Shaping Virtues Leadership to Enhance Corporate Social Responsibility and Sustainability. Insights from a Case Study

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Abstract

The work addresses attention to the leadership attributes that allow managers and entrepreneurs to develop authentic CSR-oriented strategies and foster sustainability. After tracing the theoretical framework, the work presents the empirical analysis based on a qualitative approach and a case-study method relative to an Italian company – Geico Spa whose traits of excellence are relative to both the business and the leadership model.

Findings point out that the leadership style leads to a business model that allows people inside and outside the company to flourish and the company to grow across all dimensions (economic, financial, competitive, social, environmental and ethical). Moreover, the analysis reveals that what authentically drives CSR strategies and animates the organization to achieve a sustainable development is a leadership style that lies on a passion for the good of the company pursued in harmony with that of all its internal and external interlocutors and its surrounding environment. The work has both scientific and managerial implications. On the one hand, it contributes to shed light on the relationship between intrinsic motivation, charismatic, servant and transforming leadership and authentic CSR. On the other hand, the study points out specific virtues that enable virtuous competencies for enhancing CSR and sustainability that can be developed through educational and professional practices, thus opening new trajectories for a fruitful convergence of theory and practice.

Keywords: authenticity, corporate social responsibility, integrity, sustainability, virtue ethics, virtues leadership.

JEL Classification: M1, O1.

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1. Introduction

Implementing sustainability within the business context means integrating corporate social responsibility (CSR) into the core business. In order to face urgent societal and ecological challenges companies are called to apply core competencies and foster social innovations (Schmidpeter, 2014). Previous literature pointed out that a critical factor to prevent corporate social irresponsibility (Jones et al., 2009; Lin-Hi & Müller, 2013) and avoid the gap between theory and practice of corporate responsibility and sustainability is represented by the leadership model (Herlyn & Radermacher, 2014; Shepherd & Patzelt, 2017) and the entrepreneur/top management’s intrinsic orientation (Looser & Wehrmeyer, 2015; Del Baldo, 2018).

Research on sustainable entrepreneurship has emphasized the need for a coherent leadership model oriented to pursue both social and business value (Schaltegger & Wagner, 2008; Osburg, 2014). Sustainable entrepreneurship can be understood as an entrepreneurial approach to developing business solutions to address the most urgent social and ecological challenges. It is an ongoing commitment by business to contribute to economic development while at the same time improving the quality of life of societies and the environment (World Business Council for Sustainable Development, 2012). In this regard some authors argue that a key for sustainable development rests on the creation of networks of “sustainability champions” formed by people capable to testify that business ethics is not just “a business trend with no real value” (Bachmann, 2017: 5 and 6) for whom sustainability is not only a “nice to have” but a business imperative” (Ionescu-Somers, 2014: 188).

Starting from these premises, the work addresses attention to the leadership attributes that allow managers and entrepreneurs to develop authentic CSR strategies and foster sustainability. Namely, it aims to provide a reply to the following research questions: On which attributes and intrinsic motivation does sustainable leadership rest? Which are the leadership models at the basis of authentically-driven CSR strategies and actions?

The work is structured as follows. Sections 2 and 3 trace the leadership framework in the contest of the CSR debate (Visser, 2011; Bouckaert, 2011; Schaltegger et al., 2011), while section 4 presents a case-study that sheds light on corporate sustainability management in daily business and inquires into the extent to which leadership drives CSR implementation (Salzmann et al., 2005; Schaltegger et al., 2012). Sections 4 and 5 respectively discuss the findings and summarise the implications of the study.
2. Leadership and authentic corporate responsibility

Responsible leadership has been defined as a ‘relationship between leaders and stakeholders with the purpose of ‘achieving sustainable values, creation, and social change’ (Pless, 2007: 438; Pless & Maak, 2011). In the last few years, particularly in the light of the global economic crisis, both the business world and the scientific community have pointed out the role of values and virtues in managing a business (Ketola, 2008). Values and virtues allow to establish authentic relationships that highly contribute to business success since they led to increased value, accelerated growth, enhanced innovation and improve collaboration, partnering and loyalty (Covey, 2008).

Business ethics literature emphasises the role of authenticity and virtues in the corporate context (Carrol, 2000; Driscoll & Hoffman, 2000; Pruzan, 2001; Zadek, 2006). Virtue ethics and moral leadership favour a learning environment and enhance respect and trust, capability of listening to the stakeholders’ expectations and needs, as well as cooperation and active engagement (Visser, 2011; Hoivik von Weltzien, 2014).

Drawing from Aristotle ethics, a person is regarded as being virtuous if he/she leads a good life as a member of a family, a community, or an organization (Aristotle, 2009). Virtue ethics aims at developing a virtuous character of the acting subject in order to improve the trustworthy relationship to the different stakeholders (Schüz, 2012 and 2017). Shaping the capabilities of individuals and organizations to act more ethically it enhances ethical corporate identities and integrity, thus allowing best practices to emerge.

A virtuous behavior is based on honesty, courage, generosity, temperance, reliability, trustworthiness and wisdom. It consists of different capabilities, situations, attitudes and dispositions, which lead to a unique corporate identity and generate trust, reducing or avoiding transaction costs and increasing success (Solomon, 1999; Schüz, 2017). Several companies pay great attention on training programs aimed at developing virtuous behaviors and fostering self-responsibility among their employees and collaborators.

