LEADERSHIP MODELS FOR A GOOD GOVERNANCE. INSIGHTS FROM SOME EXEMPLARY ITALIAN CASES

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Abstract

The paper addresses the theme of responsible and good governance founded on a moral and ethical-based leadership approach. Firstly, the work describes the theoretical framework paying specific attention to ethical leadership theories, responsible leadership and governance. Subsequently it presents the first results of an empirical analysis centered on exemplary case-studies relative to Italian companies, which are included among the best performing ones and have for years built a responsible orientation in their mission and governance models. Findings underline how coherent leadership models based on a positive moral perspective, authenticity, and integrity act in promoting a cultural reorientation inside and outside the company, valorizing relationships with stakeholders, favoring trust and fairness in the interactions with employees and collaborators, and allowing to establish effective models of governance based on the sharing of information, openness and democratic participation.

Keywords: Authenticity, Business, Ethical Leadership, Integrity, Governance, Moral Leadership, Responsibility, Sustainability, Values.

1. INTRODUCTION

Leadership is a process which involves influencing others, within a group context, directed toward goal attainment (Olsen, 2010). Goleman (2012) describes leadership as the ability to inspire and guide individuals and groups triggering positive feelings in people; to do that leaders must therefore know how to create resonance expressing and arousing enthusiasm for a common ideal. Accordingly, leadership could be defined as “articulating visions, embodying values, and creating the environment within which things can be accomplished” (Richards & Engle, 1986: 206; Hetland, 2004).

Several theoretical frameworks posit leadership: trait theories are concerned with identifying the leader’s personal characteristics; functional theories focus on what leaders do; style theories concentrate on the manner of leadership adopted, as well as situational approaches and contingency theories that view differing leadership styles as being appropriate in different situations (Cambridge, 2015: 296). Moreover, leadership theories and approaches include: transactional leadership (Burns, 1978); passive-avoidant leadership (Bass & Riggio, 2006); servant leadership (Greenleaf, 1977); transformational or transforming leadership (Burns, 1978; Bass & Riggio, 2006); responsible leadership (Maak & Pless, 2006; Avery & Bergsteiner, 2011); sustainable leadership (Avery & Bergsteiner, 2011; Burns, Vaught & Bauman, 2015); authentic leadership (George, 2004; Avolio & Gardner, 2005); shared leadership or distributed leadership (Pearce, Conger 2003; Bolden, 2011); ethical and moral leadership (Bass & Bass, 2008; Brown, 2005; Brown & Treviño, 2006; Brown, Treviño & Harrison, 2005) and spiritual leadership (Alford & Signori, 2014; Malloch, 2008; Fry, 2003; Pruzan, 2011; Capaldi, 2013).

Leadership is essential to the success of introducing ethics within the organization and the benefits of implementing ethical practices and ethical-based leadership model have been widely debated (Kaptein, 2009; Kaptein & Wempe; 2002; Lloyd & Mey, 2010). Moreover, literature emphasizes the relevance and the benefits of entrepreneurial leader virtues (Dutta & Banerjee, 2011; Davis & Rothstein, 2006; Martin & Cullen, 2006; O’Fallon & Butterfield’s, 2005; Riggio et al., 2010; Flores & Green, 2013; Brown, 2011).

The values construct of entrepreneurial and managerial activity has been emphasizes within the business ethics literature, especially introducing the concepts of management integrity, authenticity and virtues which are becoming widespread in the corporate context, giving rise to models of leadership and good governance aimed at constructing a more civil economy and to orient companies toward sustainable and holistic development (Sorci, 2007; Bebbington, 2007; Ketola, 2008).

Starting from these premises, the paper focuses on entrepreneurial and managerial leadership, on its moral and ethics attributes and its relationship with a good governance.

Which are the attributes of a moral and ethical-based leadership? Which are the characteristics of a responsible leadership? How do they affect governance? In order to answer these research questions the study focuses on moral and virtues-based leadership and its influence on the governance systems and related actions and strategies. The analysis addresses attention to the balance between conditions under which strategies are carried out (models of work organization, corporate governance and business atmosphere, intra and extra-corporate relationships and leadership).
The work is structured as follows: section 2 work introduces the theoretical framework paying specific attention to ethical, moral-based and responsible models of leadership and governance. Section 3 presents the first results of an empirical analysis centered on exemplary case-studies (Vin, 2003; Naumes & Naumes, 2006; Eisenhardt & Graebner, 2007) related to Italian companies which have for years built a responsible and ethical-based orientation, translated in their mission and governance models. The empirical study has been developed adhering to the action research approach (Conradatto, 2011) and using different research tools (interviews, documental analysis and participant observation). Finally, section 4 presents the concluding remarks.

