

# Leadership Development and Practice Strategy under the Sustainable Development of Enterprises

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## Abstract

## Review Article

If human beings want to survive and develop continuously, they must ensure the harmony and unity of the whole society and nature. Not only the continuous growth of material wealth, but also the continuous supply of natural resources. This inevitably requires the sustainable development of human society and economy. More and more enterprises regard sustainable development as their development goal, which fundamentally changes the requirements for leadership. Under the sustainable development, in addition to meeting the challenges of new leadership needs, leaders also need to carry out a series of changes to promote the sustainable development of enterprises.

**Keywords:** Sustainable development; challenge; change.

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## INSTRUCTION

Sustainability refers to the process or state that can be maintained for a long time. The sustainability of human society includes ecological sustainability, social sustainability and economic sustainability. In the report *Our Common Future* issued by the World Commission on Environment and Development, sustainable development is defined as the development that meets the needs of the present without endangering the ability of future generations to meet their needs. The environment is the premise and guarantee of human survival and development. The dilemma of ecological degradation and environmental pollution has become one of the greatest challenges to restrict the sustainable development of China's social economy. The problems of resource environment and economic development are superimposed and coexisted, making the limitations of terminal governance increasingly appear, and it is urgent to regulate and curb from the source prevention and process control.

Enterprises are an important part of the social and economic system. The sustainable development of enterprises requires enterprises to consider the impact on the economy, society and environment in the process of production and operation, so as to ultimately achieve the overall development of the enterprise itself, society and ecology. An enterprise is made up of people, who are the driving force of ideas and ideals, and they are also the ultimate receivers of all process results. This

means that the sustainable development of enterprises must be led by people, and people should participate in and serve others. Because of their power and influence, leaders have become the key figures in the sustainable development of enterprises and the important driving force for the sustainable development of enterprises. It is of great significance to explore the relationship between leaders and the sustainable development of enterprises, not only for enterprises, but for the sustainable development of social economy.

### Why sustainable development matters to enterprises Reduce cost and promote innovative behavior

All enterprises focus on cost control in order to obtain higher work efficiency through less resources, such as raw materials, energy, labor and water, so as to reduce or eliminate waste. Sustainable development provides enterprises with a mechanism to reduce cost. At the beginning, it may be only some small changes, such as the control of office paper waste, which may not increase revenue in the short term, but in the long run, the gradual structural changes of enterprises may promote the innovative behavior of enterprises, thus bringing great impact to enterprises. For example, Procter & Gamble's "Design for Zero Waste Production" program has saved the company more than 500 million dollars, and also reduced 2 million tons of garbage emissions. Unilever reported in the 2012 sustainable living report that they have introduced a new shampoo that can be used without a shower, which greatly reduced the water consumption.

### **Meet the consumers need and expand the market share**

With the increasing frequency of environmental protection related reports and the continuous investment in environmental education, public consumers' awareness of environmental protection has also been generally improved, and their values, ways of thinking and consumption needs and modes are greatly different from those before. With the gradual improvement of people's living standards and quality of life, a strong "environmental protection consumption boom" is emerging. From environmental protection recycle bags, clothing, home and travel, consumers are willing to pay higher prices to buy environmentally friendly products. Therefore, under the new situation that environmental protection consumption and green consumption are gradually becoming the mainstream of consumption, environmental management in the sustainable development of enterprises can establish stable customer groups, maintain good relations with customers, and enhance the customers' trust and loyalty.

### **Meet the expectations of stakeholders and improve the reputation**

Enterprise reputation is seen as a social group for enterprise overall impression. Good corporate reputation is an intangible asset which can create the sustainable competitiveness. For internal stakeholders, strengthening the external publicity of environmental information and improving enterprise's environmental performance can improve employee relations, motivate employee motivation, morale, commitment and loyalty. For external stakeholders, they can meet the expectations of all parties, respond to the call of national policies, comply with environmental regulation policies and assume social responsibilities, which are conducive to the improvement of corporate reputation and the realization of corporate economic interests, social interests and environmental benefit.

### **Rational use of enterprise resources to ensure the sustainable development of enterprises**

The sustainable development requires the balance of enterprise resources distribution in time and space. Internal and external environment monitoring enable enterprises to foresee possible adverse situations as soon as possible according to expected changes in the external operating environment and internal conditions, enable enterprises to rationally utilize and distribute various natural resources and enterprise resources and coordinate the internal and external environment according to possible future situations, and enable enterprises to actively develop new leading businesses according to actual conditions. Even when the external environment is good, it will not blindly expand and hyperinflation, which can ensure the steady improvement of the overall profitability of the

enterprise, and consequently ensure the sustainable development of the enterprise.