In particular, integrity is a virtue enabling to do the ethically right thing in a certain situation instead of relying on a compliance based ethics of duties (Schüz, 2017). Within the CSR context, integrity is connected to entrepreneurs and managers’ motivations that drive towards an intrinsic orientation. In this regard Martin (2002) identifies two types of motivations for CSR: instrumental motivations (aimed at increasing the shareholder value) and intrinsic motivations (given from the conviction that acting in a certain way is the right thing to do). “CSR is about how a business is run; values and beliefs become real when they are lived every day and no amount of corporate rhetoric can substitute for direct evidence of management’s sincere and meaningful dedication to a consistent set of values” (OECD, 2001: 159). Several authors point out that CSR activities can manifest intrinsic (or idealistic) and extrinsic motivations (Linnanen & Panapanaan, 2002; Muller & Kolk, 2010; Swanson, 1999; Costantinescu & Kaptein, 2018). “One of the main research topics related to CSR concerns the motivation that “catalyses organizations to engage in increasingly robust CSR initiatives” (Aguilera et al., 2007: 837).

Extrinsic CSR is formalised and aimed at external recognition and legitimacy that is improving image, market share and financial success (Porter & Kramer, 2006). Often this opportunistic approach generates the “greenwashing” phenomena (Gray et al., 2014; Visser, 2011; (Castelló & Lozano, 2011; Mahoney et al., 2013).

Intrinsic CSR rests on a business culture making CSR a moral duty, as argued by several authors (Carroll, 1991; Campbell, 2007; Del Baldo, 2013 and 2014; Looser & Wehrmeyer, 2015). The underlying motivation, which affects the entrepreneur and the organization increases perceived sincerity, nurtures a positive relationship with employees and customers (Graafland & Van de Ven, 2006; Story & Neves, 2015) and drives social change, being that authentic CSR has the power to generate “social goods” (Spence et al., 2004). New frameworks and approaches are in fact required to implement sustainable entrepreneurship (Mirvis et al., 2013), starting from enacting a social vision for the company and bringing employees at the center (Accenture, 2010).

Sustainable entrepreneurship is driven by intrinsic motives, often derived from the leader’ personal and community-based values (Graafland & Mazereeuw-Van der Duijn Schouten, 2012; Fifka 2012; Story & Neves 2015). Vision and values are consistent with responsible business practices and sustainable leadership (Jenkins, 2009; Lamont, 2002).

Managerial and entrepreneurial decisions oriented to sustainability rest on a set of values implemented at the individual and organizational level (Shepherd, & Patzelt, 2017; Stephan et al., 2016; Melé, 2009; Jenkins, 2006; Del Baldo, 2012 and 2014; Spence & Schmidpeter, 2003). “Scholars have highlighted managerial motivations (Heugens et al., 2008) related to morality, positioning CSR as desirable in itself (Carroll, 2000;
Lindenberg, 2001), in a values-driven perspective that sees CSR as the right thing to do (Ellen et al., 2006; Vlachos et al., 2013; Costantinescu & Kaptein, 2018: 2).

Values and virtues are considered the pillars of practical wisdom in the European society (Walker, 2015) and orient the business towards a “maturity model of CSR” when anchored to cardinal virtues (Del Baldo, 2017). Indeed, justice has a strong relationship with solidarity and integrity; temperance is related to respect, appreciation, freedom; fortitude has a strong connection to subsidiarity; prudence is linked to the values of responsibility, accountability and liability. All these attributes are a precondition for achieving sustainability (Walker & Salt, 2006) and have a common root in authenticity.

“A strategy based on integrity holds organisation to a more robust standard” (Paine, 1994: 111). The effectiveness of an integrity strategy rests on a set of fundamental pillars: the guiding values and commitment make sense and are clearly communicated; company leaders are personally committed, credible and willing to take action on the values they espouse; these values are integrated into management decision making and are reflected in the organization’s critical activities; the company’s systems and structures support and reinforce its values; managers throughout the company have the decision-making skills, knowledge, and competencies needed to make ethically sound decisions on a day-to-day basis (see: Paine, 1994: 112). Organizational practices include both a formal (the organizational structure that is written tasks, responsibilities and procedures, such as the ethics program of the organization) and an informal dimension. This latter – equivalent to the organizational culture – encompasses the unwritten expectations, norms and values, which form up the perceived conditions that stimulate or impede the ethical behaviour of employees (Treviño & Brown, 2004; Kaptein, 2011; Costantinescu & Kaptein, 2015).

In the last decades, virtue ethics has received an increasing scholarly attention (Ferrero & Sison, 2014; Kaptein, 2011). Virtues such as community and integrity (Solomon, 1999), reliability and respect (Shanahan & Hyman, 2003), consistency and achievability (Kaptein, 2011) have been proposed as desirable characteristics to be pursued at the organizational level, to project organizations as communities where virtues are practiced (Solomon, 1992) and form the intrinsic motivation that generates successful business behaviour. Organizational virtue may be used to managing CSR strategically, engaging both internal and external stakeholders (Chun, 2017).

To identify the intrinsic drivers, that is those characteristics of the organizational culture that stimulate individual ethical behaviour and lead to ethical performance, a specific model (Corporate Ethical Virtues Model) has been developed (Kaptein, 1998, 2008, 2011, 2017; Kaptein & Wempe, 2002). The organizational virtues, which organizations should possess in order to excel morally (Kaptein, 2008), include: clarity, consistency, achievevability, supportability, visibility, discussability and sanctionability (see Kaptein, 2011: 847). Clarity refers to the way moral expectations towards employees are expressed by organizational practices (Kaptein & Wempe, 2002; Kaptein, 2011). Congruency concerns the extent to which moral expectations regarding employee’s behaviour are detailed within organizational practices in a way that is compatible and consistent (Brown & Treviño, 2006; Kaptein, 2011). Achievability expresses the optimal balance between moral expectations formulated by organizations and employees’ capability to live up to them Supportability concerns the extent to which individuals are fostered or hindered by the organizational practices to behave ethically, for instance by providing the necessary motivation. Visibility points to the way ethical and unethical behaviour is made manifest within the organization. Discussibility allows employees and managers to openly discuss ethical dilemmas and resolve potential unethical behaviour. Finally, sanctionability refers to the likelihood that employees are punished or rewarded for unethical/ethical behaviours (Kaptein & Wempe, 2002; Kaptein, 2011).

