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Situating leadership to develop CSR sustainable practices within an SME context.

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## ABSTRACT

The role small to medium enterprises (SME) plays in both society and business is significant. While there has been interest in this area in terms of its role in corporate social responsibility (CSR) and sustainable business practices it is still a fertile area for investigation. Through previous research an SME with strong credentials in the practise of CSR and sustainability has been identified. Within the analysis of a qualitative case study based on this business a link between leadership and the successful uptake of CSR and sustainability was found. By exploring this link and the transformations that occurred in the business journey to sustainability it has been possible to model Hersey and Blanchard's situational leadership theory to the process. These findings provide a platform for further research on effective ways of both understanding and developing CSR and sustainable practice within the SME context.

**Word count:** 143

**KeyWords:** Sustainability CSR, SME, Leadership, Situational Leadership theory

## *Introduction*

The concept of leadership is not new. It exists in most facets of life and has been documented for over 5000 years throughout civilization. There are many styles of leadership, for example Machiavelli proposed that stability and firmness was the key requirement of leaders (Bass & Bass, 2008). Then there is the autocratic leader or the patriarchal leader (Drucker, 1993). Principle centred leadership with examples including Mandela and Mother Theresa were positioned by Covey (1990). Leadership diversity and vibrancy are a “cause for celebration”, however with this celebration comes “a complex, multi-level and socially constructed process” (Gardner et al., 2010 (in press), p. 31). By placing leadership in a context it is possible to reduce or understand the nature of this complexity. This paper does this in two ways by using small to medium enterprises (SME) as the organisational context and situating the leadership in terms of corporate socially responsible (CSR) and sustainable practice.

While it is difficult to define the ideal leadership style this research is based on links to existing leadership approaches. Given the setting of CSR practice within the SME environment, what would reflect the perfect style of leadership? The answer is generally agreed that the best technique is dependent on the situation (Sims Jr et al., 2009). This is of particular importance when it is recognised that leadership is about understanding, power, knowledge and the responsibility to optimise outcomes (Deming, 1994). These conditions guided the research to the model of Hersey and Blanchard’s situational leadership (Hersey et al., 1979; Hersey & Blanchard, 1969; Hersey et al., 2001). While often discussed in management texts and practical settings there has been limited academic studies validating this model. Varying support for the model along with less than adequate qualitative research on leadership (Papworth et al., 2009), forms the basis for this investigation in CSR, SMEs and situational leadership theory (SLT). This paper investigates why SLT is of benefit when adopting CSR strategies within the SME context. The studied SME has successfully demonstrated sustainable practices (Stewart & Gapp, 2010a; Stewart, Gapp & Fisher, 2010b) therefore a single case study was used with interviews of the employees and manager thematically analysed using the computer-based tool, Leximancer.

## *What is situational leadership theory?*

As research builds on existing findings that has established an understanding and insight into the CSR and sustainable practices that exists in the host SME (Stewart & Gapp, 2010a; Stewart, Gapp & Fisher, 2010b) the emphasis within this paper is on the link between these activities and leadership. Aspects of CSR and sustainable practice will therefore be discussed within the leadership perspective research in this study.

The ability to effectively address the many and changing situational factors is widely conceded to be a trait of a leader’s effectiveness (Northouse, 2004; Rosenthal & Pittinsky, 2006). Situational leadership intuitively examines the adaptability of a leader’s style to the changing dynamics of the environment (Sims Jr et al., 2009; Thompson & Vecchio, 2009). As a recognised theory in organisational leadership, SLT has demonstrated its value through wide use in academic courses as well as the adoption by business practitioners (Papworth et al., 2009; Thompson & Vecchio, 2009). SLT emphasises the leader’s behaviours relative to the followers, as without

followers there is no leader (Drucker, 1993; Hersey et al., 2001). The situational leader is conscious of employees' (followers) abilities, skills and potential, then combined with a willingness and aptitude, the leader is able to influence an individual's performance appropriate to the situation and conditions (Walters, 2001). SLT advocates there is no singular best way to lead, the leadership role is a dynamic one influenced by stakeholders and the situation (Brown et al., 2008; Hersey et al., 2001).

In this context effective leaders focus on stakeholders of the organisation and their potential for growth and vision, if given the chance these stakeholders will respond positively (Hersey et al., 2001). This is followed by the three distinct traits of effective leaders including strong *diagnostic* skills to influence and comprehend the work environment. Secondly, *adapting* as expressed by the capability to capitalise on the available resources to adjust to the situation. Then thirdly is the *communicating* trait that is undertaken at a level to allow suitable interaction and understanding with the people involved. Given these three traits, success is not guaranteed unless the style of the leader adjusts to the situation (Hersey et al., 2001; Walters, 2001).

Adapting, communicating and diagnosing are the key competences for leadership and are integral to the following three foundations of SLT:

1. **Task behaviour:** the level of guidance and instruction a leader provides
2. **Relationship behaviour:** the leader's amount of social and emotional support
3. **Readiness level:** the ability of the follower to action a task, function, or objective.

