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How Leaders Make Sense of ESG to Lead Sustainable Businesses: Multiple Case Studies

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Abstract

This multiple case qualitative research study involved an exploration of ESG leadership in four publicly-traded Midwestern U.S. sustainability-oriented companies to determine what the process of leading ESG looks like, how sustainability leaders integrate environmental, social, and economic goals, and how an organization's internal and external affect sustainability leadership. Numerous quantitative studies have linked prevailing behavioral leadership theories to improved financial performance outcomes for sustainability-oriented companies, but qualitative research into ESG leadership practices has been limited, creating a gap that is addressed through this study. Using a conceptual framework grounded in upper-echelon and stakeholder theories, the ESG leadership practices of an energy, manufacturing, retail, and consumer goods company were examined. The methods encompassed an analysis of published sustainability reports and supplemental ESG schedules, investor presentations, policies and procedure documents, and governing charters, and interviews with sustainability leaders, resulting in the identification of seven themes. Specifically, ESG leaders strove for integration of ESG into strategy, pursued business leader ownership of ESG, executed organizational transformation, sought different skillsets aligned with sustainable innovation, laser focused on the top ESG issues identified through a stakeholder-informed prioritization process, evolved strategy in response to a rapidly shifting environment, and expanded organizational competence and capacity by bringing the outside in. The leaders did not subscribe to a particular leadership theory but used a mix of transformational, authentic, and sustainability leadership styles to guide continuous organizational change that was incremental, radical, multi-leveled, and stakeholder driven. This research has implications for stakeholder engagement, organizational change strategies, sustainability leadership theories, and leader development.

Keywords: ESG sustainability leadership, organizational change, stakeholder orientation, storytelling, upper echelons

Dedication

This dissertation is dedicated to God, my husband and children, and the dear friends who encouraged me during this journey. At times when I was my weakest and life seemed to press in from every side, I felt your prayers. To my darling husband, Dana Sr., and my precious daughter Monique, thank you for being willing to have less of my time and attention so that I could pursue this life goal. When I wanted to procrastinate or distract myself from what I knew needed to be done, you would not let me. You called out my procrastination tactics and foiled my diversionary efforts. Together, we trusted the process and have accomplished something great.

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I also had the benefit of completing this doctoral journey with an amazingly talented and caring cohort. The power hour stories, residency antics, and personal prayers and words of support offered by Chris, Cole, Eric, Glenna, Jenny, Joel, Mark, and Tom were lifelines to me more times than I could count. Thank you, guys and gals, for checking in with me to make sure all was well. You even endured the different "master" shows I had on in the background, whether about tattoos, Legos, cooking, or something else. Just think about how many diverse skills you have acquired over the past four years.

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Chapter 1 – Introduction

Urgent, global, and systemic problems such as climate change, over-exploitation of resources, rapid loss of biodiversity, continuing poverty, and worsening human well-being highlight the need for deep structural and cultural changes and a new leadership approach centered on sustainable development and responsive to the broad needs of stakeholders (Taştan & Davoudi, 2019). Environmental and economic problems are inextricably linked to social and political factors, such that solutions need to involve multiple stakeholders using a systems perspective (Independent Group of Scientists, 2023; Shamrock, 2022; World Commission on Environment and Development, 1987). Of the top 10 risks cited by business executives as strategic imperatives in a 2021 survey, five were environmental in nature and three were social (Shamrock, 2022). Over the past three decades, understanding of the importance of integrating sustainability throughout the value chain has grown as board members, C-suite executives, and internal and external stakeholders have become more aware of the long-term impact of business on the environment and human well-being (Brown & Brown, 2021; Engert & Baumgartner, 2016). The number of firms that employ sustainability strategies and disclose environmental, social, and governance (ESG) information continues to grow (Xie et al., 2019). In a globally connected environment, corporate leaders who choose to embrace their role in sustainable development must navigate complex and far-reaching issues (Amini & Bienstock, 2014; Baumgartner, 2014).

Even though corporate social responsibility (CSR), environmental management, and corporate sustainability management have been discussed for many years, only limited progress toward sustainable development has been observed primarily due to a lack of strategic orientation in corporate sustainability management (Baumgartner & Rauter, 2017). Additionally, the triple bottom line (TBL) equation of environmental, social, and economic (ESE) works against an environmental focus with the strong linkage of human socio-cultural well-being to financial well-being through a consumerism orientation (Lemus-Aguilar et al., 2019). Given social and financial performance pressures, research into how business executives create an environment where employees are competent to act on sustainability holistically will benefit organizational leaders (Schröder et al., 2022).

Organizational leaders must try to achieve multiple criteria and goals aligned with ESG best practices while also needing to find a balance among differing and contradictory demands for sustainability solutions (Ferdig, 2007; Fry & Egel, 2021; Ikram et al., 2020). The complexity of balancing multiple interests, some aligned and some conflicting, affects organizational design and necessitates leadership that can spur changes to strategies, structure, process, people, and rewards (Engert & Baumgartner, 2016; Galbreath, 2012). The mounting regulations in the United States across industries such as healthcare, financial services, and the environment also signal a need for a leadership style that restores public trust and confidence in the system (Waldman et al., 2020). However, leading sustainability requires systems-based thinking that embraces an enhanced understanding of dynamic interactions across interconnected social, ecological, and economic systems and organizational and institutional networks (Williams et al., 2017).

To address the leadership challenge, many large public companies have appointed Chief Sustainability Officers (CSOs) to formulate, execute, and oversee the organization's sustainability or CSR strategy, review business practices, analyze social needs, propose strategies for profitable sustainable development, manage stakeholder relations, educate employees, and foster a culture of sustainability with the goal of deploying sustainable business models (Fu et al., 2019; Thun & Zülch, 2023). Although CSOs have a positive impact on the production of sustainability reports, the CSO effect on the company’s sustainability activities is moderated by the ideologies and priorities of the board of directors and top management team members and whether sustainability is established as an integral part of the organization’s business model and strategy (Thun & Zülch, 2023). Integrating sustainability into business models, strategies, and operational practices is demanding (Fonseca et al., 2021).

Sustainable business models expand the organization's strategy considerations beyond the typical boundary of shareholders to include a broad array of stakeholders such as employees, customers, suppliers, distributors, government, nongovernmental organizations (NGOs), users, and partners (Fox et al., 2020; Lemus-Aguilar et al., 2019). As organizations transition to sustainable business models, questions regarding appropriate leadership practices have emerged, and new sustainable or responsible leadership models have surfaced as contenders to transformational, transactional, authentic, ethical, and servant leadership theories (Du et al., 2013; Foldøy et al., 2021; Knight & Paterson, 2018). However, to date, qualitative studies on how leaders at U.S. public companies are navigating ESG in practice are limited.

To the extent studied, ESG research is heavily skewed to the economic and environmental aspects of sustainability and its impact on financial performance. The social dimension has been largely ignored, despite social sustainability's focus on human well-being (Lemus-Aguilar et al., 2019), representation in seven of the U.N.'s 17 Sustainable Business Development Goals (SDGs; Shamrock, 2022), and the inherent leadership complexity associated with a broad social agenda (Smith, 2014). Examining the process of leading sustainable development across ESG's three dimensions using in-depth case studies provided insights that were compared to existing leadership theories and sustainability governance frameworks to bring more clarity to sustainability leadership in practice (Hussain et al., 2018). The case studies also provided additional insight into the role and impact of CSOs in promoting sustainability adoption and integration across the organization, a current gap in the research literature (Karn et al., 2022).

Statement of the Problem

Sustainability leadership is a relatively new field of scholarly inquiry related to relational and systems change-focused leadership but distinctive enough to warrant separate studies (Fry & Egel, 2021). Within the sustainability domain, there is a need to better understand how leadership qualities affect management choices with regard to ESG/CSR (Gillan et al., 2021), explore how companies could better integrate corporate sustainability into strategic management (Engert et al., 2016; Rodrigues & Franco, 2019), and conduct more empirical studies that include management processes oriented toward systems, policies, and practices (Rodrigues & Franco, 2019). Engert et al. (2016) also noted a need to examine the key arguments used by management to drive internal integration, including the tools and communication processes used. Only limited research attention has been paid to the significance of leadership in the implementation of corporate sustainability strategy (Engert & Baumgartner, 2016).

Researchers also need to focus on the interaction between the dimensions of the environmental, social, and governance and how tensions between the dimensions are managed while also responding to their distinctiveness as reflected in the separate goals and benchmarks developed for each dimension (T. Hahn et al., 2015; Li et al., 2021). Attempting to simultaneously integrate environmental, social, and economic concerns without overly emphasizing one dimension requires the resolution of tensions, strategic contradictions, and paradoxes that have not been well studied in practice (T. Hahn et al., 2015; Henry et al., 2019). Qualitative studies on the implementation of corporate sustainability strategy are also needed as most studies are highly theoretical or quantitative (Hussain et al., 2018; Li et al., 2021). Research that includes practitioners is needed to ensure that true ESG integration challenges are studied rather than perceived paradoxes (Friede, 2019).

Well-designed qualitative case studies can provide insights into how to spur sustainable business development by integrating sustainability into corporate strategy, internal governance, and external reporting processes and can promote the ESG practices of various organizations that have made significant progress (Baumgartner & Rauter, 2017; Hussain et al., 2018; Li et al., 2021). Case study research is also responsive to the need for studies that better guide companies regarding what it means to provide good governance and leadership for corporate sustainability (Klettner et al., 2014), including the responsibilities, authority, and access to resources required to help CSOs navigate the tensions inherent in managing an integrated environmental, social, and economic agenda (Henry et al., 2019).

Lastly, the literature has limited discussion concerning the relationship between internal and external communication and reporting practices, a leadership function, and implementing multi-dimensional corporate sustainability strategies that prioritize and resolve differing stakeholder interests (Fatima & Elbanna, 2023). How leaders transmit and promote a consistent image of the organization regarding its contribution to social welfare strengthens or diminishes an organization's credibility among internal and external stakeholders (De Roeck & Farooq, 2018). Through a qualitative case study of multiple ESG-oriented organizations, internal and external communication practices can be examined within and across organizations in similar and dissimilar industry sectors.

Purpose of the Research

The purpose of this research was to study the process of leading sustainability in ESG-oriented U.S. public companies using a multiple case study approach. The study encompassed an exploration of how leaders integrated the organization's sustainability strategy across the business and navigated the diverse, and oftentimes conflicting, expectations of internal and external stakeholders. Several models conceptualizing sustainable or sustainability leadership and sustainable business models have been constructed and are discussed within the literature review but qualitative research on how firms operationalize sustainability is still limited (Barnwell, 2023; Changar & Atan, 2021; Fatima & Elbanna, 2023; Rodrigues & Franco, 2019; Waldman & Balven, 2015). Therefore, the study did not assert a sustainability leadership model. Instead, the study leveraged prior ESG research to establish a foundation for exploring sustainability leadership in practice.

Research Question(s)

This case study involved exploring the process of leading sustainability in ESG-oriented public companies, including integrating the sustainability strategy across the organization, navigating the diverse expectations of internal and external stakeholders, and managing the tensions and trade-offs associated with the multiple dimensions of sustainability. I developed three primary research questions (RQs) and supporting sub-questions from the literature review to guide the case study. Related interview questions are located at Appendix A.

RQ1: What does the process of leading ESG look like in companies publicly committed to sustainable development? Factors explored within this question included the following:

a. How ESG (sustainability) leaders engage with the organization to integrate ESG into the organization's strategy at the normative, strategic, and operational levels (Engert et al., 2016; Gillan et al., 2021).
b. What leadership theories, behaviors, or practices sustainability leaders and top management team members have relied upon to achieve their sustainable performance goals (Rodrigues & Franco, 2019).
c. How the leadership roles that sustainability leaders assume change as the organization matures in its sustainability journey (Zhao et al., 2023).

RQ2: How do sustainability leaders integrate ESE goals? Factors explored within this question included the following:

a. How sustainability leaders have conceptualized the relationships between ESE and ESG (Hussain et al., 2018).
b. How leaders manage the tensions, strategic contradictions, and paradoxes associated with TBL orientation (T. Hahn et al., 2015; Henry et al., 2019).
c. How ESG leaders sustain a commitment to the long-term view and ESE goals given the need to deliver satisfactory short-term results and generate shareholder wealth (Baral & Pokharel, 2017; Karn et al., 2022; Li et al., 2021; Widyawati, 2020; Zhao et al., 2023).

RQ3: How does the internal and external context in which sustainability leaders operate affect their approach to leading the organization’s ESG strategy? Factors explored within this question included the following:

a. How leaders determine which stakeholder influences to prioritize (Doh & Quigley, 2014; Waldman & Balven, 2015).
b. How benchmarks and measurements are used to operationalize ESG-related changes (Daugaard & Ding, 2022; Widyawati, 2020).

Significance of the Research

Leaders and leadership can make or break an organization's adaptivity to the wider, complex, dynamic, and interconnected environmental, economic, and social systems in which a business operates and must be considered during sustainability problem-solving (Metcalf & Benn, 2013). Therefore, it is important to explore the emergence of leadership styles in an organization that is endeavoring to be sustainable and to link the prominent styles to 'sensemaking' activities. Understanding how sustainability leaders resolve tensions and contradictions that exist between personal and organizational agendas, short-term and long-term corporate orientations, and differing perspectives on sustainability will provide meaningful insights for integrative frameworks and improve implementation guidance (T. Hahn et al., 2015). Research has demonstrated that CSR-focused leadership development emphasizing the TBL is problematic because the economic component always wins out (Lemus-Aguilar et al., 2019). Further research into the relationship between leadership styles and organization learning and change processes as organizations undertake a sustainability agenda is responsive to the call to action of scholars and practitioners (Rauter et al., 2017).

In trade literature, values-based leadership, conscious leadership, responsible leadership, and sustainability leadership practices are espoused as the key to building sustainable businesses based on anecdotal evidence or personal experience. These leadership practices are far from being distinctive and pull concepts from existing, empirically validated theories. For example, Kraemer (2011) described values-based leaders as leaders who seek to inspire and motivate, using their influence to effect positive change in teams, departments, divisions, or organizations for the greater good. According to Kraemer, value-based leaders are self-aware, have a balanced perspective, are humble, serve others, lead with values, and set a clear direction, actions that are consistent with aspects of authentic, servant, and transformational leadership. The concept of conscious leadership by Mackey et al. (2020) more directly aligns with servant leadership and ethical leadership through its tenets of leading with love, putting purpose first, always acting with integrity, thinking long-term, and continuously learning and growing. Responsible leadership has been linked to transformational, servant, authentic, and spiritual leadership (Foldøy et al., 2021). Murphy's (2022) sustainable leadership includes conscious leadership's emphasis on leading with purpose, acting with integrity, and continually learning and growing, but excludes leading with love and thinking long-term.

The differing and wide-ranging opinions on how to lead sustainable businesses and the various reporting frameworks used to communicate information create confusion and tax the limited resources, capabilities, and expertise of small and medium-sized enterprises (SME) that are part of the extended ESG supply chain (Mezzio et al., 2022; Schröder et al., 2022). For example, SMEs are increasingly expected to capture environmental impact data to support voluntary and mandated disclosures and commit to a plan of action to reduce environmental impact over a five-to-ten-year timeframe (Mezzio et al., 2022). The broad geographical sectors served by the SMEs and the value created through employment, innovation, and skill development for a large swath of the labor force escalate the importance of engaging SMEs (Dey et al., 2022; Mezzio et al., 2022). SMEs can benefit from the efforts of large enterprises through spillover effects and intentional knowledge transfer (Xie et al., 2019). Knowledge transfer reduces stress and lessens the complexity associated with organizational change (Hambrick, 2007). ESG knowledge transfer to executives who are under heavy job demands and may be tempted to take mental shortcuts or fall back to previous actions or what has worked in the past (Hambrick, 2007) could prompt the executives to undertake the effort to move toward sustainable development. This study provides meaningful insight into ESG leadership in practice as a means for furthering knowledge in an emerging field.

Conceptual Framework

This case study research involved an examination of ESG (sustainable/sustainability) leadership using upper echelons and stakeholder theories as the theoretical bases in which the Board of Directors (BOD), Chief Executive Officer (CEO), designated sustainability leader/CSO, and other top management team (TMT) members set the ESG vision and strategic priorities based on internal and external stakeholder analysis and organizational goals. Executive leaders (BOD, CEO, and TMT) also determine the structure through which ESG is cascaded throughout the organization and achieved through leadership practices and decision-making. Within CSR/ESG empirical research, upper echelons and stakeholder theories are the most prominent theoretical frameworks deployed and often interact as a foundation for strategic leadership (Hussain et al., 2018; Zhao et al., 2023). These theoretical frameworks do not presuppose a leadership style and could align with many leadership theories. Likewise, strategic ESG leadership may not align with one leadership theory and may require reconceptualization to better integrate upper echelons and stakeholder theories (Neely et al., 2020).

Upper Echelons Theory

Per upper echelons theory, an organization is a function of leaders' beliefs and thoughts that shape their organizational strategic decisions (Fatima & Elbanna, 2023). In today's environment, which is marked by rapid technological, political, economic, and social developments, executives have an even greater impact on firm action and performance (Neely et al., 2020). How TMTs are structured and their collective cognitions, capabilities, and interactions affect the organization's capacity to understand and address the challenges associated with managing TBL performance (Hambrick, 2007; Henry et al., 2019). Establishing a specialized executive-level leadership position to oversee an organization's sustainability approach changes the structure of TMTs (Peters et al., 2019). TMT diversity expands firms' perspectives on environmental and social issues through exposure to information from different stakeholder groups (Dhir et al., 2023; Peters et al.,

2019) and moderates the influence of CEO orientation on organizational strategy and vision (Neely et al., 2020).

Environmental regulations and political pressures may increase the CSO's political power and enable them to shift attention and investment toward more aggressive environmental actions (Kanashiro & Rivera, 2019). In the absence of external pressures, executive leadership acting collectively significantly influences the strategic adoption of ESG and the formulation and implementation of underlying CSR strategies, initiatives, and reporting processes (Zhao et al., 2023). Executive leadership also affects how stakeholder theory is conceptualized within an organization by influencing who is considered a legitimate stakeholder and which stakeholder claims are prioritized and integrated into business strategy (Dhir et al., 2023).

Stakeholder Theory

Stakeholder theory is an empirically validated construct with well-established usefulness as a management model. Under stakeholder theory, the needs and concerns of groups and individuals who have valid interests in an organization's activities and outcomes affect the company's value-creation process (Freeman et al., 2018). The utility of stakeholder theory is found in its descriptive accuracy of the past and present state of the corporation, usefulness as a framework for examining connections between the practice of stakeholder management and the achievement of corporate performance goals, normative validity, and benefit in guiding managerial attitudes, structures, and practices (Donaldson & Preston, 1995). Specific to sustainability, developing close stakeholder relationships governed by the ethical norms of fairness, trustworthiness, loyalty, care, and respect leads to improved financial performance and long-term competitive advantage (T. M. Jones et al., 2018). Stakeholder theory broadens corporate agency to look beyond the shareholder group toward joint value-creation processes, resulting in a stronger link between corporate governance and CSR, the predecessor to ESG (Hussain et al., 2018; T. M. Jones et al., 2018).

Leaders cannot rely on the spontaneous growth of stakeholder relationships but rather must intentionally develop a wide network of relationships that supports achieving organizational goals (Pedrini & Ferri, 2019). In the strategic management process within the balanced scorecard, Fry et al. (2010) applied stakeholder theory as a critical step in completing the internal and external analysis that should drive organizational strategies and objectives and the definition of CSR metrics. Responsible leadership rethinks the notion of leadership in the context of stakeholder theory by emphasizing accountability to a wide array of constituencies with legitimate claims on organizational activity, including business partners, customers, supply chain associations, and government (Foldøy et al., 2021).

In ESG-oriented companies, executives leverage stakeholder theory for both financial and non-financial performance management (Freeman et al., 2018). Financial performance (F/profit) goals align the organization to the needs of the shareholder group, whereas environmental performance (E/planet) and social justice performance (SJ/social/people) goals align the organization to the needs of other internal and external stakeholders, resulting in the F+E+SJ formula (Yilmaz & Flouris, 2010), also called ESE (Fry et al., 2010), TBL (Elkington, 1988) or people/planet/profit (Mackey et al., 2020). ESG legitimizes ESE/TBL's extended stakeholder lens, including the complexity of considering extending supply chains, employee demographics, and socio-political issues within the purview of organizational decision-making (Gillan et al., 2021) and governance and reporting practices (Lokuwaduge & Heenetigala, 2017).

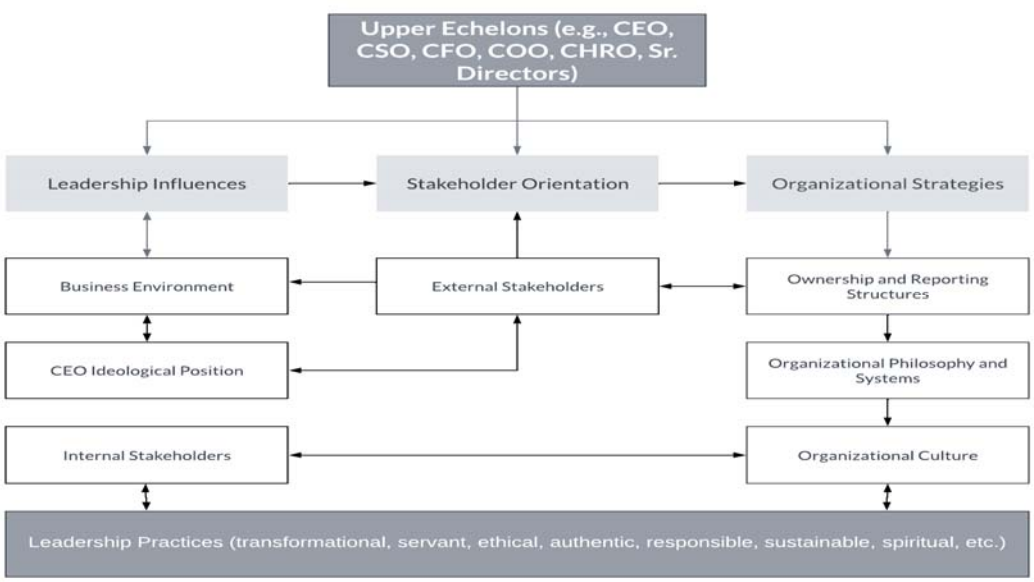
ESG Leadership Conceptualization

The conceptualization of leadership in this study was as a complex mix of leadership styles and practices responsive to the complex, dynamic, interconnected systems environment in which sustainability leadership occurs. The broad conceptualization of leadership reflected the need for leadership that accentuates ethical leadership, employee well-being, environmental sustainability, social responsibility, profitability, and revenue growth (Choi, 2021; Fry et al., 2010). Using a mix of leadership styles to engage in corporate sustainability management positions is crucial for companies to survive and grow by developing symbiotic relationships with stakeholders and balancing the TBL to create continuous value for the economy, society, and the environment (Choi, 2021).

In the resultant conceptual framework (see Figure 1), leadership practices are positioned as underlying the interface of organization culture, internal and external stakeholders, and the general business environment. Strategic leadership interactions facilitate the transfer of influence, information, and resources across a complex web of relationships between executives and others to accomplish the organizational mission and vision (Simsek et al., 2018). Leaders can also use strategic interactions to engage stakeholders in providing knowledge that helps managers address challenges characterized by risk, ambiguity, complexity, multiple meanings or interpretations, and unpredictability, thereby strengthening the stakeholder relationship (J. R. Mitchell et al., 2022). ESG-specific leadership interfaces promote partnership and collaborative action amongst multiple internal and external stakeholders (Lange et al., 2013), and communication through measurements, frameworks, and reporting and disclosure mechanisms (Lokuwaduge & Heenetigala, 2017; Neely et al., 2020).

Figure 1

Leading ESG Conceptual Framework



Implementing ESG sustainability in a way that balances risks and opportunities requires breakthrough thinking that transcends every level of the organization and considers changing technologies, emerging consumer demands, evolving regulatory requirements, strategic and operational capabilities, and governance requirements (Yilmaz & Flouris, 2010). ESG leadership practices are more likely to include a mix of values-based leadership styles with an emphasis on leadership competencies that embrace the systems thinking needed to address systemic conditions and conflicting or contradicting stakeholder interests (Muff et al., 2020).

Methodology

The research approach used in this study was a multiple case study design to investigate the phenomenon of ESG leadership within its real-world context, examine the perceptions of individuals with ESG leadership responsibilities, and explore how leadership perceptions influence ESG development. Empirical research has revealed that the attributes, aspirations, and activities of strategic leaders cannot be separated from the interdependencies in which they are found and the context in which they occur, and therefore, they need to be studied in a more encompassing fashion (Simsek et al., 2018). This case study was exploratory and instrumental in nature to understand ESG leadership in practice and situate this understanding within current leadership research. The case design was informed by the case study methodology and prior case study research. For example, Latham (2013a) used a multiple case study design to develop a richer understanding of the processes, practices, and behaviors deployed by strategic (upper-echelon) leaders who successfully led their organizations through large-scale transformations.

A case study approach is appropriate for studying organizations as the case unit for analysis and collecting thick data on the organization to answer contextualized questions (Yin, 2018). Including multiple case units (organizations) in the case study supports aggregated cross-case conclusions that are more generalizable to other contexts (Stake, 2006; Yin, 2018). To achieve the benefits of multiple case design, no fewer than four cases or more than 10 cases should be evaluated unless a specific rationale supports smaller or larger sample sizes (Stake, 2006). In this research study, I examined four ESG-oriented, U.S. public companies operating in different industry sectors within the same geographic region. I used purposeful sampling to identify and select large, public organizations in which the CEO had articulated a clear sustainability vision that was supported by publishing annual sustainability reports with robust ESG disclosures, had a designated leader responsible for sustainability as part of the TMT, and adopted a sustainability governance structure that included committees, charters, or policies. I used the relational network I developed in my role as a business executive to obtain access to the designated sustainability leader to deliver the initial request to participate in the study. I also worked with the sustainability leader to develop a timeline for data collection to ensure that peak seasons were avoided.

For each case, the relevant business context was considered a component of the case analysis, with boundaries drawn to maintain an emphasis on what was needed to understand the case given the stated research questions (Stake, 2006). The business context included key influences exerting pressure on the organization to adopt sustainability practices, such as competitive peer pressures, regulatory requirements, and stakeholder activism. Pressures may be nuanced based on the industry sector or products and services offered by the company (Vashchenko, 2017). For example, an organization operating in an industry designated as highly polluting may encounter greater pressure to engage in environmental sustainability practices such as the adoption of clean energy and the voluntary disclosure of greenhouse gas (GHG) emissions (Manning et al., 2019; Michelon & Parbonetti, 2012). In contrast, companies in human capital-intensive industries may experience more pressure in social sustainability issues such as labor practices and diversity, equity, and inclusion.

Consistent with a case study approach, I collected data from multiple sources (Creswell & Creswell, 2018; Terrell, 2023), including documents, audiovisual files, and digital materials publicly available from the companies' websites and open-access databases, and semistructured interviews with select management personnel. An interview protocol (see Appendix A) guided the semistructured interviews. The designated organizational contact and interview participants received an informed consent form (see Appendix B) that included the steps I planned to take to protect organizational confidentiality and participant privacy in the storage of recorded interviews and the reporting of findings, as Creswell and Creswell (2018) advised. Participants were asked to acknowledge receipt and acceptance of the informed consent form before the interview.

In this case study, I used content analysis, thematic analysis, and coding to analyze the organization's publicly disclosed sustainability data (Bowen, 2009; Engert & Baumgartner, 2016). My document analysis included an interactive process of skimming, reading, evaluating, and coding (Bowen, 2009) sustainability reports, ESG disclosure data, and publicly-released company policies using procedures reflected in the document analysis protocol (see Appendix C). I used In Vivo, values, process, and concept code labels (Miles et al., 2020) to assign and analyze interview transcripts and sampled sub-sections of collected documents with the intent of supporting deeper reflection on the data's meaning in relation to the research questions. After initial data coding, I used thematic analysis to capture key meanings and concepts ascribed to ESG leadership and how leadership occurs within ESG-oriented organizations based on within-case and cross-case patterns (Bowen, 2009; Braun & Clarke, 2022). Cross-case triangulation occurred using case report summaries prepared using a standardized format (see Appendix D) and cross-case thematic analysis matrices to compare the identified topics and themes across cases (Stake, 2006). Information collected during the initial sample selection process (see Appendices E and F) was only included in case report summaries to the extent that organizational de-identification was possible. Information that was easily traceable to the case organization was excluded.

Scope and Limitations

As with any research, this study had its limitations. First, qualitative case studies are best conducted with a small sample size, which can limit the generalization of the research findings beyond the context examined. In response, I included multiple industry contexts to aid in identifying transferable themes. However, the study was still focused on only a subset of large public companies headquartered in the midwestern United States.

Second, the study had a selection bias due to reliance on the voluntary nature of corporate sustainability disclosures (Manning et al., 2019) and the review of a significant volume of data by a single researcher. Specifically, companies may use their sustainability reports as a signaling mechanism to obtain legitimacy without implementing significant transformation (Abhaywansa & Tayagi, 2021; Veenstra & Ellemers, 2020). As a result, companies may have structures and processes in place that are not disclosed in their formal reports (Klettner et al., 2014), and may only disclose favorable information to manage the organization's reputation (Talbot & Boiral, 2018) and not be penalized for too much transparency (Lo & Kwan, 2017; Xie et al., 2019). I also could have miss relevant information because of the volume of data disclosed and the inconsistent format in which sustainability information is reported (Manning et al., 2019).

Third, the study did not capture the sustainability awareness and emergence process that companies undergo to become ESG-oriented organizations but rather focused on exploring the practices within organizations that have already openly committed to sustainability and have implemented structures to support sustainability transformation. These structures include establishing a sustainability committee and appointing an individual within the TMT as having sustainability responsibility and authority. As a result, leaders and employees in these organizations may have had a greater sustainability orientation than would be found in other organizations.

Finally, the study was not designed to validate a particular leadership theory. I did not presuppose a leadership theory as best suited to ESG-oriented organizations. Although spiritual leadership is discussed as an emerging leadership theory, I did not incorporate spirituality or the role of faith in leading sustainability in the marketplace. Instead, I examined the leadership philosophies of designated sustainability leaders to understand what values, attitudes, and beliefs underpin the leaders' motivations and practices.

Definition of Terms

The key terms defined in this section are foundational to understanding ESG and are used throughout the dissertation. Definitions are synthesized from scholarly resources and gray literature published by government agencies and leading sustainability non-profit organizations. The relationships between terms are also captured to support comprehension and to demonstrate the continued evolution of thinking within the sustainability arena.

Circular Economy. A closed-loop material flow created through innovation and collaboration across the supply chain and intentionally designed to restore and regenerate resources to minimize inputs, waste, emission, and energy leakage, reducing the environmental input of producing goods for human consumption (Geissdoerfer et al., 2017).

Corporate Social Performance (CSP). CSP is an early CSR model that defined the social responsibilities of business to include an economic responsibility to produce need-responsive goods and services profitably within the framework of legal requirements and societies' ethical expectations and a voluntary commitment to engage in discretionary activities that better society (Carroll, 1979).

Corporate Social Responsibility (CSR). CSR is a precursor to ESG that represents context-specific organizational actions and policies that consider stakeholders' expectations and position the organization to meet financial goals while being socially responsible corporate citizens through effective governance of environmental and social concerns (Aguinis & Glavas, 2012; Gillan et al., 2021). In practice, CSR has become synonymous with the TBL, although theoretical differences exist between them.

Corporate Sustainability (CS). CS is the degree to which companies commit to integrating issues such as economic prosperity, social equality, and environmental management into the organization's strategic management process so that the company can maintain social well-being and quality of life without degrading the ecological systems or resources necessary for the current and future life (Fry & Egel, 2021; Yilmaz & Flouris, 2010). Corporate sustainability presupposes sustainable development and sustainable innovation (Coelho et al., 2023; Lozano, 2015).

Environmental Dimension (E). E is the pillar of ESG that concerns issues related to the use of natural resources and maintaining the planet's biodiversity, including carbon emissions, land water use, pollution, climate change, energy, product recycling, mineral depletion, and waste management (Aguilera et al., 2021; Lokuwaduge & Heenetigala, 2017). ESG's environmental agenda extends beyond the environmental concerns initially conceptualized in TBL, although the terms are still used synonymously.