“From a virtue ethics perspective, organizations urge to assume an overall moral goal that transcends economic objectives” (Constantinescu & Kaptein, 2018: 10). When organizations strive for ‘virtuousness’ (Cameron et al., 2004) they create through organizational practices (including the informal culture and formal structures) the proper context for human excellence (Bright et al., 2006; Sison & Ferrero, 2015; Sison et al., 2017), thus supporting individual and organizational excellence (Morse, 1999). Accordingly, to such theoretical construct, the following sections briefly introduce the leadership models that rest on virtuousness.

3. Leadership models for shaping virtuousness

The ability to “walk the talk of morals” (Bass & Steidlmeier, 1999) is positively related to transformational and charismatic leadership (Liu, 2007; Olsen, 2010; Brown, 2011; Palshikar, 2007) capable of turning problems into opportunities (Bruni & Sena, 2013). Personal responsibility, vision, moral virtues, integrity,
faith in personal commitment, shared social responsibility and solidarity are typical attributes of charismatic leaders (Becker, 1998) which leverage a virtuous corporate culture in organizations. Charismatic leaders build an energetic and positive attitude in others and inspire them to do their very best by creating a common sense of purpose (Shamir et al., 1993; Cardona, 2000; Jacobsen, 2001; Palshikar, 2007; Opdebeeck, 2013).

Among the cultural characteristics that influence a leader’s effectiveness, are included charisma and the ability to motivate people by leveraging the transmission of corporate values, orienting them towards common goals through involvement in the decision-making process, the level of compassion and generosity and the ability to provide human support to the members of the organization (Globe, 2008).

Transformational leadership is associated with altruistic ethics (Groves & LaRocca, 2011) and stimulates the consciousness of followers by appealing to higher ideals and moral values, such as justice and equality (Burns, 2004). It refers to the process of building commitment to the organization’s goals and empowering followers in order to fulfil these goals (Burns, 1978; Bass, 1985 and 1997; Bass & Avolio, 1988 and 1990; Bass & Bass, 2008). Its dimensions include charisma and intellectual stimulation (Avolio & Gardner, 2005; Bass & Avolio, 2000; Waldman et al., 2006). Transformational leadership becomes moral in that “it raises the level of human conduct and ethical aspiration of both leader and led, and thus it has a transforming effect on both” (Burns, 1978: 20). A relationship between transformational leadership and trust, commitment, profit and positive organizational outcomes has been pointed out by a number of studies (Lowe et al., 1996; Olsen, 2010: 17-18).

Transformational leaders are highly ethical and focused on values (Bass & Steidlmeier, 1999). The transformational leader is one “who articulates a vision of the future that can be shared with followers, intellectually stimulates them, and pays attention to individual differences among employees” (Du et al., 2013: 157). The extent to which a leader is transformational is primarily measured by the leader’s effect on followers in terms of trust, admiration, loyalty and respect, often displayed in their motivation to do more than they thought possible (Bass & Riggio, 2006; Yukl, 2010). Leaders with moral integrity (Becker, 1998) always encourage open and honest communication (Gottlieb & Sanzgiri, 1996) and positively impact on followers’ level of justice reasoning (Ruisi, 2010; Hoivik von Weltzien, 2014).

Using Bass and Avolio’s components (2000), transformational leadership was measured according to three major dimensions (Bass, 1985; Waldman et al., 2006): (1) charisma, which “provides followers with a clear sense of purpose that is energising, a role model for ethical conduct, and builds identification with the leader and his or her articulated vision”; (2) intellectual stimulation, which “gets followers to question the tried and true ways of solving problems, and encourages them to question the methods they use to improve upon them”; and (3) individualised consideration, which “focuses on understanding the needs of each follower and works continuously to get them to develop to their full potential” (Avolio et al., 1999).

Finally, servant leadership (Greenleaf, 1977; Laub, 2004; Page & Wong, 2000; Spears, 1995; Patterson, 2003; Winston, 2003; Irving, 2010) represents “a practice of leadership that places the good of those led over the self-interest of the leader” (Laub, 2004: 81) that enhances follower commitment, organizational trust, and job satisfaction (Groves & LaRocca, 2011; Liu, 2007). Typical servant leadership behaviours are: valuing and developing people, building communities, displaying authenticity, providing leadership and sharing leadership (Laub, 1999 and 2004). Developing people implies favouring the flourishing of people within the organization, while building community is relative to the leader’s capability to construct and nurture a sense of community within the organization. Displaying authenticity affects the ways the leader is and demonstrates honesty and integrity (including being open and accountable, demonstrated willingness to learn), while providing leadership affects the means used to provide leadership for each employee and the whole organization. Finally, sharing leadership relates to the leader’s willingness and capability to share leadership.

West and Bocarnea (2008) found that the servant leadership constructs of service, humility and vision contributed to organizational commitment and job satisfaction (Patterson, 2003; Winston, 2003). Organizations perceived as servant-led exhibit higher levels of both leader trust and organizational trust than organizations perceived as non-servant-led (Errol & Winston, 2005). A relevant body of literature has been developed on this last topic, confirming the positive relationship between servant leadership and job satisfaction (Laub, 1999; Irving, 2005; Hebert, 2004; Micears, 2004; Anderson, 2005; Van Tassell, 2006).