(Hersey et al., 2001, p. 173)

Four quadrants (Hersey et al., 2001) are used in situational leadership to assess the effective and appropriate style for the situation (Figure 1). The situational leader may find themselves assuming different styles in a single day depending on the people and the relevant situation (Sims Jr et al., 2009). In the SME environment this is evident as there is a necessity for the leader to assume multiple roles. For example, the leader maybe investigating new product lines with an external stakeholder requiring advanced negotiation skills and a depth of technical knowledge while also addressing internal human resource issues that require extensive aptitude in the area of emotional intelligence. The readiness or maturity of the employee is created through the relationship with the leader. Employees or followers require the leader to understand the situation and the conditions then proficiently communicate the task appropriately for that environment (Hersey et al., 2001). Adopting the most appropriate style of communication is vital for success. For instance, high task behaviour is necessary in directing a new employee with instructions needed at a basic level with predominantly one-way communication (Hersey et al., 2001). High relationship behaviour is determined by the social and emotional support provided by the leader (Walters, 2001) and this maybe exemplified by the leader's empathy for the individuals situation.

Effective Leader Behaviour		
Providing supportive behavior Low < <i>Relationship behaviour</i> > high	High relationship/Low task <b>Style 3</b> <i>Above average relationship behaviours and below average task behaviours</i>	High task/High relationship <b>Style 2</b> <i>Above average task behaviours and relationship behaviours</i>
	Low relationship/Low task <b>Style 4</b> <i>Below average task behaviours and relationship behaviours</i>	High task/Low relationship <b>Style 1</b> <i>Above average task behaviours and below average relationship behaviours</i>
Providing guidance Low < <i>Task behaviour</i> > high		

Figure 1: Leadership styles adapted from Hersey, Blanchard and Johnson (2001, p.174).

Understanding and developing the employees skills' appropriately is emphasised by SLT, however when this appraisal of readiness is subjective there is room for error (Thompson & Vecchio, 2009). Defining the correct degree of readiness for an individual has many influencing factors; their innate attributes, their motivation, and the leader's influence. Despite the absence of empirical support, Thompson and Vecchio's (2009, p. 837) study of SLT included Norwegian financial institutions to reveal a "promise for further exploration of the theory's essential principle that employee outcomes are associated with prescribed leader behaviours in combination with follower developmental level". Chinese philosopher Lao-tzu stated, "Of the best leaders, when their task is accomplished, the people will remark, 'We have done it ourselves'" to demonstrate an effective leader enables their employees (Hersey et al., 2001, p. 468).

#### *Why study SMEs and sustainability?*

20 million businesses in the European Economic Community formulate 99% of businesses that are classified as SMEs, they account for 66% of private sector jobs and are the primary contributors to wealth and economic growth along with playing a key role in innovation (European Commission: Enterprise and Industry, 2009). Although, Australia is geographically polarised to Europe, these statistics are replicated with SMEs accredited for 99% of Australian businesses, with less than 1% of organisations employing more than 200 people (Australian Bureau of Statistics, 2007). Both Australia and Europe define SMEs as organisations employing more than 5 and less than 250 staff (Australian Bureau of Statistics, 2002; European Commission: Enterprise and Industry, 2009).

The considerable amount of employment embodied within SMEs, holds potential for change and progress through sustainability, awareness and innovation. Research uncovers a great deal of literature on the challenges faced by SMEs with issues involving resources, finances, innovation, planning along with the individual

organisation's specificity (Jamali et al., 2009; Johnston et al., 2008; Madrid-Guijarro et al., 2009; Udayasankar, 2008). One study of 294 managers of Spanish SMEs, Madrid-Guijarro et al (2009) revealed 15 impediments to innovation, resulting in problems of global competitiveness and financial sustainability. These issues were broken down into internal and external barriers to reveal high costs, control of costs and government support as the three principle factors to impede innovation in this sample group (Madrid-Guijarro et al., 2009). This example demonstrates the importance of leadership and financial stability for an SME to progress and develop economical and competitive advantages, due to their minimal innovative strategies. SMEs are further argued to often have deficient creative drivers as well as being dependent on outdated practices and products (Madrid-Guijarro et al., 2009). Arguably, from this perspective, the inability of SMEs to adopt and create innovative practices accompanied by the substantial potential this sector offers through their significant presence in business, leads to a strong need to develop and support SMEs.

