Constructing CSR through Servant Leadership for Sustainable Development

Jaideep
PhD Scholar Faculty of Management Studies, University of Delhi
E-mail: jaideepdb@gmail.com
Abstract

Today the sustainable development is one of the important leadership challenges in the world. It has become a priority for individuals, governments and corporations. Organizations that embed sustainability in their strategy and operations will exist in future. Organizations every action has an impact on employees, customers and shareholders and on the ecosystem in which they exist and operate. Thus it indicates the necessity of incorporating corporate social responsibility (CSR) in business processes. CSR is now seen as the responsibility of companies for the impact they have on society. Focusing on CSR by organizations is important as it involves applying the concept of sustainable development to the corporate world. Companies that respect and listen to their stakeholders must naturally be concerned by their growth and profitability, but they must also be aware of the economic, environmental and societal impacts of their activities. Therefore, we need leaders at every level of our societies and organizations with a spirit to serve its people. This is the calling of the leader in sustainable development as business cannot survive in a world and society that fails. Servant leadership could prove to be an important framework for laying out the leadership responsibilities of a leader in sustainable development. This paper is a humble attempt to understand the need of connecting spirituality, business and society for sustainable development.

Key Words: CSR, Servant Leadership, Spirituality, Sustainable development
**Introduction**

Sustainable development is ultimate leadership challenge in the world today because of our inability to promote the common interest in it. Now it has become a priority for individuals, governments and corporations. The concept of sustainable development expresses an ethical position of justice and solidarity within and between generations. It condemns present actions that place a burden on or reduce the possibilities available to future generations. It requires a long-term view and an integrated perspective of the whole human and natural system. Organizations that embed sustainability in their strategy and operations will only exist in future. Organizations every action has an impact on employees, customers and shareholders and on the ecosystem in which they exist and operate. Thus it indicates the necessity of incorporating corporate social responsibility in business processes. CSR is now seen as the responsibility of companies for the impact they have on society. Focusing on CSR by organizations is important as it involves applying the concept of sustainable development to the corporate world. Therefore, we need leaders at every level of our societies and organizations with a spirit to serve its people. Servant leadership could prove to be an important framework for laying out the leadership responsibilities of a leader in sustainable development. The primary objective of this paper is to gain insight into how CSR contributes to sustainable development through spirituality and servant leadership.

**Sustainable Development**

The World Commission on Environment and Development (WCED) in its report, “Our Common Future” often referred as ‘the Brundtland Report’ defines sustainable development as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs.” (WCED 1987, p 43). The WCED’s thesis of sustainable development posits that, the present generation has been reckless and wasteful in both its exploitation and use of natural resources by pursuing a series of socio-economic and industrial policies that endanger global environmental security.

The commission defines the fundamental constructs of sustainable development as follows:
- A political system that secures effective citizen participation in decision-making.
- An economic system that is able to generate surpluses and technical knowledge on a self-reliant basis.
- A social system that provides for solutions for the tensions arising from disharmonious development.
- A production system that respects the obligation to preserve the ecological base for development.
- A technological system that can search continuously for new solutions.
- An international system that fosters sustainable patterns of trade and finance.
- An administrative system that is flexible and has the capacity for self-correction.

Sustainable Development (SD) implies economic growth together with the protection of environmental quality, each reinforcing the other. Sustainable Development, thus, is maintaining a balance between the human need to improve lifestyles and feeling of well-being on one hand, and preserving natural resources and ecosystems, on which we and future generations depend.

SD may also be defined as, “To improve the quality of life while living within the carrying capacity of ecosystems” IUCN (The World Conservation Union), 1991

Thus, Sustainable development does not focus solely on environmental issues. More broadly, it encompasses the three general policy areas namely economy, environment and society.