The results of the study have both scientific and managerial implications and underline how moral and ethical-based leadership can drive a cultural reorientation, valorize humanity and relationships with stakeholders, reinforce social cohesion and reputation and enhance success, in coherence with a governance model based on transparency, democracy and participation.

2. ETHICAL AND MORAL-BASED LEADERSHIP AND GOVERNANCE: THEORETICAL FRAMEWORK

In the ethical leadership construct a good leader is portrayed as a moral person (e.g. fair, honest, behaving morally both in personal and professional life) who influences followers’ moral conduct and ethical behavior (Brown, 2005).

More precisely, the morality of the person is determined by the nature of his/her conduct (the competence attitude) and the possession of certain characteristics such as honesty, reliability, integrity (Treviño et al., 2000; Treviño, Brown, 2005) as well as sincerity and genuineness (Becker, 1998).

“When one thinks of a good managerial/entrepreneurial leader, one thinks about a person who can get the most out of others. An excellent leader is a person who can help others become aware of what they can achieve” (Bertland, 2009: 145). Such a leader is able to motivate others to excel and to provide the resources allowing people to develop their capabilities in a way that coheres with communities near and far. A virtuous manager will need to recognize instances when she/he could help another develop a capability (Nussbaum, 2000; Sen, 1999). For this reason, a manager should “walk the talk and talk the walk” (Paine, 1994).

According to Brown, Treviño and Harrison (2005) ethical leadership in the business context is related to the estimated behavior, honesty, trust in leaders and fairness in the interactions with employees and collaborators. De Hoog and Den Hartog (2008) shows that ethical leadership is “vital” for the organization because it allows you to establish trusted relationships. Trust is in fact often considered the result of an ethical behavior and moral integrity; representing a key component to the success of the working relationships between leaders and followers, it enables cooperation, helps manage the differences, encourages the sharing of information, increases the openness and acceptance (Van Den Akker et al. 2009).

There are leaders who freely admit that they are driven by intrinsic and contagious commitment to values (Bouckaert, 2011). Hoivik underlines how and why leadership is not possible without ethics and how one cannot separate them, as “being a moral leader and doing, acting with moral leadership are one” (Hoivik von Weltzien, 2014: 3). Morals and leadership can be studied on an individual level and on a group and organizational level (Bass and Bass, 2008). On the one hand moral behavior [1] is influenced by situational factors such as role modeling, diffusion of responsibility and conformity. On the other hand individual differences (i.e. personality and values) act as antecedent of moral behavior (Brown & Treviño, 2006; Rest & Narvaez, 1994).

When linked to spirituality moral leadership has been viewed as the mean by which religious beliefs impact leaders, the workplace and the society (Hoivik von Weltzien, 2014; Alford, 2015; Bouckaert, 2011; Parry & Proctor-Thompson, 2002; Prazzan, 2011; Fry, 2003; Bouckaert, Opdebeeck & Zsolnai, 2007; Capaldi, 2013; Malloch, 2008). Ethical standards in business setting and levels of corporate responsibility are the interrelated concepts that Sauser Jr. (2005) addressed in his work paying particular attention to the capability of business leaders in creating an ethical organizational culture, a good governance and developing an authentic orientation toward CSR (corporate social responsibility).

Indeed in the last decades ethics literature has emphasized management integrity, authenticity and virtues which are becoming widespread in the corporate context, giving rise to business models and model of governance (Sacconi, 2008) aimed at constructing a more civil economy (Khosc & Hoffman, 2000; Prazzan, 2001; Cortright & Naughton, 2002; Argandoña, 2003 and 2011; Luthans & Avolio, 2003; Gui & Sugden, 2005; Zamagni, 1995; Zadek, 2006). These studies are a significant and emerging part of the theoretical framework of CSR and sustainability (Garriga & Melé, 2004; Becker, 1998; Brown, 2005; Ruisi, 2010).