Environmental, Social, and Economic (ESE). ESE is the basis of TBL reporting concerned with how businesses manage their operations to deliver performance in three distinct but related categories of environmental stewardship, social responsibility, and economic well-being (Elkington, 1988; Lemus-Aguilar et al., 2019). In ESG, the economic component of ESE is included within corporate governance (Gillan et al., 2021).

Environmental, Social, and Governance (ESG). ESG is a construct that measures the extent of organizations' integration of environmental, social, and governance concerns into companies' business models, institutional structures, and stakeholder interactions, including communication documents and contracts. Governance considerations are explicit and extend beyond the ESE concerns included within the TBL (Gillan et al., 2021).

Governance Dimension (G). G is the pillar of ESG that covers the institutional structures, formal and informal policies, and performance metrics and measurement systems implemented to steer the organization's strategies, business activities, interactions, and transformation efforts toward economic, environmental, and social sustainability (Lange et al., 2013). Governance includes economic sustainability, economic growth, and job creation; it, therefore, incorporates the economic component of the TBL often referred to as profit.

Greenwashing. The organizational practice of adopting symbolic versus substantive sustainability practices as a means of enhancing a firm's public image through impression management without integrating CSR into the company's business strategy and undergoing the internal transformation necessary to become a sustainable organization (Aguilera et al., 2021; Peters et al., 2019).

Social Dimension (S). S is the pillar of ESG that encompasses businesses' obligations to engage in community investment that promotes good health and well-being of societies, reduces poverty and hunger, and supports quality education; deploys fair and equitable labor practices and upholds human rights compliance; and maintains product quality (Hussain et al., 2018; World Commission on Environment and Development, 1987). The social dimension is also referred to as the people element and the social component of the triple bottom line.

Socially Responsible Investing (SRI). SRI is the practice of integrating sustainability criteria into investment analysis and investment decisions as a means of influencing organizations toward socially responsible behavior and sustainable development as defined and measured by ESG factors (Krambia-Kapardis et al., 2023; Widyawati, 2020).

Sustainable Development (SD). SD refers to development that meets the needs of the present generation without compromising the needs and aspirations of future generations at a collective country and global level (Baumgartner & Rauter, 2017; World Commission on Environment and Development , 1987). It is the desired outcome of CSR, ESG, or TBL. Essentially, sustainable organizations that achieve social and environmental performance standards and practices while meeting financial and legal obligations, contribute to SD (Ashrafi et al., 2018; Perez-Batres et al., 2012).

Sustainable Leadership. The definition of sustainable leadership differs greatly in scholarly research (Liao, 2022). Scholars generally agree that sustainable leadership is a multi-dimensional concept but struggle to delineate dimensions without overlapping with transformational, ethical, or responsible leadership.

Additionally, sustainable leadership, which is focused on the leadership attributes required for creating sustainable organizations, is often used interchangeably with sustainability leadership (Tideman et al., 2013). Furthermore, several sustainable leadership frameworks build upon existing transformational and adaptive leadership frameworks. For purposes of this research study, a distinction between sustainable and sustainability leadership is only made when relevant to the research insights. Otherwise, the terms are used interchangeably, consistent with current practice. However, future research to distinguish the constructs is warranted.

Sustainability Leadership (SuL). SuL is the process by which organizational capabilities are directed toward the achievement of industry-accepted, legally or regulatorily mandated, or stakeholder-derived environmental, social, and financial performance standards and practices in alignment with strategic priorities established through structured multi-stakeholder engagement (Benn et al., 2018; Murphy, 2022; Northouse, 2022; Stubbs & Cocklin, 2008). Sustainability leadership considers the organizational context, market conditions, and system boundaries in which the business transformations needed to achieve SD must occur and leverages influence to affect decisions made by stakeholder groups (Benn et al., 2018; Northouse, 2022). Though often used interchangeably with sustainable leadership, sustainability leadership moves beyond the individual leaders' behaviors to include mindsets, values, capabilities, and competencies.

Sustainability Reporting. Formal representation of the company's social and environmental goals and activities published as stand-alone reports or integrated with financial reporting using an established framework as a means of increasing transparency and meeting external stakeholder demands for information on the company's ESG/CSR profile (Ali et al., 2017; Fifka, 2013). Sustainability reporting may also be referred to as ESG, CSR, or TBL reporting.

Triple Bottom Line (TBL). TBL is a term coined by Elkington (1988) to refer to businesses' obligation to drive successful outcomes in environmental, social, and economic domains and provide transparency to stakeholders through reporting. TBL is sometimes referred to as ESE or as people, planet, profit and is often used interchangeably with CSR reporting, sustainability reporting, and ESG reporting.

Summary

How society views the purpose of business has shifted and continues to shift to include consideration of short-term and long-term economic, environmental, and social impacts. In addition, how internal and external stakeholders interact with businesses and exert pressure on organizations to engage with society in a more responsible manner has changed. The increased expectations are conceptualized in models of corporate sustainability, CSR, and ESG to varying degrees. The new models of sustainability management increase the expectations of leaders and modify the skill set and leadership styles required for organizational effectiveness. Therefore, additional in-depth research is necessary to explore the leadership practices of ESG-oriented sustainable organizations to better understand ESG leadership philosophy, systems, and operational processes. A multiple-case qualitative study is responsive to the ongoing research agenda by providing contextualized data and cross-case comparative analysis.

Chapter 2 – Literature Review

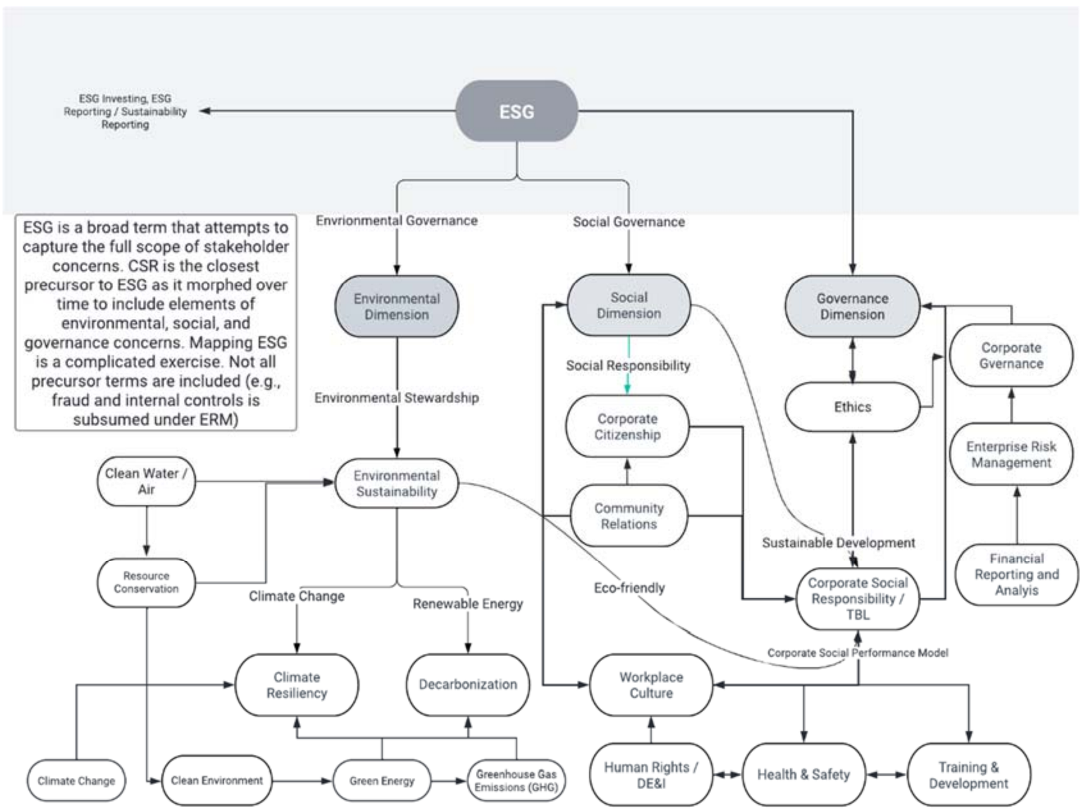
Environmental, social, and governance (ESG) issues have aroused global concern and the engagement of national and international organizations and countries that have adopted sustainable development goals and action plans responsive to increasingly severe environmental, societal, and economic problems (Li et al., 2021). In an ESE or TBL approach to business, leaders seek to maintain the long-term viability of natural systems, resolve unacceptable social conditions at home and in the broader global community, and create wealth and prosperity for stakeholders and citizens (Ferdig, 2007). The coalescing of actions across the triple bottom line (TBL) formed the foundation of what has become the ESG movement.

As a movement, ESG includes many underlying concepts that have a long history, such as corporate ethics, corporate social responsibility (CSR), corporate sustainability (CS), environmental sustainability (ES), and sustainable development (SD). The breadth and complexity of ESG has sparked questions about ESG leadership practices and which leadership theory is most effective, with researchers reporting mixed results across the most prevalent leadership theories (Changar & Atan, 2021; Metcalf & Benn, 2013). For example, transactional leadership has less impact on environmental sustainability but a greater impact on corporate ethics than transformational leadership (Changar & Atan, 2021). However, transformational leadership's impact on corporate ethics was twice its impact on environmental sustainability, leading Changar and Atan (2021) to conclude that an organization could benefit from leveraging both transformational and transactional leadership. In general (non-ESG specific) research on successful implementation of strategic change revealed a mix of transformational, transactional, servant, and spiritual leadership (Latham, 2013a). Ethical leadership (Pasricha et al., 2018) and authentic leadership (Fox et al., 2020) were also found to be positively linked to CSR.

To grasp ESG's breadth and complexity and associated leadership challenges, it is necessary to understand its historical development, the roots of which are contained in environmental governance, human rights, CSR, and its offshoots as illustrated in Figure 2 and discussed in this literature review. After discussing ESG's historical development, the literature review transitions to a discussion of ESG's three dimensions and ESG measurements and benchmarks to round out the ESG landscape. The next two sections of the literature review set the groundwork for ESG leadership by examining ESG leadership influences and ESG organizational strategies. The final literature review section contains a summary of the developments in thinking about ESG leadership as an offshoot of the existing leadership theories and as a new emerging branch of leadership theories.

Figure 2

ESG Conceptual Evolution Map



ESG's Historical Development

Although ESG as a holistic concept is relatively new, components of ESG have deep historical roots going back thousands of years and are found in the sacred texts of many faiths and codified in national laws, rules, and regulations

(Daugaard, 2020). The conservation movement of the early twentieth century and contributions from ecology enhanced environmental awareness (Linnenluecke & Griffiths, 2010). The creation of the following five government agencies between 1965 and 1979 forced businesses to grabble with the questions of what it meant for a company to be socially responsible and who were the company's legitimate stakeholders (Carroll, 1991): Equal Employment Opportunity Commission established in1965, Environmental Protection Agency in1970, Occupational Safety and Health Administration in 1971, Consumer Product Safety Commission in 1972, and the Federal Emergency Management Administration in 1979. In 1979, Caroll created a three-dimensional cube to depict corporate social performance as a function of business responsibilities, social issue categories, and management responses. Businesses' economic, legal, ethical, and discretionary responsibilities needed to consider the social issues of consumerism, environment, discrimination, product safety, occupational safety, and shareholders to which management responded in one of four stances: reaction, defense, accommodation, or proaction. Over time, the dimensions of Carroll's corporate social performance (CSP) model were standardized and constructed into a measurement index capturing community relations, diversity, employee relations, environment, and products (Li et al., 2021).

The CSP model can be observed in the tenets of CSR and therefore, in ESG (Aguinis & Glavas, 2012; Brown & Brown, 2021). CSR's framework included economic and direct social and environmental responsibility, with governance considered only as a function of overseeing an organization's social and environmental impact (Fatima & Elbanna, 2023). As social and environmental responsibilities were expanded to include indirect impacts, CSR became more synonymous with corporate sustainability but was still a separate construct. Empirical research into organizational and institutional CSR increased significantly in 2005 in response to shocks to global economic systems, with almost half of all articles identified by Aguinis and Glavas (2012) published after the start of the global financial crisis in 2007. However, studying the individual's role in CSR and culture change, leadership, human capital systems, individual motivation, individual performance, and psychological processes remained a gap until more recently (Aguinis & Glavas, 2012).

The benefits of CSR were also hotly debated in scholarly research for decades with some researchers contending that an economics-based leadership approach taken from agency theory restricts the legitimate consideration of CSR activities to those that serve the company's market and profit-driving shareholder responsibilities (Waldman & Siegel, 2008). However, other researchers pointed out the influence of internal stakeholders and the role of managerial behaviors in addressing stakeholder needs. Carroll (1991) proposed a four-layer CSR pyramid with economic (be profitable) as the base, followed by legal (obey the law), ethical (avoid harm; do what is right, just, and fair), and philanthropic (be a good corporate citizen). Caroll’s stakeholder responsibility matrix for decision-making included owners, customers, employees, community, competitors, suppliers, social activist groups, and the public at large with moral management identified as the foundational requirement for CSR.

Over the ensuing decades, CSR research increased significantly with a particular emphasis on organizational outcomes, firm-level CSR implementation, and CSR reporting and disclosure (Fatima & Elbanna, 2023). Separately, corporate sustainability emerged as a model that added accountability, stakeholder engagement, and sustainable development to an organization’s social responsibilities (Lo & Kwan, 2017). In research and practice, CSR has converged with corporate sustainability to become deeply entangled and blurred where the concepts were once distinctive (Bansal & Song, 2017). As the emphasis on corporate sustainability grew, ESG became a means of moving business from the discretionary activities of CSR to an integrated response that is traceable and measurable along the three dimensions of environmental, social, and governance (De Masi et al., 2021).

ESG’s Theoretical Roots

The heart of ESG is found in stakeholder theory and upper echelons theory, with their emphasis on primary and secondary stakeholders and executive leadership, defined as BODs, CEOs, and TMTs (Chin et al., 2013; Koh et al., 2014; W. S. Lee et al., 2018). Primary and secondary stakeholders are groups and individuals with validated interests in an organization's activities and outcomes and on whom the organization relies upon directly or indirectly to achieve its objectives (Freeman et al., 2018). Stakeholder theory expanded the view of firm responsibility beyond the shareholder to include investors, suppliers, customers, employees, governments, political groups, communities, trade associations, NGOs, and other groups directly or indirectly affected by the activities of the firm (Donaldson & Preston, 1995; Taştan & Davoudi, 2019). Within this broader definition, executive leaders had a responsibility to understand, manage, and shape these stakeholder relationships (Freeman et al., 2010). Stakeholder theory emphasised the need to deliver value to the shareholders and shifted managerial focus toward a long-term orientation encompassing economic and noneconomic value creation and operating from a strong moral foundation that protected the reputation of the firm and sought the convergence of stakeholder interests over time (Freeman et al., 2018).

Elkington (1988) coined the term triple bottom line to reflect the responsibility businesses had to economic, social, and environmental performance and recommended that leaders adopt eco-systems thinking orientation and establish an eco-infrastructure in which coordinated changes occurred across industry concentrations, values chains, and economies in partnership with governmental agencies and NGOs. As a growing number of organizations integrated environment and social responsibility into their business strategies, the ethical responsibility of doing good and creating shared value produced challenges for managers who needed to confront tensions among interrelated temporal aspects (Longoni & Cagliano, 2018). For example, shifting societal values and external pressures resulted in expanding the definition of stakeholder theory to include societies at large and future generations (Taştan & Davoudi, 2019). Business leaders of global companies began incorporating the TBL into corporate strategy as stakeholder or conscious capitalism (Mackey et al., 2020).

The move toward stakeholder capitalism envisioned by Elkington (1988) was accelerated by the digital environment and the shortened distance between external stakeholders and the upper echelons of the organization (Neely et al., 2020). Per upper-echelon theory, organizational outcomes are reflections of the organization's collective leadership profile, which includes the values, cognitive base, functional expertise, career experiences, education, and socioeconomic roots of the organization's top leaders (Hambrick & Mason, 1984). The organization's collective leadership profile influences its strategic choices such as product innovation, diversification, financial leverage, administrative complexity, and response time. As organizations grow in market size and reach, the pressure that stakeholders exert on upper echelons to engage in CSR activities tends to increase in recognition of the increased economic, social, and political power of the organization (Freeman et al., 2018; W. S. Lee et al., 2018), and the increased frequency of strategic interfaces between strategic leaders and salient stakeholders (Dhir et al., 2023; Neely et al., 2020; Simsek et al., 2018).

As BODs, CEOs, and TMTs navigate a dynamic, novel, and uncertain environment, and interdependencies are increased, chief officers functioning in specialized roles, such as sustainability, are expected to address complexity, reduce uncertainty, and contribute to firm innovation and differentiation within their area of expertise (Kanashiro & Rivera, 2019). Chief officers depend on personal values and cognitive frameworks in the decision-making process because it is not possible to receive and interpret all information relevant to the organization's situational position and stakeholder agendas (W. S. Lee et al., 2018). As a result, the executives' moral legal standards, personality, self-judgment, commitment, and emotional stability become the driving influence for CSR-related decisions (Saha et al., 2020). Therefore, CEOs' decision-making processes become a critical factor in sustainability leadership (Ou et al., 2014). Ou et al. (2014) noted that CEOs who engaged TMTs in the strategic decision-making process and favored collective input were more likely to empower TMTs to manage the complexities of the environment.

Even so, traditional executive leadership roles do not necessarily facilitate attention to sustainability risks, opportunities, and tensions in strategic settings (Peters et al., 2019). Dynamic decision-making, which focuses on maintaining the tensions of paradoxes and engaging in leadership practices to differentiate and integrate issues, is less likely to occur (Smith, 2014). Without intentionally engaging in paradoxes, the challenge of integrating economic, social, and environmental sustainability dimensions at the organizational and systemic levels is left largely unaddressed (T. Hahn et al., 2015; Independent Group of Scientists, 2023). A sustainable development orientation shifts traditional leadership thinking from a win-win or trade-off approach in which social and environmental goals are reconciled or sacrificed to an integrative approach in which sustainable innovation rebalances systems (Van der Byl & Slawinski, 2015).

ESG's Principle of Sustainable Development

Of the many definitions of sustainability and sustainable development put forth in research and trade literature, the most commonly adopted is that by the World Commission on Environment and Development (WCED). In 1987, the WCED issued its report titled "Our Common Future" as a call for action meant to activate the broad community of stakeholders around an agenda that could result in a new era of economic growth in which the environmental resources base is sustained and expanded. The WCED also positioned sustainable development as a collective effort that seeks to meet the needs and aspirations of the current generation without compromising the ability to meet the needs of future generations. In its report, WCED also noted that environmental and economic problems are linked to social and political factors, and are not bounded by country lines, necessitating changes in the domestic and international policies of every nation to truly pursue sustainable development. Corporate sustainability's main attributes of financial viability, social equity, and environmental integrity and the sustainable business framework are built upon this principle of sustainable development (Baral & Pokharel, 2017).

Although hard to measure and define, the real strength of the concept of sustainable development lies in its ability to bring all stakeholders together to discuss how sustainability can be achieved (Baral & Pokharel, 2017). In sustainability's infancy, WCED (1987) asserted that discoveries and innovations by large companies could help small and medium-sized companies that often lack the investment resources provided an effective means is developed for knowledge transfer. The convergence and divergence of thoughts around the principle of sustainable development are demonstrated through a comparison of the frameworks currently shaping the direction of ESG reporting, specifically, TBL, the United Nations' 17 SDGs, the Framework for Strategic Sustainable Development (FSSD) and the Global Reporting Initiative (GRI) standards (Kücükgül et al., 2022; Lokuwaduge & Heenetigala, 2017).

ESG Frameworks

The lens through which TBL reporting is considered affects the reporting approach used and how economic, social, and environmental performance is constructed and measured (Longoni & Cagliano, 2018). A business case perspective focuses on the win-win synergistic opportunities between the three dimensions, whereas a trade-off perspective concentrates on the compromises necessary because of conflicts between the dimensions and the stakeholder accountability perspective attempts to proactively engage stakeholders on prioritizing environmental and social goals. The concept of TBL reporting influenced the structure and information included in companies' annual reports but lacked a consistent reporting framework before GRI standards were published (Javed et al., 2020).

The SDGs were intended to serve as a tool for rallying the global community around a vision with defined goals in the environmental, social, and economic domains (Grainger-Brown & Malekpour, 2019). However, in its 2019 Global Sustainable Development Report, the United Nations noted that the world was not on track to achieve the SDGs and the outlook was even more dire in 2023 at the half-way point to the 2030 milestone (Independent Group of Scientists, 2023). This lack of progress has occurred despite CSRs' strong linkage to the SDGs (Shayan et al., 2022) and the inclusion of SDG matters in ESG ratings (Hussain et al., 2018). For example, empowering leadership, developing and promoting women, and total quality management are CSR initiatives that benefit the organization and various stakeholder groups and are included in the Kinder, Lydenberg, and Domini (KLD) ratings as legitimate CSR practices (Waldman & Siegel, 2008), and align to the SDGs (Shayan et al., 2022). To further support organizations in adopting and aligning actions with SDGs, the academic and practice communities developed a suite of tools and frameworks, including the new version of GRI and the FSSD (Grainger-Brown & Malekpour, 2019). However, the variations among frameworks and the lack of SDG-specific strategic implementation tools present a leadership challenge for ESG-oriented companies.

Christen and Schmidt (2012) considered FSSD flawed for its failure to consider normative aspects of justice and the concept of human needs, and its functionalistic understanding of the social world. Using an FSSD approach involves defining the desired future state of an organization and then aligning an organizational action plan around FSSD's five principles of systems, success, strategy, action, and tools in a process called backcasting (Baumgartner, 2014). The four principles that FSSD uses to define success are skewed toward ecologic consideration over human needs, requiring society to stop increasing and start decreasing extractions of substances from the Earth's core, substances produced by society, and degradation of nature and natural processes (Christen & Schmidt, 2012). Concurrently, FSSD's fourth success principal charges society (including organizations) with eliminating conditions that systematically undermine people's capacity to meet their basic human needs, but the guidance does not address the potential conflict with the three ecological principles.

The GRI reporting framework, first published in 1997, provided a transparent, concise, reliable, consistent, and future-oriented means for businesses to disclose their economic, environmental, and social impacts on a voluntary basis (Kücükgül et al., 2022). After the United Nations' release of the SDGs, GRI was updated to align with the 17 goals (Grainger-Brown & Malekpour, 2019). Since GRI's publication, standard-setting agencies and commissions have published other reporting frameworks emphasizing different aspects of sustainability, creating a need for alignment and clarity. For example, the International Integrated Reporting Framework defined seven guiding principles and outlined eight content elements for companies to incorporate, including external environment, governance, business model, risks and opportunities, strategy and resource allocation, and performance (Benn et al., 2018). GRI, which has been validated as an effective reporting tool to use as part of an organization's governance mechanism of ESG's three dimensions, is still the commonly used reporting framework for voluntary disclosure (Hussain et al., 2018; Talbot & Boiral, 2018).

ESG's Three Dimensions

Although distinctive in conceptualizing, each ESG dimension impacts the other pillars and needs to be considered holistically, which is not consistent with the practice used in much of the empirical research (Hussain et al., 2018; Li et al., 2021). For example, Li et al. (2021) noted that environmental ESG research mainly concentrates on the interaction between the environmental and governance dimensions whereas social ESG research focuses on the interactions between social responsibility, the CEO, and the TMT. When aggregate ESG ratings are compiled for empirical studies, researchers commonly aggregate annual environmental scores, social scores, and governance scores from KLD's database into a CSR index using equal weighting across the three dimensions (Li et al., 2021). However, equal weighting is not reflective of the emphasis of key financial stakeholders who often overlook the social components and take a regulatory compliance approach to environmental matters (Pelosi & Adamson, 2016; Vashchenko, 2017).

In practice, business owners and leaders rated the economic component higher than environmental and social aspects when encountering decisions that require a tradeoff in achieving environmental, social, and economic goals, although each component was considered important (Santiago-Brown et al., 2015). Because of the continued strong emphasis on economic factors, some stakeholders and scholars have asserted that new models of leadership, decision support systems, and response strategies are needed to realize the ideal of sustainability, in which leaders understand systems interconnectivity, observe and make sense of complex circumstances, make informed decisions, and lead change that resolves contradictions between the economic, environmental, and social elements (Ferdig, 2007; T. Hahn et al., 2015). For example, leaders engaging in sustainability-oriented transformation require criteria that translate the sustainability problem into normative principles of justice and descriptive principles of integration within ESG's three dimensions (Christen & Schmidt, 2012). Sustainability leaders also need to create environments in which individuals acknowledge and accept responsibility for deploying strategies to manage the tensions, such as compensation packages that combine short and long-term objectives and cross-functional collaborative teams (T. Hahn et al., 2015). TBL and related concepts can overstate the linkages between social, environmental, and financial outcomes and mask the need to consider the potential costs, gains, and tradeoffs of taking actions within and across each dimension (Benn et al., 2018).

Environmental Dimension

A global sense of urgency, media pressure, and stakeholder activism have tilted attention toward environmental issues such as emission reduction and global warming despite the balanced approach implied by CSR and ESG (K. H. Lee et al., 2016). Environmental sustainability refers to the set of corporate behaviors and strategies that mitigate a firm's impact on the natural environment in a substantive versus a symbolic manner (Aguilera et al., 2021). The environmental dimension of ESG, which includes issues related to carbon emissions, water use, pollution, climate change, energy, product recycling, and waste management, has received significant attention in the current research primarily related to the impact of achieving sustainability outcomes on firms' performance (Aguilera et al., 2021; Armstrong, 2020; Velte, 2022). Organizations' most common environmental sustainability outcomes are the development of an environmental strategy to guide the firms' overall approaches to managing their impact on the natural environment, measuring and benchmarking environmental performance using reduction goals and sustainability index scores as success metrics, and reporting environmental performance through disclosures released to the public (Aguilera et al., 2021; Veenstra & Ellemers, 2020). Firms facing environmental crises or companies operating in highly polluting industries may appoint CSOs with the primary responsibility to oversee environmental strategy as a means of restoring legitimacy with key stakeholders (Kanashiro & Rivera, 2019).

Market expectations, shareholder activism, ownership structure, BOD composition and function, the personal and professional traits of CEOs and TMTs, and employee or stakeholder activism influence an organization's governance of environmental sustainability, including its environmental strategy, environmental performance, and environmental reporting or disclosures (Aguilera et al., 2021). The BODs must consider multiple factors, generally accepted protocols, and guidelines for environmental reporting and disclosure to determine their organization's position, which sets the environmental agenda (Brown & Brown, 2021). Regulatory pressures and disclosure mandates also influence the environmental agenda, with an increasing emphasis on GHG emissions cascading environmental standards further down organizations' supply chains (Lokuwaduge & Heenetigala, 2017). The complexity of measuring an organization's environmental impact and reducing its environmental footprint through intentional environmental management varies by industry sector and associated business models (Kanashiro & Rivera, 2019).

Within environmental management of manufacturing and consumer goods, creating a circular economy in which production occurs through a closed-loop material flow has received increasing attention (Geissdoerfer et al., 2017), and is viewed as a promising path toward achieving sustainability and a suitable alternative to a linear economy (Bertassini et al., 2021). According to Geissdoerfer et al. (2017), a circular economy reduces resource input, waste, emissions, and energy leakage through system-wide sustainable business innovations driven by collaborative efforts of private businesses, regulators, and policymakers. Achieving a circular economy requires innovations in internal operations and supply chain processes, which involve strategic engagement of suppliers and customers (Longoni & Cagliano, 2018), and ecosystem-sensitive leaders who recognize the widespread effect changes in one organization is likely to have on other organizations within the ecosystem (Bertassini et al., 2021).

In the energy sector, ethical activism is supported by voluntary carbon disclosures using an extensive questionnaire developed by the Carbon Disclosure Project, a non-profit organization (Ben-Amar & McIlkenny, 2015). Although the questionnaire is detailed, information disclosed by companies is still inconsistent in level and type. Ethical consumer rating systems support ethical consumerism by empowering consumers to act on companies' environmental and social sustainability performance to the extent the companies choose to publicly disclose information on green energy, emissions, waste reduction, fair wages, worker's rights, and safety (Berki-Kiss & Menrad, 2022). However, companies generally do not disclose the full life cycle of products through their extended supply chain, or the organization's political involvement, legal history, economic ties, and long-term environmental impacts (E. Jones, 2019).

Social Dimension

Public awareness and prioritization of social equity issues, such as diversity, income inequality, worker safety, and systemic racism, have grown significantly in recent years (Keeley et al., 2022). Firms that generally invested in CSR to improve their financial profitability rather than deploying CSR as a means of achieving social goals are under increased scrutiny (Saha et al., 2020). Not only has ESG's social dimension been integrated into business more slowly than the other pillars, but social performance has also sometimes been negatively impacted by the environmental efforts of businesses and institutions due to a willingness to compromise or accept trade-offs across dimensions (Pelosi & Adamson, 2016). Focusing on the social dimension is complicated because of the difficulties associated with quantifying and integrating social data into valuation models and comparing and assessing relative performance across peer groups and industry sectors (Lo & Kwan, 2017).

Social responsibility as conceptualized within ESG is necessarily broad to meet the needs of internal and external stakeholders, including individual employees, suppliers, customers, agencies, and society at large (Aguilera et al., 2007; Lokuwaduge & Heenetigala, 2017). Child labor, workplace health and safety, poverty, fair wages, supply chain management, training and education, and consumer privacy are just a few of the matters included in the social dimension (Li et al., 2021). The broadness of stakeholder social needs and the differing motivations that may govern these needs, including self-interest, politics, and moral principles, further complicate how social performance is measured and evaluated (Aguilera et al., 2007; Veenstra & Ellemers, 2020; Widyawati, 2020). For example, Ikram et al. (2020) proposed a social component that included supplier management, resolution of society's demands, labor relations, commitment to a Human Resources (HR) department., training of employees, and societal development. However, Armstrong’s (2020) social dimension included corporate culture, working conditions, training, motivation, rewards, gender equality, health and safety, fair trade, diversity, and community impact. In qualitative case studies measuring social performance, metrics related to accidents and accident reduction, corruption, employee diversity, employee turnover, employee health, labor complaints, knowledge transfer, product development, and training have been noted as report elements (Lokuwaduge & Heenetigala, 2017; Longoni & Cagliano, 2018).

Although social sustainability is given less attention, addressing it aids in tackling environmental sustainability by removing the social causes of over-exploitation and underutilization of resources (Barnwell, 2023; Pelosi & Adamson, 2016). Improving an organization’s social performance has also been positively linked to financial performance, especially for organizations increasing in size (Velte, 2022). Equal weighting to social sustainability is consistent with the corporate sustainability model by Ikram et al. (2020) and the United Nations’ SDGs

(Independent Group of Scientists, 2023), both of which were built upon the premise that social and environmental effects must be evenly weighted without threatening economic viability. However, the wide disparity in potential social performance metrics creates a challenge for leadership, which can decrease attention and shift focus toward more tangible economic and environmental outcomes (Daugaard & Ding, 2022; Veenstra & Ellemers, 2020).

Governance Dimension

Corporate governance is a leverage point that connects financial sustainability to environmental and socially responsible business practices (Rodrigues & Franco, 2019) by providing oversight to the administration of the environmental and social dimensions of ESG and driving the organization's strategic and financial management processes (Aluchna & Roszkowska-Menkes, 2019; Brown & Brown, 2021). Integrating both financial and non-financial performance requires leadership and support from the company's board and senior management (Lagasio & Cucari, 2019). Corporate governance as conceptualized within ESG's governance dimension reflects an integrative approach and includes board structure, board independence, accountability, regulatory compliance, risk management, financial performance and related reporting systems, and the distribution of rights and responsibilities across the organization, including the allocation of power and resources and managing associated tensions and ethical situation (Aguilera et al., 2021; Armstrong, 2020; Yilmaz & Flouris, 2010).

When ESG has been integrated into the company's ethical decision-making processes, leaders begin to ask questions such as "what is equitable and fair for those who affect and are affected by the business decision," "how can we provide a voice to those who may be weaker in power and influence," or "how do we best work through conflicting ethical obligations to different stakeholders," and are willing to navigate the tensions those questions create (Armstrong, 2020). Engaging in long-term thinking and perspective-taking and displaying the moral courage required to make informed ethical ESG judgments considerate of the prevailing norms and rules and the organizational mission and vision demand a higher level of ethical leadership (Voegtlin, 2016). Leaders' ethical mindsets move from "avoid harm" to "do good" and their modeling emphasis shifts from ethical intent to ethical behavior as the leaders embody responsible leadership (Stahl & Sully de Luque, 2014).