The Swiss ‘Monitoring of Sustainable Development Project’ MONET (BFS, BUWAL & ARE) in 2001, proposed the following definition: ‘Sustainable development means ensuring dignified living conditions with regard to human rights by creating and maintaining the widest possible range of options for freely defining life plans. The principle of fairness among and between present and future generations should be taken into account in the use of environmental, economic and social resources. Putting these needs into practice entails comprehensive protection of bio-diversity in terms of ecosystem, species and genetic diversity, all of which are the vital foundations of life.’ (MONET 2001)
There’s another definition given by the famous Robert Prescott Allen, who has founded and chaired several influential IUCN-The World Conservation Union projects and has 18 years experience evaluating and advising development strategies on four continents. Sustainability is just another way of saying “the good life” as a combination of (a) a high level of human well-being, and (b) the high level of ecosystem well-being that supports it. (Allen Prescott)

The main features that all the above definitions have (either explicitly or implicitly) are as follows:

• A desirable human condition: a society that people want to sustain because it meets their needs.
• A enduring ecosystem condition: an ecosystem that maintains its capacity to support human life and others.
• A balance between present and future generations; and within the present generation. (Centre for Environment Education Vol.1, pp.9, 2007)

Therefore, sustainable development according to the World Business Council for Sustainable Development (WBCSD) is:
- Generation of economic wealth.
- Environmental protection and improvement.
- Social responsibility.

Of these three dimensions of sustainable development, social responsibility otherwise referred to as Corporate Social Responsibility (CSR) remains the broadest and most crucial in the quest for sustainable development. The reason lies in the broad scope of Corporate Social Responsibility (CSR), which turns around to include the first two dimensions in it’s classify action of social responsibility. The World Business Council for Sustainable Development has described CSR as the business contribution to sustainable economic development. Building on a base of compliance with legislation and regulations, CSR typically includes "beyond law" commitments and activities pertaining to:

• corporate governance and ethics
• health and safety
• environmental stewardship
• human rights
• community involvement, development and investment
• corporate philanthropy and employee volunteering
• customer satisfaction and adherence to principles of fair competition
• anti-bribery and anti-corruption measures
• accountability, transparency and performance reporting

Corporate Social Responsibility (CSR)

The term corporate social responsibility is most widely used to describe the commonly held belief that businesses have responsibilities to society that extend beyond their financial obligations (Burchell, 2008, pp. 79-80). Many believe that firms must be accountable to more than merely their stockholders and investors; they must be answerable to the communities in which they operate and to all the societies they affect (Carroll, 2008, pp. 92-96). In its most authentic form, corporate social responsibility aims to serve society, not as a means to propel a business forward financially, but rather to give back to humanity and promote good in the world.

CSR and sustainability principles often result in improving the efficiency of an organization during tough times. Sustainable development is clearly exhibited by various servant-led companies such as Starbucks, Interface, Motorola, Cisco Systems, the Vanguard Group, Tom’s Shoes, and TDIndustries, all of which have maintained positions in their respective industries at the upper echelon of corporate social responsibility initiatives and standards (Bogle, 2004, p. 98; Zohar, 1997, p. 3).

The term Corporate Responsibility and Sustainable Development as a company's verifiable commitment to operating in an economically, socially and environmentally sustainable manner that is transparent and increasingly satisfying to its stakeholders. Stakeholders include investors, customers, employees, business partners, local communities, the environment and society. The emphasis is on transparent and verifiable stakeholder driven business operation delivering optimized sustainability performance and associated competitive advantage. Sustainable business operation means addressing the needs of present stakeholders while seeking to protect, support and enhance the human and natural resources that will be needed by future stakeholders.
The World Business Council for Sustainable Development has drawn several conclusions about the benefits of CSR to companies. A coherent CSR strategy, based on integrity, sound values and a long-term approach, offers clear business benefits to companies and helps a firm make a positive contribution to society.

There is no doubt that businesses are doing far more than ever before to tackle the sustainable development challenge by recognizing their social responsibilities, reducing their environmental impacts, guarding against ethical compromises, creating governance transparency and becoming more accountable to their stakeholders. However, despite the progress achieved, CSR and corporate sustainability as business practiced approaches are at the infancy stage with relatively few real adopters and questionable impact.

CSR, corporate sustainability and corporate governance collectively are shaping the identity of organizations and are therefore increasingly integrated into the business strategy of successful corporations. Consequently, the field of responsible business strategy and practice is becoming one of the most dynamic and challenging subjects corporate leaders are facing today and possibly one of the most important ones for shaping the future of our world.