The organizational culture imbued with moral leadership enjoys several benefits: understanding of the interdependence with stakeholders; learning environment; respect and trust; cooperation; responsibility and accountability (Gray, et al., 2014). The person of the leader integrates, in fact, the moral standards in their own values, attitudes and beliefs. He/she is perceived as honest, reliable and correct in decision-making; guides its collaborators toward goals and objectives, that benefit the community Van Den Akker et al. 2009). According to Brown, Treviño, Harrison (2005) ethical leadership is related to the estimated behavior, honesty, trust in leaders, and fairness in the interactions. De Hoog and Den Hartog (2008) shows that ethical leadership is “vital” for the organization because it allows you to establish trusted relationships.

The responsible leadership theory, formulated by Maak and Pless (2006), describes the responsible leadership as “an ethical and socio-relational phenomenon that occurs in social interaction processes” (Maak & Pless 2006, p.99). The responsible leader aims to excellence results for his/her organization and for all stakeholders (Avery &Bergsteiner, 2011). Responsible leadership is a way of understanding leadership that brings the leaders approach to stakeholders requiring them to engage also in involving stakeholders with virtues and integrity in order to build better communities and good working environments (Jones, 2014; Burns et al. 2015). In other words, responsible leadership
makes possible the integration of the leaders within the stakeholder communities; a fair, personal and honest relationship is, therefore, an element that allows and qualifies the responsible leadership.

Moreover, leadership is conceived as a collective social process that emerges through the interactions of multiple actors (Bolden, 2011). The so-called “shared leadership” (Pearce & Conger, 2003) - otherwise known as co-leadership, collective leadership or distributed leadership - is as a process that goes beyond the boundaries of traditional hierarchical leadership (one-way, top-down) through the creation of a climate of total transparency, where the leadership, its responsibilities and potential are widely shared within the entire organization (Pearce & Conger, 2003; Bolden, 2011). Pearce and Conger (2003, p.1) defines the shared leadership as “a process of influence between members of groups dynamic and interactive for which the goal is drive themselves to one another in order to achieve the group’s goals, organizational goals or both” (Pearce and Conger, 2003: 1). The perspective of the collective process rejects the top-down approach typical of classical literature. Shared leadership implies, in general, increased participation in organizational decision making processes (Ulhoi, Muller & Conger, 2014).

As we can see in the following sections, one can find many examples of organizations where leadership is inspired by constitutive moral elements (innovation, intuition, imagination and attention; (Hoivik von Weltzien & Melé, 2009; Hoivik von Weltzien, 2014) which translate into governance modes that are based on democracy, collaboration and transparency.

The moral imperative of innovation requires seeing the whole and understanding how human action impacts on others, including the environment (Bruni, 2012; Bruni & Sena, 2013). It entails perceiving norms, social roles, and relationships entwined in managerial and entrepreneurial decision making. Moreover it involves the ability to envision business models that create new possibilities to reframe problems and create new solutions in ways that are economically viable and morally justifiable (Werhane, 1999: 93). Moral leadership and moral creativity have become more important than ever for businesses that have to face a global environment because neither philanthropy nor risk management are sufficient any longer. Creative value management can find many applications in current business models based on democracy, collaboration and transparency.

Many companies, often little known, even silently, are witnesses of exemplary models of leadership and governance which derives/translate into authentic responsible and sustainability-oriented strategies and actions. Particularly, intrinsic motivations are diffused among “ideal-based company” (Malloch, 2008; Molteni, 2009; Capaldi, 2013), such as community-based companies (Peredo & Chrisman, 2006), territorial companies (Del Baldo, 2010b), economy of communion (Eoc) companies (Del Baldo & Baldarelli, 2015), as well as family-based enterprises, whose social responsibility vision affects its responsible behavior (Aragón Amonarriz & Iturrioz Landart, 2016; Del Baldo, 2012). All these companies form a diversified network that throughout the world, offers example of authentic ethical-based connotation (Hoivik von Weltzien, 2014).

Indeed, the business world needs for “the application of successful intelligence and creativity toward the common good” (Zamagni, 1995; Capaldi, 2013) and brave leadership capable of translating in good governance models contrasting mainstream economics and business conducts which consider only monetary values, disregard non-market stakeholders and discount the future (Zsolnai, 2015).

Authenticity as a driver of entrepreneurial and managerial behavior relates to the expression of integrity (see Kaptein & Wempe's (2002) “diamond of integrity” management model) that is about being sincere, honest and genuine (Trilling, 1972; Becker, 1998; Cardon et al., 2009; Aragon Amonarriz & Iturrioz Landart, 2016). Entrepreneurial and managerial authenticity influences the nature and extent of responsible and good governance. Moreover, it places at the basis of the stewardship approach adopted to manage stakeholders’ expectations. Organizational integrity means that the organization's values should guide its interactions with internal and external stakeholders” (Painter-Morland, 2006: 358). It reflects the organization's identity, goals and culture and is supportive of ethical behavior. It can only exist where there is mutual trust between the organization and its stakeholders (Paine, 1994) which, in turn, depends on the manner in which the organization succeeds in living according to its stated values.

