

# Sustainable Leadership in European Business Environment

Andreea Bianca Ene (Constantin)<sup>1</sup>

<sup>1)</sup> Bucharest University of Economic Studies, Bucharest, Romania

E-mail: [andreeabianca.constantin@gmail.com](mailto:andreeabianca.constantin@gmail.com)

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**Please cite this paper as:**

Ene (Constantin), A.B., 2023. Sustainable Leadership in European Business Environment. In: R. Pamfilie, V. Dinu, C. Vasiliu, D. Pleșea, L. Tăchiciu eds. 2023. *9<sup>th</sup> BASIQ International Conference on New Trends in Sustainable Business and Consumption*. Constanța, Romania, 8-10 June 2023. Bucharest: ASE, pp. 280-287

**DOI:** [10.24818/BASIQ/2023/09/052](https://doi.org/10.24818/BASIQ/2023/09/052)

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## Abstract

Sustainability leadership is a strategy approach that gives direction, alignment, and commitment while dealing with social, environmental and economic concerns in order to produce a better society.

The focus of the paper is to highlight the sustainable leadership in the European corporate setting. To achieve this aim, two objectives have been formulated. The first objective is to ascertain the importance of integrating sustainability measures in organizations and the second one is to illustrate the connection between sustainable behaviours and sustainability values among managers.

The current research paper focuses on conducting a statistical analysis of data gathered from the Sustainable Leadership in Europe Report. The data, deemed pertinent to the study, was accumulated, consolidated, and evaluated using Microsoft Excel and SPSS Statistical Software to derive conclusions aligned with the research objectives.

To summarize the results, it seems that companies in Europe have implemented the sustainability measure of identify sustainability risks & opportunities the most, while the last measure of performance measurement and reporting has the lowest implementation percentage across all countries. Also, I found a strong and direct connection between the relationship between the self-identification with sustainable behaviors and sustainability values for managers.

The reason choosing to do this article is that sustainable leadership is a current topic and probably those interested in this topic will find this valuable, especially PhD students and other people who want to learn more about this subject.

Overall, the article contributes to the growing body of research on sustainable leadership and provides practical insights that can be applied in the European corporate setting. The intention to improve the statistical analysis and gather up-to-date and relevant data for all European Union countries in future studies further emphasizes the importance and relevance of this topic.

## Keywords

Sustainability, leadership, sustainable behaviours, sustainability performance.

**DOI:** [10.24818/BASIQ/2023/09/052](https://doi.org/10.24818/BASIQ/2023/09/052)

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## Introduction

Sustainability leadership is a strategy process that provides direction, alignment and commitment while addressing social, environmental and economic challenges to build a better society (Visser and Courtice, 2011).

Based on the analysis of the specialized literature, previous studies indicate that firms are much more likely to implement sustainable measures, especially when their managers adopt sustainable behaviour. (Kiesner and Baumgartner, 2020; Ruiz-Pérez, Lleo and Ormazabal, 2021). Promoting sustainable behaviours among managers can be an effective strategy for driving the adoption of sustainable innovation practices in these organizations, and that such practices can be a key driver of sustainability and competitiveness (Saifulina and Carballo-Penela, 2017).

The research's goal is to present sustainable leadership in the European corporate environment. In order to achieve the desired outcome, two objectives were established. The first is to determine the significance of implementing sustainability measures in organizations in order to improve environmental, social, and economic sustainability performance, while the second is to demonstrate the relationship between sustainable behaviours and sustainability values for managers.

The title of this article is “Sustainable leadership in European business environment” and is established in accordance with the objectives of the research presented above.

Next, a concise presentation of the scientific literature, research methodology, and results along with discussions will be presented, which will validate the established hypotheses.

## 1. Review of the scientific literature

Sustainable leadership has recently developed as an effective leadership style for dealing with long-term difficulties. Extensive literature has advocated investigating the process and conditional limitations for the important effect of sustainable leadership on long-term performance (Iqbal, Ahmad and Halim, 2020).

Scientific progress has been reflected in all spheres of activity in the new age of the information society. It represents aspects having a substantial positive impact on human society's development, as well as an increasingly discussed subject of sustainable development. To ensure continuity for future generations, all resources employed and output gained as a result of scientific advancement and the information society must remain under the sign of conservation and regeneration (Ghiță et al., 2018).

The sustainable leadership encourages novelty and the sharing of creative ideas, focuses on learning and ongoing progress, and accepts mistakes in a non-punitive manner (Burawat, 2019; Piwowar-Sulej and Iqbal, 2023).