The latest literature tradition to have impacted the understanding of corporate social responsibility is that of sustainable development. It was the Brundtland Commission (1987) that for the first time systematically emphasized the link between poverty, environmental degradation, and economic development. Its definition of sustainable development, as meeting the needs of the present, without compromising the ability of future generations to meet theirs, extends the responsibility of firms both inter- and intragenerationally. Thus firms are expected to also consider traditionally unrepresented stakeholders such as the environment and as well as future generations. Although many CSR authors have taken up the notion of a “triple bottom line” (Elkington, 1997) there remain important tensions between the CSR and the sustainable development debate (Dyllick & Hockerts, 2002).
Servant Leadership

Significant research exist that focuses on servant-leadership, describing how servant leadership differs from other leadership styles, discussing the pros, verifying the efficacy, and persuading others to apply and practice it across a broad spectrum of organizational forms (Carroll, 2005; Cassel, & Holt, 2008; Cheshire, 1998; George, 2003; Greenleaf, 1977, 1991; Spears, 1995, 1998, 2002, 2004; Turner, 1999). A growing number of theorists and practitioners suggested that servant-leadership could contribute to overcoming the many leadership challenges faced by organizational leaders (Autry, 1991; Blanchard, 1998; Block, 1993; Boyer, 1998; Covey, 1998; Distefano, 1998; Fairholm, 1997; Greenleaf, 1977; Hennessey, 1992; Jensen, 1997; O’Toole, 1996; Senge, 1995; Smith, 1995; Wheatley, 1997). However, none of the researchers on servant leadership have established a direct correlation to CSR outcomes.

Servant leadership has been characterized by ten things: foresight, stewardship, commitment to growth, active listening, empathy, healing, awareness, persuasion, conceptualization, and community building (Spears, 2002). The servant-leadership focuses on the development of others, having its basis in the principle that the servant leader ensures that “other people’s highest priority needs are being served” (Greenleaf, 1977, p. 13). Servant leaders develop people, helping them to strive and flourish (McMinn, 2001).

Servant-leadership offers a conceptual ideal of effective leadership (Smith, Montagno, & Kuzmenko, 2004). Importantly, it presents a leadership model in which the leader assumes a supportive, service orientated role among stakeholders (Greenleaf, 1977). Servant leadership promotes the valuing and development of people, the building of community, the practice of authenticity, the providing of leadership for the good of those led and the sharing of power and status for the common good of each individual, the total organization and those served by the organization.

It was Greenleaf’s (1977) view that leadership ought to be based on serving the needs of others and on helping those who are served to become “healthier, wiser, truer, more autonomous, more likely themselves to become servants” (p. 21).
Barbuto and Wheeler (2006) developed an instrument to specifically measure servant leader characteristics as a cohesive whole. They initially tested for 11 characteristics of servant leaders, incorporating Spears (1995) for 10 of them and adding their own item, which they named “calling” (2006). They defined calling as “a desire to serve and willingness to sacrifice self-interest for the benefit of others” (p.300). The other 10 characteristics are: listening, empathy, healing, awareness, persuasion, conceptualization, foresight, stewardship, growth, and community building. The final instrument measures five factors derived from these characteristics: Altruistic calling, emotional healing, wisdom, persuasive mapping, and organizational stewardship.

The servant-leader model offers a positive alternative to other leadership theories, moving the concept of leadership to one that encompasses behaviors that are effective while also providing a supportive environment for human development. Servant leader characteristics can be modeled within an organization with the result of their incorporation into the leader behaviors of other managers.

Greenleaf (1977) states that the focus of servant leadership is on others rather than self and on understanding the role of the leader as servant. The servant leader, according to Russell and Stone (2002), takes the position of servant to his or her fellow workers and aims to fulfill the needs of others.

Servant-leadership and CSR exhibit similar foundational principles. For instance, a servant-leader emphasizes the importance of stewardship and community building, which lie at the foundation of philanthropy and community investment, major pillars of CSR. Additionally, awareness and foresight the characteristics of servant-leadership underscore the corporate social responsibility ideals of environmental management and sustainable development (Kincaid, 2012).