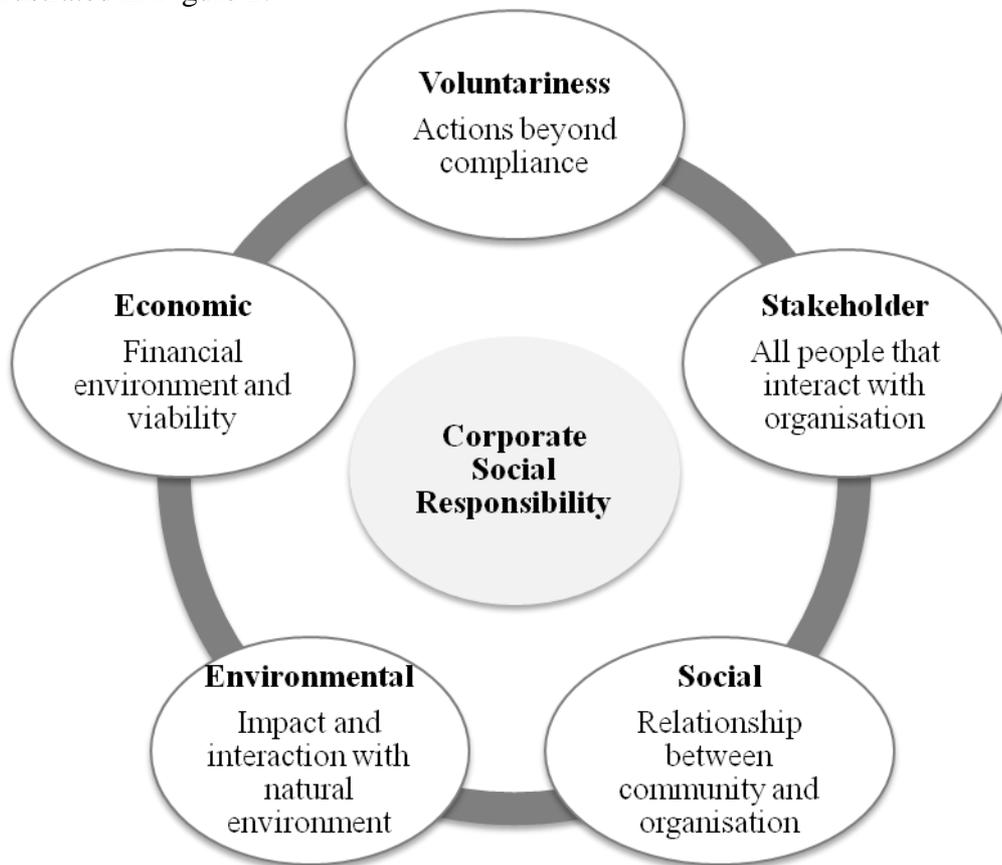
An alternative perspective is that the lack of bureaucracy and hierarchy in SMEs creates an environment to cultivate and develop new ideas. Blackburn and Kovalainen (2009, p. 136) list "novel" areas that are prime for researching in the small business sector to include "social inclusion, ethics, learning, environmental practices and social perspectives". Research on sustainable practices of SMEs in the United Kingdom, uncovered other challenging aspects faced by these organisations including the language of the organisation along with insufficient information, support, time and planning as well as barriers in the supply chain and lastly a "fear of doing things wrong". The challenges of SMEs adopting sustainable practices are also acknowledged by Jenkins (2006) advocating the positives such as flexibility, efficacy of communications, less hierarchy and immediacy of benefits.

SME's have the fundamental concern of survival, thus the financial and operational issues are weighted heavily, and Jenkins (2004) suggests that these need to be in control before adopting sustainable practices. Controlling the financial pressures is critical, yet the leanness and flexibility of size acts as a catalyst for SMEs to seize opportunities to create sustainable behaviours and benefits. Advantages of SMEs are justified with flatter management structures that commonly comprise the owner and manager being the same person and therefore holding the control of the organisation resulting in less complexities, hierarchy and a simpler decision-making process (Jenkins, 2006). Leveraging the synergy within SMEs is advocated as an opportunity with benefits for all stakeholders (Jamali et al., 2009). On the global stage, it has already been noted that the importance of SMEs is evident with statistics proving SMEs to be the major contributor to business and subsequent employment. Due to their individualistic nature, a unique approach is required for SMEs that is case specific and cannot be fashioned from models used on larger organisations (von Weltzien Hoivik & Melé, 2009).

Repercussions of corporate scandals such as Onetel, Enron, and the 2008 global financial crisis along with environmental disasters such as Exxon Valdez and BPs Gulf of Mexico oil spills, increases the awareness of society's effect on the environment. These events highlight the issue for business ethics and CSR principles with significant potential for CSR as a global management concept (Gjolberg, 2009; Jenkins, 2004; Thomas & Benn, 2009). Positive implications of CSR as a worldwide management concept is evidenced with multinational corporations such as Coca Cola

and Nike endeavouring to change the way business has traditionally been done through partnering with non-government organisations to engage in issues of water usage and flexible employment programmes (Senge et al., 2008). The literature provides many such examples on corporations yet there is far less on the small business sector. This leads to exploring CSR in the context of SMEs that requires the identification of CSR concepts for this research.

CSR is perceived generally to be the “the relationship between business and the larger society” (Snider et al., 2003, p. 175). Words defining CSR include “elusive” (Smith & Langford, 2009, p. 97) and “challenging” (Gjolberg, 2009, p. 20; Smith & Langford, 2009, p. 97). The long and diverse history of CSR dates back to the 1930s, with CSR definitions developing in significance, therefore it is logical to view contemporary definitions of CSR (Carroll, 1999; Carroll & Shabana, 2010). Within a business context the 37 definitions of CSR gathered by Dahlsrud’s (2008) meta analysis has been used to characterise CSR in a simple and easy to communicate format. The selected definition consists of five key dimensions as identified by Dahlsrud (2008) and illustrated in Figure 2.