The pillars of charismatic, transformational and servant leadership will be considered as a theoretical framework for the case analysis presented in the subsequent section.
4. The Case Study

4.1. Methodology

The empirical analysis have been developed using a qualitative approach (Bailey, 2007) based on a case-study method (Yin, 2009; Eisenhardt & Graebner, 2007) that is considered particularly suitable to examine a contemporary phenomenon in its real-life context (Wisnoentoro, 2014). Despite the limitations of this research approach, tied to the non-generalization of the results, it allows a comprehensive and deep analysis. Namely, the use of a case-study approach has been detected in recent literature on servant leadership (McNeff & Irving, 2017).

The case is relative to an Italian company – Geico Spa, selected for traits of excellence relative to both the business and the leadership model. For years Geico has been part of a multi-stakeholder table (formed by scholars, academics, entrepreneurs and managers) aimed to share business experiences and best practices in collaboration with the Italian Institute for Corporate values (ISVI, 2017). Recently, the company has been included among the Italian enterprises characterised for their far-sighted and sustainability-orientated strategies and capable to successfully combine financial, social, environmental and ethical objectives (Serio, 2017).

We used secondary sources to collect data. First, we carried out a document analysis based on Geico annual reports, press releases and information downloaded from the company website (Dec 2016-Feb 2017), followed by the analysis of books and articles published in the last five years (2012-2016) referred to the company and the entrepreneurial/managerial team (Zattoni, 2016 and 2017). Finally, a participant observation was performed during several forums and ISVI’s round tables held in 2016 and 2017.

4.2 GeicoTaikisha

Company profile

Geico is a world industry leader in engineering, construction, installation, and commissioning of automated turnkey vehicle body painting systems. It is headquartered in Cinisello Balsamo, in the province of Milan (Italy). Geico’s mission is “to understand and pursue customer expectations with respect for people, the local community and the environment”. The aim to grow and contribute to the society is stated by the corporate philosophy (Geico Annual Report, 2015), as well as the purpose to preserve the environment: “For us the future has a date, a name and a goal: 16 June 2020, Energy Independence Day, to produce zero environmental impact painting systems”.

Geico’s history spans 50 years. Founded by G. Neri and G. Mandelli, from its beginning the company developed important partnerships with large international groups in the painting system sector (such as Drysys Equipment, Carrier and Haden). In the 1970s, the oil crisis and a tense political climate upset the balance: Haden Drysys sold its shares to Gecofin, owned by the Neri’s family. In the meantime, Geico’s group subsidiaries were expanding: Arabinia Ali Reza, G. Neri’s son-in-law, managed the Nigerian branch, before being charged to direct Fast, a company located in Italy specialized the manufactures paint tinting and mixing machines. In 1994, after the founder’s death, Arabnia and his wife Laura took the control of the Group whose proprietorship (51% of shares) was later acquired by Comau, a company of the Fiat Group. In 2006, Geico was back in the hands of the Arabnia family, which took over Haden Drysys patents and launched the Geicoproject international network. In 2009, despite the economic global economic crisis, the Chief Executive Officer (CEO), Arabnia A.R, decided to stake everything on innovation with the view of displacing competitors on the recovery of the market. In 2013, the “Pardis Innovation Centre” was inaugurated: the most important car painting R&D centre in the world and the concrete expression of Geico’s philosophy.

In 2011 the Group set up an alliance with Taikisha, a Japanese large company specialised in paintings systems. Gecofin maintained the 49% of shares. Leveraging on a more sustainable size and a better financial stability the Group strengthened its internationalisation process and consolidated the competitive and technological leadership through innovative and eco-efficient solutions. Currently Geico and Taikisha have a joint presence in 28 countries, a network of over 52 offices, 6 manufacturing units and an annual turnover of $1.8 billion. The group counts over 5,000 employees, of which about 1,000 are engineers and painting industry specialists.

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1 The round tables and forums were held at the University of Bocconi (Milan).

2 The financial statements of Geico Spa and its subsidiaries are consolidated in Taikisha Group financial statements (holding). Drawing from the Annual Report 2015 (Taikisha Ltd. and its Consolidated Subsidiaries, as of March 31, 2014 and 2015; April 2014 - March 2015) the company has total liabilities and net assets of $1,565,511 (Thousands of US dollars), Net sales of completed construction contracts $1,526,969; Net income: 50,592; Sales: ¥183,648 million (Consolidated: year ended March 2015) and a number of employees: 4,795; Research & Development costs: of approximately €5 million were recorded in 2013 alone.
Despite the growth and the alliance with Taikisha Ltd, Geico’s philosophy, drawn from the family firm, has not changed and still represents a driver for the Group’s success. On occasion of its fiftieth anniversary, Gecofin inaugurated the “Laura’s Garden of Thoughts”, conceived as a place where people find their physical and mental balance and pursue their well-being.

**The business model**

The company is committed to achieving the excellence through on-going innovation, investing in know-how and human resources. Geico is ‘made by people for people’. “We believe in innovation and passion: our true edge. It is our people who inject fuel into our engines, who allow us to continuously improve our performance and who guide us towards our next stop, Energy Independence Day. We believe in people and their well-being. Only when rationality and creativity combine can unimaginable results be achieved. We believe in excellence and continuous improvement. And that is what we aim to achieve”. According to the afore mentioned statements, the corporate strategies are focused on: human resources development; continuous innovation; constant investment in technology and know-how; penetration of international markets; global commercial and technological alliances and efficiency improvement.