Principles which express authenticity in the business context translate into acting with honesty and fairness with customers and suppliers (providing good and safe products and services; openly share knowledge and competences; building lasting relationships; being a good citizen (providing opportunity for less privileged people; making a full and fairly contribution to society); nurturing a responsible and responsive employer (treating everyone with dignity and ensuring people continuous improving and learning foster innovation, leadership and accountability); being a guardian for future generations (contributing to protect the natural world and conserve its finite resources; investing in developing skills, knowledge and understanding in wider society); having a purpose (holistic development) which delivers long-term sustainable performance (Sori, 2007). Accordingly, practices that are formed from authenticity, increasingly more of a business, are able to reframe the relationships with stakeholders beyond what is economically required, and the fostering of trust is relationships within the company and between the
corporation and its stakeholders (Thomson, & Eynikel, 2011).

Alford (2015) suggests a framework to orient a good governance, whose purposes are: 1) the common good, intended as "delivering value by serving society" and 2) the dignity and value of people. Coherently, behaviors needed to achieve these purpose are: solidarity (other peoples "matters"); subsidiarity (freedom with responsibility); reciprocity (building trust and trusted relationships); plurality (valuing diversity and building "bridges"); sustainability (stewardship of people, values and resources).

Governing and running a company then requires exercise a leadership based on values such as caring, people-centredness and integrity, so as to ensure its prosperity founded on transparency, accountability and responsibility (Von Ahsen, 2013; Oreg & Berson, 2011). Literature distinguishes between authentic and pseudo-transformational leaders (Bass & Steidlmeier, 1999) and focuses on "authentic leadership" as a "root-construct" and a vital component of good leadership and governance (Luthans & Avolio, 2003).

3. EXEMPLARY CASES OF ETHICAL AND RESPONSIBLE LEADERSHIP AND GOVERNANCE

3.1. Methodology

In order to verify if and how a moral-based model of leadership and governance can be applied in the business context, four Italian companies have been selected from Italian database related, respectively, to companies monitored by the ISVI Italian Observatory (Istituto per i valori d’impresa - Institute for the Company’s Values) and included among the excellent companies (Marchegian excellent companies - Isto, 2014). The selected companies have been distinguished for the excellence of their governance, management and strategic profile and over the years have implemented many actions and accountability tools (Del Baldo, 2010a; Del Baldo, 2013b; Del Baldo, 2014; Baldarelli & Del Baldo, 2015). Some of them have been awarded by national and international organizations (i.e. Sodalitas, Legambiente, Great Place to Work Institute).

The empirical study was developed according to a qualitative approach and a case study methodology (Eisenhardt, 1989; Yin, 2003; Naumes & Naumes, 2006). Indeed recently, scholars have called for a return to in-depth methods, such as narrative and case-studies (Gartner, 2007) that are valuable for generating theoretical propositions (Eisenhardt & Graebner, 2007) and for actively contributing to face business challenges through the direct involvement of managers, practitioners, entrepreneurs and scholars (action-research approach) (Contrafatto, 2011). Specifically, the use of case-studies is appropriate to critically evaluate innovative leadership and governance model at the bases of authentic CSR and sustainability-driven strategies (Del Baldo, 2013a).

Data have been collected through a variety of sources: 1) interviews addressed to the entrepreneurs, the top and mid-management team, as well as internal collaborators, local partners and external stakeholders; direct observation during company visits, meetings, and focus-groups; 2) documental analysis (relative to social and sustainability reports, ethical codes and information available on the company website) as well as technical, managerial and scientific publications referred to the selected enterprises and 3) direct observation, since the companies have for years been involved in different forms of collaboration (interventions in entrepreneurship education initiatives, workshop and conferences).

The period of analysis is multi-year (starting from 2012 and still in progress). Table 1 summarizes the essential attributes of the selected companies.

