

## Theoretical Review on Sustainable Leadership (SL)

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**Abstract.** Leadership has been identified as one of the factor contributes to construction organisation success. Therefore, leadership has acts as an admixture to the sum of leader's effort and subordinates teamwork in order to accomplish organisational goals. There are several types of leadership style that have been practiced by leaders in the construction industry, however, there are still several morality issues such as corruptions, mismanagement and spillages occurred among leaders in the industry. Therefore, a new established leadership style such as sustainable leadership (SL) is needed to reduce any circumstances that can affect both individual and organisation in the construction industry. SL has been recognised by its holistic approaches, which include sustainability elements into it. Additionally, SL is not just depending on leader's ability and resolution only, but to maintain the continuously efforts and achieving results are important. The aim of this paper is to explore the theoretical review of sustainable leadership (SL). A literature review on sustainable leadership (SL) is gained from journals and books of SL and leadership style in construction industry. The overall intent of this paper is to highlight the values and benefits of SL so that it can be adapted by leaders in construction organisation.

### 1 Introduction

Sustainability goals in the construction industry are not only narrowly focused on traditional management such time, cost and quality, but also giving attention to sustainable elements such as environmental, organisation's profitability and social development. Sustainable construction is the result of sustainability environment policies in the construction industry, which is widely responsible for consumption of natural resources [1].

However, when sustainability issues are added in usual business practice of construction organisation, this creates uncertainty for leaders [2]. This is because leaders in construction industry are still not convinced with the ability of sustainability in their organisation management practices. Although sustainability has been implemented in business activity but there are not directly linked to the management and leadership strategies of the organisations [3]. The influences of sustainability in leadership are still vague among construction leaders; nevertheless leadership and management practices may show a constructive impact on sustainability approaches in the construction industry. This is in line with [4] concept, where leadership has a very significant influence in organisational activities including sustainability.

As a result, to fulfill the commitment of construction's leader towards sustainability, the adaptability of sustainable leadership (SL) in organisation can facilitate the achievement of construction industry.

The construction industry needs leadership that provides the collective vision, strategy and direction towards the common goal of sustainability [4]. Thus, it is important that leader have ambitious acts as well as the sustainability knowledge to effectively manage the organisations strategically. Therefore, the purpose of this paper is to review on the background of SL, development of SL in other industries and necessity of SL in construction organisations.

### 2 Sustainable leadership (SL)

The Sustainability Leadership Institute (2011) offers definition suggesting that sustainability leaders as individuals who are compelled to make a difference by deepening their awareness of themselves in relation to the world around them [5]. In doing so, the leaders adopt new ways of seeing; thinking and interacting that result in innovative and come to sustainable solution. The sustainable solver such SL is an individual who motivate employees and supports sustainability action towards a better world [6] either in present or future. Added to that, motivation and influencing employees towards organisational goals is one of elements in business practices. Nevertheless, common leader viewpoint in order to create sustainable organisation is by becoming more environmentally, than to usual business practices. Šimanskienė and Župerkienė [7] described SL as an

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undertaking with responsibility towards individual, groups, and organisations by assessing the principles of sustainability. They added that sustainable activity demands a personal contribution, such as the transformation of the way of thinking of each individual involved in the process. Therefore, the transformational of self-awareness starts with an individual and then spread to other levels such group, organisation, and the society.

As the conclusion, undertaken from leadership and sustainability definition as well as viewpoint from previous researchers, the definition of SL can be defined as an ability to influence and motivate individual, groups, organisation and society by assessing sustainability knowledge into their principles without neglecting experience from the past, so that it can be improved continuously either in present also in future.

**2.1 The elements of sustainable leadership (SL)**

The first step to recognise SL style is by understanding from the element in it. The elements of SL is recognised back then in education sector in 2003. However, its only focuses on the compulsory level (elementary and high school) and has not been applied to further level [8]. Hargreaves and Fink [8] acknowledge that, in education especially in elementary and high school is failing to attract quality leaders. Additionally, they address that this is due to the increase in job stress, continuing reductions in school funding and an increasingly diverse student population. Therefore, Hargreaves and Fink [8] have developed models of SL as a tool for leadership capacity within organisations that can provide good values of profit towards it. Since sustainability in the higher education is increasingly important and models of SL have not been applied to education sector [9], research into this area is needed [10]. Nevertheless, the concept of SL is already been used in education sector nowadays. Hence, the concept of SL is increasingly spreading among other industries.