Expanding ethical leadership responsibility to include an external lens also has implications on the cognitive, relational, and behavioral capacities required to successfully navigate the complexities of extended stakeholder engagement, varied interests and information sources, and multi-group negotiations (Voegtlin, 2016). Before an organization can display moral responsibility, organizational leaders must first establish stakeholder legitimacy by answering the questions of who the organization is responsible for and what cares and concerns of those stakeholders are reasonable matters for the organization to address (Fry & Egel, 2021). By answering questions of moral responsibility, the company defines the boundaries of moral inclusion and exclusion upon which ESG frameworks are built (J. R. Mitchell et al., 2022).

Within the defined boundaries, ESG decision-making is strongly influenced by an organization's ethical ideology, ethical reasoning, and decision-making processes (Stahl & Sully de Luque, 2014). Leaders' moral manager behavior and multistakeholder consideration also have a significant positive impact on followers' moral courage, increasing the likelihood that followers will proactively raise unethical issues as a means of promoting stakeholder welfare (Agarwal & Bhal, 2020). Whether an organization chooses to appoint a CSO or establishes a CSR committee also acts as a signaling mechanism that communicates the legitimacy of an organization's ESG commitment and functions as a moderator of other corporate governance drivers of CSR performance, including compensation, communication, decision-making, and reporting processes (Amran et al., 2014; Velte & Stawinoga, 2020). Anchoring CSR into the organization's vision and mission statement and fostering strategic alliances with NGOs improve transparency and consistency in sustainability reporting, a current challenge in measuring and benchmarking ESG performance (Amran et al., 2014). Additionally, effective internal governance mechanisms help firms meet sustainability goals and attain legitimacy (Hussain et al., 2018), which improves their ESG ratings (Huang, 2021).

ESG Measurements and Benchmarks

Companies that receive strong ESG ratings have fewer funding constraints, lower cost of equity capital, and higher market value (Coelho et al., 2023). ESG ratings, which represent the evaluator's assessment of the company's performance on ESG's three dimensions, are provided by sustainability rating agencies to support socially responsible investing (SRI; Clementino & Perkins, 2021). Assets under management in SRI-oriented funds exceeded $17 trillion in the United States in 2020 with more than 600 products from over 150 organizations providing ESG data and ratings using different definitions and weightings of ESG dimensions (Abhaywansa & Tayagi, 2021). ESG ratings are also garnering interest in the regulatory domain as a means of legislatively investing in sustainable finance through fiscal policy (Krambia-Kapardis et al., 2023). However, ESG lacks a standardized measurement framework despite investor emphasis on quantifying and evaluating organizational performance against organizational and societal values (Koh et al., 2014; Statz, 2022). Furthermore, data inconsistencies, distortions, and model differences reduce comparability and reliability across ESG ratings and create obstacles for strategic ESG integration (Daugaard, 2020; Friede, 2019; Statz, 2022). Keeley et al. (2022) noted that only four metrics were common across the four leading ESG ratings. Finally, generating net scores is complicated by the possibility of firms engaging in socially responsible and socially irresponsible behaviors simultaneously (Perez-Batres et al., 2012).

Although significant research synthesizing ESG metrics and exploring the conceptual, theoretical, or behavioral issues of SRI is lacking, the ESG principle proposed in 2004 has become a standard and a strategy for SRI (Li et al., 2021; Widyawati, 2020). Theoretically, SRI's intent is for companies to become more ethical and sustainable in response to stakeholder expectations communicated through investment decisions (Widyawati, 2020). However, the concerns around ESG metric reliability continue to grow as instances of the same company being assigned drastically different ESG ratings without transparency into the rating agencies' processes and methodologies to enable reconciliation of the differences (Abhaywansa & Tayagi, 2021; Veenstra & Ellemers, 2020; Widyawati, 2020). As a result, the conversation around ESG ratings has has shifted away from the effectiveness of SRI in driving change across the ESG pillars to debating the legitimacy of SRI within scholarly research and business settings (Friede, 2019; Widyawati, 2020).

The reflection of cultural and ideological differences within sustainability ratings creates barriers to standardization and illustrates the challenges leaders face in managing diverse stakeholder expectations (Daugaard, 2020). The challenges are becoming more pronounced as the emphasis on ESG's social dimension continues to increase to reflect societies' growing interest in the human element, particularly human rights compliance (Daugaard, 2020) and social equity issues (Keeley et al., 2022). For example, the KLD Database, built in 1991 and subsequently merged into MCSI, now includes the social dimension in its ranking of over 3,100 companies as does Thomson Reuters' Refinitiv, Bloomberg, and Arabesque S-Ray, the three other major providers of ESG data (Keeley et al., 2022).

As scholars transition from proposing sustainability-oriented conceptual frameworks to empirically validating models, insights into stakeholder expectations are materializing (Velte, 2022). Environmentally, using recycled materials in product development, shipping products in sustainable packaging, engaging in practices to clean public areas, green building policies, environmental quality management policies, environmental supply chain management, climate change policies, emission reduction activities, and energy efficiency policies, and discussing climate change risks and opportunities are associated with stronger ESG ratings (Statz, 2022; Xie et al., 2019). Socially, organizations that engage in fair trade practices, communicate openly and honestly with suppliers, promote work-life balance, pay fair wages, train and develop employees, embrace equal opportunity and social justice for historically marginalized populations, and invest in the communities in which the companies operate are scored more positively by consumers (Krambia-Kapardis et al., 2023; Statz, 2022; Xie et al., 2019). In the governance domain, organizations are expected to hold themselves accountable, engage in external audits of organizational transparency (via sustainability reports), and communicate openly and honestly with shareholders (Statz, 2022). They also need to be signatories to the United Nations' Global Compact, comply with GRI criteria and have that compliance validated, uphold best practices for the percentage of independent directors, prohibit CEO duality, and conduct regular audit committee meetings (Krambia-Kapardis et al., 2023; Xie et al., 2019). The challenge of documenting and reporting against all aspects of ESG rating criteria creates disproportionate demands on organizational leadership (Veenstra & Ellemers, 2020).

ESG rating factors increasingly reflect trends emerging within the environmental arena spurred by the increased public company adoption of ESG principles (Velte, 2022) and voluntary and mandatory disclosure requirements (Veenstra & Ellemers, 2020). More companies are also mainstreaming sustainability reporting either within annual reports or as stand-alone reports, including more information on stakeholders and stakeholder engagement, and using GRI standards and their heightened level of transparency (Fifka, 2013; Klettner et al., 2014). More organizations are also adopting sustainability-oriented balanced scorecards and sustainability assessment tools (Benn et al., 2018; Moldavska, 2017). However, embedding sustainability governance throughout the organization is not as widespread, the use of sustainability committees is inconsistent, and wide variations still exist in the information provided on internal governance practices such as executive compensation and managers' pay (Klettner et al., 2014; Velte, 2022). International cooperative agreements, business alliance statements, and ongoing stakeholder activism will continue to exert influence to move toward ESG rating consistency and more consequential SRI. (Clementino & Perkins, 2021; Daugaard, 2020; Widyawati, 2020).

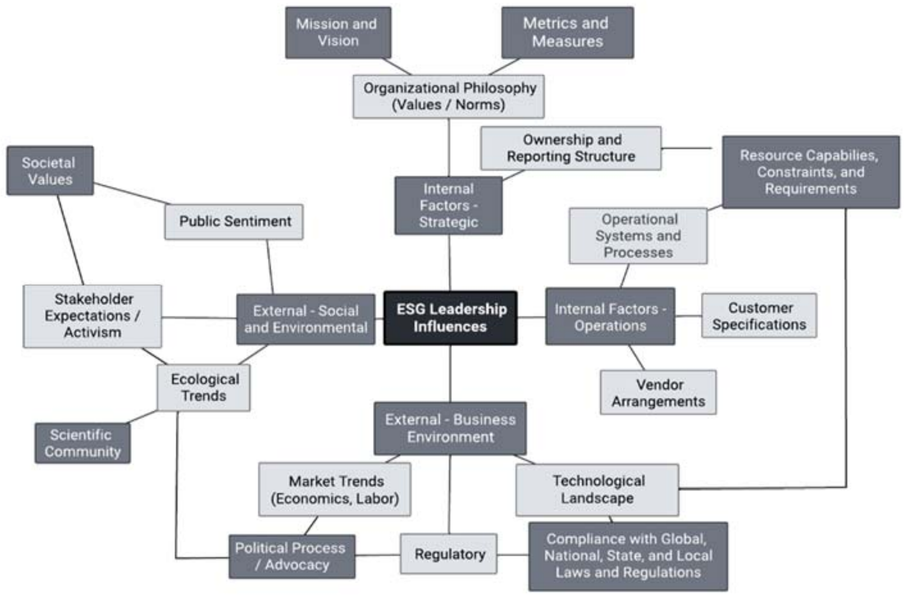
ESG Strategy Influences

Organizational ESG sustainability outcomes are influenced by the laws, policies, and guidelines established by macro and meso institutions, the expectations and supportive behaviors of internal and external stakeholders, organizational barriers and enablers, normative references, and management practices, which are collectively encompassed in the organization's ESG/CSR profiles (Ahmed et al., 2021). A company's ESG/CSR profile also includes the detailed makeup of its market, CEO and board member attributes, organizational ownership characteristics, and external risk exposure such as supply chain pressure and stakeholder activism (Gillan et al., 2021). Stakeholders' economic, political, social, contractual or legal, positional, and institutional power creates leverage to demand additional transparency and substantive actions on key sustainability issues (Freeman et al., 2018).

The ESG/CSR reporting and disclosure agenda is also driven by firm characteristics such as company size, industry sector, profitability, corporate governance mechanisms, and political and socio-cultural factors (Ali et al., 2017; Saha et al., 2020). The specific concerns of regulators, shareholders, creditors, investors, environmentalists, the media, and sustainability rating agencies are also important in disclosing ESG/CSR information (Ali et al., 2017; Clementino & Perkins, 2021) and determining companies' ESG ratings and comparative benchmarking (Keeley et al., 2022). The ESG Strategy Influences diagram (see Figure 3) depicts the numerous factors leaders must navigate to lead an organization toward sustainable development. The subsequent subsections contain a summary of considerations in four broad buckets: business environment, CEO ideological position, internal stakeholders, and external stakeholders.

Figure 3

ESG Strategy Influences



Business Environment

CSR is influenced by political, social, and cultural factors (Daugaard & Ding, 2022). For example, the global financial crisis of 2007 to 2009 elevated attention on corporate governance in research and practice (Zaman et al., 2022). Likewise, the COVID-19 pandemic caused many firms to rethink their business models, innovate and adapt, and engage with stakeholders differently to survive (Fox et al., 2020). During a crisis, the strategic interfaces between executive leadership and external stakeholders tend to increase from their periodic cadence to more frequent and transparent communications (Simsek et al., 2018). Therefore, leaders developing organizational sustainability strategies must consider the normative natural, economic, technological, political-legal, and socio-cultural contexts in which the business operates and associated trends and changes in risk exposures (Baumgartner, 2014), and develop contingencies for exogenous events (Simsek et al., 2018). Leaders must also consider the limitations, constraints, and possibilities posed by the general business environment (context), industry sector factors, stakeholder factors, business model, and organizational capabilities and develop responsive ESG strategies and adjust their process of leading ESG within an organization (Baumgartner & Rauter, 2017).

Disclosure requirements, GRI reporting standards, and ESG sustainability rating benchmarks shape the political landscape and provide signals to the market regarding normative ESG practices (Clementino & Perkins, 2021). The UN Paris Climate Agreement, the 2030 Agenda for Sustainable Development, and similar international agreements exert political pressure on governments and multinational corporations that radiates through economic markets and supply chains (Friede, 2019). Regulatory pressure to adopt the SDG framework, participate in international cooperative solutions, and move economies toward ESG sustainable business development will likely increase as government leaders grapple with slow progress on childhood mortality, primary and secondary education, and healthcare access; the worsening status of goals related to food security, climate action, and protecting biodiversity; and the need to spur significant transformation by 2030 (Independent Group of Scientists, 2023). Regulations requiring disclosures of GHG emissions have already been published in many jurisdictions, including the United States, with varying effective dates (Lokuwaduge & Heenetigala, 2017).

Identifying and understanding stakeholders' needs are also important for driving successful organizational change as investor and community ("stakeholder") activism on socio-cultural factors is more predictive of changes in ESG performance over time than general societal values (Galbreath, 2012; Latham, 2013a). As the power dynamics, values, and relevancy of different external stakeholders shift, the pressure exerted on companies to engage in various CSR activities also shift and can influence companies to develop more targeted, business-connected CSR activities (Vashchenko, 2017). The financial risk of loss through stakeholder activism in response to peer adoption of ESG/CSR practices is a significant stressor for leaders, influencing whether to adopt or avoid particular courses of action (Cao et al., 2019). When stakeholder pressure is alleviated, internal dynamics and organizational factors such as leaders' stance on social issues, the diffusion of organizational practices, and the underlying mechanisms guiding trade-off decisions when responding to ESG risks are more predictive of long-term ESG performance (Galbreath, 2012).

CEO Ideological Position

CEO values and personal concerns influence their perception of the business case for CSR/ESG, their CSR/ESG focus and preferred outcomes, and the strategic choices presented to the top management team as acceptable courses of action (Chin et al., 2013; Stubbs & Cocklin, 2008). CEOs may view TBL from a survival, holistic, or adaptability approach (Rego et al., 2017). For example, they may commit their organization to disclose performance and sustainability commitments without a desire for the company to be more transparent and accountable either as a means to manage the company's reputation or in response to other market signals (Talbot & Boiral, 2018). CEOs may also set more ambitious SDGs as their sustainability awareness increases, which then requires more robust organizational change processes and higher commitment by key leaders and change agents to integrate noneconomic issues into the company's business model and long-term strategies (Baumgartner & Rauter, 2017). Conversely, CEOs may grant significant discretionary authority to TMTs to determine the company's strategic leadership and empower the leadership team in the decision-making process (Ou et al., 2014).

A CEO's fair market and ethical ideological positions have a significant impact on how social system arrangements are justified and idealized, with the presence or lack of moral outrage often determining whether the CEO has the appetite to engage in significant transformation efforts (Hafenbrädl & Waeger, 2017). Furthermore, a CEO's political ideology influences the organization's stance toward sustainability and strategic resource allocation (Gupta et al., 2017). For instance, political conservatism aligns more often with a shareholder model of governance in which CSR is more performance-driven whereas liberalism more often aligns with a needs-driven stakeholder model of governance (Chin et al., 2013). However, the CEO's political influence is mediated and moderated by several factors, including the tendency to attract ideologically like-minded individuals in strategic leadership positions, the ideological composition of industry workforce in human capital-intensive sectors, and the signaling effect of industry peer practices (Gupta et al., 2017). CEOs' ideological positions are amplified by peer signaling in which peer organizations emulate or discount the company's sustainability campaigns and CSR initiatives based on whether the organization is esteemed or disparaged (Gupta et al., 2021). Moreover, how internal and external stakeholders are defined and prioritized is a reflection of CEOs' philosophical positions and resultant TMT leadership expectations, in addition to TMT values, ownership structure, and business environment (Rego et al., 2017).

Internal Stakeholders

Internal stakeholders vary in power, legitimacy, and situational urgency, and can be classified accordingly to facilitate proactive stakeholder management and incremental investment of time and resources based on salience (R. K. Mitchell et al., 1997). Using the model proposed by R. K. Mitchell et al. (1997), both definitive and dominant stakeholders have power and legitimacy, but definitive stakeholders also have an urgency (generally crisis-oriented) that commands management's attention and investment of resources. Within the class of dominant stakeholders, TMTs warrant particular focus for their impact on corporate governance, organizational systems, and organizational culture (Yoshikawa et al., 2021). TMTs drive firm strategy, strategic planning processes, and HR practices, and influence ESG adoption and performance across the organization and at inter-organizational and ecosystem levels (Galbreath, 2012; Lemus-Aguilar et al., 2019). However, research into the people and process components of Galbreath's model has received lesser focus, and the examination of structure and reward systems research is even more limited (Lemus-Aguilar et al., 2019).

Employees often lack sufficient information, understanding, and expertise on the complexities of ESG and its interrelations, which creates impediments to engaging in ESG issues productively and progressing the firms' environmental or social impacts (Aguilera et al., 2021; Friede, 2019). Furthermore, employees have the added pressure of fulfilling sustainability management job duties without relinquishing other responsibilities, resulting in increased job demands and stress (Aguilera et al., 2021). How leaders intentionally engage with employees to develop their willingness, ability, and confidence to enact sustainability actions affects the organization's achievement of its strategic ESG goals (Schröder et al., 2022).

Internal stakeholders are also pressured to achieve short-term performance goals although environmental research and development requires an extended time horizon to demonstrate actual outcomes (K. H. Lee et al., 2016). For example, social equity, which develops over a long-term horizon through the involvement of different stakeholders, improves corporate performance (Longoni & Cagliano, 2018). Employees must also manage the stress, uncertainty, and risk of navigating trade-offs within and across ESG dimensions and stakeholder needs and may forgo a desired course of action (K. H. Lee et al., 2016).

External Stakeholders

Stakeholder pressure and engagement can have a positive impact on an organization's corporate social performance in the long-term (Manning et al., 2019). Despite the increasing emphasis on corporate sustainability and the proliferation of different interpretations of stakeholder theory, the shareholder is still the dominant external stakeholder considered in strategic decisions and needs analysis (Rego et al., 2017). Historically, businesses that performed CSR activities appropriate to the industry context and societal norms were more likely to gain a positive reputation among stakeholders and earned more latitude on ancillary issues (W. S. Lee et al., 2018). An empirical review of corporate strategic documents by Baral and Pokharel (2017) demonstrated a disproportionate emphasis on generating profit (69.2%), including 39.9% where profit alone was discussed. Caring for the people (34%) and safeguarding the planet (14.8%) seldom appeared alone. However, as stakeholder capitalism gains momentum and the stakeholder voice grows stronger, business executives are feeling more pressure to expand the organization's focus to include leadership positions on non-financial social matters, develop an integrated strategy, and exhibit commitment that goes beyond impression management (Murphy, 2022).

Stakeholder theory and the question of firm responsibility is also creating challenges to the traditional shareholder view and expanding the purview of leaders' decision-making considerations to include 2nd, 3rd, and 4th order suppliers and customers, government and regulatory authorities, and other relevant parties, and forms the foundation for responsible leadership and corporate sustainability (Doh & Quigley, 2014). Further, social media has amplified the voices of influencers and propagandists, enabling the viral spread of compelling negative stories, whether true or not, and increasing the pressure on company leaders to respond (Independent Group of Scientists, 2023). In 2019, stakeholder salience sentiment began to shift as CEOs of leading U.S. companies chose to modernize the role of the corporation and became signatories to a document stating that their companies shared a fundamental commitment to all stakeholders and that they were committed to delivering value to customers, investing in employees, dealing fairly and ethically with suppliers, supporting the communities in which they operate, and generating long-term value for shareholders (Business Roundtable, 2019; Krambia-Kapardis et al., 2023).

Expanding the organization's purview to a potentially limitless number of stakeholders and related needs has elevated the importance of leaders in developing stakeholder management competencies and navigating potential tradeoffs (Freeman et al., 2018). In stakeholder management, external stakeholders are recognized as varying in power, influence, and situational urgency like internal stakeholders (R. K. Mitchell et al., 1997), and the pressure exerted by external stakeholders is acknowledged to serve as a catalyst to engage in substantive CSR initiatives but could also lead to symbolic engagement in CSR actions and policies or greenwashing (Aguinis & Glavas, 2012; Perez-Batres et al., 2012). For example, companies with CSOs are rated higher on sustainability matters by investment analysts, which could lead to symbolic appointments (Peters et al., 2019).

Greenwashing is particularly attractive to leaders under pressure because investors penalize early adopters of CSR initiatives and do not shift to a more favorable response until the later phases of institutional reform across an industry sector (Lo & Kwan, 2017). Alternatively, executive leaders can strategically engage with external stakeholders to resolve the more difficult ethical challenges associated with a sustainability orientation (J. R. Mitchell et al., 2022). The framework for strategic stakeholder engagement by J. R. Mitchell et al. (2022) can also be used to aid leadership in addressing system challenges needs identified by Santiago-Brown et al. (2015), specifically, contextualizing sustainability issues to the industry sector and sub-sector, navigating multiple time horizons and infrastructure capacities for sustainability initiatives across the three dimensions, making trade-offs amongst competing goals or interests. Whether an organizational chooses to engage in ESG/CSR symbolically or substantively is often a reflection of organizational governance, philosophy, and culture (Velte & Stawinoga, 2020; Yoshikawa et al., 2021).

ESG Organizational Strategies

Current literature on what drives ESG performance is highly fragmented with inconsistency in theories on the disparity of ESG performance, making it more difficult for leaders to derive meaningful insights (Daugaard & Ding, 2022). The level of board independence, an appropriate board size, and the presence of women directorships enhance voluntary ESG disclosure and are positively connected with corporate social performance (Lagasio & Cucari, 2019). Responsible outcomes are also attributable to ethical leadership, economic conditions, media coverage, professionalism of ESG experts, and how corporate management and strategy drive CSR (Lagasio & Cucari, 2019). CSR studies also provide insights into ESG organizational considerations given ESG’s development. For example, CSR research supports the need to integrate CSR into the company strategy, culture, and DNA and not treat CSR as an add-on activity to their traditional business models (De Roeck & Farooq, 2018). The emergence of a business environment equally focused on financial and non-financial goals also warrants rethinking corporate governance mechanisms as functioning as a bundle that interacts, complements, or overrides formal and informal components to influence CSR outcomes (Jain & Jamali, 2016).

Ownership and Governance Structure

Shareholder-oriented agency theory, which drives most traditional corporate governance structures, is inadequate for driving ESG outcomes, which pulls in a diverse set of stakeholders and challenges the organization to establish strong relationships with the broad stakeholder group as a means of maintaining and improving corporate legitimacy (Daugaard & Ding, 2022). Traditional structures recognize the demands of dominant external stakeholders through embedding formal communication mechanisms into the organization's processes, such as directorship appointments, annual reports, and proxy statements (R. K. Mitchell et al., 1997). Sustainable corporations embed sustainability strategies into their business models by adopting new governance strategies and reporting structures, beginning with strengthening the roles, responsibilities, and composition of the BOD (Ashrafi et al., 2018; Birindelli et al., 2018). A company's BOD influences the three dimensions of ESG by discussing and approving strategies directly or indirectly related to corporate sustainability (De Masi et al., 2021; Dixon-Fowler et al., 2017). As a means of bringing focused attention to sustainability issues, companies often appoint a CSO and create various CSR committees and sub-committees (Fu et al., 2019; Peters et al., 2019).

How a company performed on sustainability matters before engaging a CSO is a strong determinant of future performance under the CSO, with poor-performing companies not experiencing an increase in performance whereas better-performing companies experience a significant performance increase within 3 years (Peters et al., 2019). The presence of a CSO tends to direct the organization's attention to negative (do no harm) issues versus positive (do good) issues, which decreases corporate social irresponsibility but has a lesser effect on increasing positive CSR (Fu et al., 2019; Stahl & Sully de Luque, 2014). A CSO (or any single leader) is unlikely to have sufficient insights to develop correct ESG responses for the organization given the complexity of sustainable development, which suggests that ESG leadership must operate under a shared leadership model and a group sensemaking approach (Metcalf & Benn, 2013). However, initially appointing an internal candidate with a CSR background to the CSO role can help the organization visualize goals and professionalize the process of aligning a sustainability vision with the organization's business strategy (Wiengarten et al., 2017).

CSR committees, which are often led by CSOs, positively influence stakeholder engagement (Orazalin, 2020), corporate environmental and sustainability performance (Dixon-Fowler et al., 2017; Orazalin, 2020), and CSR reporting (Michelon & Parbonetti, 2012). The presence of sustainability committees also increases the likelihood that organizations will obtain an assessment of their CSR activities from an objective party and voluntarily issue sustainability reports (Thun & Zülch, 2023; Velte & Stawinoga, 2020). The likelihood of external evaluation increases further when the CSO committee operates as a sub-committee of the company's BOD and includes influential board members with sustainability expertise (Michelon & Parbonetti, 2012; Velte & Stawinoga, 2020), and when sustainability expertise exists within the audit committee (Velte & Stawinoga, 2020). CEO duality, in which the CEO also holds the board chair position, decreases sustainability disclosure (Michelon & Parbonetti, 2012). Therefore, building out expanded, more complex strategic leadership would be responsive to the complexity of leading sustainable development (Metcalf & Benn, 2013).

Organizational Philosophy and Systems

In reflecting upon Proctor and Gamble's early experience with implementing sustainability, White (2009) concluded that five factors were important to a company's successful implementation of sustainability: (a) being explicit about sustainability and its importance (use the "S" word): keeping a broad definition of sustainability; (b) ensuring that sustainability is not added work; (c) eliminating trade-offs between performance, value, and sustainability; (d) having a clear strategy and knowing ‘‘where to play’’; and (e) getting sustainability incorporated into the DNA of a company. In Unilever’s experience, companies develop progressively more sophisticated ways of operating with respect to sustainability and CSR stemming from continuous interaction between the company, its environment, and organizational learning (Mirvis, 2011). Corporate sustainability begins at the normative and strategic levels of the organization as senior leadership scans the company’s business environment (natural, economic, technological, political-legal, and socio-cultural) and determines which aspects of corporate sustainability to integrate into the company’s vision, learning structures, change processes, mental models, policies, and governance and management systems (Engert et al., 2016; R. Hahn, 2013). Senior leaders establish the organizational identity and normative framework when questions about organizational purpose and values are answered (Baumgartner, 2014).

Strategic ESG integration occurs when the effectiveness and achievability of long-term objectives are considered, the company defines its role and responsibility for sustainable development, and the firm includes sustainability in the organization’s mission, vision, and strategic goals (Baumgartner, 2014; Engert et al., 2016; R. Hahn, 2013). Including ESG in the company’s mission statement establishes sustainability as a component of the firm’s purpose for existing and means for how the organization creates value whereas incorporating ESG into the company’s vision statement and strategic goals provides the framework for managerial decision-making that aligns with sustainable business development principles (Baral & Pokharel, 2017; R. Hahn, 2013; Mirvis, 2011). Strategic integration brings the whole system into the decision-making process, creating a microcosm of organizational dynamics that helps identify organizational systems and their complexities, surfaces multiple and often competing understandings of sustainability and CSR, and reveals the many and varied ideas on how a company should respond to challenges (Mirvis, 2011). The whole-system perspective improves the adoption of sustainability assessments and reports, which are most effective in supporting sustainability performance when the organization has a sustainability strategy, leadership commitment and support, availability of information, data collection capabilities, sufficient personnel resources, and allocated time (Moldavska, 2017). Through integration supported by sustainability reports, senior leadership also communicates to internal and external stakeholders that ESG is part of the firm's identity and establishes an expectation that leaders will consider ESG in resource allocation and departmental-level goals and action plans (Baral & Pokharel, 2017; Baumgartner, 2014).

Operational ESG integration occurs when the company is able to achieve efficient implementation of sustainability initiatives such that the linkages amongst business strategy, innovation, regulatory compliance, and sustainability is reflected in the way business is conducted (Amini & Bienstock, 2014; Engert et al., 2016). Successful sustainable integration requires sufficient budgets, infrastructure support, access to advanced technology, enforcement of regulations and standards, increased public awareness of sustainable products, integration of sustainable operations in proactive, implementation of sustainable waste management, and development of necessary competencies (Orji, 2019). Successful integration also depends on internal and external stakeholders, considering the relevance of sustainability in all activities, routines, processes, and learning and feedback loops (Baumgartner & Rauter, 2017). At the operational level, a sustainability strategy and sustainability assessments provide management with a roadmap that makes it easier to determine what to measure and assists leaders with establishing systems that motivate sustainability performance, achievement of sustainability goals, minimization of trade-offs, and continuous improvement (Moldavska, 2017). Sustainability strategies and assessments also support change efforts and provide useful performance feedback to employees, facilitate social learning, give structure to complexity, and increase the quality of information relevant to decision-making. In an integrated organization, regular engagement with supply chain partners to improve production processes occurs, sustainability matters are included in routine corporate communications at all levels of the organization, and leaders are supported in the ongoing development of the skills required to balance trade-offs between the economic, equity/social, and ecological/environmental aspects of sustainability (Amini & Bienstock, 2014).

Organizational Culture

Corporate sustainability is not just about processes and products, but it also requires changes to corporate culture and attitude (Linnenluecke & Griffiths, 2010; Lozano, 2015). Confronting, developing, or reshaping organizations' core cultural values is one of the most powerful ways to create organizational change in general and is critical to the change required for sustainable development (Benn et al., 2018). In a study conducted by Engert and Baumgartner (2016), organizational culture, the level of employee knowledge, leadership, and management attitude were found to be the most critical factors to the successful implementation of corporate sustainability. Bertassini et al. (2021) likewise noted that the failure to change or adapt culture along the five building blocks of mindsets, values, behaviors, capabilities, and competencies, is a leading cause of failed sustainability transformations. A company’s BOD plays a major role in defining its core values, setting the priority assigned to sustainability through the strategic goal-setting process (Pelosi & Adamson, 2016), and establishing the organization’s short-term and long-term goal orientation and tolerance for uncertainty (Lagasio & Cucari, 2019).

A longer planning horizon, higher tolerance of uncertainty, and greater ability to learn from the past are associated with increased sustainability innovation and improved environmental and social performance (Longoni & Cagliano, 2018). Sustainability goals, once established, must be embedded in the culture as evidenced by ESG-aligned leadership mindsets and reflected through value creation linked to sustainable development (Baumgartner, 2009). Leaders must then find a balance between stability and adaptation, and people and task accomplishments, using an integrative approach that invests in and develops people, embraces innovation, and values process efficiency (Linnenluecke & Griffiths, 2010). Executive leaders must strategically govern organizational culture change by maintaining consistent pressure on the organization until new ways of thinking and operating become ingrained such that employees will not revert to old habits (Latham, 2013b).

Sustainability governance, which includes expanded stakeholder definitions, consortium and alliance memberships, data-driven decisions using ESG sustainability metrics and goals, internal and external sustainability reporting practices, sustainability oversight structures, sustainable development processes, policies and training, remuneration schemes, and resource allocation, requires an extended time to become normative (Klettner et al., 2014; Latham, 2013b). During the transformation process, leaders must address counteracting assumptions regarding the business case for generating profit while protecting the environment and the perceived lack of shareholder value in sustainability activities as part of ESG culture-building activities (Baumgartner, 2009; Lozano, 2015).

ESG Leadership Practices

Leaders play a central role in defining the company's general business model, initiating sustainability-related activities, generating employee commitment, and supporting transparency and communication (Rauter et al., 2017). Leadership is central to driving corporate ethics, CSR success, and stakeholder management is well established (Zhao et al., 2023). However, behaviors underpinning sustainability leadership have received less research with a mix of established and emerging leadership theories proposed, leading to complementary and overlapping constructs (Knight & Paterson, 2018). Of the existing leadership theories, transformational, servant, ethical, and authentic leadership have been called out for their moral and relational components. In the emergent category, responsible, sustainable or sustainability, and spiritual leadership theories are most prominent.

Established Leadership Theories

Research into the linkage between leadership theories and ESG performance has primarily focused on transformational leadership, transactional leadership, and ethical leadership (Christensen et al., 2014). Firms with greater degrees of transformational leadership are more likely to engage in institutional CSR but achieve better CSR outcomes when deploying transactional leadership to create accountability structures, transparency, and communication processes (Du et al., 2013). Combining transformational leadership's orientation toward competence building and skill and knowledge acquisition with transactional leadership's orientation toward competence exploitation provides the balance required in an emerging practice (Du et al., 2013). Transformational leadership is especially relevant to the organizational change process and can be used to influence followers' formation of CSR values through idealized influence, inspire followers to achieve CSR goals, engage employees in thinking of new and innovative ways to operate, and encourage management to develop influencing relationships across the stakeholder continuum (Christensen et al., 2014).