*Figure 2: Model of CSR incorporating TBL. Adapted from Elkington’s (1998) triple bottom line theory and Dahlsrud’s (2008) five key dimensions.*

To present an explicit perspective of CSR, this paper will adopt Elkington’s (1998) TBL approach of the environmental, economical, and social facets whilst incorporating van Marrewijk’s (2003) five key dimensions to include stakeholders and voluntariness. Figure 2 exhibits the three facets of TBL that have also been described as planet, profit, and people, and known as the 3Ps (Zwetsloot, 2003) to

interact with the complimentary issues of voluntariness and stakeholders. These five dimensions are expanded and summarised below for further clarification:

- The *environmental* factor is about the organisation respecting the natural environment through actions of stewardship.
- The *economical* aspect is ensuring sustainability of the organisation's profitability.
- The *social* facet is securing a positive relationship between the organisation and the community
- The *stakeholder* component is assuring that all people who interact with the organisation are taken into account
- The *voluntariness* part is when the organisation acts and behaves beyond their legal obligations

(Dahlsrud, 2008)

Sharp rises in academic and practitioner publications exhibit the importance of CSR however the implementation at fundamental levels is lacking (Benn & Dunphy, 2009). Recent meetings of world leaders also demonstrate the global awareness of sustainable practices (COP15, 2009; COP16, 2010) and on the domestic arena the Australian government promotes the Corporate Responsibility Index, a voluntary reporting framework for businesses. Sustainable leadership of SMEs is widely argued to be deficient, whilst globally these issues are advocated to hold significance to overall business responsibility (Carroll & Shabana, 2010; Hartel & Pearman, 2010; Spector, 2008). Support for SMEs to increase their awareness of socially responsible leadership will result in a reduction of the environmental footprint. Nordhaus and Shellenberger (2007, p. 53), support the idea that producing less is not the solution, yet producing differently is argued to create value in “unleashing human power and creating a new economy” as a driver for the future. This maybe viewed as an opportunistic approach however advocates the generation of creative alternatives that provides fiscal development as well as addressing the ecological crisis (Nordhaus & Shellenberger, 2007). The human capital of SMEs combined with the passion to perceive the possibilities and opportunities available through sustainable alternatives generates the potential for a competitive advantage and is evidenced by the experiences observed in this case study. Recent research of sustainable management practices has been from a global perspective and adopted by many large organisations (von Weltzien Hoivik & Melé, 2009).

#### ***Similarities and differences of Corporate and SME CSR***

As evidenced in Table 1, the assumption that SMEs are homogenous and a ‘one size fits all’ approach will suffice, is a simplistic notion that disregards the many complexities such as culture, management, size, industry and governance of the SME (Jenkins, 2004). By viewing the differences of who, why, how and what, the objectives of small versus large organisations highlights the disparity of size. With the substantial amount of SMEs worldwide and in particular Australia and Europe, this reaffirms the gap and necessity to research sustainable behaviours in the SME sector

where unique approaches are required with specific leadership and understanding of the SME culture.

*Table 1: Divergence of CSR Theory for Large and Small Organisations compared to GGC. Adapted from “A Critique of Conventional CSR Theory: An SME Perspective” by H. Jenkins, 2006, *Journal of General Management*, 29(4), p. 51.*

Corporate CSR	SME CSR
<b>Who</b>	
Responsible to a wide range of stakeholders	Responsible to fewer and/or different stakeholders
Perceived responsibility to society at large	Perceived responsibility to local community
Importance of shareholders	SME's often devoid of shareholders
<b>Why</b>	
Protection of brand, image and reputation	Protection of customer business
Pressure from consumers	Pressure from businesses down the supply chain
Shareholder pressure	Pressure from moneylenders
<b>How</b>	
Based on corporate values	Based on owner-manager principles
Formal strategic plan for CSR	Informally planned CSR strategy
Emphasis on standards and indices	Emphasis on institution and ad hoc processes
Key involvement for CSR professionals	No dedicated personnel for CSR programmes
<b>What</b>	
Prominent campaigns	Small scale activities e.g. Sponsorship of local sporting club
Publicity linked to CSR activities	Activities often unrecognised as CSR related

Each organisation needs to align their sustainability strategy by taking into account their vision, aims and intentions to decide upon the best option (van Marrewijk & Werre, 2003). The pressure to function as a socially responsible SME is increasing although there are the prominent challenges of understanding the concept, support strategies, and considerable concern for the financial benefits (Fenwick, 2007).

Addressing social and corporate sustainability through leadership in the workplace is aimed at increasing the adoption of CSR at the SME level. Leaders who set the standard to act and behave socially responsibly in the work environment also hold potential for positive effects cascading into other contexts such as the home and community. For example, a study of the education community in the Riverina, NSW has resulted in a decreased ecological footprint due to simple initiatives such as purchasing local produce, use of indigenous plant species in revegetation projects, energy and water savings (Kemmis, 2009).