Table 1. A brief picture of the Companies’ profile

<table>
<thead>
<tr>
<th>Company’s name</th>
<th>Ownership and size</th>
<th>Economic Sector and Activity</th>
<th>Italian Region</th>
<th>Year of foundation</th>
<th>Market</th>
</tr>
</thead>
<tbody>
<tr>
<td>BoxMarche Spa</td>
<td>Not listed; Family based company (open to external members) small-sized company</td>
<td>Paper industry: design and production of packaging for the food and house-ware sectors</td>
<td>Marches</td>
<td>1969</td>
<td>50 employees</td>
</tr>
<tr>
<td>Elica Group</td>
<td>Listed: majority family-owned large company</td>
<td>Mechanics and Electrical equipment: motors for home appliances and central heating boilers</td>
<td>Marches</td>
<td>1970</td>
<td>over 3,000 employees</td>
</tr>
<tr>
<td>Loccioni Group</td>
<td>Not listed; Family-owned medium-sized company</td>
<td>Electronic industry: electrical and automatic equipment; plants-design-robots; automotive integrated technologies for environmental monitoring and quality control; biomedicine and medical equipment; equipment for the management of domestic energy (green energy); training courses and consultancy for technical and management education</td>
<td>Marches</td>
<td>1968</td>
<td>more than 300 employees</td>
</tr>
<tr>
<td>SGR Group</td>
<td>Not listed; Family-based company medium-sized</td>
<td>Multi-utility Gas-energy sector: distribution of natural gas and electric energy</td>
<td>Emilia Romagna</td>
<td>1956</td>
<td>330 employees</td>
</tr>
</tbody>
</table>
BoxMarche Spa

The BoxMarche's mission is "a call to reach the summit", that is to be an excellent company based on solid principles, such as: partnership, the centrality of the person, constant improvement, respect for environment and territory; trust and transparency among relationship with stakeholders, with a particular attention to the local community [2].

The firm is characterized by the following specific attributes: 1) the presence of a framework of ethically connoted values shared by the company's leaders (entrepreneurial and family owners, managing director) and spread throughout the organization; 2) the adoption of a wide range of CSR strategies and environmental certifications; 3) the publication of a "global report" (a comprehensive accountability tools which includes the financial, social, environmental and the intellectual capital reports); 4) a number of recognitions/awards received for its robust CSR-driven profile (at local and national level) and 5) a distinctive sensibility in disseminating best practices.

True art thrives in BoxMarche - the art of running a harmonious business by reconciling economic objects and human interests on a day-to-day basis. BoxMarche has "a soul", that is a proper character, which is the fruit of the set of values and principles ingrained in its mission and translated into its governance. The firm is conceptualized as a "narrative identity" that "tells its story" of generating value.

Responsibility and sustainability are not considered as a mere opportunity for improving the firm's visibility and reputation but are experienced as a "way of doing business" since they are motivated by intrinsic motivations related to moral reasons (Jenkins 2006). Values and ethical principles (which are shared among the entire organization) orient strategic decisions and reinforce the organizational culture. Accordingly, the conviction that permeates BoxMarche is that entrepreneurial and managerial leadership founded solidly on ethics, has greater probability of emerging and ensuring competitiveness and resilience.

"The true roots of BoxMarche and of many Marchegian entrepreneurs, can be traced back in the agrarian culture based on the Christian doctrine, and which became the foundation for sustainable, authentic and humane socio-economic development. The management of BoxMarche is the classic demonstration of a category of entrepreneur who has embraced the precious education inherited from one's ancestors: the fundamental values of family, faith, work, commitment, energy and courage. It is the reason why the company stands out, a badge of honor for our land" (Don Lamberto Pigini, President of Pigini Group, partner, 2013).

"We have an emotional tie to our territory. We want to use our abilities to sustain the local economy. Our activities are not only business choices but are networks made, first and foremost, by human beings" (T. Dominici, Managing director of BoxMarche, May 23rd, 2012).

"Perhaps it's a little presumptuous, but we love to describe ourselves as the agents of civilization. The small entrepreneur is a "builder" (of activities, of men, of wealth). Our firm embodies a narrative identity and tells a story. For this reason, it has a soul linked to the spirit and dignity of the persons and is called to a great responsibility, inasmuch we have inherited the land from our fathers, but we also have it on loan from our children" (T. Dominici, Managing director of BoxMarche April 5th, 2011).

Even though a family-based economic subject exists, everyone in BoxMarche shares values and strategies. The frequency of the board's meetings (held weekly) is directed toward minimizing clashes. The board of directors includes independent councilors and minority shareholders and is extended to representatives of employees. Moreover, tax breaks and services for partners and shareholders (specific initiatives, promotions, dedicated services and products, training projects and tutoring activities) are provided.