**Philosophy of Service**

Service is an important and a primary vehicle for organizations to return benefits to the community. Many large organizations actively involved in providing service to the community through integrating CSR in their current practices. There is a need to look for opportunities and
ways to provide meaningful service that will help to build the reputation of the organization and so servant leadership is one such approach for it.

In today’s scenario business leaders should be actively involved in activities that serve businesses and the community. Service to businesses and other organizations is important for several reasons, like it benefits organizations and creates goodwill in the business community.

Service to the community at large creates favorable impressions about organizations, their philosophies and values. Furthermore, it is important that servant leaders should help organizations and give back to their communities their time, talent, and resources, which will help to improve the quality of life for community members.

Servant leadership is a philosophy of service that enriches the lives of individuals, builds better organizations and ultimately creates a more just and caring world. Indian ethos shows that “service to the society” must be the main motto of any venture.

Servant Leadership & Spirituality for Achieving CSR and Sustainable Development

The relational nature of servant leadership and altruistic characteristics of servant leaders (Oner 2012), have implications for mentoring and leadership development as it involves both relationship-building and learning (Poon, 2006). This type of mentor-mentee relationship plays an important role in fostering a nurturance culture that promotes both employee as well as organizational growth. As evidence, Laub (1999) predicted that employees of a servant-led organization would have higher job satisfaction.

Lubin (2001) proffers that the servant leader’s first responsibilities are relationships and people, and those relationships take precedence over the task and product. Servant leaders trust their followers to undertake actions that are in the best interest of the organization, even though the leaders do not primarily focus on organizational objectives. Servant leadership offers the conceptual framework for dynamic leadership. (Stone et al 2004)

Senge (1990) reminds that systems that change require a variety of leadership types at different times in organizational development. It appears that servant-leadership may be one vehicle for
possible systems change within organizations. Servant-leadership cannot be a panacea. It is a transformational, democratic form of leadership that requires time to implement and abundant opportunities to involve all members of the learning community (Crippen 2005).

Servant leaders serve as role models (Liden et al., 2008). Arthashastra states, “When the King is active the servants become active following his example. (Arthashastra: 1.19.12). Servant leadership characteristics were exemplified in the entrepreneurship of Jamsetji Tata, the founder of the Tata business empire in India at the start of the nineteenth century. Tata adopted the servant leadership philosophy which results in its successful CSR achievement and sustainable development.

In the CSR context, it’s well-recognized that several projects are spearheaded by corporate leaders, therefore leadership structures clearly matters for CSR – and neglecting these runs the risk of CSR failing. Servant Leadership thus can be an important approach for successful CSR implementation.

We must educate our leaders to be ethical, re-appraise the misguided nature of valuing material goods in place of human beings and the environment, and create a worldview which embraces sustainability and global justice. Once we do that, everything else will be easy.

Corporate Social Responsibility involves “achieving commercial success in ways that honor ethical values and respect people, communities, and the natural environment” (Clark, 2006; Porter & Kramer, 2006). There is no universally accepted definition of CSR, but most of the definitions have to do with business having a positive impact on the community (Redford, 2005) and meeting or exceeding public expectations of good corporate citizenship (Brands that do good, 2003).

Corporate social responsibility requires organizations to demonstrate responsible business conduct that does no harm in the marketplace, in the workplace, in the community they operate in, and to the natural environment (Roberts, 2007). The actions of business impact the local, national, and global community, so businesses have a responsibility to ensure that the impact is positive (Paton, 2007).
Corporate social and environmental responsibility means business policy and decision-making linked to ethical values, compliance with legal requirements and respect for people, communities and the environment. The company, being a part of the society, has a responsibility towards society and environment. Along with the ‘what’ and ‘why’ of CSR, the ‘how’ of CSR in the context of sustainable development also needs to be focused on.

India’s tradition links alms giving with spiritual salvation. The human life is a gift of God and its purpose is to serve mankind. The Vedas declare:

ParokaraayaPhalantiVrukshaha
ParopkaraayaVahantiNadyaha
ParopkaraayaDuhantiGaavaha
ParopakaraarthaShareeram

It is for the sake of others that trees bear fruits.
It is for the sake of others that rivers flow with water.
It is for the sake of others that cows give milk.
The human body is given for service to others.