Sustainable leadership significantly influenced the development of sustainable performance inside an organization. According to the findings, the mediating role of organizational training and structural empowerment boosted the impact of sustainable leadership on employees' long-term performance. While the presence of psychological safety deviates from the premise since it is extremely dangerous in front of management to ensure their psychological perception of the company's goals (Sulasmi et al. 2020).

Organizational sustainability is a strategic issue in sustainable growth. A corporation will attain sustainable development if three dimensions (economic, social, and environmental) are balanced (Sapta et al. 2021).

As a result, Schaltegger, Hansen and Lüdeke-Freund (2016) sustain that businesses should emphasize financial and economic aims while also considering social benefits and environmental preservation.

In addition, sustainable performance necessitates that any business fulfil current demands without compromising future generations' needs (Baumgartner and Rauter, 2017).

Sustainable development attempts to improve quality of life by ensuring human needs, while also conserving the environment. Individuals and society can help to achieve the aims of sustainability by engaging in sustainable behaviour. These actions allow for the preservation of the natural environment as well as the protection of societal integrity, and this is their initial impact on improving the standard of living. Furthermore, people who engage in these practices usually have favorable psychological outcomes (satisfaction, self-efficacy, psychological wellness and repair and even joy) (Tapia-Fonllem, Corral-Verdugo and Fraijo-Sing, 2017).

The literature review highlights the significance of sustainable leadership as a means of addressing long-term challenges and fostering sustainable development in organizations. It presents different facets of sustainable leadership, such as promoting innovation, continuous learning, and accepting errors without punishment. It further stresses the need to strike a balance between economic, social, and environmental considerations of sustainability while meeting present requirements without compromising future generations' welfare.

## 2. Research methodology

The aim of the research is to present the sustainable leadership in European business environment. To fulfil its purpose, it was established two objectives from which to start the research. The first one is to find out the importance of implementation of sustainability measures at organisations, to improve the

environmental, social and economic sustainability performance and the second one to show what is the relationship between sustainable behaviours and sustainability values for managers.

At the outset of the research, two hypotheses were formulated based on a thorough examination of relevant literature (Kiesnere and Baumgartner, 2020; Ruiz-Pérez, Lleo and Ormazabal, 2021.).

*Hypothesis 1. When managers adopt sustainable behavior, the organization is more likely to implement sustainable measures.*

*Hypothesis 2: Most managers focus on sustainable values.*

The chosen approach for this research paper was a statistical analysis of the data obtained from *Sustainable Leadership in Europe Report*. The research presents unique data on the status of sustainable leadership in European management. Alberto Pastore, a professor at Sapienza University of Rome, and his group did the investigation in the spring of 2020. The empirical findings, which are based on a survey of more than 1500 managers across six European nations (Germany, France, Spain, Italy, Poland and Denmark), provide valuable insights to policy-makers, social partners, and education providers on the discrepancies between policy aims and the reality on the ground (Pastore, 2020).

The initial step in the research was to organize and present the data concerning the implementation of sustainability measures in European organizations. Microsoft Excel was used to analyze the data structure, and statistical indicators were calculated to draw conclusions that align with the research objectives.

The second part of the study involved analysing the correlation between sustainable behaviours and sustainability values for managers, which was accomplished using Microsoft Excel and SPSS Statistical Software. The study utilized a linear regression and Pearson correlation to perform the analysis.

### 3. Results and discussion

This section is dedicated to presenting the findings of the analysis of data on the adoption of sustainability measures by organizations in Denmark, France, Germany, Italy, Poland, and Spain. The results also explore the relationship between sustainability values for managers and their self-identification with sustainable behaviours.

**Table no. 1. "Yes" answers regarding the implementation of sustainability measures (%)**

<b>Implementation of sustainability measures at organizations</b>	<b>Denmark</b>	<b>France</b>	<b>Germany</b>	<b>Italy</b>	<b>Poland</b>	<b>Spain</b>	<b>Europe</b>
Consult the company stakeholders	44.5	53	51.4	48.6	45.5	52.2	50.4
Analyse what Sustainability elements are material/matters	53.5	52.6	51.8	54.1	51.8	60.6	53.3
Identify Sustainability risks & opportunities	57.8	57.3	51.8	58	54.5	57	54.9
Develop a Sustainability Strategy	52.3	56.1	53.7	50.6	51	57.8	53.7
Setting Managerial Sustainability objectives	46.9	49.8	45.1	50.2	45.5	51.8	47.7
Sustainability performance measurement and reporting	44.9	48.2	46.3	50.6	41.2	46.6	46.7