### **The challenge of leaders under the sustainable development**

#### **Balance the priorities between short term and long term**

Sustainability requires leadership to move from traditional financial measures to sustainability measures that include social and environmental indicators. The enterprise is a unique collection of resources and capabilities. Leaders need to allocate resources not only to focus on short-term results, but to balance short-term and long-term priorities. They need to use the resources available to the enterprise to solve the environmental and social challenges while creating value for shareholders. The main performance indicators of most enterprises are financial performance, namely sales and profit, because this is the way they evaluate and reward in performance appraisal. However, this often leads to the loss of opportunities to improve long-term performance, such as the stable quality, the government support, and the users' trust. Leaders should understand the interdependence of stakeholders, balance the demands from different stakeholders and consider their expectations as the part of performance of enterprise.

#### **Changes in management tools**

With the increasingly harsh living and competitive environment faced by enterprises, workplaces will also undergo more profound changes. In traditional leadership, power and control have been regarded as recognized management tools. Traditional leadership is the process of influencing the thoughts and behaviors of others to achieve goals through the authoritarianism of leaders. But with the changes of the times and technological leap, more and more new generation employees, the way in which we work has undergone a complete transformation in the past decade. The traditional sense of the effectiveness of the management gradually lost in the past. Leaders need to be aware that today's employees are no longer the machine or tool of the enterprise. Especially leaders should acknowledge their unique contribution, emphasize on tapping the talent power of the employees and bringing it into play, and so as to help them achieve higher self-actualization need rather than command them.

#### **Change of management thinking**

With global consumption and demand for natural resources rising rapidly, there is an urgent need for businesses to move from a traditional linear economy to a more circular one that focuses on ensuring products and materials used with minimal waste and places a high priority on protecting valuable natural resources. This requires a shift in the mindset of leaders from the successes of the past to the challenges of the future. Leaders should stand higher to see and

think at a high level, emphasizing the sustainability of the business rather than short-term profits. To this end, leaders should take social and environmental issues into account in their interactions with stakeholders during enterprise operations.

### **Change in the mission, vision and values of the enterprise**

Charismatic and compelling vision, mission and values can effectively lead the implementation of the enterprise strategy and execution. If the enterprise wants to achieve the goal of sustainable development, a leader must fully merge the requirements of the sustainable economic, social and environmental problems into the enterprise's mission, vision and values, and practice in daily operation. Therefore, the sustainable development of an enterprise should be driven by its mission and vision, and guided by its values.

### **New leadership needs and development under sustainable development**

#### **Be long-term sustainable expansion thinking**

Economic performance, environmental performance and social performance are no longer a tangent intersection of the independence of the world, but a unified and indivisible entity, because they are interrelated and interdependent. So, when leaders make decisions, they should focus on optimal balanced development. These changes show the extension of value of sustainable development thought, namely in time, from short-term to long-term extension; in space, the expansion from the needs of shareholders to the needs of stakeholders.

#### **Strengthen the ethics of leadership**

There is a close relationship between leadership ethics and corporate behavior. Morality is the foundation of leadership attitude and behavior, which plays a decisive role in the choice of environmental strategy and control of environmental management in the sustainable development of enterprises. In other words, enterprise ethics can be regarded as the crystallization of ideas formed by enterprise leaders through deliberate shaping and long-term accumulation, which often constitutes the core of enterprise culture. The value orientations are held by leaders in production, operation and management and the value orientation choices are formed on the basis of these orientations and understandings. These determine the core structure of enterprise ethics and play a key role in the sustainable development of enterprises.

#### **High awareness of environmental management**

As important decision makers of enterprises, leaders play a leading role in the process of internal operation and management of enterprises, and have an inspiration that cannot be underestimated for their subordinates and enterprises. Their ideas and behaviors have a broad and profound influence on internal

employees. They have a high awareness of environmental responsibility. Proactively reaching out to stakeholders in the environment and winning the support of all stakeholders determines that the enterprise is restrained in the decision-making of excessive pursuit of high profit, which will encourage all employees in the enterprise to form a consensus on environmental management ideas and lead enterprises to show positive attitude and environmental responsibility in sustainable development. Recognizing that the changing trend of increasing complexity and interdependence among stakeholders has a significant impact on the enterprise sustainability.

### **Commitment to the sustainable development**

Leaders need to make as much or more commitment to sustainability as anyone else. When employees realize that the leader is not committed, or that the leader's commitment is not consistent with the expected behavior, they will no longer commit to any effort. Leaders must live up to their promises, and be a guide to the thoughts and actions of others. If leaders can't do something themselves, they can't ask employees to do it. Leaders need to translate sustainability commitments into clear corporate goals and rigid initiatives, and regularly track economic, social and environmental performance indicators throughout the enterprise planning cycle.

### **Practice of leadership promotion under sustainable development**

#### **From the strategic level**

##### ***Change in the enterprise culture***

Sustainable development includes a series of complex, vague and seemingly conflicting economic, social and environmental performance indicators. Compared with the traditional principle of economic performance priority, sustainable development has fundamentally changed the priorities of enterprises, and it is necessary to balance the performance of different dimensions of economy, society and environment. Corporate behavior is rooted in a corporate culture, which will require enterprises to change their culture or at least change the description of what they think is important. Essentially, this means that enterprise sustainability will be driven by a new set of values based on sustainability, and it is fundamental for the change in corporate culture that provides the basis for action for the enterprise sustainability.