The empirical study of servant leadership's linkage to CSR practice literature is more limited despite servant leadership's focus on the betterment of followers, organizations, and society and its inclusion of social responsibility and key business issues such as firm diversity, treatment of workers, environmental pollution, and financial transparency within its purview (Christensen et al., 2014). From its conception, servant leadership considered building a better society in which people grow into the best expressions of themselves as mission critical (Greenleaf, 1977/2002). Greenleaf's (1977/2002) servant leader was skilled in listening and understanding people, using language to spark the imagination, and expressing acceptance and empathy. In the theoretical model of servant leadership proposed by Patterson (2003), servant leaders' altruistic motivation leads to their developing visions of follower development that result in follower empowerment. Empirical research also supports a positive favorable relationship between servant leadership and numerous workplace outcomes relevant to ESG, including, culture and climate, empowerment, organizational citizenship behavior, perspective-taking, procedural justice, in-role behavior, ethics, inclusive growth, attention to detail, and approach crafting (Dean & Newton, 2022). Brosowski (2020) noted a significant relationship between the practice of institutional CSR and servant leadership's characteristics of accountability, authenticity, courage, empowerment, forgiveness, humility, standing back, and stewardship. Despite the proven outcomes, focus on servant leadership in the United States is still lacking (Dean & Newton, 2022) and is not included in much of the ESG research.

Due to corporate scandals, ethical leadership and its linkage to CSR have received significantly more research attention (Saha et al., 2020). Leaders are expected to conduct business ethically while achieving desired organizational outcomes that serve stakeholder interests; they could jeopardize organizational sustainability by acting unethically (Krambia-Kapardis et al., 2023). Ultimately, ethical leaders care about their employees, focus on sustainable development, and apply CSR policies and principles within their everyday leadership practices to increase firm competitiveness, drive organizational performance, and live out their personal values (Saha et al., 2020). Strong ethical leadership reinforces the signaling cues of the organization's CSR environment and initiatives, leading to an increase in employees' engagement in environmentally and socially responsible behaviors within and beyond the workplace (De Roeck & Farooq, 2018). The construct of ethical leadership and its emphasis on altruism, ethical awareness, long-term and short-term orientation, and a multi-stakeholder perspective aligns with a CSR focus and results in a significant, direct effect on organizational CSR (Pasricha et al., 2018). However, ethical leadership, as currently constructed, is limited in its consideration of the broader horizon of social issues, lacks a deep concern with the future, and is not situated to support ethical imagination in which leaders imagine new forms of social being and ethically analyze the ability of these new ways of being to promote and sustain human and non-human flourishing (Islam & Greenwood, 2021).

Research into the linkage between authentic leadership and CSR, CS, or ESG is scant. Gao et al. (2021) noted that authentic leaders' strong core values, ethics, self-awareness, openness of communication, and knowledge coordination mediated the relationship between CSR and innovative work behavior, especially as authentic leaders supported their employee's personal and professional development and encouraged organizational learning. Organizational learning facilitated the acquisition of an in-depth understanding of the organization's activities and impacts necessary to create and implement adequate economic, environmental, and social policies and processes aligned with SDGs (Malik & Mehmood, 2022). Authentic leaders display leadership behaviors that are positively linked to CSR, including actively listening to the needs of stakeholders, responding with empathy, and considering stakeholder needs when making important firm decisions (Fox et al., 2020). Though limited in occurrence, research has indicated a positive relatuinship between authentic leadership and sustainability.

Ultimately, Metcalf and Benn (2013) concluded that the definition of ethical, authentic, and transformational leadership linked the styles to CSR directly or indirectly and asserted that leadership style is less relevant than the process of leading and sense-making occurring in ESG-oriented organizations. Sustainability leaders are agile and flexible, listening to criticisms and new ideas, and embracing multicultural experiences as a means to spark innovation and translate vision to a range of stakeholder groups (Murphy, 2022). They also acknowledge contradictions, value the interconnections between dimensions, engage in and manage task conflict, and intrinsically motivate middle managers (Henry et al., 2019). To handle ESG's complexity, sustainability leaders read the environment, make predictive assessments that consider complexity, think through complex problems, engage groups in dynamic adaptive organizational change, and use emotional intelligence to consider their emotions and those of others during the constant adaptation (Metcalf & Benn, 2013; Williams et al., 2017). The strategic organizational transformation required by ESG also requires leaders to enable, empower, and engage people in executive a focused strategy (Latham, 2013a).

In practice, sustainability leaders identified five core competencies: visionary thinker, change agent, results-driven, ethically oriented, and inclusive operators (Knight & Paterson, 2018). They also perceived commitment, engagement, information, communication, and trust as having the highest level of importance in the strategic management of corporate sustainability (Fonseca et al., 2021). Conversely, business executives identified problem-solving/critical thinking, the ability to deal with complexity and ambiguity, and communication as the top three sustainability leadership skills missing within their organizations (Shamrock, 2022). From a strategic organizational transformation perspective, systems thinking and communication have been identified as two of the nine leadership behaviors leading to performance excellence (Latham, 2013a). The mix of traditional and emerging leadership behaviors identified as necessary for corporate sustainability is the impetus for emerging leadership theories (Metcalf & Benn, 2013).

Emerging Leadership Theories

In congruence with the leadership as process philosophy, new ESG-oriented leadership theories pull elements from multiple leadership theories to create frameworks that model responsible, sustainable/sustainability, and spiritual leadership practices (Taştan & Davoudi, 2019). Emerging leadership paradigms focus on leader mindsets and factors that enable leaders to address challenges raised by scholars, including the ability to persist despite the riskiness of sustainability behaviors in the short-term, employees' resistance to change, and the complex interdependencies within the external ecosystem (Bertassini et al., 2021); an external and internal lens that extends beyond the followers within the organization, captures shared value creation, and includes achieving social and environmental targets as a leadership outcome (Miska & Mendenhall, 2018); and has a process orientation (Javed et al., 2020).

Responsible leadership, as a construct, is not confined to the executive level but is an orientation or mindset that guides how people think, feel, and act in challenging and problematic situations (Waldman et al., 2020). Responsible leaders are accountable for their actions, objective in their decisions, specify what is ethical and what is not, enable multi-directional information flow through stakeholder networks, and assess the long-term consequences of decisions on internal and external stakeholders, essentially combining aspects of transformational, servant, and ethical leadership (Agarwal & Bhal, 2020; Antunes & Franco, 2016; Maak & Pless, 2006; Miska & Mendenhall, 2018; Voegtlin, 2012). Using a responsible leadership framework, leaders apply the principles of empathy, modesty, integrity, ethical discourse, and collaboration to their stakeholder interactions to drive organizational change that accomplishes business objectives (Antunes & Franco, 2016; Voegtlin et al., 2020). In their strategic role, responsible leaders act as visionaries, change agents, architects, coaches, and storytellers (Maak & Pless, 2006). Stakeholders perceive such responsible leaders as more attractive than internally focused leaders and instrumental (self-interested) leaders and would prefer to work for a company with a responsible leader as a CEO (Voegtlin et al., 2020).

Sustainability leadership builds upon responsible leadership, adding in leader personal traits, management control systems and practices, group dynamics, and organizational structure and culture to the leadership framework (Jayashree et al., 2022). Leaders of sustainable organizations embrace a systems-level approach that includes supporting TBL reporting, cultivating sustainability mindsets, aligning performance management systems, and investing in relationship building, stakeholder engagement, and education as a means of transforming the organization (Stubbs & Cocklin, 2008). At the personal level, sustainability leaders are change agents with a learning orientation and problem-solving mindset who focus on results and enforce accountability (Jayashree et al., 2022; Murphy, 2022). At the group level, sustainability leaders model open and transparent communication, listening to and engaging with people in ways that energize them (Rego et al., 2017).

Unlike responsible and sustainability leadership frameworks that incorporate CSR implicitly, the spiritual leadership framework explicitly incorporates CSR activities within its spiritual balanced scorecard (Fry et al., 2010). The spiritual leadership model views care for people, planet, and profit as emerging from the leaders' inner life and recognition of purpose, calling, and interconnectivity (Fry & Nisiewicz, 2013). The Global Leadership for Sustainability Model (GLfS; Fry & Egel, 2021) positions altruistic love as the core value that drives the hope and faith fueling the company's vision for sustainability and connects the community that benefits from its sustainability vision. The sustainability vision captures spiritual well-being and TBL in the organization's key performance indicators for sustainable development. Sustainability leadership occurs when individuals with a global mindset accept remote moral responsibility, embrace stakeholder legitimacy, adopt sustainability as a calling and life purpose, and embody the ethical principles of care and compassion for the global community (Fry & Nisiewicz, 2013). By positioning spirituality as a foundational element of GLfS, Fry and Egel (2021) distinguished the GLfS model from other conceptualizations of responsible or sustainable leadership.

Understanding leadership as a social-relational phenomenon changes the focus from a leader-subordinate lens to an analysis of the quality of the leader's process of relating with relevant internal and external stakeholders and navigating associated tensions (Antunes & Franco, 2016). Self-awareness, systems thinking, and change and innovation competencies are more pertinent elements of the leadership process (Muff et al., 2020). Conceptualizing sustainable leadership as a process that integrates multiple theoretical lenses and leadership styles raises questions best researched by examining ESG leadership in action using qualitative research.

Qualitative research supports understanding how leaders conceptualize their role and influence and how the decision-making process works across organizations that have designated sustainability leaders responsible for helping the company prioritize across stakeholder groups and initiatives (Neely et al., 2020; Waldman & Balven, 2015). In-depth case studies also support understanding how CSOs work with the challenges and tensions inherent in corporate sustainability to make better-informed decisions (Henry et al., 2019). Finally, exploring leadership practices focuses research on a component that has been missing from the ESG/CSR discussion (Waldman et al., 2020).

Summary

ESG is a holistic framework that requires the application of sound leadership and stewardship across all aspects of business, consideration of the legitimate claims of all relevant internal and external stakeholders, and transparent reporting and disclosure of the organization's social and environmental impact and standards for governance. Although ESG evolved from corporate social performance and CSR, the concept has significantly expanded the stakeholder perspective to include a global citizenship model of sustainable development that considers current and future needs (Lo & Kwan, 2017).

Understanding ESG's evolution from multiple underlying constructs is important for grasping its complexity and lack of standardized definitions and metrics. Disparities in calculating ESG's ratings are particularly problematic as the ratings are used to make investment decisions and by external stakeholders as performance benchmarks. Regulatory mandates and stakeholder activism in its many forms also exert pressure on organizational leaders to adopt environmental and social agendas while achieving strong financial performance. Executive leaders (CEOs, BOD, and TMT) and their strategic choices and ideological positions, values, and beliefs establish the boundaries and determine the organizational culture in which an ESG agenda operates. Operational systems, organizational capabilities, and level of internal stakeholder engagement create limitations and opportunities for sustainability leaders in their execution of strategy. It is within this context of a complicated mix of influences that sustainability leaders operate.

Because of the complexity of leading ESG, many scholars and practitioners have challenged the sufficiency of existing values-based leadership theories and called for new models of leadership that emphasize a critical set of behaviors and outcomes. Emergent leadership theories such as responsible leadership, sustainability leadership, and spiritual leaderships (for sustainability) not only incorporate aspects of transformational, transactional, ethical, authentic, and servant leadership but also add distinctive components. Empirical studies on the operationalization of sustainability within an organizational context are limited. This qualitative multiple case study provided in-depth insights into how sustainability leaders navigate their context to achieve environmental, social, and economic goals and manage their ESG/CSR profile.

Chapter 3 – Methodology

The purpose of this study was to study the process of leading sustainability in ESG-oriented U.S. public companies using a multiple case study approach. The aim is to better understand how leaders integrate the organization's sustainability strategy across the organization and navigate the diverse expectations of internal and external stakeholders. To accomplish the purpose of the study, the following three research questions guided my inquiry:

RQ1. What does the process of leading ESG look like in companies publicly committed to sustainable development?

a. How do sustainability leaders engage with the organization to integrate ESG into the organization's strategy at the normative, strategic, and operational levels?
b. What leadership theories, behaviors, or practices have sustainability leaders and TMTs relied upon to achieve their sustainable performance goals?
c. How do the leadership roles that sustainability leaders assume change as the organization matures in its sustainability journey?

RQ2. How do sustainability leaders integrate ESE goals?

a. How have sustainability leaders conceptualized the relationships between ESE and ESG?
b. How do leaders manage the tensions, strategic contradictions, and paradoxes associated with triple-bottom-line orientation?
c. How do ESG leaders sustain a commitment to the long-term view and ESE goals given the need to deliver satisfactory short-term results and generate shareholder wealth?

RQ3: How does the internal and external context in which sustainability leaders operate affect their approach to leading the organization's ESG strategy?

a. How do leaders determine which stakeholder influences to prioritize?

b. How are benchmarks and measurements used to operationalize ESG-related change?

This chapter contains descriptions of the study design, sampling procedures, data collection strategies, and data analysis procedures.

Study Design

I used a multiple case study design to investigate the phenomenon of ESG leadership within its real-world context, examine the perceptions of individuals with ESG leadership responsibilities, and explore how leadership perceptions influence ESG development. The study involved a single central phenomenon, which was the process of leading an organization toward sustainability and the bounded system of ESG integration operating in public Midwestern companies. According to Yin (2018), an in-depth understanding the perspectives of a defined group of individuals and within their real-world context is an appropriate application of the case study approach.

This case study was exploratory and instrumental in nature, seeking to understand ESG leadership and situate the understanding within the leadership research. The aim of exploratory case studies is to answer what and how questions to promote understanding of the research problem (Hancock et al., 2021). Because ESG leadership is still emergent, what and how questions were appropriate. Exploratory case studies also align well with instrumental case designs (Hancock et al., 2021). In instrumental case studies, developing an enhanced understanding of a particular case is secondary to obtaining greater insight into the theoretical explanations associated with the issue studied (Hancock et al., 2021). In essence, although this case study involved companies with an ESG orientation, my focus was not on the companies but on the process of leading ESG-oriented organizations. Therefore, for data analysis, I focused on process evaluation versus company evaluation.

In this case study, I used a continuous, interactive qualitative data analysis process that included data condensation and creating and using displays to succinctly convey concepts to the reader (Miles et al., 2020). Good qualitative analysis links the explanations surfaced through review of data and given by the people studied with explanations developed through research. In a multiple case design, the stories told by each case serve as data points that enable an analysis of a collective phenomenon (Stake, 2006).

Sampling Procedures

To achieve the benefits of multiple case design, no fewer than four cases or more than 10 cases should be evaluated unless a specific rationale supports smaller or larger sample sizes (Stake, 2006). Fewer case studies (two to three) are appropriate in a literal replication process, whereby the case studies are carefully selected to predict similar results, whereas more (four to six) case studies are appropriate to pursue different patterns of applications (Yin, 2018). I used a sample size of four case studies, which enabled me to examine sustainability leadership at ESG-oriented U.S. public companies operating in different industry sectors within the same geographic region. I selected companies that met specific case criteria defined by the study's research questions and literature review. Engert and Baumgartner (2016) selected their case based on four criteria: (a) corporate sustainability has already been embedded in the core strategy; (b) a clear vision of corporate sustainability already exists; (c) clear corporate sustainability strategies; and (d) clear willingness to take further action in implementing corporate sustainability strategies.

I used within and across-case purposeful sampling of public documents to screen companies for alignment with the case context, research purpose, and research questions, according to defined case selection criteria (Creswell & Poth, 2018; Miles et al., 2020; Stake, 2006). In the United States, company size, industry sector, profitability, corporate governance mechanism, political and sociocultural factors, regulators, shareholders, creditors, investors, environmentalists, and the media influence companies' ESG/CSR reporting agenda (Ali et al., 2017; Vashchenko, 2017; Velte, 2022). I designed the ESG Company Analysis Data Collection Worksheet (see Appendix E) to consider market categorization and capitalization factors and ESG benchmarking and performance information for an initial list of companies operating within the Midwest Region of the United States. The ESG Case Study Candidates Evaluative Criteria worksheet (see Appendix F) contains a summary of the selection criteria, which include reporting robustness, document availability, access to personnel, and industry sector. Collectively, the two evaluative worksheets provided a streamlined screening process that ensured the selected cases had robust data sources and convenient access to sustainability leaders for interview purposes (see Yin, 2018).

I used within case sampling to explore the local context in-depth and expound on the conditions under which the concept or theory operates, as Miles et al. (2020) suggested. For each case, I considered the relevant context as a component of the case analysis, with boundaries drawn to maintain an emphasis on what was needed to understand the case given the stated research questions (see Stake, 2006). The case context considered the most salient leadership influences from the array of potential influences previously illustrated in Figure 3 ESG Leadership Influences Map and discussed within the related literature review section. Pressures may be nuanced based on the industry sector or products and services offered by the company (Vashchenko, 2017) and the company's focus on stakeholder engagement (Michelon & Parbonetti, 2012; Mirvis, 2011). I derived the case context from the document analysis and validated the context during the semistructured interviews with the ESG point person or designated TMT individuals. Originally, I expected to complete three to six semistructured interviews for each case, for a total of 12 to 24 interviews. I based this expectation on my interview with the CSO or equivalent and two direct reports or other TMT members engaged in ESG implementation to provide a triangulated perspective (Vashchenko, 2017). The final case study analysis included seven interviews as other data were available to obtain triangulation.

My cross-case analysis added confidence to the findings by facilitating my determination whether a finding held true in a comparable setting, spotlighting conditions under which findings did not hold true and enriching the descriptions and explanations of the phenomenon studied. In multiple case research designs, the situational uniqueness of linked cases and unlinked issues or phenomena are considered (Stake, 2006). Refocusing and redrawing study parameters occurred throughout fieldwork as data were collected and analyzed, as Miles et al. (2020) suggested.

Data Collection

Consistent with a case study approach, I collected data from multiple sources, including documents, audiovisual files, digital materials, and interviews, through an iterative process that allowed me to develop a deeper understanding of the research topic (Creswell & Creswell, 2018; Terrell, 2023). I used the relational network I developed in my role as a business executive to obtain access to the designated sustainability leader to deliver the initial request to participate in the study. The sustainability leader worked through governance channels to obtain approval for organizational participation. Factoring the delays between extending the invitation to participate and receiving approval into the study, I found that they did not impact the time available for data collection or analysis. Upon approval of the study, I worked with the sustainability leader to develop a timeline for data collection to ensure that peak seasons (e.g., producing sustainability reports) were avoided. Although the data collected for this study were primarily already published, discussions sometimes resulted in access to unpublished, confidential data. I restricted the use of such unpublished data to comply with the limitations established by the company when the data were shared.

The data available in qualitative studies are often dense and rich, requiring winnowing the focus to only a portion of the data (Creswell & Creswell, 2018). Winnowing the data also guards against data overload (Asdal & Reinersten, 2022) but could decrease comparability across multiple case studies if improperly managed (Hancock et al., 2021). I maintained a tighter research design using a standardized data collection protocol that protected against data overload, permitted better cross-case comparison and analysis, and supported the kinds of analysis planned for the case study (Miles et al., 2020). I used a case study analysis log to track the completion of data collection and data analysis procedures, maintain a linkage between documents collected and the coding database, and accumulate high-level contextual information regarding the collected data.

Documents, Audio-Visual Files, and Digital Materials

This case study leveraged organizational documents, audio-visual files, and digital materials publicly available through the company's website, regulatory database, or investor databases. I used the company's sustainability report as the reference document for determining inclusion and exclusion from the case study research. Only documents specifically referenced in the sustainability report or labeled as supplementary supporting information were incorporated into the case study. I included digital materials linked to the sustainability report (e.g., charters, code of conduct, and scorecards) in the review process. At least one quarterly earnings call or investor presentation was reviewed to understand the extent to which sustainability issues were incorporated into the ongoing external governance process.

Interviews

I conducted semistructured interviews guided by an interview protocol (see Appendix A) with one to two individuals per case to more deeply understand the research questions. Semistructured interviews are particularly well-suited for case study research (Hancock et al., 2021). The literature review, research questions, and the initial round of analysis completed to verify the suitability of companies for the research topic informed the semistructured interview questions. For example, prior research of CEO, TMT, and BOD strategic leadership included the following questions to guide the evaluation process (Samimi et al., 2022):

- How do strategic leaders decide not to pursue a strategic alternative?
- How do strategic leaders divide attention among various stakeholders?
- How do strategic leaders make decisions where there are multiple alternatives?
- How are strategic leaders able to adapt their leadership style according to situational settings?

- How do strategic leaders monitor different areas of the firm and what criteria do they use to evaluate them?
- What are the main motivations for engaging in strategic leadership?
- What are the major ethical decisions that strategic leaders have to make?
- How do strategic leaders balance short-term and long-term?

Based on the purpose of the study and the three primary research questions, the body of the semistructured interview protocol comprised three sections: (a) ESG leadership philosophy, (b) ESG leadership systems, and (c) ESG leadership in action. ESG leadership philosophy questions helped explore the factors influencing the leader's approach to guiding ESG within their organization and provided in-depth insights into how ESG leadership has been conceptualized by practitioners. I used ESG leadership system questions to examine organizational strategies and the impact of ESG on organizational structures and systems. ESG leadership in operations questions helped probe the navigation of sustainability issues, prioritizations, success measures, and ongoing challenges. Organizational-specific questions assisted in gleaning from document analysis, and follow-up questions based on interview responses were interwoven into the interview. The piloting of the initial interview protocol was with an experienced CSO to assess question relevancy, validity, and clarity. The CSO recommended confirmation of key stakeholders, governance structure, and leadership philosophy as critical factors in understanding the organization's approach to sustainability. The expert also recommended allowing sufficient time to review the ESG Conceptual Map as part of the interview process to prevent misunderstanding of terminology as the field has not yet settled on common definitions.

I revised the interview questions to address the feedback provided by the subject matter expert. Mapping of the final interview protocol to the research questions at the research question level occurred to assist with the coding process (see Table 1). Questions 15, 16, 17, and 19 align to two of the research questions as these questions focus on prioritizations and conflicts from a leadership philosophical perspective and an operational perspective. The coding process indicated how best to parse responses between the two perspectives. Because the coding process did not occur at the interview question level, it was not necessary to obtain detailed responses for each item on the interview protocol. Where warranted, I asked additional probing questions to obtain additional insight relevant to the research questions.

Table 1

Mapping of Interview Questions To Research Questions

Research Question	Exploration Emphasis	Interview Questions
What does the process of leading ESG look like in companies publicly committed to sustainable development?	How ESG (sustainability) leaders engage with the organization to integrate ESG	Q6, Q7, Q8, Q9, Q10, Q18
	What leadership theories, behaviors, or practices sustainability leaders and top management team members have relied upon	Q1, Q2, Q3, Q4
	How leadership roles that sustainability leaders assume change as the organization matures in its sustainability journey	Q21, Q22
How do sustainability leaders integrate ESE?	How sustainability leaders have conceptualized the relationships between ESE and ESG.	Q11, Q12, Q13,
	How leaders manage the tensions, strategic contradictions, and paradoxes associated with TBL.	Q15, Q16, Q17
	How ESG leaders sustain a commitment to the long-term view and ESE goals given the need to deliver satisfactory short-term results and generate shareholder wealth.	Q5, Q19, Q20
How does the internal and external context in which sustainability leaders operate affect their approach to leading the organization's ESG strategy?	How leaders determine which stakeholder influences to prioritize.	Q15, Q16, Q17, Q19
	How benchmarks and measurements are used to operationalize ESG-related changes.	Q14

To ensure the quality of the interview data collection process, I allocated time at the beginning of each interview for introductions and discussion of common interests (Patton, 2002). The designated organizational contact and interview participants received an informed consent form that included the steps I would take to protect organizational confidentiality and participant privacy in the storage of recorded interviews and the reporting of findings (Creswell & Creswell, 2018). I asked the participants to acknowledge receipt and acceptance of the informed consent form before the interview. Interviews occurred remotely using a virtual meeting platform with built-in recording and transcription features. I made notations during the interview process to capture nonverbal cues, tone of voice, and hand gestures or movements that aided in interpreting the interviewee's intended meanings, as Patton (2002) suggested. Recorded interviews, associated transcripts, and other electronic files were safeguarded for privacy and confidentiality purposes.

Data Analysis

Rigor in qualitative research is achieved when the results are credible (truthful), consistent over time, applicable in similar settings, corroborated, and representative of the realities encountered (Billups, 2021). The elements of rigor can be achieved by prolonged engagement, persistent observation, and engaging in a process of triangulation in which multiple data sources are used to produce greater depth and breadth of understanding (Billups, 2021). In this study, triangulation occurred using document analysis, semistructured interviews, and a literature review, which are used to converge and corroborate findings (Bowen, 2009; Engert & Baumgartner, 2016). The use of multiple sources in this study facilitated the development of a deeper understanding of the phenomenon being studied (Patton, 2002), specifically, ESG leadership in practice.

Document Analysis

Document analysis is particularly applicable to case studies for understanding the context in which research participants participate, identifying interview questions and observation protocols, extending the researcher's knowledge base about the case, tracking change and development, and verifying findings (Bowen, 2009). My document analysis included an interactive process of skimming, reading, evaluating, and coding sustainability reports and ESG disclosure data using a combination of content and thematic analysis. Sustainability reports provided information on an organization's economic, environmental, and social impacts; organizational values and governance models; and the linkage between their defined strategy and the organization's obligation to sustainable development (Traxler et al., 2020). Therefore, the document analysis provided insights into how the company has integrated ESG/CSR into core values, strategic priorities, and strategic and operational processes. Value integration is important as companies are unlikely to develop and implement sound policies and systems for initiatives that are not valued (Pelosi & Adamson, 2016) and are more likely to disclose more information on social and environmental performance when organizational performance is stronger compared to external benchmarks, peers, or established goals (Fifka, 2013). My evaluative procedures also included consideration of the document’s original purpose, target audience, and policy-making aspects as part of understanding the organization’s sustainability philosophy (Asdal & Reinersten, 2022; Bowen, 2009).

Throughout the data immersion and analysis process, I used reflective notes and memos to document analytic ideas and insights that I related to individual data items and the whole data set using the document analysis protocol as a guide (see Appendix C; Braun & Clarke, 2022). The document analysis protocol captured within-case and cross-case procedures, including a descriptive summary of the document and answers to specific questions regarding how the documents establish the ESG leadership context. My reflective notes and memos became a part of the overall data set considered within content and thematic analysis.

In content analysis, the researcher organizes information into major categories related to the central research questions through a first-pass document review (Billups, 2021; Bowen, 2009). The study’s conceptual framework and literature review provided the initial deductive foundation for categorization in a theoretical-based structure (Mayring, 2022). This stage of analysis focused on the leadership context embedded in the sustainability reports and supporting documents, and the identification of contextual leadership elements consistent across cases. I noted data elements that communicated organizational expectations, interests, attitudes, intentions, plans, and power resources as reflected in the document analysis protocol (see Appendix C; Mayring, 2022). As content analysis progressed, I revised categories and rules to better reflect identified theoretical elements (Mayring, 2022). After completing the initial content analysis, I reviewed sustainability reports and their referenced documents, such as codes of conduct and governing documents, for inferences that captured both the manifest and latent meaning of the data using inductive coding and thematic analysis processes (Saldaña & Omasta, 2022; Terrell, 2023).

Coding

After familiarizing myself with the data set through a process of immersion, I systematically coded the data using multiple coding techniques, which was necessary to capture embedded meaning (Braun & Clarke, 2022). According to Creswell and Baez (2021), systematic coding involves taking qualitative data apart to determine what is yielded related to the research questions and then aggregating the data in a meaningful way to deliver insight. I used In Vivo, Values, Process, and Concept code labels to assign and analyze interview transcripts and sampled sub-sections of collected documents with the intent of supporting deeper reflection on the data's meaning in relation to the research questions, as Miles et al. (2020) indicated. Deep reflection was critical for pattern detection, categorization, assertion development, theory building, and other analytic processes (Braun & Clarke, 2022; Miles et al., 2020). Coding occurred in MAXQDA software to facilitate within-case and cross-case comparison and aggregation.

As an elemental coding method, In Vivo coding captured the participant's voice using the participants' actual words (Saldaña, 2021). In Vivo coding was particularly relevant to understanding how sustainability leaders engaged with the organization to integrate ESG, conceptualized the relationship between ESG's three dimensions, and managed the tensions, contradictions, and paradoxes associated with a TBL orientation. However, In Vivo coding alone was insufficient as language is also symbolic, often conveying messages to readers and listeners that extend beyond the literal meaning of the words (Saldaña & Omasta, 2022).

Therefore, I used other coding methods as supplements to In Vivo to extract meaning that was more latent.

I used Values coding as an affective supplement to In Vivo coding to extract participants' values, attitudes, and beliefs reflective of their perspectives or worldviews, whether directly voiced or indirectly described (Saldaña, 2021). Values are the principles, moral codes, and structural norms people have chosen to live by because of the importance placed upon them (Saldaña & Omasta, 2022). Exploring participant values provided insights into how leaders internalized leadership theories, behaviors, and practices and how this internationalization influences short-term and long-term orientation. When coupled with attitudes, which capture the way people think and feel about the matter regardless of the importance placed on it by the individual, the organization, or society, the coding provided a practitioner perspective of ESG. Coding attitudes was central to accomplishing the goals of this study as this coding method provided an evaluative perspective of what participants thought and felt as they exercised ESG leadership. Values coding also enhanced the understanding of processes and concepts by providing a deeper discernment of personal motivations behind ESG leadership systems and ESG leadership in action responses.

I used Process coding, or gerunds, to denote simple observable activity and more general conceptual actions that were often intertwined with the dynamics of time (Saldaña, 2021), which allowed things that were strategically or sequentially implemented, or that emerged or changed to be captured (Miles et al., 2020). Process coding was especially relevant for parsing out the process of leading an ESG-oriented organization, sustaining commitment over the long term, and integrating ESG into the normative, strategic, and operational levels of the organization.

Concept coding deepened the extraction of meaning by capturing ideas and bigger picture elements communicated by participants using a word or a short phrase (Saldaña, 2021; Saldaña & Omasta, 2022). Concepts captured the idea, intent, or purpose served by observed behaviors and intersected with processes to convey an underlying motivation (Miles et al., 2020). Identifying concepts helped with condensing the data, surfacing patterns in the data, and bringing unification to seemingly different things occurring within the process of leading (Saldaña & Omasta, 2022). Concept coding also supported theme development and pattern identification. I used concept memos to capture and track the many concept descriptions and relationship explanations identified during the coding process to facilitate thematic analysis, as Latham (2013a) noted.

Thematic Analysis

After the initial data coding, I used thematic analysis to capture key meanings and concepts ascribed to ESG leadership and how leadership occurs within ESG-oriented organizations based on within-case and cross-case patterns (Bowen, 2009; Braun & Clarke, 2022). Pearse (2019) proposed a deductive pattern-matching framework for thematic analysis. However, I used an inductive pattern-matching approach to facilitate connection of identified themes to existing leadership theories. In inductive coding, the researcher creates a coding framework from the initial coding activities versus trying to fit data into a preexisting coding or analytical framework (Saldaña, 2021). According to Saldaña (2021), inductive coding takes longer to compose meaning, "but it is the data-driven method of choice for most grounded theorists, ethnographers, phenomenologists, and researchers of other traditional approaches to qualitative inquiry (p. 41)."

My intent in conducting an inductive thematic analysis was to explore meaning at the underlying or implicit level so that the realities expressed within a diverse data set could be critically examined and unpacked (Braun & Clarke, 2022). I derived themes by categorizing data codes into conceptual topics based on the research literature and my experience and identifying a central organizing concept and supporting themes (Braun & Clarke, 2022; Saldaña & Omasta, 2022). I reviewed topics for higher-level patterns, deploying additional coding where necessary to refine themes until solid theme definitions emerged. I considered a theme salient when the theme definition conveyed something important about the research questions, was sufficiently supported by connected and coherent data, had clearly defined boundaries, and provided a distinctive contribution to the analysis (see Braun & Clarke, 2022). Theme definitions and code patterns constituted the primary reporting content, with document analysis, interview transcripts, and observation serving as supporting data.