Such orientation led the Group to become the second world player in the industry and the most prestigious centre in terms of technology for the automotive sector, awarded by several institutions, including the prize for a study on the balance between emotional and analytical intelligence within the business context.

The values are the soul of Geico (Tab. 1) and drive the company to implement its mission.

<table>
<thead>
<tr>
<th>Table 1. Geico’s Fundamental Values</th>
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<tbody>
<tr>
<td>Loyalty</td>
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<td>Transparency</td>
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<tr>
<td>Consistency</td>
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<tr>
<td>Determination and Passion</td>
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</table>

Source: our elaboration from Geico’s corporate website

The core business requires continuous investments in engineering and services to provide customers with the most competitive and technological solutions, respectable of the environment. At the same time, people (customers, employees, suppliers and partners) are at the core and the Group is actively engaged in understanding their expectations, respecting their differences and encouraging their passions in order to create a healthy and challenging work environment. Growth and development of individuals is one of the pillars of the business model, such as respect for the past, present and confidence in the future. Moreover, Geico’s focus is on ethics and the company is engaged in encouraging honest, dignified and respectful behaviour, both internally and externally, as pointed out in the following section.

**The governance and the leadership model**

Geico’s board of directors comprises 7 members including Ali Reza Arabnia, the current Chairman and past CEO. The company adopts an organizational model that includes the code of ethics to regulate the conduct of directors, employees and partners (in compliance with Italian Legislative Decree no. 231 of June 8, 2001 on corporate liability and Legislative Decree no. 61 of April 11, 2002 on the reform of corporate offences and security). The code of ethics identifies the corporate values and emphasizes the rights, duties and responsibilities of internal and external stakeholders. It has been developed to ensure that the Group’s core ethical values are clearly defined and constitute the cornerstone of the corporate culture. “Each of us is proud of the strict rules of conduct associated with Geico Group employees. Let us decide together to continue to be a company that is not willing to tolerate anything but complete honesty, fairness and integrity in dealing with all groups that count on us. The Group strives to ensure that the principles of the Code are shared by stakeholders, being aware that “strict moral rules are in reality also an advantage for business and constitute a corporate asset” (see Zattoni, in ISVI, 2016: 32). The Code consists of three parts: the ethical principles; the rules of conduct; and the implementing rules.

www.taikisha-group.com

*In 2017 Arabnia’s son entered the role of CEO. In this regard, the President affirmed: “My son's values are the same as mine and those of Geico. His tastes and his way of doing things may be different, but the values are the same. Geico will be based on these values for as long as our family remains at the helm” (Zattoni, in ISVI 2016: 27).
A second fundamental tool is represented by the Geico’s staff assessment parameters that cover four areas: a) Competence, b) Growth, c) Loyalty/Ethics and d) Leadership. The assessment is divided into quarters and the possible levels of evaluation range from 1 to 4. Evaluation parameters include several aspects (Tab. 2) that form the pillars of the corporate culture triggered during several years. Starting from more than a decade Arabnia organized cultural courses to communicate the new corporate values on which to rebuild the approach to work. He wanted to facilitate the transition from a management model based on ‘Monarchic Darwinism’ to one based on altruism, sharing and team working. Values such as respect, fairness and hospitality replaced careerism, classism and individualism pursuing the organizational changes. His desire was to transform Geico employees into responsible, polite and friendly people” (see Zattoni, in ISVI, 2016: 12).

Table 2. Geico’s staff assessment parameters

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Content</th>
<th>Maximum Range</th>
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<tbody>
<tr>
<td>Technical and professional capacity</td>
<td>Has extensive specialist skills.</td>
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<tr>
<td>Performance/results orientation</td>
<td>Able to get involved in situations that arise due to decisions taken; rationally, efficiently and without anxiety addresses the problem resulting from the decisions taken.</td>
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<td>Reliability</td>
<td>S/he is accurate, knows how to respect deadlines and commitments by adjusting his/her and/or the organization’s actions and fully satisfying the agreements with those in the relation.</td>
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<tr>
<td>Analysis and Synthesis Capacity</td>
<td>Systematically analyses the situation to determine the causes and consequences. Determines in advance the steps of a process and what is needed to accomplish a task or achieve a goal. Expresses the essence of the problem to others.</td>
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<td>Availability</td>
<td>Responds without limitations to exceptional needs of the company.</td>
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<td>Flexibility both toward situations and others</td>
<td>Enthusiastically welcomes new situations and adapts quickly without preconceived opposition. Accepts changes in his/her role also using previous experience.</td>
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<tr>
<td>Proactivity/Innovation (Creativity)</td>
<td>Interconnects concepts and elements that others have not linked and generates original ideas. Out of the box thinking to find realistic solutions outside of his/her own scope.</td>
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<tr>
<td>Potential (Planning, Versatility)</td>
<td>Seeks situations that are unusual to implement his/her own growth plan. Has capabilities and qualities that are marketable at deeper levels and/or in different areas.</td>
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<tr>
<td>Ambition</td>
<td>Knows exactly what s/he wants and how to get it. Is always willing to make sacrifices beyond the norm to achieve his/her own growth objectives. Creates situations necessary to support his/her own growth.</td>
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<tr>
<td>Company Spirit (sense of belonging)</td>
<td>Actively participates in company life; internal and external behaviours show his/her pride in being part of the company, creates opportunities to strengthen the sense of belonging in others.</td>
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<tr>
<td>Ethics/Loyalty</td>
<td>Practicing the declared ethical values His/her behaviours fully reflect the company's ethical values; practices the declared ethical values (consistently) and helps others do the same.</td>
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<tr>
<td>Correctness</td>
<td>In every situation, his/her behaviours are correct, dignified and respectful towards both internal and external stakeholders, helps others do the same.</td>
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<tr>
<td>Relationships with others/contribution to improving the human environment</td>
<td>Collaborates with colleagues by creating a good business climate without compromising work programs.</td>
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<td>Social intelligence</td>
<td>Able to diagnose social situations; grasps and analyses influences and interpersonal relationships in a group and helps others do the same.</td>
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<tr>
<td>Cooperation</td>
<td>Integrates own efforts with those of others, provides and asks for information, makes own efforts available to others; invites others to do the same.</td>
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<tr>
<td>Altruism</td>
<td>Spontaneously helps colleagues even making sacrifices. Pays great attention to people, ensuring the highest degree of respect for others (colleagues/co-workers, customers, suppliers, partners), understanding their needs while respecting diversity and supporting their passion.</td>
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<tr>
<td>Disposal of others</td>
<td>Sense of responsibility</td>
<td></td>
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<tr>
<td>Responsiveness to others</td>
<td>Has a high sense of responsibility: does not allow external factors to affect reaching the objective. Puts the company’s needs ahead of personal problems. Conveys this sense of responsibility to colleagues/collaborators. Commitment and willingness are constant. Despite difficulties, s/he wants to achieve the objectives, without being fanatical or stubborn.</td>
<td></td>
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<tr>
<td>Perseverance</td>
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Table 2 (cont.). Geico’s staff assessment parameters