Moreover, sustainability in business organisations have gone beyond traditional method of being ‘green’ and ‘socially responsible’ to business day-to day [11]. In order to address these significant shortcomings, Avery [12] has identified SL grid containing 19 elements leadership practices distinguish from Rhineland and Anglo-US approaches. A Rhineland approach is originally the concepts of the economic model of society in Germany and the countries around Germany. Meanwhile, Anglo-US approach is used to describe the principles of business culture in United States and United Kingdom. Between these two models, there are slightly differences in business culture in line of project management perspectives. Table 1 shows the differences between Rhineland and Anglo-US model.

**Table 1:** The differences between Rhineland and Anglo-US model.

Rhineland model	Anglo-US model
Focus on employees	Focus on higher level direction or control mechanism.

responsibilities.	
Low attention.	High attention.
Teamwork.	Methods and instruments.
Principal based.	Rule based.
Contract and trust.	Contract.
Discussion oriented.	Result orientation.

Based on the Table, these two approaches consists two diametrically conflict to be sets of practices that form self-reinforcing system [13]. Additionally, the Anglo/US principles are less sustainable than Rhineland organisations [12]; [14] and less emphasis on environmental and social measures. Table 2 shows the Rhineland elements on the SL.

**Table 2:** The Rhineland elements on the sustainable leadership (SL) (Avery, 2005)

Rhineland Elements on the Sustainable Leadership	
1.	CEO concept
2.	Decision making
3.	Ethical behaviour
4.	Financial markets
5.	Innovation
6.	Knowledge management
7.	Long-term perspective
8.	Management development
9.	Organisational culture
10.	People priority
11.	Quality
12.	Retaining staff
13.	Skilled workforce
14.	Social responsibility
15.	Environmental responsibilities
16.	Stakeholders
17.	Teams
18.	Uncertainty and change
19.	Union-management relations

However, because of the limitation in Avery [12] SL Grid, 19 practices, more recently, Avery and Bergsteiner [13] expanded the list of practices and introduce the 23 elements of SL “Honeybee” philosophy which is a resilient and humanistic approach to organisational sustainability that developed from earlier concept. Figure 1 show 23 elements of SL Pyramid.