Spirituality plays a significant role in the development of human values and behaviour which has a great impact to business and corporate management. Research suggests that the encouragement of spiritual and religious principles in business can lead to benefits in the areas of creativity, honesty and trust, personal fulfillment and commitment, which will ultimately lead to increased corporate and business performance (Krishnakumar & Neck, 2002; Muniapan, 2009, 2010).

Sustainable Development not only concerns the environment, but also has to do with the ability of a company to operate successfully in the present without compromising its ability to operate successfully in the future (Doherty, 2007). Consumers are increasingly more concerned with how companies make their money and are expecting businesses to be responsible for their social, ethical, and environmental impacts on society and the community (Lane, 2006).

Servant leadership is an effective rationale for achieving CSR as this suggests voluntary acceptance. Giving back to society is important for the growth of a better world but it should come from within. If things have to change in the society, then the involvement of the whole
ecosystem is must. One cannot rely on government alone to do social good and one has to become a co-sharer of the goal and the outcome.

A widely quoted CSR definition by the World Business Council for Sustainable Development states that ‘Corporate social responsibility is 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’. (http://www.wbcsd.org/DocRoot/RGk80O49q8ErwmWXIwtF/CSRmeeting.pdf)

CSR refers to the obligation of an organization which considers the interests of all their stakeholders which includes the customers, employees, shareholders, communities and ecological considerations in all aspects of their operations. Organizations are viewed as legitimate and an integral part of society, but essentially it should create wealth for the society through the right means of action. ‘Sarva loka hitam’ in the Bhagavad-Gita referred to ‘wellbeing of stakeholders’. This means an ethical and social responsibility system must be fundamental and functional in all business undertakings. (Muniapan and Satpathy, 2013)

Sustainable development is an ethical standpoint focusing on human well-being. As can be seen from all the definitions and interpretations of the concept sustainable development presented here, it underlines the importance of functioning ecosystems, but it does so from an entirely human perspective, i.e. the reason why ecosystems should be cared for is that they deliver services that are necessary for human well-being. An ethical novelty in the concept sustainable development is the expressed concern for future generations.

By almost any measure, most development today is presently unsustainable. Economic systems that focus only on physical needs and material development, and lack an ethical dimension have failed to deliver the promised results. Today's social and environmental problems reflect the failure of our economic systems to account for many real impacts and costs, giving a false impression of economic success, often because they ignore the future. Our short-term materialistic perspective is accumulating not only financial debt, but resource debt, pollution debt, and human and social debts as well. As planetary limits increasingly constrain development possibilities, the moral requirement for responsible behaviour increases.
The recognition, implicit in the concept of sustainable development, that individual good comes from the common good should inspire a spirit of service to others. Achieving sustainable development and effective CSR will require that many in wealthier societies will have to sacrifice some of their immediate advantages for the larger good and for the benefit of future generations. The motivation for both CSR and sustainable development can come from a sense of spiritual purpose, beliefs and values which can provide the real foundation for commitment to the changes needed in society. Today that commitment is best expressed as a sense of world citizenship based on recognition of the oneness of humankind.

The servant leadership in any organization can help managers to enhance their relationship with employees, stakeholders to improve their performance by dealing with situations with servant orientation thereby facilitating CSR for sustainable development. Servant Leadership model could prove to be an important framework for laying out the leadership responsibilities of a leader in sustainable development and effective CSR outcome. In the CSR context, the societal contribution must not have with any expectations in return but rather as a duty and service need to be done to the society. The leaders and the role they play in corporations are crucial in ensuring transparency, good conduct and governance towards the ultimate aim of achieving CSR for sustainable development.

References


Sanders, Charles G.(2014)Why the positional leadership perspective hinders the ability of organizations to deal with complex and dynamic situations International Journal of Leadership Studies, Vol. 8 Iss. 2, 2014 School of Business & Leadership, Regent University ISSN 1554-3145


Shah ,S.and Ramamoorthy, V.E.(2014), Soulful Corporations: A Values-Based Perspective