From the social report (published in 2003) BoxMarche went on to add an integrate report (Eccles & Krzus, 2010) which strengthens an authentic dialogue among all stakeholders and that has been awarded in 2008 as the best national example of accountability tool adopted by SMEs. Specifically, the global report devotion was to describing the structural composition of the shareholders, compensation of administrators, and distribution of profits.

"We provide constant updates on the management of the company to our stakeholders; we have therefore provided, in addition to the annual balance sheet, the illustration and audit of the triennial plans and budgets. Moreover, open-house meetings during the year aimed at specific categories of stakeholders, regional and local meetings and stakeholders forums to presented results and discuss future objectives are organized" (T. Dominici).

"We believe that the global report is the best instrument for spreading the value of maintaining our ethos, which drives us forward with enthusiasm and love toward everything we do. It's a form of communication that allows us to share our particular reality with every stakeholder" (S. Pierfederici, Letter from the President, Global Report).

Elica Group

Elica's approach to sustainability is integrated, shared, effective, since it addresses all aspects of corporate activity, both the strategic as well as the operational levels. The Group has obtained a number of awards and recognitions that formally acknowledge the genuine commitment to stakeholders, with a particular focus on human resources. It is among the leading attractors of talents in Italy. For years it is included among the "Top Employers Italy" and it was awarded in 2011 as the best Italian companies to work for by the CRF Institute which recognized Elica (whose subsidiaries are spread worldwide) as "a company excelling in the management of human resources" (CRF, 2012). Moreover, it was recognized as "Best place to work 2011 Italy and Europe" by the Great Place to Work Institute, which evaluates over 1,000 businesses throughout Europe to identify the best work environments (Del Baldo, 2013c). The Ermanno Casoli Foundation, in the memory of the founder of Elica, was established in 2007 in order to stimulate and promote the link between the worlds of the arts and industry,
promoting initiatives in the field of contemporary art. “For us, human capital is a competitive edge of the highest quality; it’s fundamental for overcoming the challenges of international competition. Elica is for us an engine through which passion, experience, innovation, well-being and listening to internal and external needs can create an impression on our surrounding environment” (F. Casoli, President of Elica Group, 27 May 2011).

“We are very proud of these awards, which recognize the bounty and continuity of the work that we’re doing. The first objective of human resources management is to give support to the company in order to create for its people the best conditions for personal and professional development and provide the necessary tools for them to become the main actors in their own growth with the same willingness dedicated to the group’s growth” (E. Zampetti, HR Manager, 12 June, 2011).

“Excellence cannot be created if we do not live in a workplace which practices excellence in the care of the individual, both within and outside the workplace environment. From this starting point, Elica Life was created, whose objective is to provide employees a series of services in line with their needs, to improve their lifestyle and to create a direct contact with the company – establishing more than a mere professional relationship. In this context, the welfare and the work life balance initiatives drawn up by Elica are placed” (CEO, 10 September 2011).

In Elica the ethical-driven orientation of the top management opens the field to a form of governance founded on trust, relationships, transparency and communication. The leader’s values that the founder of Elica injected into the business (i.e. work ethic, and the importance given to individuals) have been reinterpreted in a dynamic way by the successor in managing the diversity of the Group’s stakeholders and employees.

Elica sees the relationship with its employees – who share the firm’s operational and strategic objectives as source of reciprocal collaboration. The Group enjoys an authentic rapport with its stakeholders, centered on reciprocity, that is, a capacity to converge, or to go in the same direction. Goals, expectations, visions, values are constantly reinforced through diverse channels of communication (direct relations, organizational practices, processes of governance based on transparency, sharing and democracy), inside and outside the firm, and through a plurality of forms of stakeholder dialogue and engagement and commitment (Zamagni, 2007).