My subjectivity, who I am and what I brought to the research topic, was an integral part of the thematic analysis that I interrogated through a process of reflexivity (Braun & Clarke, 2022). I approached this research from a predominantly constructivist viewpoint in which people create meaning as they engage with the world and interpret their experiences based on their historical, social, political, and spiritual perspectives (Creswell & Creswell, 2018). Therefore, the participant voice, values, attitudes, and beliefs were central to understanding the constructed realities of the phenomenon being studied and were captured within the case study report and the cross-case analysis. I generated a confidential case study report for each organization and shared with the organizational contact. Subsequently, I generated a fully de-identified case report summary to support cross-case analysis. Cross-case analysis focused on identifying key themes consistent across case contexts.

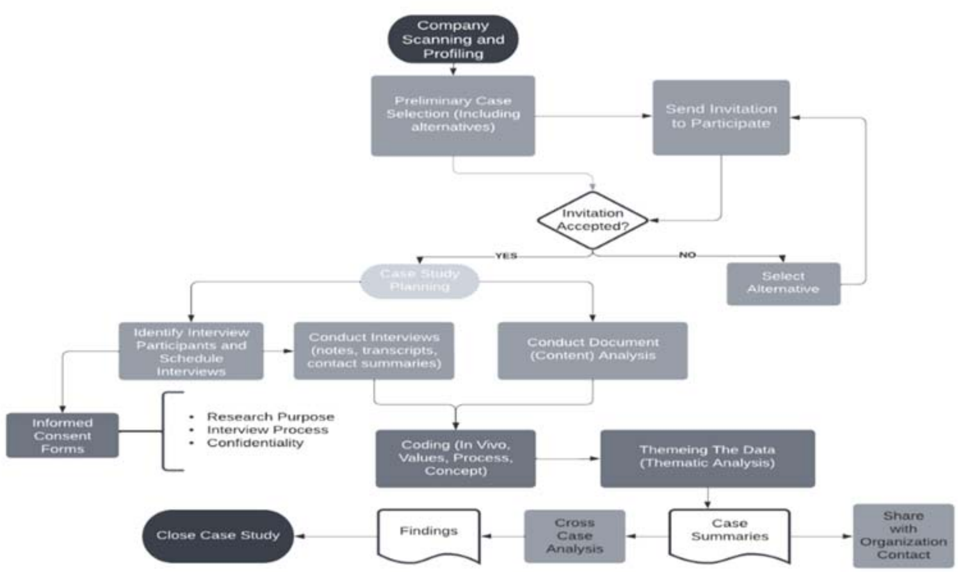
Cross-Case Analysis

The primary goal of the cross-case analysis was to identify categories of statements and themes common to all participants (Ayres et al., 2003), and support generalization across contexts based on in-depth insights into the individual cases (Rihoux & Lobe, 2009). Cross-case analysis supported the purpose of this research by facilitating the categorization of themes as case/context-specific or transferable. For example, Bower et al. (2015) used cross-case analysis to identify critical design and implementation factors in blended synchronous learning environments. Liyanage and Villalba-Romero (2015) used cross-case analysis in their study to identify the components of a framework for measuring the success of public-private partnerships.

Cross-case triangulation occurred using case report summaries (see Appendix D) and cross-case thematic analysis matrices, which are used to compare identified topics and themes across cases (Stake, 2006). During the analysis, I examined data components for outliers and surprises that would be indicative of context-sensitive ESG leadership considerations. Outliers exist outside of the normative framework, including dissenting voices, atypical settings, discrepant cases, unique treatments, or unusual events (Miles et al., 2020). Outliers are elevated to an extreme case based on the magnitude of the deviation and are considered surprises if the condition is outside the range of the researcher's expectations. I included a discussion of outliers and surprises and their potential implications within summary findings for each research question without direct attribution to a particular organization to retain case confidentiality. The research findings focused on the themes identified in the cross-case analysis as occurring in two or more cases. This step-by-step approach resulted in the data analysis process illustrated in Figure 4. Although illustrated as a linear process for visualization purposes, fieldwork steps actually occurred in an iterative fashion shifting between document analysis, interviews, coding, and data themeing. This iterative process resulted in a deeper understanding of the similarities and differences between the cases.

Figure 4

Data Collection and Analysis Process



Summary

This qualitative multiple case study research design encompassed document analysis and semistructured interviews to obtain in-depth insights into ESG leadership philosophy, systems, and operations. I used In Vivo, values, process, and concept coding techniques to analyze data and identify themes within and across cases. Qualitative content and thematic analysis helped identify salient categories and themes within and across cases. Cross-case themes served as the primary data for findings and implications, whereas within-case themes aided in spotlighting context nuances, outliers, and surprises.

Chapter 4 – Findings

The fieldwork for this multiple-case qualitative research study of four organizations occurred between September 2023 and April 2024. The aim of this research was to identify the key themes characterizing ESG leadership within sustainability-oriented companies. The study was designed to answer three questions through document analysis and interviews:

RQ1: What does the process of leading ESG look like in companies publicly committed to sustainable development?

RQ2: How do sustainability leaders integrate ESE?

RQ3: How does the internal and external context in which sustainability leaders operate affect their approach to leading the organization's ESG strategy?

In this chapter, I discuss the case selection process, the demographic information and data collected on the four cases analyzed, the data analysis results, the process of moving from codes to themes, the themes identified for each research question, and the underlying support for each theme. The analysis process resulted in the identification of seven themes that were supported by 17 concepts, eight processes, and 10 values. Tables and figures are used to present theme data and summarize content from the interviews and document analysis. When taken collectively, the seven themes refine the concept of ESG leadership in practice.

Multiple Case Study Demographics and Data Collection

I used a funnel process (see Figure 5) to identify the four organizations included as case study organizations. The funnel process began with collecting key sustainability-related information for 20 public companies operating in the Midwestern region of the United States, as identified through Fortune 500, Fortune 1000, and S&P 500 listings. These public companies were convenience sampled from the total available population of public Midwestern companies. I obtained each company's most recent ESG rating, risk level, industry rank, and global rank from Morningstar Sustainalytics, a leading independent ESG and corporate governance research, ratings, and analytics firm. I also reviewed sustainability-related information published on the company websites and the organizations' most recently issued sustainability reports for information responsive to the data fields defined in the ESG Company Analysis template (see Appendix E).

Figure 5

Case Study Selection Funnel

Key information extracted from the website and sustainability reports included the following:

- ESG commitment statement key words – The key components of the company's ESG strategy.
- Environmental, social, and governance focus – The key initiatives identified as the company's focus for each aspect of ESG.
- ESS goals and actions – The tangible goals the company set related to the ESG focus areas and the activities discussed as evidence of making progress against the goals.
- ESG governance structure – The specific committees of the BOD appointed with oversight of the organization's ESG strategy and external reporting, and any governing councils, taskforces, or

management committees established to lead an ESG component (e.g., diversity, equity, and inclusion) or ESG in its entirety.

- Governing documents – The policies and procedures referenced in the sustainability report or any supplemental reporting (e.g., GRI, SASB, and TCFD) are related to the organization's fulfillment of its ESG commitment. This list of governing documents became the guiding list for document analysis for the organizations selected for the case study.
- Reports published – The listing of ESG-related reports and data published by the company beyond the annual sustainability report. Some companies separately published GRI and SASB reports, whereas others included those report frameworks as appendices within the sustainability report. Except for companies in the financial services sector, all the companies published climate change reports using the TCFD framework. A few companies created an ESG data center (portal) on their website and published ESG performance scorecards through the data center.
- ESG point person – Who the company identified as the ESG point person (if noted), where the individual resided in the organization, and how long the individual had been in the role. Several companies had not.

The 13 companies whose reports evidenced a clear vision for corporate sustainability, clearly defined corporate sustainability strategies, and robust voluntary ESG disclosures were considered potential case study candidates. I then initiated contact with each potential case study organization followed by further screening to determine whether the sustainability leader was willing to be interviewed in person or virtually. The CSO or designated sustainability leader also received the interview protocol and informed consent form. Eight of the 13 organizations included in the final sample population were willing case study participants.

I used diversity of industry sector and market capitalization as filters in the final section process to arrive at the four case study organizations. This step involved considering industry sector diversification as a means of isolating contextual factors that could result in significant differences in ESG leadership. I used diversification by revenue and market capitalization as the final filter because those attributes serve as a proxy for organizational size and often indicate organizational complexity. From a historical ESG development lens, large global organizations were earlier adopters and should have a more mature ESG structure. Large global organizations experienced significant pressures from various external stakeholder groups to conduct business in a more environmentally and socially sustainable manner. Including different-sized organizations also functioned as a means of isolating sustainability leadership practices that could be more attributable to the financial resources available to the organization than representative of common practice. I determined the company's market capitalization using guidelines published by the Financial Industry Regulatory Authority.

Final case study participants were spread across market classification categories, as summarized in Table 2. Of the 20 initially evaluated organizations, 13 were included in the S&P 500, and two were included in the final selection. Fourteen of the 20 organizations were included on the Fortune 500 list, and three of those organizations were included in the final selection. One of the companies selected as a case study candidate was from the manufacturing, retail, consumer goods, and energy sectors. Although I expected organizational size and industry sectors to be differentiators in ESG integration and the approaches used by sustainability leaders, I noted no meaningful differences in the research.

Table 2

Summary Capitalization Statistics for Sample Selection

Market Categorization	Evaluated for Inclusion	Inclusion Candidates	Final Case Selection
Revenue-driven market classification			
S&P 500	13	10	2
Fortune 500	14	11	3
*Market capitalization classification**			
Mega Cap	1	1	1
Large Cap	11	7	1
Mid Cap	7	4	1
Small Cap	1	1	1
Micro Cap	0	0	0
Totals	20	13	4

**Note*. 200B or more = mega-cap; $10B–$200B = large cap; $2B–$10B = mid-cap; $250m–$2b = small cap; <$250M = micro-cap.

Case A Profile – Energy Sector

Companies within the energy sector supply electricity, gas, petroleum, or other energy forms to residential homes and businesses. The organization included in this study (Case/Company A) is both an energy producer and an energy transmitter. As an energy transmitter, the company is responsible for managing an extensive transmission network. Increasing grid reliability and resiliency is a primary issue for the organization as its customers are dependent on the company's infrastructure to operate their homes and businesses. As a result, Company A is sensitive to the impact of climate change, especially as it relates to the increasing frequency and severity of weather-related events within its geographic footprint. As an energy producer, Company A operates plants that use only non-renewable fuels such as coal and plants that solely use renewable fuels.

Company A and other energy sector companies are actively engaged in climate policy and have taken a front-line position in leading society's transition from non-renewable to renewable energy sources. Transition timelines are aligned with international goals as part of the U.S. participation in the Paris Accord, a legally binding international treaty on climate change. Although target timeframes are set by the accord and national policy, how energy companies engage in decarbonization to achieve the transition goals is a strategic leadership decision. The accord also does not address the potential socioeconomic effect of a company's decarbonization strategy on communities whose local economy is built around non-renewable energy (fossil fuels). For Company A, this energy transition leadership role has required a new approach to stakeholder engagement that provides a voice to the impacted communities with the intent of maintaining communities' economic vitality during and post-transition. By doing so, the company has combined environmental and social sustainability into an integrated framework that peer companies can use within their transition strategy. The company has continued to invest significant resources into the communities in which it operates as part of its social sustainability response.

Equally as important as leading decarbonization efforts, energy companies are expected to comply with various federal statutes, including the Clean Air Act, Clean Water Act, Resource Conservation and Recovery Act, and Endangered Species Act. Company A's stakeholder engagement and environmental governance processes address these matters as part of their overall commitment to environmental compliance and stewardship. For example, the company has set annual continuous improvement targets and encourages self-reporting of incidents and near misses to help in its progression toward zero violations and enforcement actions. The company also partners with governmental agencies and NGOs to study biodiversity and develop conservation plans as new infrastructure is installed in geographic service regions.

In addition to environmental issues, maintaining the nation's energy infrastructure carries safety risks for personnel responsible for installing, maintaining, and repairing the transmission infrastructure. Employee and contractor health and safety are part of the company's social sustainability commitment. In the utility industry, work-related impairments vary and can be minor injuries such as sprains from slips and falls or could result in permanent disabilities. Loss of life is also possible. Overall, the industry has experienced a plateau in eliminating serious, life-changing injuries. Company A, as part of its learning-centric culture, has continued to invest in prevention programs aimed at reducing serious injuries and fatalities from high-energy hazards.

Case B Profile – Retail Sector

The organization studied as Case B is a specialty retailer with a significant U.S. and global footprint. The company's dispersed domestic and international operations expose it to many regulatory regimes and diverse social climates. As part of its core mission, the company is committed to providing customers with products and experiences that make them feel good while driving positive and equitable change. The company also seeks to develop lifelong relationships with customers through its brands and espouses the values of integrity, trust, and respect and emphasizes transparency and teamwork. Specific to corporate responsibility, the organization has taken a stewardship position, noting that it has a responsibility for its associates, customers, communities, and the environment. The company believes that its brand influence and platform can and should be used to inspire and uplift communities, and it has committed to using company resources to address social injustices.

The company publishes an ESG sustainability report annually as a means of holding itself accountable to pursuing priorities that align with the needs, concerns, and values of stakeholders. Within its most recent ESG report, the organization identified key ESG issues using a materiality matrix that categorizes issues based on impact to stakeholders and the business. The company also described its initial and ongoing stakeholder engagement process and ESG governance mechanisms. At the time of the study, the company had verified its Scope 1, 2, and 3 GHG emissions and was initiating deeper analysis into other material ESG issues to establish baselines for setting goals, aligning performance measurement systems, and evaluating progress.

Being in the retail industry sector, the organization's environmental issues primarily emerged from its supply chain, associated manufacturing operations, and product shipping and distribution. Highlighted environmental issues included reducing GHG emissions, managing chemicals and waste, responsibly sourcing raw materials, developing more sustainable products, and minimizing the use of packaging materials. Increasing end-of-life product reuse was noted as a relevant endeavor that required changes in consumer behavior. Of the environmental issues noted, climate change and GHG were singled out as the biggest challenges for the retail industry and as issues that required collective action to address. To that end, the organization noted a commitment to establishing a comprehensive climate strategy informed by science and industry trade groups.

Related to social sustainability, retailers must consider people issues from two perspectives: (a) people issues occurring in the supply chain and (b) people issues associated with maintaining a local and global workforce and complying with the requirements of multiple jurisdictions. Consistent with leading practices in the retail, manufacturing, and consumer goods space, the organization adopted a human rights statement, a statement on modern slavery, and a conflict minerals policy; enhanced supplier oversight procedures to improve social compliance; and made a commitment to diversity, equity, and inclusion at all levels of the business. The company chose to disclose disaggregated demographic and pay equity data on gender and ethnic representation within the associate and leadership ranks and within new hire and promotion decisions. This level of disclosure is consistent with GRI reporting standards.

Case C Profile – Manufacturing Sector

Company C is a global manufacturing company with multiple facilities around the world. The company focuses on innovation and exceptional performance across its product brands and includes sustainability commitment within its strategic framework. Manufacturing is one of the industry sectors with significant environmental and social concerns that could threaten long-term viability and competitiveness if not addressed. Therefore, decarbonization and sustainable sourcing are vital components of Company C’s management of environmental and social impacts. However, the organization’s complex supply chain complicates supplier oversight and product traceability. The company uses its supplier code of conduct as a critical document for setting expectations around matters such as sourcing minerals and other raw materials and respecting human rights.

Assessing supplier practices, tracing raw materials, removing materials of concern, and contracting suppliers who can provide sustainable materials have socioeconomic impacts that the company must consider from a social sustainability perspective. For example, shifting purchasing from one geographic region to another might reduce biodiversity loss and improve local ecosystems, but the livelihood impact on the local workforce could result in a shift to agricultural products that are more harmful and increase deforestation. Balancing these disparate impacts is part of what the company must accomplish as it seeks to deliver upon the full scope of ESG. Educating the local workforce on responsible and sustainable production techniques is one way the company can achieve balance without compromising on either the environmental or social sustainability pillar. As a manufacturer, the company must consider energy consumption and water usage associated with the production process and establish reduction goals for each factor. The organization has had to respond to more questions from customers, investors, and other stakeholders regarding their energy transition, climate strategy, and compliance with product-related environmental laws and regulations as society focuses on moving toward renewable energy sources and protecting the environment. Water pollution, reduction and disposal of waste and waste byproducts, and chemical safety are just a few of the product-related environmental matters included within the company's ESG focus.

Similar to Company B and in compliance with the California Transparency in Supply Chains Act of 2010, the organization includes its policy on global human rights and communicates its efforts to address human trafficking and slavery. As was noted for responsible sourcing, the company's commitment to respecting and protecting fundamental human rights is complicated by its widely dispersed operations. The company must maintain knowledge of the laws and regulations of each country in which it operates as well as internationally recognized human rights. Its manufacturing environment has worker health and safety nuances related to plant operations. Creating safe workplaces and adhering to occupational safety laws to prevent workers from physical injury or harm is a key emphasis.

Case D Profile – Consumer Goods Sector

The consumer goods sector includes companies that make and sell products intended for direct use by individuals and households. As such, the consumer goods sector has a unique ESG risk profile that combines the risks associated with retail and manufacturing sectors and adds additional consumer engagement nuances. Company D, a fast-moving consumer goods (FMCG) company, has a global reach and offers various product brands associated with everyday life. The company is proud of its commitment to innovation, quality, safety, and sustainability. The organization seeks to change lives and communities for good, both now and for generations to come, keeping with the standard definition of sustainability. Sustainability efforts encompass the products developed and the consumers' use of those products. As such, the company seeks to influence consumer behavior through responsible marketing, community education, and strategic partnerships.

Company D discusses the consumer activism directed toward it and the responsiveness of its social responsibility agenda as issues most pressing to the organization's consumers within its publicly available documents. In those documents, the company acknowledged that consumers, NGOs, and investors exert significant pressure on FMCGs to offer sustainable products and services, act in a socially responsible manner, conduct business with integrity, and generate reasonable financial performance. Trade-offs between environmental, social, and governance are not accepted. Brand reputation and company image can suffer damage if the organization fails to address global social issues such as racism, sexism, and human rights. Community impact is placed on equal standing with environmental sustainability.

The company emphasizes environmental safety and stewardship as a distinctive competitive advantage rather than as a cost of doing business. As a consumer goods company, carbon emissions reduction and transitioning to alternative energy sources, managing climate change risks from product production, resource and waste management, and supplier change due diligence are key issues that "an increasing number of constituents" expect companies to address. The company is committed to "managing across these risks" and "helping society solve some of the most pressing global challenges" as part of its business strategy. The organization also emphasizes creating products that encourage responsible consumption, reducing its manufacturing footprint, and embracing circularity as a means of reducing waste, increasing the collection, recycling, and reusing of materials such as plastic. Embracing circularity has required a shift in mindset in Company D's leaders to bring the outside into the organization. Specifically, the leaders have adopted an ecosystem approach that seeks out strategic partners and transparently shares information with those partners to improve innovation, alter production and distribution processes throughout the product lifecycle, and transfer consumer consumption habits. The company continues to expand the systems approach to initiatives beyond circularity, leverages the expertise of NGOs around the world engaged in developing solutions to environmental issues specific to a geographic region, such as water conservation or deforestation, and engages in storytelling to drive changes in consumer behavior.

Audio-Visual Files and Digital Materials Collection

I collected four main categories of documents for each case company during the period of August 2023 to April 2024: (a) sustainability reports and supplemental data or reports, (b) ESG-related policies and procedures, (c) Board of Directors committee charters, and (d) investor calls and supporting presentations. Document analysis began with the most recently published sustainability report. The sustainability report functioned as the guide to identifying additional documents for review either because supplemental data, reports, or policies and procedures were directly referenced within the content or because additional documents were noted in the GRI or SASB crosswalk tables included as appendices. Though all the documents reviewed were referenced in the companies'

ESG reports or supplemental material, their insight relevancy varied. Documents prepared for financial analytical purposes or that primarily served a legal or regulatory purpose were of limited value in responding to the research questions. Documents that were prepared for consumer or investor consumption had significantly more value to the research process as they were designed to inform and engage directly on ESG-related issues. Externally oriented documents were visual and interactive, using storytelling features and a conversational presentation style and tone.

I obtained the documents from the ESG or investor sections of the company's website. For Company A, B, and C, I downloaded all in-scope documents, which were available in PDF format, for further analysis. However, for Company D, 17 of the 26 documents analyzed were only available in a digital online format and were not downloadable. Companies A and D published climate action strategies and plans as stand-alone reports, whereas Companies B and C had plans to publish data within the upcoming year. Supplemental ESG reports also included analysis and action plans on issues specific to the company's operations and environmental footprint. I included these supplemental reports and coded them in the document analysis. The studied organizations also included ESG performance data on their websites that could be downloaded into an ESG data scorecard. I reviewed these ESG data scorecards for consistency with other reporting but did not subject them to additional analysis or coding.

The companies' associate and supplier codes of conduct were the most frequently cited documents for ESG-related policies and procedures. The case companies also regularly referenced their statement on human rights, modern slavery statement, and conflict mineral policy within the ESG reports and within their codes of conduct. Although the format of the human rights statement varied, the companies consistently included a commitment statement and expectations related to safety and health, workplace security, freedom of association and collective bargaining, forced labor, child labor, prison labor, and human trafficking, suppliers and partners, and diversity, equity, and inclusion. The coding process captured the values espoused within these policy statements.

During fieldwork, I revised the approach for determining ESG integration into investor communications to focus more on earning call supplemental material and investor roadshows. Because earnings calls were limited to analyzing the financial performance of the organization, the discussion of ESG matters was limited unless there was a direct financial impact on quarterly earnings. However, supplemental presentation material and investor roadshows provided an opportunity for the company to communicate its ESG strategy and report more fully on its progress. I included these supplemental presentations in the document analysis.

I created analytical reflection memos for each document category to reflect key takeaways and coding notes in accordance with the template included in Appendix C. Subsequently, I uploaded the analytical reflection memos to the MaxQDA coding software for inclusion in the coding process instead of including each examined document. The total, documents, audio-visual files, and digital material reviewed for each case study organization was between 16 and 32, as reflected in Table 3. I also conducted interviews as part of the case study research.

Table 3

Summary of Case Study Data Set

Case Participant	Documents, A/V, and Digital Materials	Interviews Transcripts	Interviews Conducted
Company (Case) A	32	4	2
Company (Case) B	16	1	1
Company (Case) C	18	2	2
Company (Case) D	26	9	2
Totals	92	16	7

Interviews

The four CSOs interviewed had been in their position from 2 years to over a decade. The business leaders interviewed had varying sustainability leadership responsibilities, including responsible sourcing, sustainable product innovation, and sustainability business partners with matrix reporting to the CSO and the business unit. The CSOs had wide-ranging experiences that included marketing, accounting, finance, operations, and business line leadership. One CSO brought over a decade of sustainability leadership in other organizations operating in different industry sectors. Another CSO brought sustainability leadership experience from another organization within the same industry sector. Although the backgrounds varied, the sentiment expressed by the CSOs was the same: sustainability leadership required a different set of skills and a deep working knowledge of the organization.

Two of the case study companies actively engaged in sharing their ESG leadership process by participating in virtual interviews hosted by ESG-focused nonprofit organizations and special interest groups. Because these interviews occurred through an outside party and were not subject to the interview protocol guiding this research, I assessed interview content for applicability before including the transcripts in the case study data set. The content from these interviews provided more insight into the business leader perspective, the challenges and importance of gaining business leader buy-in, and the need to transfer ownership of ESG to business leaders.

As noted in Table 3, the total number of interview transcripts included in the case study data set for coding was 16. Nine of the 16 transcripts were from published interviews with chief sustainability officers and business leaders that occurred within the previous 18 months that directly addressed the qualitative research questions included in this study. The remaining seven interviews were conducted as part of the case study research using the interview protocol in Appendix A. Initial interviews were 45 minutes, and a 45-minute follow-up scheduled for two of the participants. All interviews occurred virtually via Zoom or Microsoft Teams and were recorded for subsequent analysis. I used Otter.ai to produce the interview transcripts used in the coding process.

I also identified two published case studies for one of the companies. The published case studies included coded responses to interview questions relevant to the case study but lacked source data or transcripts. Because the original transcripts were not available and the code responses were reflective of the researcher's analysis, I excluded these case studies from the interview data set. I, however, included the case studies in the document analysis and used them as a reference point in identifying organizational changes occurring in the company's sustainability efforts over time.

Multiple Case Study Data Analysis

Document analysis and interview coding were nonsequential and iterative. For Cases A and D, I conducted the document analyses occurred before the interviews and reexamined them post-interviews. For Case B and C, I conducted the interviews before the document analysis was completed and reexamined them post-document analysis. Document analysis occured manually, with codes noted on the electronic documents using the comments feature. I then summarized the codes and reflection comments in analytical reflection memos and on a document analysis form. Coding of the analytical reflection memos and document analysis forms occurred in MaxQDA. I used the grouping features within MaxQDA's document system to track document analysis and interviews by the case company. Interview coding also occurred in MaxQDA and involved multiple passes to assign In Vivo, Process, Values, and Concept codes. I set up the code system in MaxQDA to align codes with the research questions for easy exploration and theme identification.

The interview coding and document analysis procedures completed for Case B assisted in establishing the initial coding table. As I analyzed the interviews and documents and added new codes to the coding system, I reexamined prior interviews and documents to determine whether the newly added codes were applicable. For example, the interview participant in Case C emphasized the importance of influence in the transformation process and revealed influence as a key skill set needed by CSOs and team members. I then reexamined the interview transcripts and documents for Case B to determine whether influence was likewise referenced as a necessary component. Although different words were used, the concept of influence was referenced, and the coding was updated accordingly. This iterative process of updating the coding table and re-coding previously reviewed transcripts and documents occurred throughout fieldwork. Occasionally, I used paraphrasing to summarize a long segment of the transcript. When that occurred, the paraphrased segment became a part of the code system and was also subjected to coding.

After completing the coding for Case B and Case C, I reviewed the coding table for potential themes. In this early stage of coding, several concepts and processes were starting to stand apart as being more prominent, but no overarching themes were identified. For instance, the new skills required to be effective at sustainability in any organizational leadership role, the need for integration of ESG strategy into corporate strategy, and the transformation work that sustainability leaders do were stressed in Case B and further built upon in Case C. The participants used words such as “systems orientation” and “questioning” many times in the interviews. Interviewees were also adamant about the importance of business acumen and operational knowledge. The addition of Case A solidified the concepts and processes as significant and provided further insight into overarching themes that answered the research questions. Case D added additional context that helped refine the themes and underlying concepts, especially as related to business strategy integration, balancing ESG pillars, prioritization, and evolving strategy in a rapidly changing business environment.

I used top-level and subcode statistics generated by MaxQDA (see Table 4) to understand the dispersion of codes by theme and determine whether evidence supporting the identified topic as an overarching theme was sufficient. For example, for RQ3, the theme of “Expanding competence and capacity by involving the outside” had 44 coded segments, and the theme of “Evolving strategy in rapidly changing environments” had 103 coded segments. The theme of “ESG leaders identifying transformation as their primary job” had the most coded segments, at 110, and “ESG leaders strive for business integration” had the fewest coded segments, at 37. However, the coding frequency alone was insufficient in determining the significance of a theme. The lower frequency of codes for business integration was more indicative of leaders’ viewing integration as a nonnegotiable that warranted little discussion. Business integration was the main sentiment underlying sustainability reports, investor presentations, and policies and procedures, and was the stated end goal for all CSOs interviewed.

Table 4

Coded Segment Statistics by Research Question and Theme

Research Question and Theme	Coded Segments
RQ1: What does the process of leading ESG look like in companies publicly committed to sustainable development	
Theme 1: ESG Leaders Seek Different Skillsets	74
Theme 2: ESG Leaders Strive for Business Strategy Integration	37
Theme 3: ESG Leaders Identify Transformation as Their Primary Job	110
Total Coded Segments for RQ1	*221*
RQ2: How do sustainability leaders integrate ESE goals	
Theme 4: Know What Matters and Laser Focus on It	59
Theme 5: Business Leaders Must Own ESG	80
Total Coded Segments for RQ2	*139*
RQ3: How does the internal and external context in which sustainability leaders operate affect their approach to leading the organization's ESG strategy?	
Theme 6: Expand Competence and Capacity by Involving the Outside	44
Theme 7: Evolving Strategy in Rapidly Changing Environments	103
Total Coded Segments for RQ3	*147*

As processes, concepts, and themes were identified, memos were drafted in MaxQDA to document their nature and their relationship to the research questions. I used MaxQDA's code comparison feature to further explore the relationship between themes and their subcodes with insights captured in memos. I used memos to highlight illustrative examples noted during the document analysis, record observations, and note matters requiring validation during interviews. The extensive frameworks put into place to guide organizational effort around ESG, the governance structures established, the level of stakeholder engagement, and the amount of data aggregated and analyzed by the companies to set and adjust strategies were noteworthy elements captured early in the analysis process through the memoing process. Early observations supported the transformative work of ESG leadership and raised questions about stewarding organizational change efforts and team dynamics. Interviews provided some context to the organizational change process and further shaped theme identification.

Preparing a case summary report was the final step in the coding process. To prepare the summary reports, I extracted the coded segments for each case from MaxQDA using the summary grid feature and recorded them in the appropriate section of the case summary template (see Appendix D). I verified any unexpected gaps or unusual items identified during the preparation of the case summary report back to the source document. Where necessary, I updated the coding and revised all case summary reports to reflect the change. Two themes were redefined for clarity, and all supporting documents were updated to reflect the changes. A summary of the final coding system developed through this iterative process is included in Table 5, with full counts by code included in Appendix G.

Table 5

Summary of Themes and Supporting Codes by Research Question

Theme	Theme Title	Theme Description (Summation)	Related Concepts, Processes, and Values	Description
RQ1: What does the process of leading ESG look like in companies publicly committed to sustainable development?				
T1	ESG Leaders Seek Different Skill Sets	Case participants identified ESG leadership as requiring a different skill set from functional or operational leadership. "I would urge them to be an activist, an artist of change, an alchemist (Case D)." "Understand the landscape of your organization, scan the business environment, get out, and really understand your business operations (Case C)." "Take a full systems approach, be a generalist, be curious, be creative (Case B)." Values also mattered in the work and in leading the sustainability effort. "It matters how we play the game. Doing what is right means following our beliefs and the rules when no one is watching (Case B)." "Everyone is expected to act in accordance with the highest standards, and no one should expect anything less (Case A)." Fairness and equity, collaboration, transparency, steadfastness and resiliency, and humility were frequently cited values.	C1 - ESG Requires New Skills	The work that sustainability leaders do requires mastery of a different set of skills. Likewise, the skill sets that sustainability leaders look for in team members and business partners are different.
			C2 - Values Matter	The company has articulated standards that apply to everyone inside and outside of the organization and that are reinforced within policies, procedures, and communications.
			V1 - Fairness and Equity	Defined in several ways to include equal access and opportunity, considering the economic impact of environmental and social sustainability initiatives to minimize impact, and using influence to confront social injustices.
			V2 - Collaboration	Mutual interdependency or working together with confidence and trust across business units, functions, and geographies.
			V3 - Transparency	Making organization data available to internal and external stakeholders so that they can make better-informed decisions, use their voices, and have

Theme	Theme Title	Theme Description (Summation)	Related Concepts, Processes, and Values	Description
				the proper context for assessing organizational performance.
			V4 - Steadfastness and Resiliency	Persistence and courage to stay at it over the long term and overcome challenges and obstacles.
			V5 - Humility	Senior leaders step back to let others lead based on their expertise and put themselves in the position of learner.
T2	ESG Leaders Strive for Business Strategy Integration	Integration was a recurring theme. Integrating sustainable business practices into the organizational strategy was built upon having an "awareness of how ESG impacts the full value chain (Case A)."	C3 - ESG Strategy is Corporate Strategy	Sustainability should be positioned as the business strategy and not as a separate initiative that is distinctive from how the business operates and delivers value.
		For long-term viability and effectiveness, ESG strategy cannot be separate from corporate strategy and should not be thought of as "an organizational tax (Case D)." Rather, "ESG is an opportunity to thrive. (Case D)." ESG and corporate strategy "have to be one and the same (Case B)" and "deployed down to the lowest line of sight (Case C)."	C4 - Finding Sustainability Solutions Drives Innovation	Sustainability is a driver for everything the organization does, how it thinks about products, and how it delivers growth.
T3	ESG Leaders Identify Transformation as Their Primary Job	The Chief Sustainability Officer (CSO) must be able to work with executive and senior leadership across the organization to accomplish the ESG objectives. The participating ESG leaders functioned as change agents who engaged with multiple	C5 - ESG Leaders Need Breadth and Depth	ESG leaders need deep knowledge of business operations to connect the systems together and a broad understanding of the organization to know how to get things done and how to lead change.
		stakeholders to establish a vision and then leveraged cross-functional teams to cascade the vision throughout the organization. These leaders grounded	C6 - ESG Leaders Do Transformational Work	The primary work of ESG leaders is to act as change agents for the organization, mobilizing, equipping, and empowering others across the

Theme	Theme Title	Theme Description (Summation)	Related Concepts, Processes, and Values	Description
		their work in reality, using data to understand the organization's current state, set realistic and achievable goals, and drive decisions.		company to do the work of sustainability.
		To do this transformation work, the ESG leaders needed depth and breadth, which they gained through varied experiences within or outside the organization. Though the ESG leaders strove to transfer ownership to business leaders, they still needed to operate as a "center of expertise, helping the business navigate this very complex space (Case D)." [understanding reality]. Knowing the business and the organizational culture aided in "knowing how things get done (Case D)."	P1 - Building Cross-Functional Teams	Intentional forming of teams with representation from functions and geographies to do the collective work of sustainability in a systems-oriented manner.
			P2 - Cascading the Vision	Bringing the sustainability vision and strategy to life at all levels of the organization so that all team members know how to apply it within their specific roles.
			V6 - Stewardship	Seeing the organization of stewards of the environment and of the communities in which the company operates or does business.
			P3 - Understanding Reality	Having an accurate picture of how the organization is currently performing in key environmental, social, and governance matters.
			V7 - Honesty	Sharing accurate information and speaking the truth, even when it is potentially detrimental to the organization or unpopular. Speaking truth to power.
RQ2: How do sustainability leaders integrate ESE goals?				