The challenges in working collaboratively towards change in organisational management are complex (Russell & McIntosh, 2011). There is an overwhelming need to tackle the global environmental and social issues as evidenced with world leaders gathering for the United Nations Climate Change Conference in December 2009 (COP15, 2009) and more recently in Cancun, Mexico for COP 16 (2010). These issues include global warming, the increasing economic divide in communities, and the reduction in the planet's natural resources that are all interdependent issues to facilitate the opportunity for positive modifications or the contrasting potential for further decline and the increase in climate change (Senge, et al., 2008). The cost of no change or increased change in global warming is predicted to have vital affects on the basics of life (food, water, health and environmental issues) with far reaching problems including an escalation in natural disasters such as flood or drought with cascading pressures on economies and infrastructures (Stern, et al., 2006). Many advocates of the global approach are appealing for a sense of urgency to tackle these issues and establish a 'big picture' perspective (McDonough & Braungart, 2002; Senge et al., 2008; Stern et al., 2006).

Senge (2007 p. 25) advocates three basic points to lead an organisation towards future change that begins with "put(ting) a stake in the ground about the nature of issues and to lead by action around these issues", then to work collaboratively with stakeholders and lastly to generate alternatives. The most significant greenhouse gas, carbon dioxide, has increased by approximately 80% from 1970 to 2004 due to the supply needs of energy and transport; the awareness of socially responsible change in SMEs is cause for leaders to take action and engage (Pachauri, 2007). For example, an electrical manufacturing department that gathers normally wasted off cuts of materials such as cable, to be used in smaller jobs, will directly affect the environmental and financial aspects positively. This is achieved through waste management of irreplaceable resources including plastic, tin and copper used in cables, along with less expenditure on material goods, flowing onto reduced freight and fuel overheads. This simple action of reusing materials that were once disposed of has significant impacts on the logistics of transport alone. With depleting resources jeopardising sustainability (Ghobadian, Gallear, & Hopkins, 2007), the logistics of transport has many implications as verified with the average kilo of food in the United States travelling 6450 kilometres (Senge, 2007). Opting to buy locally, or as in the example above by reusing materials, results in decreased transport costs and a subsequent reduction in an organisation's carbon footprint. The human capital of SMEs combined with the passion to perceive the possibilities and opportunities available through opportunities and alternatives generates the potential for a competitive advantage. Considering the magnitude of SMEs worldwide and in particular Australia, this reiterates the gap and need to look at the SME sector where leader's can positively impact sustainability with their specific understanding of the situation.

### *How is situational leadership beneficial to the SME in their sustainability?*

Internal and external environments play a significant role in the leadership style of an organisation. Leadership approaches can alter depending on various aspects such as the external economical and environmental conditions or internally with the stakeholders, human and social elements of the organisation. This is often seen as a response to changes in economic climate when in challenging times of tight financial pressure the focus is on survival. When the tide turns the focus is directed for growth with higher staffing levels, holding additional stock, and outlays on staff benefits. The leadership style in these contrasting scenarios requires different strategies.

Sustainability needs leadership that while including a response to economic conditions goes beyond knee jerk responses. The development of sustainable practice is based on creating long-term relationships between leaders and followers that are collaborative, innovative and develop actions and behaviours to support the on going direction of change (Freeman & Hasnaoui, 2010). Operating sustainably means to look at the financial, economical and environmental results as a measure of success (Elkington, 1998) whilst considering relationships with all stakeholders (Dahlsrud, 2008; van Marrewijk, 2003). The SLT model, embraces such interactions as it links the task with relational behaviours. This necessitates the analysis of the environment and the level of follower readiness with the effective leader able to adjust their behaviours accordingly (Hersey et al., 2001). The SLT model presents the best approach to interpret these varying levels of employee maturity as the employees' commitment and capability accounts for the employees' readiness to move ahead (Thompson & Vecchio, 2009). Task focus, the depth of the leaders' engagement in relation to the duties and responsibilities required of the employee is achieved through effective communications. The relationship focus is the scale of behaviours employed in listening, facilitating and supporting the employee (Hersey et al., 2001). Imbedding CSR into organisations necessitates the leader to be focused (task focus) on the undertaking of how to operate their business smarter as advocated previously (Nordhaus & Shellenberger, 2007). The leader maybe the key driver, yet without the employees' engagement, the imbedding of CSR will be futile, therefore the relationship focus is instrumental in addressing the uptake process.

### *Research methodology*

The research methodology was a qualitative case study which provided exploratory insight into the relationship between aspects of SLT and the generation of CSR behaviours at the individual and group levels of an Australian SME. Kemmis' (2009) study of 'Education Sustainability', advocates the single case study method to explore the relevance of moral, social, environmental and economically sustainable practices. Yin (2004, p. 4) further adds to the relevance of case studies as they maintain the "holistic and meaningful characteristics of real-life events" and provides examples of organisational development, individual life cycles and group performance. The importance of individual case studies within the interpretive paradigm works toward creating a transformational social awareness in the workplace (Yin, 2008) through CSR behaviours.

