

ENVIRONMENTAL LEADERSHIP – A BALANCED APPROACH TOWARDS A KNOWLEDGE – BASED COMPETITIVE ADVANTAGE

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ABSTRACT

Under the circumstances of a more and more competitive business environment, arises the necessity of developing new sources of competitive advantage for the companies. The context of knowledge based economy and knowledge based society produced several mutations regarding the strategic approaches of leadership process within an organization. Contemporary environmentalism in leading companies has become an integral part of organizational strategy, and the companies that continue to approach environmental problems with re-active solutions and quick fixes will ultimately find themselves in a pronounced competitive disadvantage.

KEYWORDS: *environmental leadership, environmental leader, strategy, competitive advantage, environment preservation, environmental attitude, pro-active attitude*

Introduction

Nowadays, as a consequence of increased social and economic impact, environmental problems and challenges tend to become more and more common place worldwide. A big part of these problems are very important and complex, transcending national boundaries and involving many different stakeholder groups.

Under the impact of the knowledge-based economy, the competitive advantage of the companies tends to be focused rather on intangible assets than on tangible items. Among the knowledge-based sources of competitive advantage, could be mentioned the quality of the managerial processes developed within an organization and, not least, the characteristics and the value of the leadership (Năstase, 2007).

Globalization becomes a phenomenon that emphasizes the close interdependencies among a wide range of economic, political and social actors, both at national and international level (Kraft, 2007). Consequently, the attention that has started to be granted to the environmental problems doesn't have to be a surprise for anyone. We can easier understand while, for almost all the important meetings at international level, the environmental issues represent a priority for political agenda (Cohen, 2006) in trying to set and achieve common goals (Brady, 2005).

The leadership process within contemporary organizations is becoming more and more complex. For example, part of the leadership processes within an organization may be focused on managing the human resources of that organization, another part of the leadership processes may be focused on managing organizational change, another part of the leadership processes may be focused on managing conflicts, and another part of the leadership processes may be focused on developing a viable vision due to preserve the natural environment (Diamond, 2006) and to create a sustainable development based approach at organizational level. The last category of leadership processes stated above is also known as *Environmental Leadership*.

Present leaders have to take into account that the environment becomes an issue that can exert a huge influence over organization's activities and evolution, both directly and indirectly. In dealing with environmental aspects the leaders can easily discover that are implied not only rational arguments, but people tend to be more emotional involved (Graff, 2006).

New *Environmental Leadership* is much more than a trend in modern leadership, it is a necessity in the current economy, needed to solve conflicts and find acceptable and sustainable solutions (Gordon, Berry, 2006) to problems. Moreover, *Environmental Leadership* is a new philosophy (Hunt, Auster, 2005) that may contribute to not only achieving compromises in complex situations, but also to creating a powerful way of working together towards new and sustainable solutions.

We refer to the leaders able to build up the shared vision over the wanted future, where most part of personnel is able to find himself, to discover that his own needs are part of organization's priorities (Năstase, 2007) and that their future is strongly connected to organization's future.

We could identify *Environmental Leadership* not only in business and economic issues. Rather than a management tool, or a source of competitive advantage for the organizations, *Environmental Leadership* should become a more responsible way of living. Everyone could be an environmental leader in daily life, only by choosing to behave in a rational manner regarding the resource consumption, and by trying to make others think and behave in accordance with sustainable development principles. We cannot talk about an environmental leader within an organization, unless he behaves accordingly outside the organization he belongs to.

Environmental Leadership - from concept to practice

Environmental Leadership is an innovative concept which is characteristic to knowledge-based society and economy. For several years many authors tried to describe and settle down the principles of this new type of leadership. There were many papers trying to describe how an environmental leader should behave, which are supposed to be his guidelines or how he is supposed to build his environmental vision. However, for many years, *Environmental Leadership* continued to be just a theoretical concept, with very little practical applicability.

The practical approaches of this concept are related with the business experience of representative international corporations, such as Johnson & Johnson, Procter & Gamble, The Body Shop, Colgate - Palmolive, Loctite, etc., which were the first companies that assumed *Environmental Leadership* as a strategic field of activity, susceptible to provide a sustainable competitive advantage on the market. These organizations provided a model for the economic environment.

Environmental leaders within these companies presented ideas, cases, and even setbacks involved in their efforts to make environmentalism a significant part of the overall process of doing business and to link environmental objectives with profit and turnover goals. From their experience and approach, it was obvious that all these companies have changed their re-active strategic view, into a pro-active vision concerning environmental problems.