**Loccioni Group**

Enrico Loccioni’s entrepreneurial venture represents an excellent example of an evolutionary path (started in the 1960th) taken toward a knowledge-based business, centered on the principles of tradition and innovation [3]. At the same time it exemplifies the industrial processes of many Italian small towns launched first by entrepreneurs who gave value to the heritage of customs, traditions, civil conditions that their sharecropper ancestors had left. This inheritance of co-responsibility is deeply entrenched in the Marchegian spirit and culture based on solidarity, good sense, wisdom, prudence, work ethics and neighbourliness. Nowadays the Loccioni Group is included among the Italian best performing companies (Marchegian excellent companies - Istao, 2014) and has been recognized as “the best place to work” and “top employers company” 2014 by the CRF and the Great Place to Work Institutes (CRF, 2012). Moreover, a multitude of recognitions have been attributed both to the founder (Enrico Loccioni) and to his Group: for the excellent level of innovation, the authentic implementation of CSR and sustainability-oriented projects and the genuine ethical orientation (i.e.: the Sodalitas Social Award in 2005, 2008 and 2009, for “Internal Processes of CSR and network enterprise model”, the “Metalmezzadro project in the knowledge-based business” and “Sustainability Projects”); the “Business and Culture” Award in 2003; the Legambiente award (for the “Leaf Community Project: Leaf Energy and Future” and for being a partner of the European Commission in the Sustainable Energy Europe Campaign); and the “Olivettiano Business of the year 2008” by Ernst & Young.

“I had the opportunity to meet him (Enrico Loccioni) the first time in the early Sixties, as a supplier and installer of electrical equipment at our plant. I followed his “take-off” and his high flying” with admiration” (F. Merloni, Ariston Thermo Group, Preface, in Bartocci, 2011: 11).

The culture of the whole Group is based on the following shared values: imagination (being capable of creating); Energy (the capability to dream and to accomplish one’s dreams); Responsibility (for the air that we breathe, the land that we walk on, the resources that we utilize, and the trust that we earn); and Tradition & Innovation. These values are connected to a renewed model of humanistic management which was firstly envisioned by the famous Italian entrepreneurs Olivetti (Camillo, the founder and his son Adriano), the first in Italy to produce typewriters and computers near Torino (Olivetti Group). Their model of holistic development conceived the business as a tool for promoting social, economic, moral and environmental well-being, thus implementing through concrete actions, business and social projects based on employees and collaborators. This way of “being and doing” business has deeply influenced the Italian social and cultural context and is proof of how it was (and is) possible to think of a business model that is very real, based on the following principles: the close relationship with the university and the entrepreneur scientific culture; the continuous contact with the most innovative foreign companies; the enhancement of the contribution of loyal and tenacious employees; the enhancement of the ability to craft and use creativity, and aversion to repetitive and prolonged work; the factory conceived as a school laboratory, which helps build the knowledge society; an effective leadership, based on the profound knowledge of men and things, and the ability to obtain them without control; the employment relationship based on the principle of equality between men (work made by men who are equal); the commitment to build a true democracy within the community to which they belong; the desire to produce a lot of great products; a governance centered on people of high moral standing, aimed at
searching for results in the long term, free from a speculative mentality; the idea of social enterprise as a space capable of recognizing the legitimate aspirations of each person (See: Lacaita, 2008, The Adventure of Camillo Olivetti: 23).

"The work ethics is based on the enthusiasm that opens a virtuous circle. The enthusiastic person is strong, positive, and produces on those around him the impact of a natural leader" (R. Libenzi, General Manager, 2014).

Loccioni Groups’ moral and virtues-based leadership approach has been developed by its charismatic founder, Mr. Enrico, who has been (and still is) able to pass on his passion and motivation to his collaborators by creating an organizational value based identity. He has been capable to embed his motivation into the company and the employees by caring for employees and adopting a participatory decision making processes, thus sharing responsibility with them.

"I had and I have the dream to create a model of a company aware of its social role, of its future in the territory and the world; we desire to be the creators of the future rather than just mere spectators. To nurture this dream, people must understand the future they want for themselves and for the group" (E. Loccioni, President of the Loccioni Group, March 23rd, 2014).

"Take care of this piece of land where the company is located, to stay here where our roots are, trying to add value to people and the environment, is my (and our) great enterprise. We want to spread a new work culture based on passion, enjoyment and beauty. To network with the territory, with its institutions, its cultural and economic community is essential for me and for us. Our young people (employees and external collaborators) are passionate about doing their job well. Seeing them with a smile in their eyes, seeing their respect and sense of fair play in the work place is something which fills my heart with joy and affection. There must be a passion for continuous improvement because as a friend of mine, a village priest, said: the best thing we can do is leave things in a better way than how we found them as we have received more than we have given" (E. Loccioni, President of the Loccioni Group, July 20th, 2013).