##### ***Formulate strategic goals for sustainable development***

As a result of the Sustainable Development Goals (SDGs), there has been a fundamental change in the perception of how enterprises create value, which is evident in the SDGs set by enterprises. Strategic goals ensure that goals are aligned with the enterprise sustainability issues, which is often identified through a materiality analysis process. The strategic goals are usually broken down into the goals of departmental performance and individual employee performance,

which will be improved through performance management. Even if these goals are ultimately not achieved, the sustainable development strategic goals can enable managers to think with a long-term perspective, so that they can better prepare for potential risks and seize the opportunities in the enterprise.

#### ***Establish environmental management goals***

Leaders should keep abreast of the current environmental management, clarify the Environmental Protection Law included national and industry environmental management standards, and formulate the enterprise's environmental management goals through comprehensive analysis. The environmental management goal of the enterprise should be a goal system, which includes the overall goal and each sub-goal, long-term goal and the stage's goal. After these goals are established, leaders can organically link all business units, functional departments and various production and operation activities of the enterprise, give full play to the overall function of the enterprise, and achieve environmental performance.

#### ***Build a community of interests with corporate stakeholders***

Leaders need to be able to identify key stakeholders who have an impact on the business, understand how the enterprise can positively and negatively impact these stakeholders, and treat them in a fair and ethical manner, otherwise the sustainability cannot be achieved. If the focus is solely on the interests of individual stakeholders, it may harm the interests of the enterprise or others in society. Each stakeholder is critical to the long-term prosperity of the enterprise, and development achieved at the expense of the welfare of specific groups cannot last. Therefore, leaders under the sustainable development should be very cautious in making decisions that affect the interests of many people in the organization. Leaders should also try their best to identify internal stakeholders and external ones, and their interest demands, to build a community of interests with them.

#### ***From terms of management mechanism***

##### ***Adjust the incentive mechanism***

The initiation of the SDGs is a top-down process, and the realization of the SDGs begins with leaders and ends with the implementation and practice of specific programs by employees. This requires employees to come up with novel and more meaningful solutions, dare to question the assumptions of industry logic, and create more opportunities for the sustainable development for enterprises. Therefore, the SDGs cannot be achieved simply by telling employees. To be effective, incentives must be put in place and not seen as a special burden on employees. Employees will be affected by different motivational factors, such as promotion, sense of belonging, challenge, contribution to society, participation in projects, material rewards,

knowledge interests, job security, organizational honor, and benefits of the work environment. Understanding the needs of employees is critical to how incentive structures can facilitate employees to achieve the SDGs. Therefore, in addition to identifying the types of behaviors that the company wants to promote and reinforce, leaders need to formulate a variety of incentive programs to reward these behaviors based on different employee needs, and promote them within the company to let everyone know.

#### ***Strengthen the discipline of sustainable development of knowledge and capacity development***

Enterprises want immediate results when raising employees' awareness of the importance of the sustainability, but most employees, even some managers, just keep training documents in their office filing cabinets and never look at them again. There is no point in training employees if they cannot incorporate this new knowledge into their daily work. In order to apply the sustainable ideas and skills in the workplace, the training of continuous sustainability knowledge and ability is as important as the training of new employees. This should be an integral part of the employee's on-job training from the time of entry until the employee leaves the organization. The SDGs must be understood and implemented by all employees of the enterprise, understanding the basic information of sustainable development, like its impact and its role in the implementation process, deepening employees' knowledge and understanding of the SDGs, and ensuring that every employee has a consensus on how to view sustainability issues.

#### ***Design performance evaluation system of Sustainable Development Goals***

Quantifying long-term sustainability goals is critical and should be incorporated into the performance appraisal system to make it clear to employees that the success of sustainability depends on their progress in their respective fields. Performance evaluation directly affect the result of the adjustment of wages, bonuses, and even the promotion or demotion, which closely related to the vital interests of the employees. This can guide the enterprises leaders to consider long-term benefits. After integrating sustainable development goals into performance evaluation systems, employees can make sustainability as a priority for action by clearing their work objectives, responsibilities and requirements, so that enterprises can be clear about the key capabilities and shortcomings of sustainable development.

#### ***Establish a comprehensive communication mechanism***

Sustainable development of enterprises requires the participation of all employees. Communication is an important form to embody and realize the participation of employees in sustainable development, which is helpful to bring into play the



enthusiasm and creativity of employees. Communication helps leaders accurately and quickly collect, process and transmit market information, customer needs, the government policies and other stakeholder information, so that leaders make more reasonable and effective decisions. Effective communication mechanism should be multi-faceted, so that the enterprise can form a multi-level communication and dialogue mechanism between the high-level leaders and leaders of functional departments, department leaders and employees, employees and employees. It helps to smooth the lines of communication and helps employees perceive that leaders are willing to listen to them and that their advice is important. Contacting information such as mobile phone numbers and email addresses of all employees in the enterprise should be public and updated regularly. Employees can directly communicate with each other on problems or other matters found in work through the internal Internet, email, telephone, or short message.

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