is a paradigm shift from corporate managers to CSR leaders.

7. CONSEQUENCE TO MANAGERS

From the analysis of the above cases we came to know that corporations that are careful leaders in terms of business performance take a common advance to CSR. We found these interrelated criteria that shape a new plan for how corporations can make the most of their investments in CSR

1. CSR strategy Development with clear vision, mission, values

CSR Leader requires to set a clear articulated vision, mission and values. He should work to add ROI to the organization, so that this could be both a good business strategy and a good people strategy. He needs to bring the opportunities to the attention of the senior executive and the board. These are the first steps to building CSR Leader into the company's DNA and into the organization's operating and strategic framework. Employees and other stakeholders should be involved in the development of the corporate vision, mission and values.

2. Excellent communicator.

CSR leaders have to be talented to talk to the company's board of directors, the executive team, their peers in other areas of the company, employees at all levels, regulators, legislators, community and nonprofit leaders — all stakeholders — in suitable language with a reliable message.

3. Charismatic and influential figure able to deal with complex state of affairs in the corporation.

Besides communicating a message, CSR leaders are often called upon to gain cooperation from stakeholders for important programs to be implemented. As there are so many stakeholders in a corporation, the CSR leaders will often find himself in difficult situation. Good CSR leaders are able to see things from different angles and help in resolving the landmines and gain cooperation.

4. Greater understanding about business and recent issues in industry.

In order to understand different stakeholders' point of view, a CSR leader should understand the business, what helps in solving the issues in the industry.

5. Understand your communities, their issues and needs.

CSR leader need to know the needs of the community and focus on clearly with the business objectives of the firm and, hence, are immediate priorities. The focus areas may be known gaps in the firm's processes, may attempt to capitalize on a new opening or may concentrate on needs of certain key stakeholders

8. CONCLUSION

This research is an attempt to build leaders for Corporate social responsibility. We studied about the leaders, their traits and the CSR Leaders. We made an attempt to study the companies of IBM, Patagonia and Google by accessing the role of CSR leaders in these companies showcasing the best CSR Leaders. After considering the three companies we studied the leadership practices of these companies. The study delivers value propositions for managers to make strategies according to vision, mission and values of company, be an excellent communicator, be charismatic with abilities to deal in complex situations, understand the business, recent issues and the need of company and the communities. The study opens new scope of finding the model of CSR Leader according to company. Today it is necessary for companies to work with leaders to develop practical solutions that bring together profitability and sustainability and catalyzes change in the wider system.

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