Theme	Theme Title	Theme Description (Summation)	Related Concepts, Processes, and Values	Description
T4	Know What Matters and Laser Focus On It	Serving and balancing the needs of consumers, customers, employees, society, shareowners, and other stakeholders in an ever more complex world with increasing stakeholder awareness and expectation "is not easy (Case D)." "Our responsibility is to achieve this without compromising (Case A)." For all the cases, prioritization was critical to managing the landscape of stakeholder needs and desires. Materiality assessments were used to identify the issues that mattered most to the company and to the organization's stakeholders. With only slight variations in wording, material ESG issues were defined as those that could have a significant impact on the company's finance and/or operations, the environment or society now or in the future, or substantially influence the assessments, decisions, and actions of the company's stakeholders.	C7 - Balancing ESG Pillars (No Trade-Offs)	Not being willing to settle for lower performance on one pillar of ESG to achieve stronger performance in another. Instead, look for solutions that deliver without compromise.
			P4 - Innovating	Ask questions that challenge the prevailing view that compromise is required and instead seek solutions that deliver on the full promise.
			C8 - Prioritization	Identifying which ESG issues out of the population of matters that fall under the ESG umbrella warrants organizational focus based on the organization's business model, context, and vision.
T5	Business Leaders Must Own ESG	ESG leaders recognize that they cannot create a sustainable organization. Instead, sustainability leaders need to gain the commitment of the business leaders who own the functions and processes that need to be changed to achieve sustainability goals. However, sustainability leaders cannot be told to go and do sustainability. Rather, ESG leaders build relationships	C9 - Build Relationships with Business Leaders	CSOs must use influence to build strong partnerships with other C-suite leaders and TMTs to move the organization forward.
			P5 - Building Business Leader Buy-In	Establishing the business case and tapping into business leader motivation to transfer ownership of sustainability to business leaders so that it becomes integrated into the strategy.

Theme	Theme Title	Theme Description (Summation)	Related Concepts, Processes, and Values	Description
		and systematically increase business leader buy-in through influence and create connections to the long-term goals. Empowerment and accountability are vital components of transferring ownership, though the process can take time. Three of the four case studies have begun to link key ESG metrics to compensation at the executive and senior leadership levels to increase motivation and accountability. The fourth company had established compensation linkage as a goal but was still working through the process.	C10 - Creating Connection to the Long-Term Goal	The timeframe for accomplishing ESG goals may extend beyond a leader's tenure. Therefore, there is a need to create a connection to the longer-term goal so that short-term actions are moving toward that long-term objective. Adding ESG factors into performance compensation is one mechanism for making the connection.
			V8 - Doing Good is Good Business	Painting ESG in a positive light and proving that doing good can result in organizational growth. Financial performance goals do not have to be set aside.
		Inclusion of compensation into metrics takes time. For one company, getting metrics into compensation took 3-4 years.	V9 - Identity	ESG becomes an integrated part of who the company is such that sustainability becomes a part of its brand.
			C11 - Empowerment and Accountability	ESG is a shared responsibility that all stakeholders have ownership of and need to take accountability for.
			C12 - Transferring Ownership Takes Time	The structures that need to fully transfer ownership and spark accountability, such as incorporating ESG goals into compensation, may take years to implement. Sustainability leaders recognize this extended timeframe and stay motivated through the short-term goals and small wins that all point toward empowerment, accountability, and full integration
RQ3: How does the internal and external context in which sustainability leaders operate affect their approach to leading the organization's ESG strategy?				

Theme	Theme Title	Theme Description (Summation)	Related Concepts, Processes, and Values	Description
T6	Expand Competence and Capacity by Involving the Outside	ESG leaders engage external expertise and collaborate with external partners through various arrangements to engage in the system-transformative change needed to achieve long-term sustainability goals. Expanding outside the organization as a means of increasing competence and capacity. "You bring the outside in to help them navigate this complex and dynamic environment and understand best practices (Case D)." Regulatory and tax regimes are just two sources of complexity leading to involving others. "There are so many nuances in the regulatory environment across the globe, and there's no way for us internally to be able to capture all of that or for any one organization really to capture that (Case B)."	C13 - External Expertise	The knowledge needed to deliver upon sustainability does not all reside within the organization. Bringing others in increases buy-in, empowerment, and accountability.
			C14 - Leverage External Partners	One company or industry cannot fully capture, understand, or solve sustainability challenges alone. External partners are necessary to execute the full scope of the work. Stakeholder involvement also creates a deeper connection to the organization and helps with cascading the “shared vision” externally.
			P6 - Building Alliances	Some sustainability issues are too complex for any one organization to handle and require collaboration across the ecosystem. Therefore, sustainable-oriented companies and leaders intentionally engage with external stakeholders to build commitment to a long-term sustainability goal or vision to be achieved through collective action.
			C15 - Shift Thinking About Market Engagement	Shifting to thinking about expanding the total market and bringing other organizations along, not purely a competitive race.

Theme	Theme Title	Theme Description (Summation)	Related Concepts, Processes, and Values	Description
T7	Evolving Strategy in Rapidly Changing Environments	The business environment is constantly shifting in ways that impact business/ESG strategy. In the words of one leader, "the world around us isn't resting. It's changing very quickly, and we need to be responsive to the needs of the changing world (Case D)." Given the dynamic global environment in which these companies operate and strive to achieve their ESG goals, there is an ongoing need to monitor the environment, identify the mega trends most likely to impact the company, and identify the evolving demands of different stakeholders. ESG leaders used internal and external leaders and expertise to challenge how the new data should affect the company's focus, what actions they should take to move forward, and what information they should communicate. Stakeholder-informed decision-making, active listening, and telling your story were viewed as means of protecting the organization, identifying new areas of focus, and furthering goals. All four	C16 - Stakeholder-Informed Decision Making	Intentional emphasis on engaging stakeholders in the process of prioritization and solution development so that sustainability strategy is truly stakeholder-informed.
			C17 - Protect the Organization	Viewing one of the CSO's roles as asking what is next, understanding mega trends, and managing stakeholder interactions to protect the organization's future.
			P7 - Listening	Believing that each person has insights to contribute and taking a learning orientation toward stakeholder interactions (both internal and external) and translating the learning into strategies, metrics, and measurements.
			P8 - Telling Your Story	Communication is used to tell the ESG story for multiple purposes—stakeholder support, consumer influence, investor confidence, and more.

Theme	Theme Title	Theme Description (Summation)	Related Concepts, Processes, and Values	Description
		organizations had an intentional stakeholder engagement framework and stakeholder interaction processes defined for each stakeholder group. The ESG leaders routinely asked questions challenging their understanding of the environment, such as "Do have all the voices at the table (Case A), "What are the megatrends that's going to impact this organization (Case C), and "How do you form a strategy around it ... and keep people moving to a strategy that's constantly going to pivot (Case B)?"	V10 - Generational Legacy/Purpose	Believing businesses can have meaning, deliver something beyond profit, and generate a legacy that leaves their children and grandchildren better off.

I used the case summary reports to compose a high-level cross-case thematic analysis chart (see Table 6) and to explore the nuances and intricacies of each individual case in comparison to the overarching themes identified across cases. Concepts, values, and codes had to map to at least two of the four cases to be included as a finding. Furthermore, the concepts, values, and codes had to be supported by In Vivo codes that captured the voice of the organization. I observed several patterns through examining the cross-case analysis table. For example, both companies A and D emphasized the processes of innovating and building alliances and the concept of shifting thinking about market engagement. However, these topics did not emerge as strategic initiatives in companies B and C. This pattern is consistent with what was identified when reading the ESG/sustainability reports of 20 public companies included in the initial sample population. At least 50% of these companies regularly addressed the impact of a sustainability focus on business models and the resultant product and technological innovations. Innovations associated with environmental concerns, such as water reclamation processes and circularity, were routinely highlighted. A similar frequency was noted for the business case for collective action.

Table 6

Cross-Case Analysis

			Case			
Theme#	Theme Title	Concepts, Processes, and Values	A	B	C	D
RQ1: What does the process of leading ESG look like in companies publicly committed to sustainable development?						
T1	ESG Leaders Seek Different Skill Sets	C1 - ESG Requires New Skills	x	x	x	x
		C2 - Values Matter	x	x	x	x
		V1 - Fairness and Equity	x	x		x
		V2 – Collaboration	x	x		x
		V3 – Transparency	x	x	x	x
		V4 - Steadfastness and Resiliency	x	x	x	x
		V5 – Humility	x	x		

			Case			
Theme#	Theme Title	Concepts, Processes, and Values	A	B	C	D
T2	ESG Leaders Strive for Business Strategy Integration	C3 - ESG Strategy is Corporate Strategy	x	x	x	x
		C4 - Finding Sustainability Solutions Drives Innovation	x	x		x
T3	ESG Leaders Identify Transformation as Their Primary Job	C5 - ESG Leaders Need Breadth and Depth	x	x	x	x
		C6 - ESG Leaders Do Transformational Work	x	x	x	x
		P1 - Building Cross-Functional Teams	x	x	x	x
		P2 - Cascading the Vision	x	x	x	x
		V6 – Stewardship	x	x		x
		P3 - Understanding Reality	x	x	x	x
		V7 – Honesty	x	x	x	x
RQ2: How do sustainability leaders integrate ESE goals?						
T4	Know What Matters and Laser Focus on It	C7 - Balancing ESG Pillars (No Trade-Offs)	x	x	x	x
		P4 – Innovating	x			x
		C8 – Prioritization	x	x	x	x
T5	Business Leaders Must Own ESG	C9 - Build Relationships with Business Leaders	x	x	x	x
		P5 - Building Business Leader Buy-In		x	x	x
		C10 - Creating Connection to the Long-Term Goal	x		x	x
		V8 - Doing Good is Good Business	x	x	x	x
		V9 – Identity	x	x		x
		C11 - Empowerment and Accountability	x	x	x	x
		C12 - Transferring Ownership Takes Time	x	x	x	x
RQ3: How does he internal and external context in which sustainability leaders operate affect their approach to leading the organization's ESG strategy?						

Theme#	Theme Title	Concepts, Processes, and Values	Case A	Case B	Case C	Case D
T6	Expand Competence and Capacity by Involving the Outside	C13 - External Expertise		x		x
		C14 - Leverage External Partners	x	x		x
		P6 - Building Alliances	x			x
		C15 - Shift Thinking About Market Engagement	x			x
T7	Evolving Strategy in Rapidly Changing Environments	C16 - Stakeholder-Informed Decision Making	x		x	x
		C17 - Protect the Organization	x	x	x	
		P7 – Listening	x	x	x	x
		P8 - Telling Your Story	x	x	x	x
		V10 - Generational Legacy / Purpose		x		x

In comparison to innovating, building alliances, and shifting market engagement, there was strong consensus on ESG leaders focus on transformation both within the case studies and in the broader population. The process of leading ESG did not seem to differ based on industry context or company size.

Research Question 1: The Process of Leading ESG

Sustainability leaders primarily engage with the organization as transformational change agents and collaborators, leveraging different skill sets to support the integration of ESG into business strategy with the goal of reaching the state where “sustainability is the business strategy (Case D).” For the studied organizations, the transformation process began with getting an accurate assessment of the organization's current state, including its maturity level, skills, and competencies. This grounded reality was then factored into the leaders’ organizational change approach. The sustainability leaders interviewed did not subscribe to a particular leadership theory, although they described a common set of leadership behaviors and practices they used to drive organizational change. The leaders were likewise in agreement regarding how they used their knowledge of the organization and the relationships they had developed throughout their tenure in different organizational roles to gain momentum in integrating ESG into business strategies. Building cross-functional teams became pivotal to the integration progress, leading one company leader to state that “heavily siloed functional organizations are an economic dinosaur (Case D).”

The CSOs did not feel that their leadership had changed as the organization’s sustainability journey advanced. Rather, the leaders expressed a maturing of how business leaders thought about sustainability and the extent of ESG integration into business strategy. Cascading the vision became easier as business leaders were empowered and accountability structures were put into place. Conversations also changed, moving from proving the business case for ESG to exploring opportunities for innovation and collaborative discussions focused on seeking solutions. Business leaders were more apt to seek out sustainability leaders for guidance and data, especially related to emerging trends and the science of climate change. The leaders also noted that their transformation work was ongoing in response to changes in business leaders and team members and a shifting business environment. Because the work of sustainability leaders was transformation, they relied on different skill sets. In essence, ESG leaders developed and sought out different skill sets, strove for business strategy integration, and viewed their primary job as organization transformation.

Theme 1: ESG Leaders Seek Out Different Skills

Case participants identified ESG leadership as requiring a skill set different from functional or operational leadership. “I would urge them to be an activist, an artist of change, an alchemist (Case D).” “Understand the landscape of your organization, scan the business environment, get out, and really understand how your business operations (Case C)." Understanding megatrends, how those megatrends might impact the organization, and over what potential time frame were important inputs into the visioning process. Comprehending the impact of megatrends required "taking a full systems approach, being a generalist, being curious, and being creative (Case B)." Listening, questioning, and taking initiative were skills identified as contributing to being a systems-thinker and casting a compelling vision that incorporated a long-term orientation.

Influence, the ability to gain buy-in for a “shared (laser-focused) vision (Case B),” was consistently identified as a key skill in moving the organization toward integrating ESG into business strategy and creating the environment needed for long-term change. Influencing change was a complex process, and a single approach that cascaded throughout the organization was not feasible. Some “leaders and teams just need to be educated and developed (Case C).” However, other leaders and teams “required a lot more than raising awareness or education (Case B).” Motivations for change “can be very diverse (Case D).” Understanding motivations was identified as part of ESG leaders' transformation work (Theme 3). The complexity of influencing change was very much dependent on the company’s position on the ESG maturity curve, which is further discussed under Theme 2. As a part of influence, ESG leaders used storytelling, team leadership, change management, and collaboration skills to cascade the vision internally and externally.

Modeling integrity was also an important skill. Values mattered not only in the work but also in leading the sustainability effort. In reports and interviews, leaders reiterated, "It matters how we play the game. Doing what is right means following our beliefs and the rules when no one is watching (Case B)." For two companies (Cases C and D), associate manuals, accessible to internal and external stakeholders, established clear decision-making process flows for recognizing the right thing to do, when to ask questions or escalate, and when not to proceed. Regardless of role, organizational stakeholders were expected to “act in accordance with the highest standards, and no one should expect anything less (Case A).” Anyone with awareness of unethical conduct or conduct that violated the company’s stated values, such as fairness and equity, was expected to speak up. Leaders were also expected to exhibit humility, steadfastness, resiliency, and “be a role model for courageous leadership (Case D).” Transparency in communication and collaboration across the organization's ecosystem were also included in the companies' value expectations.

Combining the various skills shared by case study participants resulted in the skill set inventory included in Table 7. As sustainability leaders "transitioned from a mindset of doing to a mindset of leading (Case D)," they needed to "upskill themselves" and "develop others" to have the skills needed to own ESG within their area of responsibility. Cascading the vision, which is part of the transformational work that ESG leaders do, was not possible without skill development. Skill development was also considered critical for empowering business leaders to own sustainability, a necessary precursor to fully integrating ESG into business strategy. It was an ongoing process as personnel changes required continued indoctrination into the company's vision and equipping employees for the work to be done.

Table 7

Skill Set Inventory

Required ESG Skills Per Case Study Participants	Skill Definition Per Case Study Participates
Business Acumen	Having sufficient knowledge of how the business operates to be able to scan the business environment, identify mega trends that will impact the future, and begin to think about the impact.
Change Management	The ability to spur a shift in organizational and team culture and mindset so that employees' actions align with the organization's ESG vision and strategy.
Collaboration	The ability to recognize the potential inherent in mutual interdependence and lead collaboration internally with cross-functional teams and inter-organizationally with external partners to create shared value.
Creativity	The ability to imagine a different path forward and spark innovative solutions that balance the needs of multiple stakeholders and drive performance.
Curiosity	Observing the world and exploring new concepts and data with an openness to learn and change your perspective.

Required ESG Skills Per Case Study Participants	Skill Definition Per Case Study Participates
Ethical Integrity	Modeling ethical integrity basic table stakes for conducting business so that caring about the way work will get done becomes an integral part of ESG.
Influence	The ability to gain buy-in and transfer ownership so that change is led by those with the power and authority to implement initiatives.
Listening	Engaging in meaningful interactions with stakeholders to provide them a voice in shaping the organization's strategic priorities and innovative activities.
Long-term Orientation	The ability to keep the long-term goal in focus, taking action in the short-term that connects the work over the extended time, which is associated with achieving sustainability goals, and provides a structure for passing the work on to the next leaders to keep moving toward goals with 10 to 50-year time horizons.
Operational Acumen	Understanding how your business operates, including the business model (how profit is made) and key relationships.
Organizational Knowledge	Possessing a sufficient understanding of the landscape of the organization to enable integration of ESG strategy into the business strategy.
Questioning	Asking what has not been thought about that could potentially improve business needs across the board.
Storytelling	Making connections with stakeholders through communication that engages stakeholders in the journey, making complex concepts easy to understand, and sharing goals and goal performance in a visual and easy-to-understand format.
Systems Thinking	Seeing the end-to-end process and evaluating how a change in one part of the process affects the rest of the process and who else might need to be engaged in the change process as a result.
Taking Initiative	Self-directed actions to think about what's going to impact the organization and taking steps to start working toward a solution without waiting to be told to start.
Team Leadership	Motivating and guiding teams, developing team competencies, and working with teams across the organization to bring the vision to life.
Visioning	Creating a vision of what ESG could mean for the organization and cascading that vision throughout the organization using influence and change management skills.

Theme 2: ESG Leaders Strive for Business Strategy Integration

Strategy integration was a recurring theme across case studies. Integrating sustainable business practices into the organizational strategy was built upon having "awareness of how ESG impacts the full value chain (Case A)," "understanding where the organization was, but not allowing them to stay there (Case C)," and recognizing that "you have to change the way you do business if you want to stay in business (Case D)." The four case companies introduced innovative products into the market that delivered upon their environmental and social sustainability commitment while also generating positive financial performance for the organization because leaders had integrated sustainability into sourcing, product development, and product operations. Sustainability became a "driver for everything done in terms of innovation and growth (Case D)," and "an integral part of business strategy and how we work (Case C)."

The case study companies were in different stages of business strategy integration and had taken a different amount of time to mature into an integrative strategy. The companies had also initiated their sustainability journey at different levels of ESG maturity. The phases of ESG maturity, as summarized by an interview participant for Case C, proved insightful for examining the journey of the other cases. A paraphrased summary of these phases described during the participant interview is as follows:

- Phase 1: Hero Phase. One person drives sustainability and is viewed by the organization as the sustainability or ESG leader. Any sustainability topics that arise are handed over to the sustainability person to do it. This person is responsible for it and owns it.
- Phase 2: Department Phase. Sustainability becomes too much work for one person, so a team responsible for it is created. The ESG leader receives some resources and a low budget. The sustainability team owns anything sustainability-related.
- Phase 3: Functional Integration. The organization has begun to see the value in sustainability and begins to integrate sustainability into

different functions such as procurement and finance. The organization starts to adopt sustainability as a part of its vision, and the conversation begins to shift from what the sustainability strategy of the company is to how it is going to be integrated into the strategy.

- Phase 4: Business Integration. The organization begins to develop products and services around sustainability, commits to integrating sustainability into strategy, develops action plans, and starts to look for business model changes where it can leverage sustainability.
- Phase 5: Sustainability Brand. The brand is known as a sustainability brand.

Few companies have achieved the status of a sustainability brand, such as Patagonia, but all the companies that were considered for this case study research had at least achieved functional integration, and the final four case study candidates had committed to and made progress with business integration.

Ultimately, for long-term viability and effectiveness, “ESG strategy cannot be separate from corporate strategy (Case B)” and should not be thought of as “an organizational tax (Case D).” Rather, “ESG is an opportunity to thrive (Case D),” provided strategic alignment and senior leadership buy-in exist. Lack of alignment, whereby “you’re making sourcing and supply chain decisions on one side and have an ESG strategy on the other side (Case B),” prevents progress. However, commitment to an integrative strategy often resulted in innovation and the ability “to change approach and establish a new way of operating (Case A).” The message that ESG and corporate strategy “have to be one and the same (Case B), deployed down to the lowest line of sight (Case C), and embraced by all businesses and functions—built in and not bolted on (Case D)” was universally acknowledged within the case studies.

Theme 3: ESG Leaders Identify Transformation as Their Primary Job

Case study participants cited the need for CSOs to be able to work with executive and senior leadership across the organization to accomplish the ESG objectives. Within all the case studies, the ESG leaders and their supporting teams functioned as change agents who engaged with multiple stakeholders to establish a vision and then leveraged cross-functional teams to cascade the vision throughout the organization. These leaders grounded their work in reality, using data to understand the organization's current state, set realistic and achievable goals, and drive decisions. Transparency and honesty were valued in the process. Failure to meet established metrics was positioned as an opportunity to learn and grow.

The ESG leadership's role was described as unique in that the sustainability leader had to represent multiple internal and external stakeholders and navigate their differing agendas. "When you look at other functions in a business, each position typically represents one stakeholder (Case B)." To do this transformation work, the ESG leaders needed depth and breadth, which were gained through varied experiences within or outside the organization. One leader brought a "different mindset" to the table because the individual came from a "geographic region where energy efficiency was in your DNA (Case A)." Other leaders brought sustainability experience from multiple industry sectors, varied organizational roles in operations, accounting, and finance, and business unit leadership and plant management experience. Knowing the business and the organizational culture aided in "knowing how things get done (Case D)."

Integrating ESG into strategy can be like "drinking from a firehose trying to learn all the parts and pieces of an organization and everything to consider (Case B)." Therefore, the leaders turned to data as part of their sense-making strategy. They used data to "think in terms of both now and in the future, understand the subtlety of variations, and set realistic and achievable goals given other factors that had to be balanced (Case A)." This cautious approach to gathering and evaluating data and getting an "honest view of our current state (Case B)" before making commitments and establishing metrics helped sustainability leaders gain buy-in. "Understanding where the organization was (Case C)" also provided hard evidence for how long the process would take and encouraged leaders to stand up under external pressure to move faster. For example, changing the sourcing process was "really a series of steps toward a broader transformation that occurred over several years (Case B)."

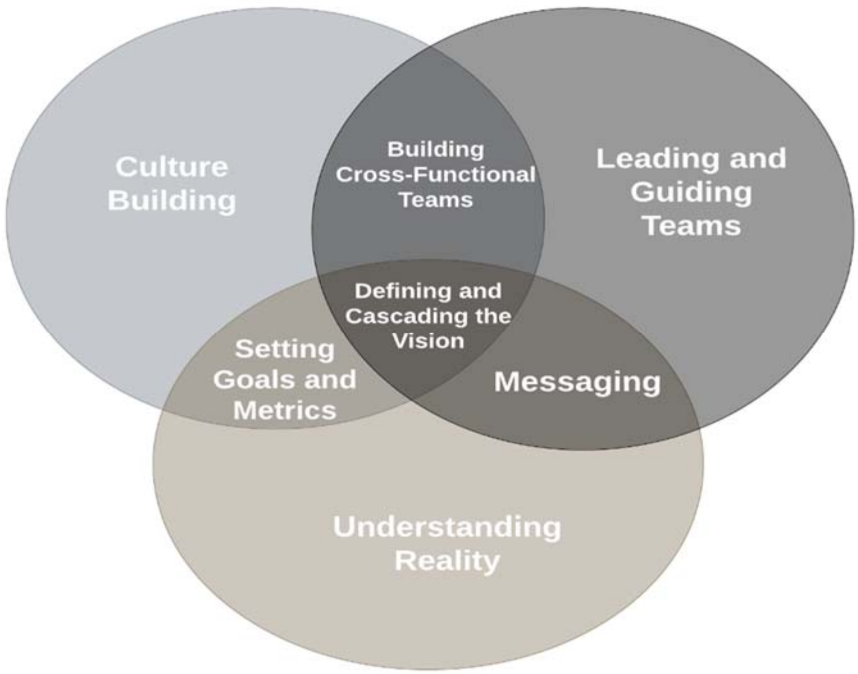
The leaders also convened cross-functional teams, committees, and task forces to identify, escalate, and resolve issues collaboratively. Cross-functional teams were vital to navigating the complexity inherent in operating in multiple jurisdictions, as it is not reasonable to expect "any one leader to keep a pulse on all the issues for an organization of any meaningful size (Case B)." These teams included "experts or key leaders who were critical in driving the work (Case B)." Strategically, using cross-functional teams was an effective approach for cascading the vision, empowering business leaders, and transferring ownership of ESG into the business units.

Though the ESG leaders strove to transfer ownership to business leaders as an end goal, the CSOs and their sustainability teams still needed to operate as a "center of expertise, helping the business navigate this very complex space (Case D)." They also needed to "get the organization ready (Case A)," which sometimes involved working with "a coalition of the willing versus using the limited capacity to convince the skeptics (Case D)" and engaging in "an organizational culture change (Case C)." According to Company C CSO, "Most sustainability leaders deal with resistance. Sometimes sustainability is the last thing the leaders thought about." Therefore, sustainability leaders need resiliency, courage, and intentional motivational strategies to stay engaged in the change process. Changing culture, gaining buy-in, and transferring ownership were at the core of the sustainability transformation work.

The ESG leaders' transformational activities included working with senior leadership to cast a vision, develop consistent and clear messaging, and cascade the vision throughout the organization. The vision cascading process encompassed policies and procedures, cross-functional teams and committees, and team management processes as means to gain traction and cohesion (Figure 6). The vision and supporting documents were continually revised to simplify and engage, using interactive elements, visual dashboards, scoreboards, and trend graphs to help “translate from concept to application with a goal that team members could take and apply it where they were doing their jobs (Case A).” Turnover was a complicating factor for cascading the vision. To curb persistent turnover, the leader had to develop a strategy for “indoctrinating policies and guidelines” in a transient workforce (Case B).

Figure 6

Key Organizational Transformation Activities



Research Question 2: Integration of ESE Goals

For the studied organizations, ESG was positioned positively as contributing to the organization’s growth and generating short-term and long-term value through innovation. Organizational context mattered in determining material issues. Sustainability leaders used a structured approach to engage key stakeholder groups in prioritizing issues and determining relevant focal points. Once they identified material issues, organizations laser-focused on those issues. The organizational focus was driven by empowering business leaders throughout the company and holding them accountable for the results.

Business leader accountability facilitated the integration of ESG into business strategy. Through the sustainability leaders' transformational work, business leaders were able to see that trade-offs between economic, social, and environmental sustainability were not necessary. "You can grow your business and do good for the planet … sustainability shouldn't compromise performance… the interests of the company and the individual are inseparable (Case D)." By focusing on taking thoughtful actions in the short-term that connected to the company's stated vision, the studied organizations demonstrated progress toward long-term sustainability goals.

Theme 4: Know What Matters and Laser Focus on It

In documents and interviews, organizational leaders clearly articulated the leadership expectations related to ESG. Business leaders were expected to deliver upon the company's financial performance commitments while achieving environmental and social sustainability goals. There was recognition that "serving and balancing the needs of consumers, customers, employees, society and shareowners would not be easy (Case D)." Despite the difficulty of achieving a balance, no trade-offs were discussed. Instead, the organizations sought to find creative solutions to achieve their goals without compromise. However, the organizations did not pursue all possible ESG goals. Prioritization, "asking what do we work on (Case C)," and "looking across all those stakeholders and balancing perspectives (Case B)" were key. Without exception, the organizations used a materiality assessment process that included a defined stakeholder engagement approach to "develop a materiality matrix that identified the most material issues for their business (Case B)." The materiality matrix "really helps you to focus on what is relevant (Case A)" and "keeps your focus on the people you're serving (Case D)."

Material ESG issues were consistently defined as issues that could significantly impact the company's financial or operational health, the environment, or society now or in the future or could substantially influence the assessment, decisions, and actions of the company's stakeholders. Multiple stakeholder inputs were data points in the materiality assessment but were not the only factor considered in developing the final materiality matrix. Sustainability leaders also considered whether certain issues were table stakes for the company, even if not initially identified by stakeholders as material. For example, Company B looked for differing perspectives where "issues of highest importance to the business were not of highest importance to stakeholder and issues that were not of highest importance to either group but had the potential to have a material impact." Likewise Company A took the "materiality assessment and results that we got, and aligned it with our risk registry to see what the alignment was and where the gaps were." Company D considered the "aspects that were within our control and prioritized that."

Once finalized, the materiality matrix became a part of the vision cascaded across the organization, was used to set the work plan for the cross-functional teams, and was included in storytelling. The studied organizations' sustainability reports and supplemental materials included clearly set out aspects of ESG the company had identified as material to the organization and warranted further consideration and conversation. Reports included the matrix of priorities, stakeholder engagement process, and progress made toward the identified priorities. Often, the priorities were branded into a memorable campaign as part of the storytelling process discussed more in Theme 7. From examining the sustainability reports, supplemental schedules, and interview transcripts, a decision model for materiality emerged that included answering questions on what issues were material to each identified stakeholder group, where there was alignment or significant differences between stakeholders, which matters were significant mandates and non-negotiable, and where the company had the greatest opportunity to make an impact.

Theme 5: Business Leaders Must Own ESG

According to case study participants, the process of transferring ownership of sustainability to business leaders across the organization was challenging, required steadfastness and resiliency, and took time. Sustainability leaders had to be able to "connect the work over an extended time horizon (Case C)" to maintain momentum as team composition changed. "Just because we trained a team last week doesn't mean this week, they don't have a new face on the team who needs that information too (Case B)." Dispersed organizations operating in multiple jurisdictions required more time because of the "time to mobilize teams, the education layer of what we're doing, why we're doing this, and how we're planning to do it (Case B)." However, ownership transfer to "internal partners was critical (Case A)" to achieving full business strategy integration.

To achieve integration, sustainability leaders not only needed the support of the CEO but also had to "build strong partnerships within the C-suite beyond the CEO (Case D)." Beyond the C-suite, building strong relationships with business line leaders was vitally important to the transformative work undertaken by CSOs. The methods used for relationship building varied, from "trying to get into as many meetings as possible to influence and provide overarching direction (Case B)" to "understanding your advocates and resistors, the why behind both, and the motivations that could be used to influence them … and then working on them and working on them and working on them (Case C)." Sustainability leaders engaged in strategic conversations one-on-one, in small teams, and with large groups; led ESG governance committees, taskforces, and councils; and facilitated process reviews. The membership of ESG committees, task forces, and councils included senior leaders of key functions across the organization to facilitate organizational culture change, operational integration, and systems-oriented decision-making. CSOs also engaged organizational governance members such as the BOD and BOD sub-committees tasked with overseeing ESG holistically or as a sub-component of ESG.