These are the circumstances under which we can talk about the first practical approaches of *Environmental Leadership*. However, applying effective *Environmental Leadership* both at organizational and individual level may become a real challenge, taking into consideration the fact that changing values and beliefs is always difficult. The persons who have reached a certain standard of living within organizations might feel that they have to downgrade, to reduce their living standard, in order to live in a more sustainable way. They seem not to take into consideration that changing their and our focus away from

material wealth has a great potential for enriching our life in the social, mental or spiritual areas. By the other side, the persons who are dissatisfied with their standard of living are more concerned about their daily bread than about environmental matters.

These are main reasons that claim the necessity of change agents within the organizations, who are needed to break these systems of holding back, be it by providing collateral-free loans or by leading the companies to re-examine their core values. By reconfiguring economic thinking and changing employees' behaviour, we can all set examples for others – and become environmental leaders.

The necessity of environmental leadership

Building up *Environmental Leadership*, by including the environmental issues into the global strategy of the organization is becoming a necessity, if we take into consideration the frequency of approaching ecological and environmental problems within European Union and similar international politic and economic entities. We present below the main factors that identify *Environmental Leadership* as a necessary strategic approach within contemporary organizations.

- *staying ahead of environmental regulations.* Harmonizing the strategies of the organizations with the environmental standards and rules proves to be a very expensive process for all the organizations that don't have environmental leaders. Having environmental leaders within the organization means higher opportunities to implement a pro-active attitude. Moreover, environmental leaders are supposed to manage the change process within the organization and are also supposed to reduce organizational inertia and the employees' resistance to change. These are some directions which can reduce the expenses generated by assuming re-active environmental strategies.

- *stakeholders' attitude towards environmental problems.* The main categories of stakeholders that present a high sensitivity concerning environmental issues are the customers and the employees. According to a Bruskin Goldring Research study, 80% of the people believe environmental issues affect their longevity and their health either. The study also reveals that the customers are expecting the organizations to assume a responsible attitude concerning the environmental problems. The lack of certain strategic directions with regard to the diminution of the economic activities' impact on the natural environment is susceptible to become a main factor in market share and turnover collapse of the contemporary worldwide organizations.

- *competitive pressures.* As the number of direct competitors on a market is continuously growing, *Environmental Leadership* may become a viable source of competitive advantage and a strategic approach in order to keep a competitive parity with their economic and investment capacity.

- *technical progress and innovation.* The development and implementation of "green technologies", the exploitation of non-conventional energy resources, and the international technologic and managerial know-how transfer, are main issues that reduce significantly the impact of economic activities on the natural environment, generating, at the same time, scale economies, reduction of technological expenses and last, but not least, the ecological costs' cutting-off.

What is an environmental leader?

Environmental leaders are regarded in literature as people who are capable of solving environmental problems. Thus, every person has the potential of becoming an environmental leader, at least in its own, often small, systems. Business executives, public administrators, politicians, investors and environmental activists have the same potential of environmental leadership on a larger scale.

An authentically environmental leader combines the professional approaches with the personal ones. He is building up, with the support of the people surrounding him, a motivating business environment for all of the organization stakeholders. Among the main characteristics of an environmental leader should have, in order to achieve significant performances in this field of activity, we can mention:

a. Attractivity - The vision represents an essential attribute of successful leaders, in general, and of environmental leaders, in special. The vision usually is supposed to be an attractive description of the directions and principles the organization should follow, in order to achieve an environmental objective. The environmental leader is also supposed to indicate the actions that should be done in order to achieve the objective and his speech is supposed to be persuasive and motivating for the employees. Developing a vision is very important for an effective environmental leader, but this may not suffice for that vision to be accepted by the followers as a viable vision. It is needed something more. The vision should be communicated and explained to the followers, should be understood by them, and assumed by them as a general principle of living. Any vision, no matter how effective or wonderful it is, will be useless if the followers don't understand it or if it is contrary to their beliefs and mentality. In this case, it is leader's responsibility to identify suitable communication channels, so that the message is submitted in a clear, adequate manner, according to organizational and individual needs and expectations. Moreover, it is also leader's responsibility to manage the change process, if the vision is not in accordance with employees' principles and mentality.

b. Respect – It is unlikely for the employees to be satisfied within an organization where the managers are the only persons who have good ideas. Such managers usually implement their vision without taking into consideration the needs and expectations of the employees. The environmental leaders show respect for themselves and for others, and they are also shown respect. They are aware that if don't win the confidence and the support of the followers, their vision will not be as effective as expected.