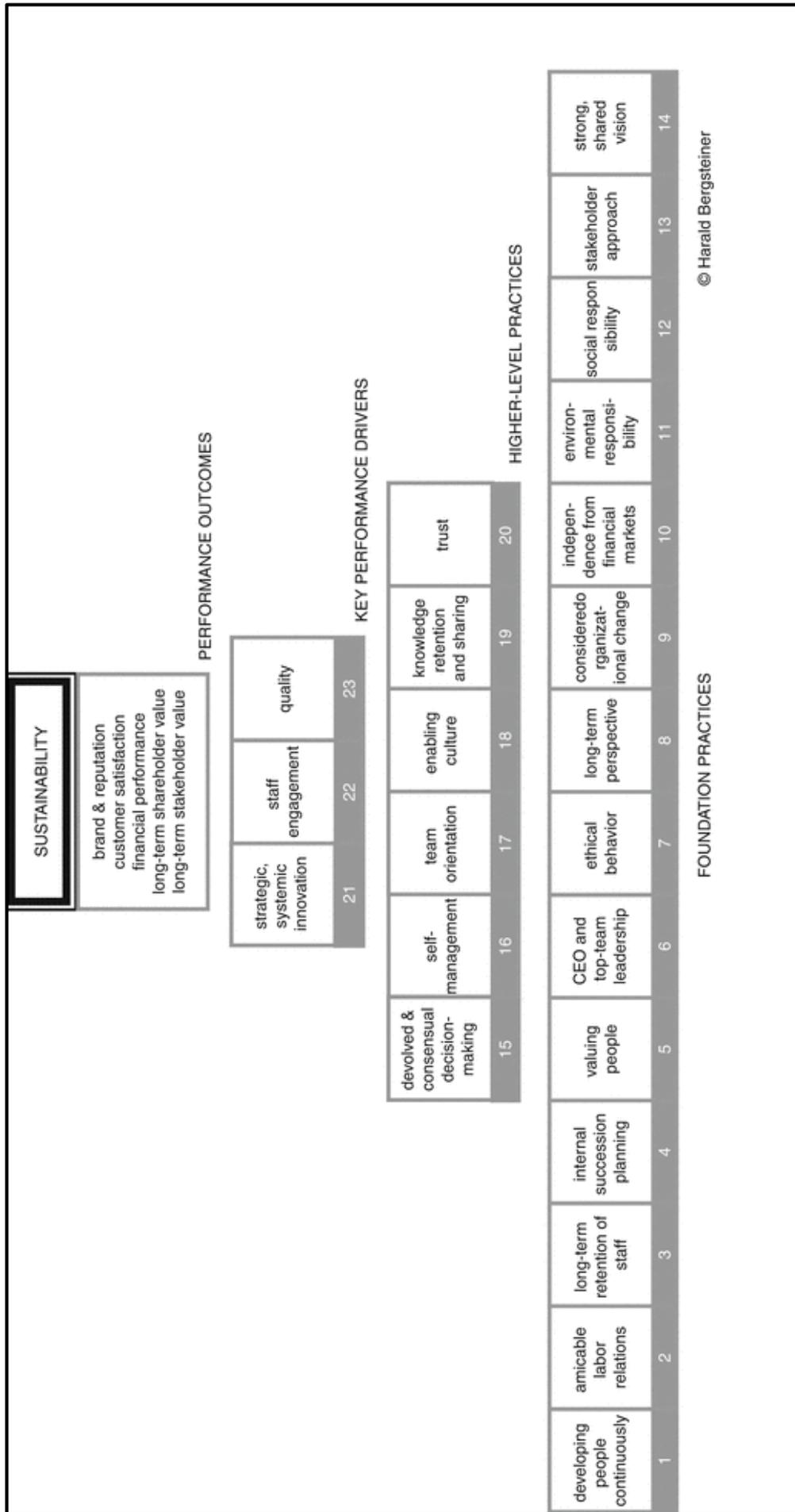


Figure 1: The sustainable leadership (SL) pyramid (Avery and Bergsteiner, 2011)

Based on the Figure, the 23 elements form three groups such foundation practices, higher-level practices, and key performance drivers. In brief, the foundation practices consist of 14 practices and it can be implemented at any time management according to organisation decision. Meanwhile, higher-level practices form the second layer of the pyramid, which includes six (6) practices. The pyramid has been developed on the idea that the foundation practices will be support the emergence of the higher-level practices. The key performance drivers create the third level of the pyramid are emerge from the combination of first and second layers of the pyramid. According to Avery and Bergsteiner [13], the relationship of each element not only from bottom-up or top-down, practices on the same level also influence each other. The interactions between each layer collectively drive the performance outcomes at the apex of the pyramid that clearly emphasis on the long term perspective that somehow creates SL.

In addition, some organisations appear to be taking sustainability approaches for a wide variety of reasons. Hargreaves and Fink [8] stressed that SL is applicable to be adapted in any field of the organisation. SL retains and deepens the holistic knowledge that spreads continuously with assuring a positive impact either in present or in the future.

### **3 Necessity of sustainable leadership (SL)**

Sustainability requires organisational leader to take a bold change to move from just being green to a higher level of performance. For an instance, sustainability is now viewed by organisations as being part of a strategy for long-term business survival and success [15]. Therefore, construction organisations need SL that can transform leaders who can take advantage of the opportunities that sustainability brings, to secure a better future for the construction organisation. The descriptions below explain the benefits of adapting SL in organisation.

#### **3.1 Enhance employee satisfaction**

Employee satisfaction is a terminology of employees is happy or satisfied with desired and needs with their jobs. Employee satisfaction is also regarded as a key performance measurement for sustainable organisation [14]. Particularly, SL practices are predicted to enhance overall employee satisfaction in the quest for sustainability [14]. In addition, many of SL practices affect employees directly and since employees have long been touted as the most valuable asset of an organisation, employee satisfaction with the organisation can be a crucial indicator of organisational [16]. Opoku, Ahmed and Cruickshank [17] also stress that SL practices are covered with multi-faceted management systems, principles, processes and values that research shows can create long-term organisational performance. In brief, by adapting SL in an organisation, it will enhance employee

satisfaction with organisation and also contribute towards increasing organisational performance.