Using the interpretive paradigm as an approach to develop CSR philosophies through values and beliefs has been demonstrated to generate collaborative learning and improvement (Argyris, 1997; Kemmis, 2009). Concentrating on the elements required for the methodological research process to study CSR behaviours within a single case study of an Australian SME was selected as the lens to study SLT. An interpretative

paradigm combined with an abductive research approach allows the observation of real life situations to create a path to new knowledge that also supports qualitative versus quantitative approach (Neuman, 2006).

The single case study method with semi-structured interviews to collect the data provided the best method to understand the participants' view of their reality (Easterby-Smith et al., 2002) and how they were led through the sustainability journey of the organisation to be known as GGC. These interviews gathered data to assist in the understanding of leadership strategies established by GGC. The alignment of individual behaviours through equity, conscience decision-making, and practices positively influences the economical, environment, and societal aspects of the culture in this Australian SME.

Ethical considerations relevant to this study involved the privacy of the organisation and its employees involved. JB, the owner, and manager of GGC, were initially approached to discuss the proposed research. From this meeting a trusting relationship evolved with the objectives discussed transparently. Interviewing GGC was through voluntary participation of staff. Each staff member was briefed verbally and in writing regarding the process, research focus, and their participation. Signed consent forms authorising the use of data gained during the interview process was submitted by each participating employee that included protecting the individual staff member's identity. Recognition of participating employees has been disguised with letters used as aliases. This was secured through an arbitrary list of 11 of the participants names allocated to random letters of the alphabet and the 12<sup>th</sup> participant, JB the owner, and manager.

### *Data analysis*

Interview data was collected through manual and electronic audio recording devices that allowed the researchers to conduct semi-structured interviews and simultaneously record physical responses of the participants. Subsequent to transcription the Word files were uploaded into the computer based thematic data analysis tool, Leximancer. This text-mining tool structures as well as visualises the concepts and themes of the text therefore limiting any human partiality (Cretchley et al.). Qualitative analysis software packages facilitate the process particularly when a considerable amount of information is gathered and transcribed (Easterby-Smith et al., 2002). Speed and rigour are further advantages transpiring from computer programs for data analysis (Seale, 2003). Although there is not a single or precise way to thematically analyse data (Smith & Humphreys, 2006), Leximancer aims at taking a global perspective of the themes and concepts. This increases the objectivity hence decreasing the preconceptions of manual content analysis (Smith & Humphreys, 2006). Utilising a non-selective automated process to explore the transcription text, Leximancer groups the words by synonyms and frequencies, generating lexical themes clustered by conceptual words. Execution of Leximancer version 3.5 created 32 concepts to develop seven themes that consequently created a two-dimensional map displaying the themes and concepts. Reviewing the themes involved several runs of Leximancer that resulted in Figure 3 to incorporate the complete transcription analysis of the interviews with the 12 participants (25% of the workforce). This cluster map has the first order themes of *people, JB, water, customer, things* and *work*.



Table 2: Conceptual analysis of staff interviews

<i>1<sup>st</sup> order</i>						<i>2<sup>nd</sup> order</i>
<b>1.People</b>	<b>2.JB</b>	<b>3.Water</b>	<b>4.Customer</b>	<b>5.Things</b>	<b>6.Work</b>	<b>7.Someone</b>
Everyone Probably Started Saying Everything Customers <i>Business</i> <i>Community</i> <i>Doing</i> <i>Staff</i> <i>Important</i> <i>Coming</i> <i>Sales</i>	Idea Staff Doing Community Business Sustainability Interesting <i>People</i>	Machine Money Front <i>Sales</i>	Sell System Time Product Take Home Stock	Obviously Guys Couple Stuff Day Talking Different <i>Important</i> <i>Coming</i>		

The task and relationship focuses of SLT are particularly evident in the second theme of *JB*. Focusing on the task of GGC’s ‘*sustainability journey*’ was *JB’s idea* when seeking out an *interesting* way to do *business*. Engaging the *staff* involved varying modes of communicating the task ahead. *JB* readily seeks people to help him with the communication of sustainability as he did when employing an external sustainability coach to assist in engaging staff in CSR practices and innovations “I always knew that we needed a conduit between myself and the whole staff. Because 45 staff... I can’t always communicate to 45 people”. Although, *JB* has an ‘open door’ policy he is not physically in the store during operational hours and with staff rostered over seven days, the physical impossibility is evident. To ensure that every staff member participates and has the chance to contribute, the external sustainability coach holds regular meetings, workshops and has created EcoChampion roles within GGC. Staff member *J* stated how once these sessions are over “.... *JB* continues on pretty much every day” by leading and reinforcing the concepts of the sessions. On the staff break room wall there is a poster depicting a train with three carriages that analogises staff being completely on board in the first carriage, on board but perhaps not having a good day depicted by the second carriage and lastly when people are not participating as a team members then they are in the third carriage. Speaking of how this works, staff member *C* said that instead of blatantly saying to another team member that they were not contributing, the reference to them being in the third carriage was a non-threatening way to ensure their behaviour was being addressed. This supportive style of leadership and communication reflects the SLT task focus behaviours.