*Source: Own processing of data obtained from Sustainable Leadership in Europe Report (Pastore, 2020)*

The Table no. 1 shows the percentage of organizations in Denmark, France, Germany, Italy, Poland, Spain, and Europe as a whole that have implemented different sustainability measures, as the questioned managers answered. The first measure is consulting with company stakeholders, which has been implemented by a majority of organizations in all countries and in Europe as a whole, with France having the highest percentage at 53% and Denmark having 44.5%.

The second measure is analysing which sustainability elements are material or important to the company, with Italy having the highest percentage at 54.1% and Poland only 51.8%. The third one is identifying sustainability risks and opportunities, with Denmark on the first place (57.8%) and Germany on last place (51.8%). The fourth measure is developing a sustainability strategy, with France having the highest percentage at 56.1% and Italy having the lowest percentage at 50.6%. Setting managerial sustainability objec-

tives is the fifth measure, with Germany having the lowest percentage at 45.1% and Spain having the highest percentage at 51.8%. The final measure is sustainability performance measurement and reporting, with Poland having the lowest percentage at 41.2% and Italy with the highest percentage at 50.6%.

Overall, it seems that companies in Europe have implemented the sustainability measure of Identify Sustainability risks & opportunities the most, while the last measure of performance measurement and reporting has the lowest implementation percentage across all countries. Setting Managerial Sustainability objectives is also an area where there is room for improvement in most countries.

**Table no. 2. Descriptive statistics regarding the implementation of sustainability measures**

Descriptive Statistics	Denmark	France	Germany	Italy	Poland	Spain	Europe
Average	49.98	52.83	50.02	52.02	48.25	54.33	51.12
Standard deviation	4.90	3.20	3.16	3.14	4.55	4.64	3.09
Variance	28.85	12.27	11.97	11.83	24.81	25.83	11.49
Min	44.5	48.2	45.1	48.6	41.2	46.6	46.7
Max	57.8	57.3	53.7	58	54.5	60.6	54.9

Source: Own processing of data obtained from Sustainable Leadership in Europe Report (Pastore, 2020)

From the Table no. 2, we can see the descriptive statistics for seven European countries, including their average, standard deviation, variance, minimum and maximum values. Spain has the highest average value (54.33%), which shows that organizations in Spain implement sustainable measures in a higher proportion than those from Poland (42.25%). Italy has the smallest standard deviation (3.14) and variance (11.83), indicating that its values are tightly clustered around the mean, while Denmark has the largest standard deviation (4.90) and variance (28.85), indicating a more dispersed dataset.

It is obvious that regarding the topic of whether the organization has implemented efforts to improve its Sustainability performance, Spain once again shows out as the country with the greatest answers, particularly on Analyze what Sustainability elements are material. On opposite sides, Poland and Denmark have the lowest response rates: Poland, in particular, on Consult the company stakeholders and Sustainability performance measurement & reporting; Denmark, on Consult the company stakeholders.

Therefore, these descriptive statistics provide insight into the differences in the scores across these European countries, with Spain and France having the highest average scores, respectively, and Poland having the highest variability in their scores.

**Table no. 3. Self-identification with sustainable behaviors**

Self-identification with sustainable behaviors	Denmark	France	Germany	Italy	Poland	Spain	Europe
Ensuring decent working score	3.51	3.45	3.39	3.44	3.42	3.63	3.44
Supporting actions toward a better world	3.36	3.38	3.32	3.31	3.29	3.53	3.35
Adopting new ways of seeing	3.34	3.44	3.28	3.35	3.32	3.42	3.34
Communicating a comp. vision	3.19	3.25	3.22	3.33	3.32	3.39	3.28
Understanding the context	3.34	3.27	3.2	3.34	3.2	3.45	3.27
Engaging on sustainability issues	3.27	3.35	3.2	3.2	3.25	3.4	3.26
Managing social dialogue	3.21	3.18	3.26	3.29	3.15	3.21	3.17

Source: Own processing of data obtained from Sustainable Leadership in Europe Report (Pastore, 2020)

The Table no. 3. presents the self-identification scores of Denmark, France, Germany, Italy, Poland and Spain regarding sustainable behaviors. The scores range from 1 to 5, with higher scores indicating stronger agreement with the statements presented.