#### **3.2 Overcome employee turnover**

Employee turnover is one of a major problem in the construction industry [18]. Additionally, employee turnover effects the organisation as well as lack of skilled employees, increased other employee's workload, and decreased productivity. According to Avery and Bergsteiner [19], turnover of valuable employee can also lead to intangible losses. They added that replacing talented senior employee means that losses of knowledge and expertise. Therefore, Thomas [18] suggested that an effective leadership is one of strategy to minimise turnover among employee in the construction industry. Hence, a suitable leadership style is a significant success factor to overcome employee turnover as well as increasing employee satisfaction towards organisation.

#### **3.3 Employee retention**

Sustainable leadership (SL) prefers to develop and promote employee internally rather than bring in outsiders wherever possible [20]. The purposes of developing and promoting employee internally is to keep employee or specifically as employee retention in order to enhance employee to be loyal and to avoid turnover among employees. In addition, retaining employees can generate unique competitive advantage for the organisation, derived from the linkages that form between long-term employees that enable ideas and skills to be shared in organisation [19]. Hence, by adapting SL in organisation, employee will possibly able to avoid employee turnover and to increase the productivity as credit to organisation value.

In conclusion, employee satisfaction, employee turnover and employee retention can be classified as morality and ethical issues occurred in an organisation. The construction industry also always faces problematic challenges not only technically but also morality such as unethical practices among construction players [21]. Hence, the adaptability of SL in construction organisation will possibility to be the sustainable solution of these morality and unethical issues.

### **4 Necessity of sustainable leadership (SL) in construction organisation**

Leadership has a very significant influence in organisational activities including sustainability [17]. Added to that, sustainability requires organisational leader to take a bold change to move from just being green to a higher level of performance. Therefore, it is a necessity for construction organisations to transform leaders who can take advantage from sustainability brings, to perform a better future for the construction organisations.

Employee satisfaction is essential to the success of any organisation. Therefore, keeping employee's

satisfaction should be a major priority for every employer. [14] states that in construction industry, research in human behaviours and attitude merely related with employee satisfaction. They added that employee satisfaction is a number of feelings and belief that employee have about their current job. For an instance, Huang *et al.*, [22] identify that engineers were more likely to have lower job satisfaction under higher time-control or overall job stress. Employees with lower job satisfaction feel unstable and it will be significantly related with employee turnover.

Moreover, due to high work stress and an unstable working environment, the turnover of construction employee is an important issues from the practical viewpoint [23]. Employee turnover is a common issue in any organisation as well as one of a major problem in the construction industry [24]; [18]. Turnover of construction employees have an adverse impact on organisational performance and productivity. This was supported by Muhammad *et al.*, [25] that employee turnover has a relationship with organisation performance. Thomas [18] discovered that there are several problems related to employee turnover such as increased work load, training and development cost, low morale, lower productivity, loss of client satisfaction, poor performance and increase costs. Consequently, it can affect the organisation such as lack of skilled employees, increased other employee's workload, decrease productivity as well as loss of client and investor confidence. Figure 2 below show the leadership practices in construction organisation that compatible with sustainable leadership (SL).

**Table 3:** The leadership practices in construction organisation (Liphadzi, 2015; Emad, 2014 & Jarad, 2012)

Leadership Practices		Construction Organisation
1.	Developing staff	✓
2.	Retaining staff	✓
3.	Valuing staff	✓
4.	Goal setting	✓
5.	Long-term perspective	✓
6.	Ethical behaviour	✓
7.	CEO and top team: top team speaker	✓
8.	Organisational culture	✓
9.	Understanding of the business	✓
10.	Responsibility for environment	✓
11.	Social responsibility	✓
12.	Stakeholders: broad focus	✓
13.	Vision's role in the business: shared future	✓
14.	Decision making	✓
15.	Self-management	✓

16.	Team orientation: strong cooperation	✓
17.	Knowledge sharing and retention: strong	✓
18.	Trust/Integrity	✓
19.	Innovation	✓
20.	Staff engagement	✓
21.	Quality: high	✓

Based on the Table, undertaken results from previous researchers, it can be concluded that there are 21 leadership practices that have been applied by leaders in the construction organisation. Added to that, there are some of it has similarity with SL elements. Therefore, the leadership practices are effective in construction organisation and compatible with SL elements. Additionally, extra elements in SL can provide a value added into leadership practices in construction organisation.