Through relationship building, vision casting, and storytelling, sustainability leaders helped business leaders make the connection that doing good was good business. Sustainability leaders gained buy-in by "establishing the business case, specifically noting why it was important for the business to pay attention to this and start integrating it into their business (Case D)." ESG leaders "made the connection in business terms that this is good for business, good for the planet, and good for our people and that ESG strategy and business strategy are all one and the same message (Case B)." Making the connection looked different based on people's values and attitudes toward ESG-related topics. For people who thought "climate change doesn't impact me (Case C)," sustainability leaders built the business case by examining the risks to the business. "You need to dig into it and say, what are the risks associated with climate change? What are the transaction risks? Physical risks? And then you look at your business model (Case C)." Scorecards and dashboards helped leaders visualize performance against metrics and year-over-year progress. The dashboards became more of a management tool as metrics were tied into executive compensation goals.

Within central case study documents, the organizations shaped their identity around sustainability as being "what they stand for (Case B)." Organizational leaders spoke about a culture of empowerment where leaders lived out corporate values, integrated sustainability into the organizational culture and business operations, and cascaded actionable insights throughout their teams. Empowerment was not just for senior leadership but was also for "associates, customers, suppliers, and others within the organization's network (Case B, Case D)." With empowerment came accountability. All stakeholders had a responsibility to "hold the organization accountable for its commitments and actions to help foster a company that all stakeholders could feel confident in and proud of (Case B, Case D)." However, senior leadership had a higher level of accountability because of their influence on the behavior of associates and were expected to set an example. Despite this organizational expectation, including ESG-related goals in performance metrics and compensation systems took years of focused effort and persistence by CSOs. The CSOs persisted in their quest to achieve ESG goal integration because "people care about compensation (Case C)." Linking short-term and long-term ambitions to key business processes and integrating them into performance metrics were key to establishing accountability and making sustainability more real.

Organizational leaders also spoke about inclusion, where differences were valued and recognized as a significant positive influence and as an inherent element of their social sustainability that led to the mutual success of the company, the individual, and the community. The sense that "I belong here" and "being seen and seeing others" was to be embedded in the organizational culture as a means of developing an engaged workforce (Case A). Having an engaged workforce in which associates, workers, or team members embraced change, drove continuous improvement, took ownership, valued personal and professional growth, and strove for performance excellence was tied to achieving organizational performance goals. Furthermore, business leaders were expected to support the organizations' commitment to workforce development and community impact as components of the organizations' social inclusion strategy. From an organizational performance standpoint, social sustainability was considered harder to measure and had fewer goals included in compensation structures compared to environmental sustainability. CSOs were still working on the integration of social sustainability goals in compensation.

Research Question 3: Influence of Internal and External Context on ESG Strategy

Sustainability leaders at the studied organizations engaged with the ecosystem and collaborated "at a whole new level (Case D)" to make meaningful progress on complex issues. These leaders engaged with experts outside the organization to grow their knowledge and improve organizational competence. They also built alliances to expand their organizational capacity. The stakeholder listening process used to help companies prioritize material sustainability issues, as discussed in Theme 4, influenced the approach to engaging outside experts. Listening and active stakeholder engagement also helped sustainability leaders commit to alliances and partnerships to avoid the need for compromise between the ESG pillars (RQ2) and supported integration of ESG into business strategy (Theme 2), which included incorporating ESG metrics into compensation and performance management systems.

As the business environment evolved, sustainability leaders used a structured stakeholder engagement process to identify responsive shifts in strategy. Stakeholder engagement was supported by storytelling as a means of informing stakeholders and directing their focus toward sustainability issues identified as material to the organization. Sustainability reports, which functioned as a key storytelling vehicle, took a more cautious tone as regulatory actions around greenwashing and proving environmental sustainability claims increased. In some instances, the sustainability reports included revised metrics in response to new data, technological innovations, or shifts in stakeholder sentiments. Despite organizational differences, the sustainability leaders were aligned in their view of the inherent complexity of ESG and the need to remain agile and flexible as the environment continues to shift.

Theme 6: Expand Competence and Capacity by Involving the Outside

The examined companies expanded their competence and capacity by strategically involving the outside. The studied organizations created external advisory boards, added individuals with specialized knowledge to task forces and committees, consulted with external experts, built alliances, and cultivated partnerships to work on sustainability challenges that could not be solved by one company or industry alone. Leaders in sustainability-oriented organizations "don't try to invent it or go it alone (Case A, Case D)." Instead, these sustainability-oriented leaders shift their thinking about market engagement and recognize the need for building alliances and issue-oriented communities to change complex systems. These leaders ask, "Who's missing from the table? What voices are we not hearing from? (Case A)." Then, the sustainability-oriented leaders intentionally reach out to engage the missing stakeholder groups in conversations. Alliances were built to engage in "system-transformative collaborations (Case A, Case B, and Case D)."

Using alliances to transform the sourcing process was a common illustration across the case study companies. Sustainable or responsible sourcing required "communicating with suppliers through the extended supply chain to achieve sourcing goals (Case B).” Sourcing partnerships extended beyond the immediate supply chain partners to include NGOs and communities directly impacted by supply chain operations. The organizations identified a need to collaborate with partners, consumers, and society to promote responsible consumption and reuse. Not only does “it take the entire value chain to prove out new circular business models while improving waste management (Case D),” but it also takes strategically coordinated moves across ecosystems. Likewise, the transition from fossil fuels to renewable energy sources “must be a coordinated move that considers many factors (Case A).” Acting alone is ineffective and infeasible.

Strategic coordination required sustainability leaders to rely heavily on industry groups and engage regularly with external experts such as climate scientists, NGOs, and community leaders to understand the full landscape of environmental concerns and sustainability-related regulatory changes. “There are so many nuances in the regulatory environment across the globe, and there’s no way for us to be able to capture it all internally or for any one organization to capture it all (Case B).” Community engagement was particularly important for energy-related transformations as the potential socioeconomic impact on energy transition could be “unfair and unjust (Case A).”

The primary exception to bringing the outside in was noted in Case C’s approach. Company C’s interview participants did not emphasize bringing the outside in through strategic partnerships and alliances as a means of expanding organizational competence and capacity or as a key component of Company C’s sustainability strategy, but industry associations, NGOs, and project collaborators were noted as stakeholders in the company’s sustainability report. However, the organization’s discussion of their external stakeholders focused on obtaining their perspective during the materiality assessment and engaging with them to establish roadmaps for sustainability issues unique to the industry sub-sector. The organization’s leadership efforts within those alliances were communicated as evidence of the company’s commitment to sustainability and were not positioned as an integral element of business strategy.

Theme 7: Evolving Strategy in Rapidly Changing Environments

Organizations do not operate in a static environment, "so how do you form a strategy and keep people moving to a strategy that's constantly going to pivot (Case B)?" In these case study organizations, sustainability strategies were dynamic driven by the need to respond to the rapidly changing global environment and increasing expectations of stakeholders. The "world around us isn't resting. It's changing very quickly (Case D)" and the demands of "different stakeholders continue to evolve, and so we have to change with them and meet those needs (Case A)" and "drive strategies and plans that balance all the stakeholder roles (Case B)." For sustainability leaders whose job was to "understand what consumers, investors, and others expect of us (Case B)" and "protect the organization (Case C)," the shifting environment was challenging. Deploying an ongoing stakeholder engagement process that provided a voice to the stakeholders and embraced stakeholder-informed decision-making were two ways through which the organizations identified the need to shift strategy and solicited stakeholder support for the changes.

Meaningful stakeholder engagement involved listening, learning, and seeking opportunities to partner with the organization's stakeholders on the corporate strategy. The voice of the customer, whether a consumer, supplier, investor, community member, or other, was brought in-house. It was important to ask whether you "had all the voices at the table … and make sure you hit every organization and community (Case A)." Organizations also shared data with external stakeholders to inform and equip the stakeholders to engage with the organization on material issues and share their concerns. As noted in Case A, "We want to provide all stakeholders with the opportunity to understand our proposed activities and discuss their concerns so that we may fully understand and consider the impacts of our decisions." The need to "connect with and drive strategies and plans that balance all the stakeholder roles (Case B)" was one of the unique aspects of sustainability leadership.

Consistent and frequent storytelling supported the stakeholder engagement process. External sustainability reports and supplemental materials, investor roadshows, media engagement, and leader presentations were designed to educate and raise awareness of the sustainability issues the organization faced and the various factors the organization had to consider within the decision-making process. “If you can tell your story, and you can, use the maturity path as a critical part of the story. Lay out your path. Your actions and timeline. And then hit them (Case C).” All the four companies studied chose to brand their sustainability focus as part of their storytelling and stakeholder engagement processes. Stakeholder documents included the branded campaign and metrics and progress against those metrics, whether good or bad. The companies also used emotional storytelling that “moves from the head to the heart (Case D)” by sharing compelling stories. Individual impact stories where employees, consumers, community members, and other stakeholders shared their personal experiences with the organization as it lived out its sustainability mission were featured in sustainability reports, supplemental materials, and on company websites. The senior leadership team also shared the organizations’ sustainability stories were also consistently in external communications and speaking events.

Although sustainability leaders were continually scanning the business environment, monitoring trends, and tracking externalities, business leaders still encountered matters that they “never would have guessed would be on the radar (Case A).” In those instances, the sustainability leaders served as the gatekeepers of organizational focus. The leaders did not “chase metrics or shift focus (Case C)” in response to questions from external stakeholders on what the organization was doing about a particular topic. Instead, the leaders took a more measured approach to understand the reality. “You have to sit down and talk to your peers, talk to your leaders, talk to your teams. Understand where you are. Start preparing, reading, and educating yourself and the organization (Case C).” Stakeholder input informed but did not dictate strategy.

Summary

This multiple case study research was designed to explore three research questions on ESG leadership in sustainability-oriented organizations. During the coding process, seven themes emerged. The first three themes provide a glimpse into how sustainability leaders engage with organizations to integrate ESG and how their role changes over time. The three themes also highlight the mindset, behaviors, and practices of sustainability leaders. Sustainability leaders leverage influence and seek out different skills that align with their organizational change agent role. The leaders understand reality, define and cascade the vision, build cross-functional teams, set goals and metrics, guide and lead teams, and change organizational culture with the goal of integrating ESG strategy into organizational strategy such that the two terms become synonymous. Finally, these leaders view transformation as their primary work.

The next two themes reveal how sustainability leaders have conceptualized the relationship between ESE and ESG, managed any associated tensions, and sustained a commitment to the long-term view given the need to deliver satisfactory short-term results. The studied organization prioritized the materiality of issues based on their impact on the business and on stakeholders. Once prioritized, the organizations did not accept trade-offs in addressing material ESG issues but pursued solutions that delivered financial performance, met consumer product quality expectations, and achieved environmental and social sustainability goals. Pursuing integrative solutions meant that business leaders had to own ESG and be empowered and held accountable for achieving organizational ESG goals. Sustainability could not be bolted onto the operations or be the responsibility of the sustainability team. Therefore, sustainability leaders focused on building strong relationships with business leaders and gaining business leader buy-in by creating connections to the long-term goals and proving that doing good was good business.

The final two themes capture the ways in which the case study companies' internal and external context affected sustainability leadership. Because of the complexity of ESG issues and the necessity of system-wide changes, sustainability leaders engaged with external experts, built alliances and strategic partnerships, and shifted their thinking about market engagement, bringing in the outside to expand organizational competence and capacity. Sustainability leaders also worked with organizational leadership to evolve strategy as the business environment changed and actively sought stakeholder input on an ongoing basis, listening to stakeholder perspectives to make stakeholder-informed decisions. They used transparent sharing of data and storytelling to inform stakeholders so that engagement was more meaningful and better aligned with organizational strategy.

The seven themes identified during the research provided insights into the importance of the relationship between the CSO and other members of the top management team and a practical demonstration of leadership in practice that could then be compared with prevailing leadership theories. The themes have implications for leadership development, stakeholder engagement, and organizational strategies for sustainability-oriented organizations. These insights and implications are discussed in Chapter 5.

Chapter 5 – Discussion

The purpose of this research was to study the process of leading sustainability in ESG-oriented U.S. public companies using a multiple case study approach. The aim is to understand how leaders integrate their organization's sustainability strategy across the business and navigate the diverse expectations of internal and external stakeholders. The research addressed a gap in the ESG literature, which was predominantly quantitative, with a strong emphasis on the linkage between ESG and financial reporting and the implications for ESG investing. This study was designed to provide insights into how ESG leadership occurs in practice using three guiding research questions: **RQ1:** What does the process of leading ESG look like in companies publicly committed to sustainable development?

RQ2: How do sustainability leaders integrate ESE?

RQ3: How does the internal and external context in which sustainability leaders operate affect their approach to leading the organization's ESG strategy?

Through document analysis and interviews, I identified seven interrelated themes. Related to RQ1, ESG leaders seek out different skill sets in themselves and those they lead, strive for integration of ESG into business strategy, and view transformation as their primary work. Regarding RQ2, sustainability leaders do not settle for a compromise between environmental, economic, and social sustainability. Instead, they intentionally identify what matters through a stakeholder-informed prioritization exercise, and then lasers focus on it and get business leaders to own ESG so that integration occurs strategically and operationally. Finally, for RQ3, sustainability leaders help their organizations navigate their internal and external contexts by bringing the outside in and continually evolving their strategy in response to a rapidly changing environment.

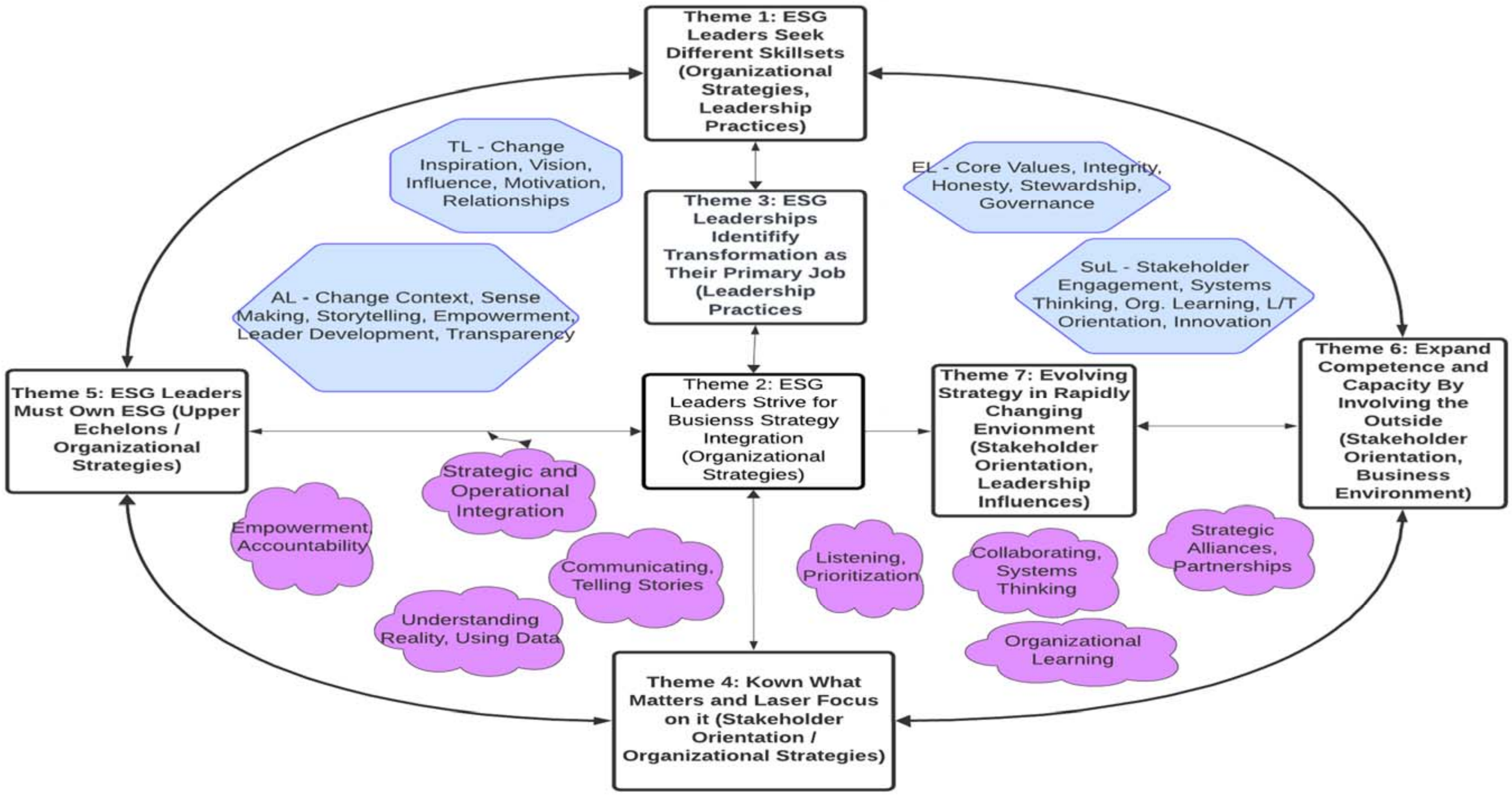
Interpretation of Findings

The theoretical frameworks examined during this research study heavily focused on distinguishing between CSR and corporate sustainability. Expanding the research to include aspects of ESG, including CSR, corporate sustainability, corporate governance, and sustainable development, led to the examination of strategy formulation and implementation, enablers and barriers, management practices, conceptual models, and leadership paradigms. A limited number of studies addressed the relationship between ESG and specific leadership theories, including servant leadership, transformational leadership, authentic leadership, and ethical leadership. Responsible leadership and spiritual leadership were new leadership constructs introduced to capture the nuances associated with sustainable development and organizational change, but empirical research supporting their application in practice was limited. The sustainability leadership paradigm emerged more from practice and had less empirical research supporting its conceptual framework.

Using upper-echelon and stakeholder theories as a structural foundation, the conceptual framework developed to guide this research considered the leadership influences and organizational strategies that could interact with leadership practices to affect how sustainability leadership occurred in practice. Leadership practices were positioned as underlying organizational culture, internal and external stakeholders, and the general business environment. Strategic leadership interfaces were also highlighted as critical for promoting partnership and collaborative action amongst multiple internal and external stakeholders. Identified themes can be aligned with the conceptual framework as illustrated in the summary thematic map (see Figure 7) and support the importance of leadership practices without landing on a specific leadership style as more or less effective. The multiple case studies examined support the conceptual framework used to guide this research, which is further discussed in the next section.

Figure 7

Summary Thematic Map



Insights on Conceptual Framework

Per upper echelon theory, the top management team's (TMTs) structure, cognitions, capabilities, and interactions affect the organization's capacity to understand and address challenges associated with a sustainability orientation (Hambrick, 2007; Henry et al., 2019). According to Peters et al. (2019) and Neely et al. (2020), adding a specialized executive-level leadership position to lead an organization’s sustainability approach changes the structure of TMTs, which moderates the influence of CEO orientation on organization strategy and vision. Case study findings supported the importance of TMTs in integrating ESG into business strategy, cascading the vision, empowering business leaders to own ESG, and holding business leaders accountable for achieving the organization’s sustainability goals. The CSOs needed to have strong relationships with the CEO and other members of the C-suite. The interviewed CSOs also noted that developing relationships with senior business leaders was critical to obtaining buy-in and was a primary aspect of their transformational work. They required the strategic use of influence to develop relationships and guide the CEO’s sustainability vision. The CSO and other members of TMTs were actively engaged in strategic decision-making processes and were empowered to manage the complexities of the environment (Ou et al., 2014).

Dhir et al. (2023) postulated that the CSOs and TMTs determined how stakeholder theory was conceptualized by defining key stakeholder groups, deciding the final prioritization of stakeholder-identified sustainability issues, and determining the extent to which sustainable innovation was used for value creation. The research literature suggested that the presence of a CSO tended to direct the organization’s attention to protective (do no harm) versus positive (do good) issues (Fu et al., 2019; Stahl & Sully de Luque, 2014). The CSOs at the case study organizations did not take the suggested approach; rather, they believed that “doing good was good business.” The CSOs embraced sustainable innovation and the potential to drive positive impact for the communities in which the organization operated and for society at large and involved internal and external stakeholders in the innovation process.

The case study findings support the centrality of a strong stakeholder orientation to sustainability leadership. This stakeholder orientation, as practiced by CSOs, is consistent with stakeholder theory's emphasis on the needs and concerns of primary and secondary stakeholders (Freeman et al., 2018). Specifically, CSOs engaged internal and external stakeholders in the materiality assessment process used to set organizational ESG priorities and metrics and embraced a stakeholder-informed decision-making process. The leaders also considered strategic stakeholder management through intentional, meaningful stakeholder interactions across a wide network of relationships, a critical element of the organization's sustainability strategy (Freeman et al., 2010; Pedrini & Ferri, 2019). The CSOs established ongoing stakeholder interactions as a means of managing strategy in a rapidly shifting environment, establishing the context for decision-making and soliciting support for needed adaptations. They shared relevant data freely with stakeholders as part of the interaction process. The case study companies' defined stakeholders broadly to include BOD, consumers, customers, communities, distributors, employees, industry associations or trade groups, investors, NGOs, regulators, suppliers, and vendors.

Consistent with the conceptual framework, regulatory actions, stakeholder activism, public sentiment, and other business environmental factors exerted significant pressure on these public company CSOs and TMTs. Organizations were expected to have detailed climate strategies and action plans in place for environmental issues germane to their industry sector and make public statements on social sustainability issues. They were also expected to adapt as political, social, and cultural environments changed (Daugaard & Ding, 2022; Simsek et al., 2018). When instances arose where the CSOs had to resist external pressure to adopt strategies or standards that were not suitable for the organization, an intentional stakeholder management process was used to minimize impact and maintain stakeholder engagement. Influence and effective communication skills were viewed as critical to driving successful outcomes in these more difficult stakeholder interactions.

Contrary to research literature, the CEO's ideological position did not emerge as a key influencing factor in sustainability leadership (Chin et al., 2013; Gupta et al., 2017). CEOs were critical in cascading the vision consistent with upper echelons theory, but their ideological position was often influenced by CSOs and their sustainability vision. CSOs, not CEOs, directed the materiality assessment process, including the identification of internal and external stakeholders and the prioritization of issues (Rego et al., 2017). They also guided CEOs in adopting specific sustainability strategies and timelines, prioritizing resources, and integrating ESG metrics into performance systems. The CSOs informed their CEOs and other TMTs on organizational readiness for change, aided their response to external stakeholder inquiries, and became trusted advisors on sustainability matters. The business leaders owned ESG but relied upon the counsel of CSOs to formulate their strategies to navigate ESG's complexities.

The governance structures for the case study organizations were more comprehensive than what was addressed in the research literature. Empirical research predominantly focused on CSR committees (Dixon-Fowler et al., 2017; Orazalin, 2020) and characterized employees as unprepared to navigate ESG because of a lack of sufficient information, understanding, and expertise (Aguilera et al., 2021; Friede, 2019). However, the studied organizations used cross-functional teams comprised of senior business leaders (TMTs) to drive organizational strategy, strategic planning, people development, and other operational changes needed to integrate ESG. In these organizations, TMTs were the dominant internal stakeholder group regarding ESG adoption (Lemus-Aguilar et al., 2019; Yoshikawa et al., 2021), with the BOD providing oversight and approval of the strategy (Ashrafi et al., 2018; De Masi et al., 2021) and CSOs functioning as transformation change agents. Cross-functional taskforces of employees were engaged in strategy execution. Intentional employee engagement practices were put in place to inform, equip, and empower employees to carry out the sustainability vision. CSOs identified cascading the vision, guiding and leading teams, empowering team members, and establishing accountability as part of their transformational responsibilities.

The findings supported strategic and operational ESG integration, as defined in the research literature. ESG leaders within the study strove for ESG integration into strategy and insisted that ESG could not be bolted on or treated as an added activity (De Roeck & Farooq, 2018). The studied organizations also included sustainability in their mission, vision, and strategic goals and defined their role and responsibility for sustainable development (Engert et al., 2016; R. Hahn, 2013). The organizations strove for operational ESG integration to link business strategy, innovation, regulatory compliance, and sustainability (Amini & Bienstock, 2014; Engert et al., 2016). Through ESG task forces and councils, associates were empowered to speak up about actions or behaviors that were not aligned with the organization's sustainability vision, mission, or strategy.

Related to organizational culture, the findings supported the need for ESG leaders to change the five building blocks of mindsets, values, behaviors, capabilities, and competencies (Bertassini et al., 2021) as part of their transformational work. CSOs built relationships with business leaders, provided education, communicated the business case, and used influence to drive organizational change. The findings also supported the extended time it takes for sustainability governance to become normative. Integrating sustainability metrics into performance measurement systems often took years and is still a work-in-progress at one of the organizations studied. Likewise, changing complex operational processes such as sourcing required a phased, multi-step approach that occurred over a long time horizon. The organizations' characterization of their sustainability governance, including using expanded stakeholder definitions, increasing organizational capacity through consortium and alliance memberships, embracing data-driven decision-making, and implementing internal and external sustainability reporting, aligned with the research literature on sustainable-oriented firms (Klettner et al., 2014; Latham, 2013b). The studied organizations also enhanced their sustainability oversight structures, sustainable development processes, policies, training, and remuneration schemes to spur the integration of ESG into strategy and reallocated resources as needed.

Insights on Leadership Practices

CSOs were the linchpins within the organization's sustainability governance structure and led but did not own the organization's sustainability strategy. As the chief executives directing the organizations' sustainability efforts, the CSOs had a central role in shaping how senior leadership thought about sustainability, which determined how business models were redefined. The CSOs also had a primary role in generating leader and employee commitment and communicating with internal and external stakeholders. They engaged across the various internal and external stakeholder groups using various leadership practices that aligned with their view of transformation as their primary job. Understanding these CSOs' leadership practices has implications for organizational change strategies, given their organizational transformational role.

Leadership contributes 71% of the success of change amongst employees (Khaw et al., 2023). Because ESG transformation results in rapid changes that span the whole organization, change resistance and change fatigue are likely to be higher, further putting pressure on the leadership abilities of CSOs and TMTs. The leadership practices of the interviewed CSOs were not limited to a single leadership theory, such as transformational leadership, servant leadership, ethical leadership, responsible leadership, authentic leadership, or sustainability leadership. However, the CSOs' leadership practices agreed with components of these existing and emerging leadership theories, as summarized in Table 8 and further discussed in this section. For this table, sustainability leadership was intentionally selected as the focus instead of sustainable leadership, which has more dimensional overlaps with transformational, ethical, and responsible leadership. Document and content analysis also supported the multi-dimensional, multi-level nature of leading sustainably-oriented companies.

Table 8

Aligning CSO Leadership Practices to Theories

Leadership Practice	TL	SL	EL	RL	AL	SuL
Setting and cascading the vision	X			X		
Building relationships	X					
Using influence	X					
Empowering and developing leaders	X	X			X	
Exhibiting and encouraging curiosity, creativity, and innovation	X				X	X
Demonstrating transparency, honesty, and authenticity in communications		X	X	X	X	
Understanding reality		X		X	X	
Data-informed and stakeholder-influenced decision-making		X		X	X	
Consulting with experts		X		X	X	
Engaging in intentional and meaningful internal and external stakeholder interactions		X				X
Identifying, understanding, and prioritizing the needs of internal and external stakeholders		X	X	X		X
Espousing value system founded on integrity	X		X	X	X	
Consistently communicating values matter messages	X		X	X	X	
Committing to strong corporate governance	X		X	X	X	
Ascribing to the belief that good is good for business		X		X		X
Valuing stewardship		X	X	X		X
Embracing a long-term orientation		X	X	X		X
Embedding sustainability into business strategy						X
Systems thinking						X
Change management						X

The motivational aspects of leading change, specifically helping to set and cascade the vision, building relationships, using influence, empowering and developing leaders, and exhibiting and encouraging curiosity, creativity, and innovation, are behaviors that align with the inspirational motivation, individualized consideration, and intellectual stimulation aspects of transformational leadership (Du et al., 2013). However, only components of motivating toward change are captured in the other leadership styles. For example, empowering leaders and developing others aligns with servant leadership (Christensen et al., 2014; Dean & Newton, 2022) and authentic leadership (Gao et al., 2021), whereas cascading vision and building relationships are components of responsible leadership (Voegtlin et al., 2020). Similarly, exhibiting and encouraging curiosity, creativity, and innovation behaviors are aspects of authentic leadership (Gao et al., 2021) and sustainability leadership (Jayashree et al., 2022).

Transformational leadership was especially relevant to the organizational change process because CSOs use influence to gain buy-in throughout the change process and need to change organizational culture to align with a sustainability focus. The CSOs identified transformation as their primary job and described themselves as change agents, agitators, and architects. However, the ethical emphasis identified within these case studies better aligned with ethical leadership in that leaders were expected to model ethical behavior, communicate ethical standards, and actively oppose unethical conduct (Christensen et al., 2014). Every stakeholder subject to the organization's code of conduct was expected to speak up when actions or behaviors did not align with the organization's values. Whereas motivation for change is aligned with transformational leadership, the management practices of sustainability leaders are better aligned with authentic leadership.

Although research literature emphasizes that demonstrating transparency, honesty, and authenticity in communications; understanding reality; data-informed and stakeholder-influenced decision-making; and consulting with experts are behaviors consistent with authentic leadership (Fox et al., 2020; Gao et al., 2021; Malik & Mehmood, 2022), responsible leadership (Voegtlin et al., 2020), and servant leadership (Dean & Newton, 2022), the interviewed leaders emphasized authenticity and ethicality. Authenticity was especially important in the storytelling process. Stakeholders had a heightened sensitivity to exaggerated sustainability claims made by organizations, with some peer companies having had regulatory actions initiated for greenwashing claims. Ethicality was tied to transparent, authentic, and honest communications without a reference to ethical leadership (Krambia-Kapardis et al., 2023). The organizations' commitment to transparency and authenticity was a driving force in their disclosure of positive and negative information.

Shifting to stakeholder engagement, servant leadership, and ethical leadership concepts, though present, were not the most representative of the findings. Instead, sustainability leadership fully captured the stakeholder engagement and prioritization process used in practice, including maintaining the profit element important to shareholders (Jayashree et al., 2022). Servant leaders engage in intentional and meaningful interactions across the broad spectrum of internal and external stakeholders (Christensen et al., 2014). However, the inverted triangle representative of servant leadership was not consistent with the process of identifying, understanding, and prioritizing the needs of all internal and external stakeholder groups disclosed in the research. In the case study, organizations, leaders, and shareholders needs were placed on equal footing with the needs of employees, customers, and other stakeholders instead of being subordinated to the associates and the community as conceptualized in servant leadership (Christensen et al., 2014). The multi-stakeholder perspective of ethical leadership has a more limited context (Pasricha et al., 2018), which could be seen in the 20 sustainability reports reviewed but that did not capture the extensive ongoing stakeholder engagement. For example, environmental compliance, which is an ethical matter, was segregated from environmental sustainability, which extends beyond law and regulations and includes stakeholder-prioritized issues.

The comprehensive nature of stakeholder engagement included in the current conceptualization of sustainability leadership elevates the theory as a potential framework for an organization's commitment to sustainable development. However, current sustainability leadership frameworks do not explicitly address ethical behavior outside of the context of sustainable development and create a misalignment with ESG and its governance component. In contrast, espousing a value system that has integrity at the core, consistently communicating that values matter, and committing to strong corporate governance are aspects of transformational leadership's idealized influence, the internalized moral perspective component of authentical leadership (Gao et al., 2021), ethical leadership (Krambia-Kapardis et al., 2023), responsible leadership (Agarwal & Bhal, 2020), and servant leadership (Dean & Newton, 2022). Although sustainability leadership is weak on the broad view of ethics, it is strong on its view of the responsibilities of business to do good, a trait shared with servant leadership and responsible leadership constructs.

Although ethical leadership shares a focus on stewardship and a long-term orientation, it is limited in its consideration of the broader horizon of social issues and sustaining human flourishing into the future (Islam & Greenwood, 2021). Ethical leadership's long-term orientation is within the context of protecting the organization's ability to operate. In contrast, sustainability, servant, and responsible leadership all ascribe to the belief that doing good is good for business, incorporate stewardship as a value, and embrace a long-term orientation for the good of all stakeholders and not just as a means of protecting the organization's reputation (Agarwal & Bhal, 2020; Dean & Newton, 2022). An assumption inherent in servant leadership is that business leaders have a commitment to employee growth, organizational sustainability, and community health (Christensen et al., 2014).