<table>
<thead>
<tr>
<th>Parameters</th>
<th>Content</th>
<th>Maximum Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discipline</td>
<td></td>
<td>Respects and helps others understand and respect the organization’s rules and constraints, promoting the quality of results.</td>
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<tr>
<td>Personality</td>
<td>Persuasion</td>
<td>Able to put forward his/her ideas. Tends to overcome obstacles and resistance of others, always respects the rules and others. Responds in case of a disagreement, but is also able to agree.</td>
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<tr>
<td></td>
<td>Relationship with authority</td>
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<tr>
<td>Ability to communicate</td>
<td>Self-Expression</td>
<td>Communicates rationally and emotionally.</td>
</tr>
<tr>
<td></td>
<td>Verbalisation</td>
<td>Has the ability to adapt his/her language to the other party.</td>
</tr>
<tr>
<td>Ability to train/motivate</td>
<td>Development</td>
<td>Promotes the personal and professional development of colleagues/employees, tries to give advice and help others take responsibility.</td>
</tr>
<tr>
<td>employees</td>
<td>Delegation</td>
<td>Encourages others to make decisions that that s/he would be able to make first hand. Non-centralized and invites colleagues/co-workers to make decisions independently.</td>
</tr>
<tr>
<td></td>
<td>Motivation</td>
<td>Creates a favourable and participatory organizational climate, employees participation motivation skills activating and orientating specific behaviours in the group aimed at fulfilling the objectives.</td>
</tr>
<tr>
<td>Coordination/organization</td>
<td>Organizational</td>
<td>Able to structure the use of resources to achieve the objectives.</td>
</tr>
<tr>
<td>capacity</td>
<td>Coordination;Control</td>
<td>Makes his/her skills available to others to verify the quantity and quality of results through critical analyse.</td>
</tr>
<tr>
<td>Teamwork</td>
<td>Team Spirit</td>
<td>Facilitates and stimulates the group's production. Invites conversation, mediates conflicts, facilitates involvement in the objective.</td>
</tr>
<tr>
<td>Systemic Vision</td>
<td>Abstract reasoning</td>
<td>Grasps the complexity of situations, framing individual issues into higher level.</td>
</tr>
<tr>
<td>Stress tolerance</td>
<td>Tolerance to anxiety and conflict</td>
<td>Even in stressful situations, is able to fully utilize his/her skills. Always able to face and manage personal conflict situations.</td>
</tr>
<tr>
<td>Autonomy</td>
<td></td>
<td>In an unstructured situation, does not ask for approval, knows how to organize his/her work alone without losing contact with others.</td>
</tr>
</tbody>
</table>

Source: our elaboration of ISVI, 2016: 28-31

Ali Reza Arabnia, the current the President of Geico, was born in Tehran (Iran) in 1955. After a brilliant education and professional background in 1980 he got married with G. Neri’s daughter and started to lead the family business at the age of 29, in a time marked by generational change and a backdrop of severe financial situations.

“At the helm of the company, I adopted an analytical approach, that is, an emotional approach. The latter, not based on rational calculations, prevailed when I decided to buy back the family business, founded by my father-in-law, to ensure a professional future, thanks to those employees to whom the company had become important. Many though the choice was “crazy” and it was hardly understood. My friends could not understand me. Just a few years earlier, I successfully managed the listing of a company on the American Stock Exchange. I was rich but also very sad because I knew that I had no autonomy. I did not want to get rich at the expense of people who worked for years in a company” (A.R. Arabnia; see Olivari, 2015: 54).

Arabnia started intensive training activities: he created an internal school and a working group for innovation.

“I believe that every leader and CEO worth his title will not forget that when success comes, his/her responsibility is towards society and communities inside and outside the company. Therefore, important projects were created for young people who want to work but cannot find the way, like New Gate-Bridge, a bridge between young people looking for work and companies looking to give them a chance. A second project is New Bridge, for people younger than 55 years old, out of work and having difficulty in finding it, to whom we offer information, introduce them to the businesses and pay their salaries for three months” (A.R. Arabnia; see Olivari, 2015: 56).