Senge (2007) spoke of leading by action and to start by pinpointing a time to start. Interestingly, the *water* theme is based on *JB* doing this with his first CSR initiative. This initiative began when southeast Queensland was enduring what was to become an eight-year drought and prior to government rebates being introduced. It involved a full education process of the water saving benefits of a *front-loading* washing machine compared to a top loading washing machine. Although there were other sustainable initiatives in the pipeline, this was a topical one with staff receiving relevant training. This new knowledge flowed onto customers’ learning the positives such as *water* hence *money* savings of the *front load* washing machines. Supporting

this initiative was an in store display of 23 red ten litre buckets representing the top loading washing *machines* and five green ten litre buckets illustrating the more efficient *front* loading washing *machines*. Visualising the water savings provided an instrument that all staff could relate to and use a *sales* tool. This extended to one staff member who had never sold white goods now capable of making sales in this area. All interviewed staff referred to this ‘bucket’ example at some point in their interview, yet staff member L provided some insight into the *water* theme involving *front* versus top loading washing *machines*:

*“...we become the number one sellers in front load washing machines. We were pushing out more front loaders.. This is even before the rebate came onboard from the government. This was our first introduction to saving electricity and saving the water, but we had to keep talking the talk all the time. It wasn’t something that we were going to do and just let it sit on the shelf. It became part of our selling technique.”*

Staff member C explains further how the bucket display worked:

*“I think the major thing that we introduced and probably one of our best known things is the bucket display that we did. Basically there’s an idea of putting a bucket on a washing machine and saying “This is how much is used for a front loader versus this is how much a top loader uses,” and it was quite a visual impact and it basically barrelled from there. Other stores took it on, everyone knew about it. It was just a simple bucket, a 10-litre bucket on top of a washing machine and that really helped us shift sales because our staff were enthusiastic about it but our customers actually had a visual tool without anyone saying anything to anyone, that the purchase of a front loader machine will use this much water versus this much on a top loader”.*

Following the *water* theme is the fourth concept of *customer*. This further links to the previous themes of *people*, *JB* and *water* with the collaborative approach towards stakeholders. Having the *stock* available for people to *take home* their purchase the same day is a matter of good *timing*. GGC is led by the belief that they have a relationship with the *customer*, so *Selling* the right *product* to a customer is important as the air conditioning expert at GGC, staff member R, reinforces this with his comments:

*“Again, my point to them is that’s all very well and I totally agree and understand, however, if Jo Blo in the competitor hasn’t been trained and he sells a unit that’s not of the correct capacity, whether it be too big or too small, its inefficient. That’s harming the atmosphere as much as letting gas go out through the unit.”*

The fifth and sixth primary theme of *things* and *work* connects to many facets that involves the principle that GGC *obviously* operates *differently* by not only *talking*, but by doing the *stuff* that is needed *day to day* in the *workplace* which is *important* to all stakeholders. Adopting sustainable practices is about changing and often this begins in small ways, as staff member C discusses the way GGC operates:

*“So just little things like that. There’s a lot more things we can do and when we’re not reinventing the wheel we can actually promote it to our customers, our local community, to the business community as well, to you guys as well. We can say “Hey, this is what we’ve done. It’s not that hard,” it just needs a*

*couple of dedicated people in each business to do it and with a part of all the networking that we do, there's always that one or two people who are asking questions and "What can we do in our business?"*

The second order and final theme of *someone* connects to the themes *store* and then to the primary theme of *people*. Staff member L was asked "What has made this place what it is today, sustainability wise?" and responded with the quote below to verify the interaction of the *people* (stakeholders) at the GGC *store*.

*"I think that we are open to what everyone else is doing, and also what we want to do; if someone says scrap that idea... end of story; but when you have someone who is willing and says maybe we can't do but we can do something similar; then it obviously works for us; when they are actually willing to listen and discuss things"*

### Discussion

At different stages of GGC's adoption of CSR behaviours, JB adapted his application of task and relationship focus. The data analysis provides evidence to link to SLT GGC's sustainability journey to SLT. The SLT model below (Figure 4) demonstrates JB's leadership style at various stages of implementing CSR practices. This is not in a chronological sequence however reading the situation and applying the necessary leadership skills as required. As the GGC team were being sold on this new concept of promoting sustainable products, the relationship and task behaviours were high with decisions being clarified and opportunities open for explanation.

Effective Leader Behaviour		
Providing supportive behavior Low < <b>Relationship behaviour</b> > high	High relationship/Low task <b>Style 3</b> <i>Above average relationship behaviours and below average task behaviours</i>  <b>Work shops and meetings – sharing of ideas and facilitating in decision making eg 5 year vision</b>	High task/High relationship <b>Style 2</b> <i>Above average task behaviours and relationship behaviours</i>  <b>Explain decisions and provide opportunity for clarification eg initial ideas JB' "to do things differently"</b>
	Low relationship/Low task <b>Style 4</b> <i>Below average task behaviours and relationship behaviours</i>  <b>Turning over responsibility for decisions and implementation eg role of EcoChampion</b>	High task/Low relationship <b>Style 1</b> <i>Above average task behaviours and below average relationship behaviours</i>  <b>Provide specific instructions and closely supervise performance – no evidence of these behaviours.</b>
Providing guidance Low < <b>Task behaviour</b> > high		

Figure 4: Relationship of SLT to the leadership style used at GGC. Adapted from Hersey, Blanchard and Johnson (2001, p. 459).