Overall, the European countries appear to have relatively high levels of self-identification with sustainable behaviors. The highest scores were given for "Ensuring decent working score" (3.44) and "Supporting actions toward a better world" (3.35) with all countries scoring above 3.2 for these statements. This suggests

that these nations place great importance on fair working conditions and efforts to make things better around the world.

The scores for "Adopting new ways of seeing" and "Understanding the context" were also relatively high. This shows an ability to take into account fresh viewpoints and an understanding of the larger context in which sustainable actions function.

The scores for "Engaging on sustainability issues" and "Communicating a comprehensive vision" were slightly lower but still positive. This suggests that there is room for improvement in terms of engaging with sustainability issues and communicating a comprehensive vision.

Finally, the scores for "Managing social dialogue" were the lowest among the statements presented (3.17). This indicates that there may be challenges in effectively managing social dialogue around sustainable behaviors.

However, the findings imply that these nations self-identify at a relatively high level with sustainable habits, but other areas, particularly managing societal conversation about sustainability challenges, still need improvement.

**Table no. 4. Sustainability values for managers**

Sustainability values for managers	Quality of life	Human solidarity	Ecological Sensibility
<b>Denmark</b>	3.29	3.2	3.36
<b>France</b>	3.25	3.2	3.3
<b>Germany</b>	3.28	3.24	3.26
<b>Italy</b>	3.22	3.25	3.36
<b>Poland</b>	3.26	3.23	3.29
<b>Spain</b>	3.37	3.47	3.52

*Source: Own processing of data obtained from Sustainable Leadership in Europe Report (Pastore, 2020)*

Table no. 4 presents the sustainability values for managers in six European countries, namely Denmark, France, Germany, Italy, Poland, and Spain. The values are measured on a scale of 1 to 5, where higher values represent a greater emphasis on sustainability. Upon analysing the data, it is apparent that all countries exhibit considerably high scores across the three sustainability dimensions: Quality of life, Human solidarity, and Ecological sensibility. Denmark, Germany, and Spain have the highest scores across all three dimensions.

Specifically, Spain has the highest score for Ecological sensibility (3.52), Human solidarity (3.47) and Quality of life (3.37). The data suggests that sustainability is a priority for managers in these six European countries, as evidenced by their relatively high scores in all three dimensions, but there is always room improvement.

The research aimed to perform a linear regression analysis between sustainable behavior variable (y) and the independent variables (x1=Ecological sensitivity, x2=Human solidarity and x3=Quality of life). The value of the correlation coefficient R (0.941) between the analyzed variables indicates a very strong correlation between the variables. R Square is 0.886, which suggests that the multiple linear regression model explains approximately 88.6% of the variation in the sustainable behavior variable, using the independent variables included in the model.

**Table no. 5. Pearson correlation**

Correlations					
		Y	x1	x2	x3
Pearson Correlation	Y	1.000	0.701	0.802	0.939
	x1	0.701	1.000	0.814	0.735
	x2	0.802	0.814	1.000	0.873
	x3	0.939	0.735	0.873	1.000
Sig. (1-tailed)	Y		0.060	0.028	0.003
	x1	0.060		0.024	0.048
	x2	0.028	0.024		0.012
	x3	0.003	0.048	0.012	
N	Y	6	6	6	6

	x1	6	6	6	6
	x2	6	6	6	6
	x3	6	6	6	6

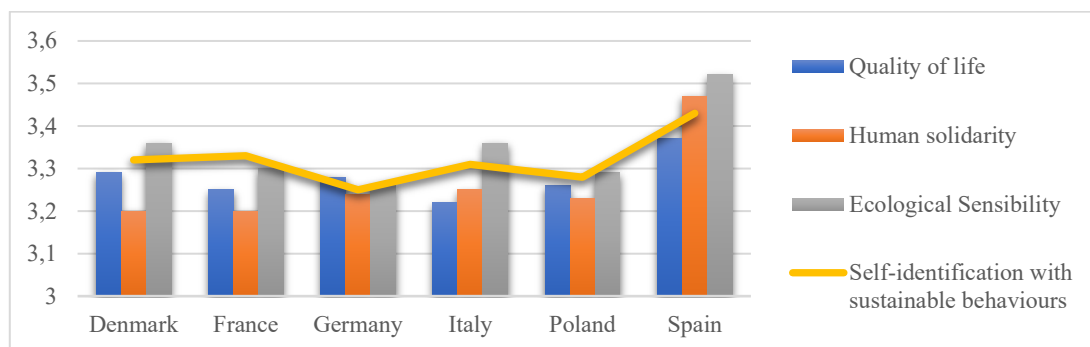
Regarding the Pearson correlation coefficient (Table no. 5), which shows the relationship between the sustainable behaviour variable and the three explanatory variables (Ecological sensitivity, Human solidarity and Quality of life) it seems that the value of 0.701 indicates a positive correlation between sustainable behaviour and Ecological sensitivity. In other words, if Ecological sensitivity increases, sustainable behaviour is likely to increase and vice versa.