“We believe in young people and in the passion that drives them. The J-Next project aims to provide an opportunity for young people to gain direct employment with the company through dedicated paths and constructive coaching for different business areas” (A.R. Arabnia, January 27th, 2016).

Among the several projects triggered by Arabnia, we can cite the “Training Fridays” that allows collaborators to take part in refresher courses and explore areas yet to be discovered, promoting their professional and
personal growth. “For us, professionalism and culture merge into a harmonious balance. That’s what Training Fridays are for”.

Moreover, the Group activates several School and University training initiatives, including attending conferences and participating with lecturers. Students “get a taste” of Geico and can visit the company through open days. The educational curriculum can expand in many ways, including the possibility of curricular or extra-curricular corporate dissertations and internships.

A further project relates to the “Pippo Neri Campus”, created to allow ongoing training and knowledge sharing and a balance between technological and cultural innovation. “Five rooms in all, with an entire floor dedicated to the company’s founder and reserved for the culture and training of employees who are continuously engaged in refresher courses” (Geico’s website).

Finally, the Pardis Innovation Center and the Laura’s Garden of Thoughts – 2,000 square metres devoted to the physical and mental well-being of employees and partners, including a Zen garden, corporate gym, bistro area and cultural and entertainment area – an amphitheatre and a photo gallery – testify the will to pursue cultural and technological innovation and merge the company’s rational and technological soul and the cultural soul, tied to emotions and individual creativity (see Zattoni, 2016 in ISVI: 17). To this end, every year several meeting focused on these dimension are organized, involving executives, partners and employees. The great attention Geico reserves to technological and cultural aspects has been awarded by numerous national and international prizes.

5. Discussion

All the afore mentioned projects mirror a leadership model attentive to people’s flourishing, both in terms of capabilities and skills and the personal growth. “What does it mean to do the good of the enterprise? Ali Reza Arabnia answers to this question affirming that “There are no particular secrets to do the good of the company, rather simple correct and honest behaviors towards others. The command of an ancient Persian religion inspired by Zoroaster was: think good, tell good and act good. I believe that every leader, to be worthy of the title, must understand that his/her approach, his/her way of thinking, his/her work, has a direct a relevant effect on society, not only on the company. If I am doing well my role, I am doing well with my employees, who do not bring home malaise and problems; as a result, they will transfer positivity to society. By contrast, if I create a Darwinian environment, putting one against each other, treating employees as subjects, this will hinder the possibility to give the best of themselves. The productivity of the company is a consequence of the climate that one breathes in the company. A cynical working environment, based on fear, paralyzes intelligence, enthusiasm and creativity. Fearing, you may have immediate results. The quarterly growth obsession is the enemy of the company’s good. Bad periods can happen, even ugly years, but this must not touch the company spirit” (A.R. Arabnia, January 27th, 2016).

Moreover, the leader affirms that: “I'm not saying this just because I’m the entrepreneur and the business owner. I had the same opinion when I was charged as a manager in other companies. I always say: if you are not afraid to die, you will live forever! Companies operating in the automotive sector (mechanical, plant and metal engineering) often experience dark moments. We have to be psychologically prepared and have the strength to react. And the reaction must be both rational and spiritual, because we must have the power of spirit. In companies like mine, it is necessary to create an attitude to tackle adversity. Geico slogan is “living by resilience”: every difficulty has to make you stronger! We must convey the sense of difficulty, but also confidence and optimism to overcome it!” (A.R. Arabnia, Geico past CEO and President; see ISVI, 2017).

The President strongly believes that cultural and technological innovation are synergistic and that the company’s success rests on efficient behaviours and collaborative attitudes. “I believe in teamwork. We should not assess people only on their efficiency in accomplishing a task. Some people do not contribute in a special way from a technical point of view, but their presence balances the team and gives a touch of serenity because they know how to be part of a team” (Zattoni, in ISVI, 2016: 19).

According to Arabnia's beliefs, a corporate culture deeply rooted in values such as respect, fairness, responsibility and loyalty, enables Geico to meet customer expectations and, at the same time, contributes to the development of individuals, communities and the environment. People who are responsible for the corporate identity and human resource functions nourish and sustain the entrepreneur's cultural approach inside and outside the company.
The attention to employees and stakeholders’ welfare is tangible and proved by the aforementioned projects. A further example, among others, is relative to “Near to You” service, a company of the Group that directly delivers fruit and vegetables to employees and allocates at least 5% of receipts and 50% of profits to social activities. As an advocate of the importance of the well-being of employees, Reza Arabnia addresses their needs in a structural way with care and passion. Beyond his strong relationship with the Italian employees, he was (and currently is) committed to improving the working and personal conditions of local workers. He personally met them to understand their potential. In addition, he promotes study and learning to further their professional development, career advancement and related salary increases. In 2009, he changed the company also from an aesthetic and pleasantness point of view. He told everyone: ‘Our values are respect, fairness and hospitality. You have to stop shouting or speaking ill of colleagues, you must learn to explain in a civilized manner and to confront each other openly’ (Zattoni, in ISVI, 2016: 12).

Drawing from the case the typical features tied to charismatic, transformational and moral based leadership emerge from the case (Liu, 2007; Olsen, 2010; Brown, 2011; Palshikar, 2007). Arabnia displays authenticity in his personal and professional choices. He is and he acts as a good leader who is committed to pursue a virtuous-grounded orientation of the company. He is a generous person and great to work for. He is animated by the desire to build a sense of community within the organization by always nurturing the growth of personal and community culture and the flourishing of the internal and external socio-economic environment.