Embedding sustainability into business strategy, systems thinking, and change management are core to sustainability leadership (Henry et al., 2019; Metcalf & Benn, 2013; Murphy, 2022), but differ as to how these practices should be characterized within a leadership model based on the research findings. Systems thinking and change management were viewed as inputs into sustainable innovation, whereas strategic integration was an outcome of the transformational work completed by the sustainability leaders. Therefore, strategic integration is a measurable result of sustainability leadership rather than a leadership attribute that should be measured in a model. System thinking must work in tandem with the ability to lead change, cascade vision, and build relationships (Murphy, 2022), behaviors that are core to transformational leadership. In essence, successful ESG leaders combine authentic, transformational, and sustainability leadership styles to lead the organization through its transformation to sustainable development. Using these three styles, ESG leaders also act in ways that are responsible and ethical.

The CSOs also identified skills that did not align with a particular leadership theory, including knowledge-related skills such as business acumen, operational acumen, and organizational knowledge. Other skills included collaboration, taking initiative, questioning, and storytelling. Knowledge-related skills were gained through direct work experience, whereas the other skills were acquired through a mix of learning activities, including self-directed learning (e.g., books, podcasts, and online courses), coaching and mentorship, on-the-job training, and formal education. The means of skill development has implications for leadership selection processes and development programs.

Insights on Organizational Change Strategies

Organizational change theories were not evaluated as part of the research literature shaping this study and were not included in the conceptual framework. The relevancy of strategic organizational change became evident during the coding and theming of the case data. Because of the rapidly changing environment and the need to shift strategy, organizational change was an ongoing (continuous) process of incremental and radical changes to internal and external systems. Short-term and long-term changes were occurring concurrently at multiple levels of the organization (e.g., teams, departments, and business lines) and inter-organizationally. The observed change realities are best characterized as a holistic, open-ended, multi-level change approach. Holistic, open-ended change structures are common in volatile, uncertain, complex, and ambiguous environments and necessitate a different management process, especially when an organization is in a continuous cycle of first, second, and third-order changes (Hoang & Hong, 2022). Existing linear or phased organizational change models do not adequately reflect the iterative cycle of incremental and radical changes observed in the case study organization. The constant change meant that sustainability leaders had to counter change fatigue without the ability to communicate an end date upon which the success of the organization's change efforts could be measured and stability assured.

I evaluated the organizational change process data shared by interviewees and included within case study documents against the Burke-Litwin causal model of organizational performance and change (BL-OPC) to determine their alignment with the insights shared by sustainability leaders. BL-OPC is a well-structured system that includes 12 change variables that function as inputs and outputs that affect each other (Shaikh, 2020). The research findings align with eleven of the 12 variables, specifically (a) mission and strategy, (b) structure, (c) task requirements and individual skills and abilities, (d) external environment, (e) leadership, (f) management practices, (g) motivation, (h) individual and organization performance, (i) organizational culture, (j) systems (policies and procedures), and (k) individual needs and values. Work unit climate, the twelfth variable, was noted and discussed during the study. Motivation as a change variable was mentioned as a component of influence. Within BL-OPC, the external environment is considered the most important change variable, whereas mission and strategy, leadership, and organizational culture are classified as transformational factors that prompt long-term change (Shaikh, 2020). The other variables are the transactional factors that correspond with short-term change.

Appelbaum et al. (1998) conceptualized a strategic organizational change model using BL-OPC as the foundation and positioned organizational learning as an active motivational force for change amongst top and middle management. In the case studies, organizational learning contributed to the transformation process and operationalizing sustainability by expanding knowledge bases and shifting the behaviors and beliefs of leaders and employees (Ademi et al., 2024). Cross-functional teams functioned as a mechanism for knowledge acquisition, knowledge transfer, and collaborative learning, which resulted in improved coordination, teamwork, and communications and fostered new management practices necessary for sustainable development (Appelbaum et al., 1998; Hermelingmeier & von Wirth, 2021). Senior leaders embraced collaborative learning by involving internal and external stakeholders such as value-chain partners, research institutions, trade associations, NGOs, and other experts with the expressed purpose of acquiring knowledge and fostering innovation around complex changes (Hermelingmeier & von Wirth, 2021). As stakeholders actively engaged in sustainability discussions, established routines and practices were questioned, and business leaders were challenged to expand their view of the sustainability problem and respond to changes in the business environment (Ademi et al., 2024). More robust stakeholder engagement often led to strategic partnerships focused on sustainable innovation.

Within the organizational learning and organizational change processes, storytelling emerged as a critical success factor in gaining internal and external stakeholder support and involvement. As a tool for strategic change, sustainability storytelling engages audiences cognitively, emotionally, and behaviorally (Dessart & Standaert, 2023). Stories can be top-down, emanating from organizational leaders, or bottom-up, emanating from the stakeholders directly. The case study organizations used both types of storytelling not just to share the organization's sustainability efforts but also to shape the behaviors of consumers and society at large as part of altering ecosystems. The insights into organizational change provided by these case studies have implications for organizational change methodologies, stakeholder orientation, and leader development.

Implications

ESG leaders helped drive transformation by creating a connection to the long-term goal, driving a culture where people valued sustainability as good business, and transferring ownership. Instead of embracing the notion that an inherent trade-off exists between business performance and environmental and social sustainability, CSOs and their team helped business leaders shift their thinking (using influence) to a holistic perspective. Engaging in the work of transformation required a different leadership skillset, a systems orientation, and a multi-stakeholder engagement strategy. These collective insights identified through the multiple case study approach have implications for sustainability leadership theory, stakeholder engagement, organizational change strategies, and leader development.

Leadership Theory Implications

Functioning as a sustainability leader draws upon a diverse range of leadership practices currently represented in different theoretical constructs. Sustainability leadership, an emerging leadership theory, attempts to capture the nuances and complexities of leading a sustainably oriented organization. However, as constructed, the sustainability leadership framework considers the leader's personal traits, management control systems and practices, group dynamics, and organizational structure and culture (Jayashree et al., 2022). These elements are more relevant to organizational change models. By including influencing factors and organizational change elements within its construct, sustainability leadership becomes contextualized to its environment and loses comparability across individuals and organizations. The loss of comparability is problematic for theoretical validation purposes. Sustainability leadership research is hampered by weak constructs and marginalization (Piwowar-Sulej & Iqbal, 2023). Separating sustainability leadership into its component leadership and organizational change parts would aid in validation and comparability, and sharpen the distinction between sustainable and sustainability leadership.

Alternatively, comparability issues could be addressed by developing an integrated sustainable development leadership framework (ISDL) that incorporates the distinctive elements of transformational, authentic, ethical, and sustainability leadership theories identified by CSOs and TMTs of sustainable-oriented organizations. A leadership-theory-driven ISDL framework should promote definitional clarity and consistency by providing a consolidated lens through which the leadership of sustainable transformation could be assessed. An ISDL framework could be constructed from the thematic map summary shown in Figure 7. Using systems theory as a basis, Sajjad et al. (2024) proposed a multi-level integrated sustainability leadership framework (ISL) that could be applied at the individual, organizational, and societal levels. The ISL framework was designed to be distinctive from ethical, servant, or responsible leadership and does not incorporate leadership behaviors as considered with transformational, authentic, ethical, or sustainability leadership theories; therefore, the ISL framework does not address the gaps noted within this research.

Stakeholder Engagement Implications

The success of organizational change efforts required for sustainable development is dependent on how effectively organizational leaders communicate with stakeholders and involve them in strategic decision-making and execution, product innovation, and adaptation (Errida & Lofti, 2021; Hodges, 2018).

Stakeholders' increased awareness of environmental and social issues has led to heightened expectations for businesses and has shifted how businesses engage stakeholders in organizational leadership. Stakeholders have long-exerted influence on organizational priorities through stakeholder activism (Chuah et al., 2024; Hendry, 2005), and this influence has not been abated. The studied organizations affirmed consumers' expectations that companies engage in sustainable innovation to address ecological issues (Weidner et al., 2021) and speak out on social issues. Leaders were expected to be well versed on the issues, the company's response to the issues, and the reasons behind the response. Organizations were expected to exert influence and take ownership of actions occurring throughout the company and across their extending supply chain no matter how complex the organizational structure or extensive its reach. Disengagement through distancing or abdicating responsibility merely due to dispersed operations was not accepted. Consumers were willing to punish companies who were silent, inactive, or unengaged bystanders on important social issues. In this more demanding environment, stakeholder activism supported the continuous outside-in-learning orientation embraced by the case study organizations to expand ongoing organizational competence and capacity.

Stakeholder activism was, however, not the only voice of the stakeholders considered by these sustainability-oriented companies. Rather, the studied organizations actively engaged stakeholders in defining strategic priorities, determining organizational change strategies, and innovating for sustainable development. Stakeholder engagement became a source of competitive advantage. For business leaders looking to lead sustainable transformation, their approach to stakeholder engagement had to shift from pacification to cultivation. Instead of managing stakeholders to minimize objections and reduce risk exposure, leaders must value stakeholder input as a means for navigating a complex and ambiguous world (J. R. Mitchell et al., 2022) and involve stakeholders in value creation (Ademi et al., 2024). In this paradigm shift, stakeholders become strategic partners in generating organizational growth through sustainable development. Furthermore, this shift in stakeholder engagement means that organizations need leaders willing and able to engage various stakeholders on an ongoing basis, actively listening to concerns, transparently sharing information, and diplomatically overcoming change resistance while strengthening relationships (Errida & Lofti, 2021). This ongoing stakeholder engagement will require effective and constant multi-channel, multi-purposed communication. Sustainability business leaders will need to be comfortable speaking the truth in communications, acknowledging when the company got it wrong, accepting fault without excuses, and confidently discussing what the organization is doing to correct the issues. These leaders will also need to avoid greenwashing or setting unrealistic goals merely to publish a more compelling sustainability story.

In a stakeholder-driven business transformation paradigm, CSOs and TMTs will need to function as storytellers, bringing the organizational sustainability vision to life in tangible and memorable ways for internal and external stakeholders. As a corporate communication tool and mechanism for change, storytelling is not new. The need for strategy to not just inform but also inspire by telling good stories that capture the imagination and make the target audience feel has long been recognized (Adamson et al., 2006). Good stories help leaders crystallize common values and beliefs, build stronger teams, and gain commitment to transformative changes. Related to complex and dynamic organizational change, companies need leaders who recognize the emotional intensity associated with the changes and can use stories to give sense to the change, thereby helping stakeholders process the shifts in organizational ideology and the working environment (Sadarić & Škerlavaj, 2023). Therefore, leader selection processes may need to change to ensure that CSOs and TMTs can operate as brand change agents who tell and live authentic stories. These leaders will need to align with organizational values in rhetoric and conduct, embody transparency and authenticity, and engage stakeholders through emotional storytelling.

Organizational Change Strategies Implications

A gap exists in the organizational change literature regarding the sustainability change process, which is dynamic, complex, and continual. ESG is a new approach to doing business that has change implications at every organizational level and across ecosystems. Errida and Lofti (2021) noted 12 commonalities in their review of 37 processual or descriptive change models. Four of the 12 commonalities were identified by ESG leaders as key activities: (a) creating a clear and shared vision, (b) effective and constant communication, (c) stakeholder engagement, and (d) change leadership. The sustainability leaders also captured three of the commonalities in their descriptions of aspects considered in their approach to ESG leadership: (a) change readiness, (b) employee motivation, and (c) change resistance. Contrary to the research literature, the studied organization did not have a change management team, discrete change management performance data, or a comprehensive change strategy. The organizations' monitoring and measurement focus was not on the changes themselves but on the achievement of ESG goals, including financial performance. Achieving strategic and operational integration through cultivating a sustainability mindset, not reinforcing and sustaining specific changes, was emphasized. Change did not have an end date but was a continual force in achieving higher-level organizational goals. This constant change reality supports the need for a new way of thinking about organizational change management that is reflective of a sustainable orientation.

The new sustainability-oriented change management approach also engages external stakeholders as co-developers of business transformation and has resulted in competitive allies. Competitive allies are companies that work together through strategic alliances to enact system-level change while still functioning as competitors in the marketplace. The value of these sustainability-oriented strategic alliances arises from a reduction in sustainability risks and transaction costs and an improvement in organizational reputation associated with demonstrating responsiveness to material stakeholder concerns (Niesten & Jolink, 2020).

Realizing the value of strategic alliances is dependent on the effort applied to learning about other organizations in the alliance (Hübel et al., 2022). As organizations learn about their alliance partners, trust is built, which improves coordination and performance. Coordinated change across the ecosystem occurs when businesses synchronize their changes with external parties, resulting in disruptive innovation. In practice, coordinated changes may move faster or slower than internal or external stakeholders expect, thus requiring strong stakeholder engagement to manage relationships. Synchronized change also requires organizational leaders to look beyond differences in values and missions to focus on the joint alliance objective and trust partner motives (Hübel et al., 2022). The need to synchronize change across an industry sector or multiple sectors adds another complexity to organizational change management for sustainable development.

Leader Development Implications

Organizational development leaders can use the insights from this multiple case study to change how their organizations think about and design leadership development given the different skills needed to be effective change agents who lead an integrated, multi-stakeholder strategy. ESG/sustainability leaders translate concepts to application, using clear and simple language and visuals to communicate consistently across communication, find and engage passionate individuals as advocates, raise awareness, educate, find common ground, and speak to different motivations using influence. Sustainability leadership cuts across traditional disciplinary boundaries and requires addressing complexity and ambiguity on a continual basis, a skill development emphasis that is lacking from many leadership development programs (Shamrock, 2022), and that should be added as a core component. Leaders need to learn how to develop a learning orientation using a mix of learning by doing, acquiring knowledge from external sources, and collaborative learning (Ademi et al., 2024). Leaders also need to make the shift from specialists to generalists who are systems-oriented, curious learners.

Therefore, leadership development programs should be redesigned to incorporate content that:

- Demonstrates that business leaders can behave ethically, balance work with vision, and create organizational value without a need for trade-offs or compromise (Christensen et al., 2014).
- Develops deep and broad organizational knowledge that includes strategy, product development, business operations, accounting and finance, and other key functional units.
- Develops a mindset that embraces collaboration as a value-added activity with the ability to push boundaries and spark sustainable innovation organizationally and across ecosystems. Leaders with a collaborative mindset are committed to bringing necessary voices to engage in dialogue on complex, multi-layered challenges; have the ability to stay present and committed even in the face of chaos, not knowing, and discomfort; and are open to knowledge emerging from nonconventional sources or activities (Freije, 2023; Paxton & Van Stralen, 2015).
- Develops collaboration skills that engage stakeholders in creating solutions to complex system issues and scaling the solutions through effective partnerships and alliances (Hübel et al., 2022; Pohlman & Winston, 2022). Collaborative skill development should help leaders know how to cultivate environments that enable learning about and from partners on an ongoing basis.
- Develops a system-thinking orientation so that business leaders have the competence to own ESG, integrate ESG into strategy, and not rely on sustainability leaders to address all matters related to environmental or social sustainability (Latham, 2013a; Pohlman & Winston, 2022).
- Develops storytelling telling skills to improve organizational capacity for change. Leaders who are trained to identify and tell better stories, sharpen their listening skills, and gain insights into the perceptions and

concerns of multiple stakeholder groups (Dessart & Standaert, 2023; Kemp et al., 2023; Sadarić & Škerlavaj, 2023).

- Develops broad change leadership skills, including how to make sense of change, how to use influence to gain buy-in and move from resistance to ownership, and how to sustain momentum in an environment of constant change, combatting change fatigue and disengagement (Kemp et al., 2023; Khaw et al., 2023; Sadarić & Škerlavaj, 2023).

Sustainability-oriented organizations need a robust pipeline of leaders with broad and deep organizational knowledge who can engage multiple stakeholders in meaningful ways, navigate complexity, use systems thinking to understand challenges in their entirety, craft effective solutions, and make sense of change. These leaders must be able to adapt to a rapidly shifting business environment and function as change agents, storytellers, and visionaries to craft a yet-to-be-conceived future for the organization. Learning and development personnel have a critical role in enabling organizations to meet the challenges of sustainable development by redesigning leadership development programs to cultivate the required skills.

Limitations of the Study

Because the qualitative case study was limited to public companies producing sustainability reports, generalization to private companies, governmental entities, or nonprofit organizations is not supported and would require additional research. The use of voluntarily published sustainability reports and supplemental materials for the selected case study companies creates a bias toward organizations that have made an external commitment to sustainability. The external commitment could cause a filtering of information shared publicly and in interviews. Until sustainability reporting becomes a mandatory action requiring independent assessment, this limitation will remain but is mitigated through organizational diversity and cross-case analysis.

The organizations selected were already sustainability aware and internally committed to sustainable development. Although the interviewed leaders were actively engaged in the process of cascading sustainability awareness throughout the organization, not all were involved in creating the initial awareness. Therefore, the process that companies undergo to become initially sustainably aware was not fully explored. Additionally, the leadership practices and values of CSOs were captured, but their underlying motivations, such as spirituality, were not explored. Similarly, the study was not designed to validate a particular leadership theory and did not presuppose that a particular leadership style was best suited to ESG-oriented organizations.

Recommendations for Future Research

As an emergent field of research, the ESG leadership agenda is multi-pronged. This qualitative case study research should be extended to sustainability-oriented private companies, governmental entities, and non-profit organizations, as well as to other industry sectors. Future researchers should also explore how leaders create initial sustainability awareness to set the foundation for the organization to move toward sustainability awareness and commitment. The role of faith or spirituality in ESG leadership, specifically related to motivation, resiliency, and commitment to values noted within this study, should also be explored. Lastly, a quantitative study of the identified leadership practices of CSOs should occur to further validate observations and relationships between key practices.

To address gaps in the research regarding sustainability leadership and organizational change, an ISDL framework that consolidates constructs from transformational, servant, authentic, ethical, responsible, and sustainability leadership and clarifies definitions should be developed and validated. The ISDL framework should include distinctive definitions and constructs for sustainable and sustainability leadership to bring clarity and consistency to future sustainability leadership research. An organizational change model capable of capturing the dynamics of complex multi-level incremental and radical change should also be developed. The organizational change model should consider the elevated roles of stakeholder engagement, strategic storytelling, and organizational learning in sustainable transformation.

Summary

To successfully navigate the complexities of ESG and deliver upon the organization's commitment to environmental, social, and economic sustainability, a different type of leadership is required. Sustainability leaders must be able to act as organizational change agents. Viewing transformation as their primary job, these sustainability leaders seek out different skill sets in themselves and others, strive to integrate ESG into business strategy, and work toward business ownership of ESG. The leaders help the organization navigate the differing demands of internal and external stakeholders using a stakeholder-informed prioritization process to determine what matters and laser focus on those material issues. They also proactively manage their internal and external context by bringing the outside in so that organizational competence and capacity are expanded, and the organization can progress toward committed goals. Finally, these leaders continue to listen to stakeholders' voices and engage in storytelling so that the organization can shift strategy in a rapidly changing environment without damaging the organizational brand.

The leadership practices of ESG leaders reflected a combination of leadership styles responsive to the complexities of directing ongoing organizational change across long time horizons. These leaders used behaviors associated with transformational leadership to inspire change while leveraging authentic leadership-oriented behaviors to make sense of the change. Ethical leadership was a core value and sustainability leadership drove stakeholder engagement and systemic thinking and problem-solving practices. The mix of leadership styles points to a need for an ISDL framework in which stakeholder engagement and organizational transformation are focal concepts.

Organizational change strategies, which were not originally considered within the conceptual framework, emerged as a central consideration for ESG leaders. CSOs and TMTs functioned as change agents, architects, and storytellers, engaging multiple stakeholders in crafting and cascading vision across the organization’s extended footprint. Intentional and meaningful stakeholder engagement processes drove issue identification, prioritization, and modification. Listening and responding to the voices of stakeholders were defining characteristics of the case study organizations that repositioned stakeholder orientation from pacification to cultivation. As organizations brought the outside in through external advisory boards, strategic alliances and partnerships, and consultations, external stakeholders became active participants in shaping the organizational transformation and innovating business models. The expanding nature of stakeholder involvement in organizational leadership has implications for business leaders and their conceptualization of stakeholder engagement.

Leaders are empowered organizational change agents with accountability for strategic and operational integration of ESG. This role has implications for leader development. Leaders must be equipped to communicate across stakeholder groups, engage in systems thinking and innovation, and navigate complex organizational change in a shifting business environment. Traditional leadership development programs must be reimagined to support the growth of leaders capable of sustainable development.

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Appendix A

Semi-Structured Interview Protocol

Introduction

Key points to cover:

- My background, study scope, purpose, and intended outcomes
- General guidelines for the interview, including length of session, question format, recording of interview, confidentiality, and informed consent

Opening conversation:

- Talk about my interest in this topic, their initial reaction when I mentioned this study, and the drivers behind their willingness to participate in the study.
- Transition into the research questions, noting the three broad buckets that will be the focus of the questions.

ESG Leadership Philosophy

1. How do you define leadership overall?
2. What motivates and sustains you to do sustainability work?
3. What has shaped your leadership approach as it relates to ESG (e.g., experiences, leadership theories, faith background)?
4. What are your most significant ESG leadership challenges?
5. How do you balance short-term and long-term orientations within your leadership approach?

ESG Leadership Systems

6. How does your role/team support strategy execution?
7. What types of resources are made available to those charged with leading ESG initiatives to help them understand ESG and engage in solving ESG-related issues?
8. How has a focus on ESG affected organizational design (e.g., structure, systems, personnel)?
9. What type of skill development has been needed to move the sustainability strategy forward?
10. How has an ESG focus affected communication processes?

11. How do you determine which aspects of ESG to focus on internally and within the external reporting process?

ESG Leadership in Operation

12. What does sustainable development mean to you?
13. How has the organization conceptualized the relationship between economic, environmental, and social sustainability?
14. How does the sustainability office define and measure success at the organizational, group, and individual levels?
15. How are sustainability issues identified, elevated, and prioritized across the organization?
16. What happens when a sustainability issue is elevated to the sustainability office/council?
17. How are conflicts or potential trade-offs within or between sustainability dimensions navigated?
18. How are the decisions or outcomes of sustainability evaluations communicated internally?
19. What are the major ethical dilemmas that companies operating in your sector have to confront to make progress on sustainability?
20. What is the biggest challenge in improving the fit between corporate sustainability and competitive strategy?
21. How do you see sustainability changing in your company in response to the evolving business environment?
22. How has the leadership of sustainability changed in your company as the strategy has evolved and the business environment has changed?

Conclusion

Thank you and follow-up reminder. Also, confirm any outstanding data requests and the next steps in the research process. Share the planned timeline for data collection and analysis to manage expectations.

Appendix B

Informed Consent Form

You and your organization are invited to participate in a research case study seeking to understand how leaders make sense of ESG to guide sustainable businesses. Your organization was selected as one of four organizations for the ESG leadership case study based on its current sustainability performance as reflected in public sustainability reports and governance documents. Your participation is requested based on your appointed sustainability leadership role and the unique perspective you are able to provide on the process of leading sustainability within an organizational context. I ask that you read this form and ask any questions you have before agreeing to participate in the interview process.

This study is being conducted by: Tiffany Crosby, PhD candidate in the Jannetides College of Business, Communication and Leadership at Southeastern University. The results of the case study research will be used to further the understanding of how sustainability leaders navigate the evolving business environment and unique organizational context to achieve environmental, social, and economic goals and manage their ESG/CSR profile. The study is specifically focused on sustainability (ESG) leadership philosophies, behaviors, and practices and how ESG leadership has changed as the organization has matured in its sustainability journey. The research study does not explore any one aspect of ESG or seek to analyze or evaluate organizational sustainability values, strategies, or performance outcomes.

Procedures:

If you agree to participate in the study, I will ask you to participate in at least one 90- minute in-person or virtual one-on-one interview and ask for your permission to record the conversation. Guided by an interview protocol, I will ask you a series of questions in three broad topical areas: ESG leadership philosophy, ESG leadership systems, and ESG leadership in operations. I may also ask for a follow-up interview to expound further upon the interview questions. Your organization will receive a copy of the case study results at the conclusion of the research fieldwork and prior to finalization of the research report.

Confidentiality and Sensitive Information:

Case study records will be kept private and stored securely until the project's record retention timeframe has expired, after which time the records will be destroyed. The transcript of your interview conversation will be analyzed to identify themes pertinent to the primary research questions guiding the study, but the transcripts will not become part of the final report. Only the researcher will have access to the recorded discussions and associated transcripts. Additionally, the interview questions have been structured to reduce the likelihood of disclosing information that could be harmful or detrimental to the organization or the participant. Names and descriptive information that would readily identify the organization or participant will not be used in the formal research report that compiles the results of the four case study organizations. However, as a participant, you will be provided with the researcher's case summarization report for your organization that is used to identify the general themes to include in the final report.

Voluntary nature of the study:

Participation in this study is voluntary. If you decide to participate, you are free to not answer any question or withdraw at any time without any further obligations.

Contacts and Questions:

If you have any questions or concerns about the research study or your participation, you are encouraged to contact the researcher, Tiffany Crosby, at tcrosby@seu.edu, the Dissertation Research Committee Chair, Dr. Deborah Dean, at djdean@seu.edu, or the Institutional Review Board at Southeastern University at irb@seu.edu.

Appendix C

Document Analysis Protocol

Within Case Analytical Procedures

1. Create a descriptive summary of the document.
    a. Record the document's accessibility and stated purpose.
    b. Summarize what the document enables us to see/make visible, how the document is structured and organized, and the document's interaction with other documents.
    c. Note initial observations from a casual review of the document. How does the document affect you as a reader? What stands out to you?
2. Create an analytical reflection memo for key individual documents and the document set (i.e., a group of related documents such as governing policies) addressing how the documents establish the ESG leadership context.
    a. How does the document describe and frame ESG? What appears to be at stake?
    b. What concerns and ideals are expressed?
    c. What do the documents enable and inhibit related to ESG matters?
    d. What do the documents tell us about leadership expectations?
    e. What do the documents reveal about communication patterns?
    f. How are decision-making guidelines reflected, and specifically, how is the balance between environmental, social, and governance instituted in practice?
    g. What do we learn about how ESG is governed? How does something become an ESG issue?
    h. What underlying assumptions seem to be embedded within the document, and what can we discern from those assumptions?
3. Code key documents (or associated analytical reflection memos) using established coding protocols.

4. During semi-structured interviews, note references to the document and inquire into the desired goals of brand management (Asdal and Reinertsen, 2022).

Cross-Case Comparative Procedures

1. Identify components of sustainability reports and governing documents that are similar across cases and implications for ESG leadership.
2. Identify components of sustainability reports and governing documents that differ across cases and implications for ESG leadership.
3. Summarize observations from the cross-case comparison of documents.

Appendix D

Case Study Template

Key Company Information	
Company Identifier	
Field Dates (Range)	
Important Contextual Information	

RQ1: What does the process of leading ESG look like in companies publicly committed to sustainable development?

- How ESG (sustainability) leaders engage with the organization to integrate ESG (Q6, Q7, Q8, Q9, Q10, Q18).
- What leadership theories, behaviors, or practices sustainability leaders and top management team members have relied upon (Q1, Q2, Q3, Q4).
- How leadership roles that sustainability leaders assume change as the organization matures in its sustainability journey (Q21, Q22).

Identified Themes (Summary and Supporting Data Points / Quotes)

Unusual Items (outliers, extremes, surprises, unique matters)

Cross-case Considerations (callouts)

RQ2: How do sustainability leaders integrate ESE goals?

- How sustainability leaders have conceptualized the relationships between ESE and ESG (Q11, Q12, Q13).
- How leaders manage the tensions, strategic contradictions, and paradoxes associated with TBL Q15, Q16, Q17).

- How ESG leaders sustain a commitment to the long-term view and ESE goals given the need to deliver satisfactory short-term results and generate shareholder wealth (Q5, Q19, Q20.

Identified Themes (Summary and Supporting Data Points / Quotes)

Unusual Items (outliers, extremes, surprises, unique matters)

Cross-case Considerations (callouts)

RQ3: How does the internal and external context in which sustainability leaders operate affect their approach to leading the organization's ESG strategy?

- How leaders determine which stakeholder influences to prioritize (Q15, Q16, Q17, Q19).
- How benchmarks and measurements are used to operationalize ESG-related changes (Q14).

Identified Themes (Summary and Supporting Data Points / Quotes)

Unusual Items (outliers, extremes, surprises, unique matters)

Cross-case Considerations (callouts)

Appendix E

ESG Company Analysis

The following attributes will be captured for companies identified as potential candidates for case study evaluation. Company-specific information (e.g., stock exchange ID) captured in this analysis as part of the evaluation of an organization for case selection suitability will not be included in the final case files or dissertation report to maintain confidentiality. Instead, companies will be assigned a generic identifier.

Market Classification and Capitalization Information

Stock Exchange Listed (Name)

Stock Exchange ID

GICS Sector / Industry Code

NAICS Code

SIC Code

S&P 500 Inclusion (Y/N)

Fortune 500 Inclusion (Y/N)

Market Capitalization

ESG Benchmarking and Performance Information

ESG Rating Date

ESG Rating

Industry Rank

Global Rank

ESG Rating Source

ESG Commitment Statement Key Words

ESG Environmental Focus

ESG Social Focus

ESG Governance Focus

ESG Sustainability Report Highlighted Actions

ESG Goals

ESG Governance Structure

Stakeholder Definition

Governing Documents

Reports Published

ESG Point Person

Appendix F

ESG Case Study Candidates Evaluative Criteria

Primary Criteria
Corporate sustainability has already been embedded in the core strategy
A clear vision of corporate sustainability already exists
Clear corporate sustainability strategies
Public company or private company that voluntarily reports financial information
Publishes sustainability reports accessible to the public
Published sustainability reports contain robust voluntary ESG disclosures
Located in an easily accessible Midwest geographic region to permit in-person interviews if desired (Ohio, W. Indiana, N. Kentucky, S. Michigan)
Sustainability leader willing to be interviewed in-person or virtually and have the interview recorded
Sustainability leader willing to provide access to team for recorded interviews (e.g., direct reports, key committee leaders)
Sustainability leader willing to make key documents available if not accessible through the public website (e.g., policy statements, committee charters)
Study participation would not trigger public disclosure requirements
Document availability
ESG-related policies (may vary by company, but sustainability report should inform)
Codes of conduct
Industry context
The industry is not replicated with another case selected for study (ideal)

Appendix G

Code System by Research Question

Code System	Frequency
Code System Summation	**507**
RQ1 What does the process of leading ESG look like	0
Theme: ESG Leaders Seek Different Skillsets	1
Concept: ESG Requires New Skills	22
Concept: Values Matter	9
Values: Fairness and Equity	4
Values: Collaboration	3
Values: Transparency	12
Values: Steadfastness and Resiliency	16
Values: Humility	7
Theme: ESG Leaders Strive for Business Strategy Integration	3
Concept: ESG Strategy is Corporate Strategy	24
Concept: Finding Sustainability Solutions Drives Innovation	10
Theme: ESG Leaders Identify Transformation As Their Primary Job	1
Concept: ESG Leaders Need Breadth and Depth	14
Concept: ESG Leaders Do Transformational Work	22
Process: Building Cross-Functional Teams	17
Process: Cascading the Vision	34
Value: Stewardship	2
Process: Understanding Reality	20
RQ2 How do sustainability leaders integrate ESE goals	0
Theme: Know What Matters and Laser Focus On It	4
Concept: Balancing ESG Pillars (No Trade-Offs)	36
Concept: Prioritization	19
Theme: Business Leaders Must Own ESG	3
Concept: Build Relationships With Business Leaders	8
Process: Building Busines s Leader Buy-In	13
Concept: Creating Connection to the Long-Term Goal	5
Values: Doing Good is Good Business	17
Values: Identity	7
Concept: Empowerment and Accountability	17
Concept: Transferring Ownership Takes Time	10
RQ3 How does internal / external context affect ESG leadership	0
Theme: Expand Competence and Capacity By Involving the Outside	2

Code System	Frequency
Concept: External Expertise	8
Concept: Leverage External Partners	17
Concept: Shift Thinking About Market Engagement	7
Process: Building alliances	10
Theme: Evolving Strategy in Rapidly Changing Environments	7
Concept: Stakeholder-Informed Decision Making	5
Concept: Protect the Organization	15
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