c. Power of example - Authentic environmental leaders not only say what the followers should do, but show them how to do. They are acting accordingly with their vision in any circumstances, and they are personally involved in all the activities requested by their vision. Practically, they are sending strong signals to the followers, by using the power of example. They are the first who assume a rational attitude regarding the resources consumption, regarding the natural environment preservation or regarding the sustainable development. This attitude is taken beyond the boundaries of the organization, in the daily life. This way, the followers may understand that the leader really believes in his vision. *Environmental Leadership* is a field of activity with a high applicative background. Practically, every action, every decision, every behaviour of the leader can be transposed into an environmental perspective. Acting this way, the leaders have the opportunity to define certain roles to their followers, and to reconfigure their identities in order to face better the challenges that may arise.

d. Involvement - Environmental leaders involve their followers in the process of organizational change. They provide the followers with support and autonomy in implementing the changes within the organization. Due to this fact, many employees claim that where exists an authentic environmental leader, you feel the power and strength in the atmosphere and the people get more motivated and involved.

e. Trust - Most of the employees desire to work in a better, trustful, transparent, responsible environment. By offering these things, the environmental leader will achieve the complete involvement of the employees.

f. Appreciation – The environmental leader should appreciate the results and the achievements of his followers. He should know how and when to say "Thank you!" or

“Congratulations!”. Such things are very important, because they are showing, in a very convincing manner, that the leader knows the performance the followers had achieved.

g. Relaxation – In successful organizations, the staff is working seriously. However, at the same time, the employees are given the chance to enjoy a relaxed working climate while working. Relaxation is an attribute of innovation. It provides the employees the freedom to use their creativity and to focus their actions on environmental issues.

Besides these characteristics, environmental leaders should have another qualities, which differentiate them from normal leaders: modesty and humility. Modesty and humility may be required from a leader who is willing to change places with his/her follower. Jim Collins presents humility as a key characteristic of truly great leaders. These leaders also demonstrate a strong will to strive for the shared vision of the organisation. They also try to help the next generation of leaders to reach even better results. Purpose and achievement are more important than the ego of the leader. Another characteristic of a true leader, closely related to modesty and humility, is to act as you preach – this should definitely apply for environmental leaders. Mark Starik encourages all environmental leaders and managers to incorporate sustainability into their lives outside the office by utilising the countless opportunities of putting environment friendly theories into practice. This applies to the personal and household choices, our roles in local and regional communities as well as in other non-work activities.

Environmental leadership and the competitive advantage

Among companies in the developed world, much of the rationale for improving environmental performance is a defensive one, avoiding large fines or worse. It is becoming more and more obvious that companies which continue to approach environmental problems with band-aid solutions and quick fixes will ultimately find themselves at a competitive disadvantage. The experience of international corporations has shown that the environmental practices can be profitable. The companies may benefit in the field of image on the market, market share, cost cutting, etc. Applying *Environmental Leadership* not only generates a competitive advantage, but involves a healthier way of life. Developing new facilities will be easier if the local community perceives the organization as having a “green” and “clear” reputation. A reduction in toxic emissions, for example, reduces the risk of costly accidents and lowers the bill on insurance premiums. Moreover, pro-active thinking companies, which can anticipate the direction in which regulations are moving, are more likely to capture opportunities to introduce environmental improvements ahead of their competitors. Thus, they can win time to introduce new products and processes, explore new markets, and re-engineer plants. Such time advantages often cost less than if things are rushed to meet externally imposed deadlines. Finally, organizations which produce products and processes that result in a cleaner environment often set the benchmark for future regulations by the government. If one organization can do it, why not everyone can do it? The standard setting companies enjoy the benefit of a protected market which is defined by environmental standards it can meet but others cannot.

Conclusions

Environmental leaders inspire a viable vision of the organizations as environmental sustainable, creating or maintaining green values throughout the enterprise. Such values include stewardship in regard to ecology, frugality and sufficiency in regard to resources, fairness and appropriateness in relation to society and accountability, participation, proactivity and long-termism in regard to process.

Although the path to pursuing environmentalism as a competitive advantage is a rocky one requiring time, effort, money, the rewards can do extend beyond the short-run negative impact on the bottom line. Ultimately, pro-active thinking environmental leadership will set a course for higher overall business performance.

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