Moreover, the pillars of servant leadership can be found (Greenleaf, 1977; Laub, 2011) in valuing and developing people. Arabnia takes interest in each employee, enjoying the esteem of his collaborators and employees who are considered genial and creative people. He takes care of them and treats them with great respect, putting trust in them and favouring personal and professional growth. He also provides leadership, because the tension to innovate stimulates challenges for the employees. Leading by example, he shows an inspiring vision of the organization’s future. Arabnia frequently speaks of soul, spirit and a shared sense of responsibility. Such values are spread through both personal relationships and formal organizational tools (such as the staff assessment parameters). In addition, the characteristics of the organizational culture which stimulate individual ethical behaviour and lead to ethical performance (Kaptein & Wempe, 2002; Kaptein, 2011), are detectable in the case. Clarity and congruency relative to moral expectations towards employees are expressed within organizational practices (such as the staff assessment parameters) in a way that is compatible and consistent, for example through congruent role modelling from managers and the cultural and organizational projects (Brown & Treviño, 2006; Kaptein, 2011). Achievability, intended as the balance between moral expectations formulated by organizations and employees’ capability to live up to them (Kaptein & Wempe, 2002; Kaptein, 2011) is pursued through transparency of information, sharing of objectives and training that represent organizational practices aimed to allow individuals to meet their responsibilities. Supportability – the extent to which individuals are fostered or hindered by the organizational practices to behave ethically – is operationalized by providing the motivation testified by Arabnia’s behaviour. Visibility – the way ethical and unethical behaviour is made manifest within the organization – and discussibility are favoured by cultural innovation, nurtured by the several activities “hosted” in Laura’s Garden of Thoughts. Finally, sanctionability is formally operationalized through the application ethical codes.

The staff assessment parameters used to evaluate people specifically point out values and virtues such as loyalty, cooperation, altruism, and responsibility. These values rest on virtues that affect leaders’ behaviors and competences (Liu, 2007; Hoivik von Weltzien & Melé, 2009; Hoivik von Weltzien, 2014; Del Baldo, 2017; Blok et al., 2015) and shape the business culture, thus orienting the strategy towards a consistent sustainable business model.

With regard to the questions posited at the base of the study, we can therefore affirm that Geico’s business models is positively affected by the leadership model. This latter is market by an authentic attention to human beings, the environment, the stakeholders’ needs (Page & Wong, 2000; Patterson, 2003; Van Tassel, 2006; Laub, 2011; Du et al., 2013) and rests on integrity and a set of values and virtues, such as courage and fortitude in facing crisis, prudence in developing partnership, justice in treating employees. Moreover, we can argue that a similar model of sustainable growth and “a gentle capitalism” – capable to enhance human beings - are not a utopia, but a real possibility for every type of enterprise, despite many difficulties to overcome and many traps to avoid (Lin-Hi & Müller, 2013). In fact, such possibility can only become concrete starting from a precise will, which must be triggered by the entrepreneur and the top management and spread throughout the organization, that is the will to adhere to the philosophy of integral and multidimensional development (Jakobsen et al., 2017) that induce businesses to strongly question and reframe their business models.
6. Conclusion

What authentically animates organizations to achieve a sustainable development through a “good management” is a leadership style that lies on: a “passion” for the good of company – stronger than the attachment to one’s self and personal interests; an inexhaustible desire that people flourish; and a sincere wish to develop the company in harmony with that of all its interlocutors and its surrounding environment (Greenleaf, 1977; Spears, 1995; Solomon, 1992). Such a leadership model enhances employees’ enthusiasm and creativity, propagates inside and outside the company and generates an attitude to take care of the social, ethical and environmental aspects involved in the ‘internal and external’ life of the enterprise, such as the welfare of employees, a good working environment, the work-life balance, relationships with the territory (ISVI, 2017). The leadership is centred on moral and action competencies which manifests in particular in terms of attention to people and their human and professional growth, as well as enhancing trust, justice, inducing to find out confidence, courage and strength to overcome the difficulties, positively face challenges, promote change and manages successes (Kaptein, 2009; Lloyd & Mey, 2010; Bouckaert, 2011; Dentoni et al., 2012; Blok et al., 2015). This virtuous leadership style leads to a business model that allow people inside and outside the company to flourish. At the same time it allows the company to growth harmoniously and synergistically across all dimensions (economic, financial, competitive, social, environmental and ethical), preserving the dangers of a short view orientation (McNeff, & Irving, 2017).

Accordingly, we can argue that corporate sustainable behavior originates from the good character of corporate decision-makers who are searching for the good life, both in their actual living inside and outside the company (Blok et al., 2015), thus leading the authentic CSR and the orientation towards sustainability (Osagie et al., 2017). Moreover, the virtue ethics perspective allows us to acknowledge a moral emancipation and engagement in corporate sustainable behaviour at the individual and organizational level.

However, we are aware that the work is affected by limitations, some of which can be overcome in future research steps. First, results cannot be generalised; indeed the study should be extended to other cases, to be selected among the companies that collaborate with the ISVI Institute. Secondly, secondary data used to collect information can be affected by a limited objectivity. Despite these limitations, the work has both scientific and managerial implications. With regard to the former, it contributes to shed light on the relationship between leadership, intrinsic CSR and authenticity, which is still little investigated. In relation to the latter, results can be useful for education and practice because – from a virtue ethics perspective – the study points out specific virtues that enable competencies to enhance CSR and sustainability, which can be developed through educational and professional practice (included collaborating with universities). As such, the research project helps to improve the diffusion of sustainable leadership in real business contexts, thus opening new trajectories for a fruitful convergence between theory and practice.

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