The first style was not evident in the data collection; it presented through further investigation and was associated with the initial phase of the sustainability journey. This involved a government department and high task focus that provided minimal improvement but addressed statutory requirement. It was the leadership driven participative response that challenged this position and internalised the process within GGC. This changed the development from compliance to extension of the sustainability process. The first step for GGC included an external audit by Ecobiz with results seeming impractical with suggestions comprising a worm farm in the break room and a 5% savings in power. JB believed these ideas were “only tinkering around the edges” of what GGC could achieve.

Style two, three and four of the SLT were demonstrated by JB with evidence provided in the data collection phase. From the initial simple ‘task focused’ concepts the partnership with a government-supported programme, Ecobiz, involved collaborating with GGC staff introducing their own EcoChampions. Two employees volunteered for the EcoChampion role and were identified as being highly suitable due to both studying environmentally related degrees. These EcoChampion’s lead the process that identified and implemented the first major sustainability initiative for GGC. This was educating and promotion of front-loading washing machines to the shopping public as the most appropriate and sustainable washing alternative. Through developing their own auditing system, these EcoChampions identified 75% of GGC’s waste was generated by expanded polystyrene (EPS) used in the packaging of electrical goods. Even though this substantial area of waste was identified, the GGC team were unsure of how they would approach this problem.

The immediacy of wanting to do thing differently bought on the idea of the front load washing machine campaign that was discussed in the data analysis. This demonstrates the high task behaviour where the “leader engages in spelling out the responsibilities and duties of the individual or group” (Hersey et al., 2001, p. 173) as evidenced with JB deciding on the front load washing machine (bucket) promotion and managing the staff’s undertaking of the initiative. Up to this point, there was also evidence of high relationship behaviour through the facilitation of multiple communications with external and internal stakeholders including his staff in the process of seeking out sustainable initiatives. As a result, of this first CSR initiative, the state government calculated that over the first three years of this campaign 225 mega litres of water was saved due to the increased sales of the water efficient front-loading washing machines (equivalent to 4500 residential swimming pools).

Style three of the SLT is lower task behaviour and higher relationship behaviour that is exemplified by workshops with JB contracting an external sustainability coach to conduct. During these workshops in the six-month period leading up to the data collection, a gathering was held every month with the goal of staff contributing to the five-year vision of GGC. The external facilitator who had built a rapport with many of the staff allowed a professional forum to guide the process. Staff member L summed up this process with the following statements:

*“I think the main idea is that when we have these meetings its not just JB or M (external consultant) or C (EcoChampion) giving all the information. We are after their input and you get them telling them their ideas, whether they’re good or bad, or indifferent the great thing about JB and M that is it’s not all about me sort of thing, it’s everyone as a whole. I find that a lot*

*of people down there like the idea they are actually being listened to. It's not the old branding iron or something with this is the way we do and this is what you will do. That's not the way we do it. As I said, JB has always taken input from everyone because that is as he says 'I can't do it alone, I need the help of everyone here to help fulfill my dreams. So, that is how I feel about our team... it's not just a JB idea, or my idea its everyone's idea put down there. He never makes anyone feel like their idea – what they say is wrong.'"*

The lower task behaviours and higher relationship behaviours of SLT's style four is defined by less directing people in their responsibilities with minimal communication. Maturity in the staff is at its peak and there is little for the leader to manage (Graeff, 1997). As demonstrated with the increased responsibility of the EcoChampion role in addition to GGC staff member's uptake of CSR practices, staff capabilities have progressed from "from a little, to some, to quite a bit, to a great deal through the four levels of increasing subordinate maturity" (Graeff, 1997, p. 155). Previously, the train poster in the staff break room was discussed where the contribution of staff is self monitored and analogised as to which carriage of the train they are in and this is further evidence of the low input required of JB at this level.

### ***Conclusion***

This initial investigation of the leadership role within the SME environment focuses on the development of CSR behaviours and sustainable practices, to provide a connection between successful outcomes and the leadership style. By reviewing the qualitative data and linking it to existing leadership models it became clear to the researchers that SLT and its four stages were evident in this study. This paper provides evidence within a single case study of why SLT is of benefit when adopting CSR strategies within the SME context. When followers (employees) discussed the leadership experiences observed in their sustainability journey, the leadership role and its adaptable nature in different contexts was evident. Through the lexical analysis key themes were identified. These themes and exemplar responses were mapped into Hersey and Blanchard's (2001) SLT. This demonstrated the situational leadership required in different phases of the development of sustainable practice and more importantly how this influenced the creation of CSR behaviours and actions. These initial exploratory findings support SLT as a leadership model compatible with development of the appropriate behaviours and values within the SME environment. The next phase of this research is to expand this single case study to a multi qualitative case study and from these findings to quantify the research through the use of surveys.

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