The value of 0.802 indicates a strong positive correlation between sustainable behaviour and Human solidarity, so if it increases, sustainable behaviour is likely to increase and vice versa.

And last but not least, the 0.939 value represents the correlation between sustainable behaviour and Quality of life. This indicates a very strong positive correlation between the two variables influencing each other.

Also important are the values outside the main diagonal, which show the correlations between the other variables. For example, the correlation between Quality of life, Human solidarity is 0.814, which indicates a strong positive correlation between the two explanatory variables.

Another example, the correlation between sustainable behavior and Ecological sensitivity has a significance level of 0.003, indicating that it is statistically significant at the 0.05 level.



**Figure no. 1. The relationship between the self-identification with sustainable behaviours and sustainability values for managers**

Figure no. 1 illustrates the strong and direct relationship between the variables analyzed in the study, namely, self-identification with sustainable behaviours and sustainability values for managers.

### Conclusions

Regarding the implementation of sustainability measures at organizations from Denmark, France, Germany, Italy, Poland, Spain, it seems that they have implemented different sustainability measures, as the questioned managers answered. Overall, companies in Europe have implemented the sustainability measure of Identify Sustainability risks & opportunities the most, while the last measure of performance measurement and reporting has the lowest implementation percentage across all countries. Setting Managerial Sustainability objectives is also an area where there is room for improvement in most countries.

It is obvious that regarding the topic of whether the organization has implemented efforts to improve its Sustainability performance, Spain once again shows out as the country with the greatest answers, particularly on Analyse what Sustainability elements are material. On opposite sides, Poland and Denmark have the lowest response rates: Poland, in particular, on Consult the company stakeholders and Sustainability performance measurement and reporting; Denmark, on Consult the company stakeholders.

The European countries appear to have relatively high levels of self-identification with sustainable behaviours. The highest scores were given for "Ensuring decent working score" and "Supporting actions toward a better world" with all countries scoring above 3.2 for these statements. This suggests that these nations place great importance on fair working conditions and efforts to make things better around the world.

It seems that all countries have relatively high scores in each of the three dimensions of sustainability: Quality of life, Human solidarity, and Ecological sensibility. Denmark, Germany, and Spain have the highest scores across all three dimensions. Specifically, Spain has the highest score for Ecological sensibility, Human solidarity and Quality of life. The data suggests that sustainability is a priority for

managers in these six European countries, as evidenced by their relatively high scores in all three dimensions, but I think there is always room for improvement.

The findings suggest that there is a significant and reciprocal relationship between a manager's self-identification with sustainable behaviours and their sustainability values. In other words, these variables have a strong and direct impact on each other.

The study's conclusion affirms the successful validation of both hypotheses and underscores the critical significance of integrating sustainable measures within organizations. Moreover, the findings highlight the direct and robust relationship between a company's values and the sustainable behaviour of its managers. An organization's values are crucial in promoting sustainable conduct among managers. When a company prioritizes sustainability and communicates its relevance to its employees, it establishes a culture that supports environmentally friendly behaviours. Managers who share the values of their firm are more likely to make decisions that prioritize sustainability and inspire their teams to do the same.

To summarize, it is critical for companies to implement long-term strategies and guarantee that their management are fully aligned with the company's values. This not only improves the environment, but it also contributes to the creation of a positive and sustainable future for the business.

In conclusion, the importance of the study is given by a clear and robust correlation between two key variables: the extent to which managers self-identify with sustainable behaviours and the strength of their sustainability values. In other words, the study suggests that managers who prioritize sustainable actions are more likely to hold deeply-held beliefs about the importance of sustainability.

Absolutely, the research has limits, and in the upcoming studies is needed to improve the statistical analysis and gather up-to-date and relevant data for all European Union countries.

**Acknowledgement:** *This paper was co-financed by The Bucharest University of Economic Studies during the PhD program.*

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