## 5 Sustainable leadership (SL) in other industries

SL is recognised by its holistic approaches, which include balancing people, organisation's profitability and environment towards organizational [13]. The successful of implementing SL in other industries are also approved.

### 5.1 Retail

Wal-Mart is one of the largest fortune 500 corporations in a world. Scott [26] announced that Wal-Mart was launching a business sustainability strategy to reduce the organisation impact on global environment and become the most competitive and innovative organisation in the world. Eventually, because of this strategy, Wal-Mart has become more ethical, socially and environmentally responsible besides the financial performance was solid [19]. It is also shows that how Wal-Mart expose its ideas about sustainability to its suppliers, associates, client and also community. The adaptability of SL in Wal-Mart may be seen as sustainable procedures towards organisation performance without neglecting responsibilities towards others.

### 5.2 Automotive

BMW Group (BMW) is a well-known organisation, which produces cars and motorbikes that operates globally. Despite from the global financial crisis and the subsequent recession, when other leaders choose to go into survival mode and abandon strategies to achieve long-term goals, BMW meets closely to SL principles and emerged from the recession strongly, reporting the best results in its history in 2010 and remains a highly profitable independent organisation [19]. The adaptability of SL clearly can contribute towards organisational

performance without neglecting a proper balance is created between economic, social and environment.

### 5.3 Education

Educational organisations are increasingly being run as business organisations in many ways with effective governance as a new requirement [27]. A research taken by Lambert [9] has attempted to ascertain the views of principals of general further education colleges, by inviting participants to select their level of agreement on each of the component aspects of the SL theoretical framework proposed by researcher. The findings of the research were broad agreement around the aspects of the framework for SL in further education, although further work is needed concerning the articulation of each of the component elements.

### 5.4 SME

Suriyankietkaew and Avery [28], have investigated what leaders can do to enhance employee satisfaction in the interest of the long term sustainability of the SMEs. SMEs were chosen because of general lack of knowledge about SME leadership practices [29]. The main purpose of the research was to identify the management practices derived from the SL framework and their effect on overall employee satisfaction in Thai SME organisations. They concluded that, the more an organisation adopts SL practices, the higher the employee satisfaction is likely to be.

Additionally, it is proven that SL approaches has been successful spreads in variety of business industries and organisation. Thus, it is not fruitless to adapt a systematic, holistic and sustainable solution of leadership style that can create long-term organisational performance in organisation.

## 6 Discussion

This paper explores the theoretical reviews of SL from the perspective of previous researchers. Taking into account from the previous researcher's viewpoint, SL can be defined as a kind of leadership that established the sustainable way of influence people and undertaken the responsibility towards individuals, groups, organisations and society. SL also offers as a sustainable solution whereas it has been accepted in various industries and organisations. As been discussed before, SL has been accepted and used in other industries and organisations all around the world. The interaction between each element in SL practices can enhance profit, balancing people and the world to promote sustain and longevity of an organisation through management practices.

There are several types of leadership style that have been practiced by leader in the construction industry. However, there are still some improvement and value added to other leadership style in order to overcome managerial problems in construction industry. The new established leadership style such SL is needed as it is a

transformation of current leadership style with assessing sustainability elements in to it. Nevertheless, there some need to be considered in order to implement SL in construction industry such as:

- Converting from conventional business practices into sustainability practices.
- Major change business practices bringing the chance of a drop in short-term performance, so that the stakeholders need to focus on the long-term.
- Consideration of senior manager to change from current leadership style into SL.
- Changes from current leadership style to SL can take time to embed as well as to maintain them.

By implementing commercially SL in business strategy, SL has a role in helping to promote sustainable construction [4]. When the leaders have an ability to understand and implement sustainability practices in organisation, it is not possible for them to pursue sustainable construction with less facing of challenges and barriers. It is worth taking an interest in the principles of the SL in the construction industry for aiming at delivering better and sustainable returns, reducing unwanted circumstances and accelerating organisational profit in present and also in the future.

## 7 Conclusion

This paper has established an overview and necessity of sustainable leadership (SL) in the construction organisation. The adaptability of SL clearly can contribute towards construction organisation without neglecting a proper balance is created between economic, social and environment. Therefore, research on the adaptability of SL in construction organisation is needed to aware and influence construction leader the capability of SL to overcome challenges and barrier and to help the construction industry to reap the benefit of sustainability practices in organisation management either in present or in the future.

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