From these speeches the charismatic personality of the leader emerges, his ability to interpret the reality through a different outlook and to transform problems into opportunities for the community and for business (Bruni & Sena, 2013). The afore stated values and principles have driven the Loccioni Group to take care of the Esino river, which twice in the past damaged the company when it flooded. A specific investment project called “Flumen” (which involves five towns and the local public institution) has been implemented to reinstate the river course to its original position, to drain and clean up the dunes, preserve the fauna and flora biodiversity. At the present time the two kilometres of “river auction” are a fluvial laboratory for the measurement and prevention of ecological disasters. It is an example of good practice in “social imagination” which refers to the love of the territory and the fusion of innovation and tradition (Varveli & Varveli, 2014).

"Why spend money on something that is not mine? I saw an opportunity in the river, not only a threat. With the biomass (hydropower) energy we will repay our investments and the benefits will be shared by the entire community. And, most importantly, I returned the territory to its history and its beauty of 50 years ago" (E. Loccioni, January 26th, 2014).

A further examples of the authentic orientation to the common good is provided by many other projects, such as the Leaf Community and the Chemo Apothecary.

"The leaf community is something like a philosophical current and religious faith. The leaf house is inhabited on the top floor by transient guests, and the other two floors are permanently inhabited by young people working in the Group. However, this house does not produce an ounce of the dreaded CO2. It does not consume a single watt of electricity, nor does it waste even half a liter of water" (Bartocci, 2011: 89 and 91).

"As a first point, the centrality of the Human care project lies in the word human, that is the centrality of the man, a fundamental asset of this company. And, so the health line of the Loccioni Group has been chosen to create the Chemo Apothecary, a system for automatic dispensing of chemotherapy drugs, first in the world and produced by Loccioni researches” (Bartocci, 2011: 105).

SGR Group

The mission of SGR Rimini is structured around the following “milestones”: (1) the values profile of the founders and the top management team; and (2) an attention to responsibility, taking care of the local community and the environment, as well as the development of human resources; 3) transparency and social relations, and 4) the centrality of dialogue with the stakeholders [4].

The importance that SGR has attributed to authentic relationships comes from the past; going back to 30 years to the history of the group’s business activities, the supply of methane gas to the area and the country, represents a strong relationship with the territory. The group is in fact a “territorial company” (Del Baldo, 2010b) which spreads the culture of sustainability through a wide variety of initiatives. It actively contributes to building a model of sustainable local governance, promoted by a network of public and private operators (universities, institutions and non profit organizations) which activate mechanisms of participation in the socio-economic fabric aimed at the common good.

The President of the Group is a woman - Dionigi M. - who acts as a charismatic leader and reference point for the company, whose values have been inherited from the founders and interpreted in coherence with the changed internal and external environmental context. Throughout difficulties and challenges, she has combined humility with tenacity, determination, the spirit of sacrifice and energy. Her relational approach can be translated into the principle of the “door being open” to each collaborator. Democratic participation, trust and relationships characterize SGR governance.

“We are known as an innovative and dynamic multi-utilities company, respectful of the environment which is greatly tied to the territory and the community. Our sustainability report is a process of
dialogue with all the protagonists of context in which the SGR Group operates and which contains challenging objectives on which we will concentrate our efforts. It is the story of a live experience with the territory, the community and our stakeholders (M. Dionigi, President, May 2012).

Being a family owned (and not listed) company SGR maintains the characteristic of intra and inter-organizational relational closeness. This quality typically enriches the social capital of the family businesses (Aragón Amonarriz & Iturrioz Landar, 2016), facilitates stakeholders dialogue and engagement and allows for the development of a sustainability-oriented process. The centrality of relations lies in the centrality of the person. From the interviews conducted with the sales manager of the group, it is evident that values contained in the corporate mission are shared and embraced in the relationships between employees: professionalism, dedication to work, simplicity in colleague relations and reliability.

“Over the years the organization has become less hierarchical and increasingly more oriented towards team work, aiming to seek a dynamic balance between singular dimension and plural dimension” (SGR Sales Manager, 2013).

Finally, a picture aimed to summarize the relationship among driving principles, leadership attributes and governance related to the four companies, is presented below (Figure 1).

**Figure 1.** An interpretative model: leadership-governance-driving principles

### 4. CONCLUDING REFLECTIONS

The paper focuses on entrepreneurial/managerial leadership and governance models in relation to responsible and sustainable-driven strategies. With reference to the research questions mentioned in the introduction the leadership and governance models that emerge from the cases analysis are oriented to developed both knowledge, performance and values which explain the “sunken” or intrinsic reasons for a responsible and sustainable orientation in order to transform businesses into good places in which "one can work and live a good life". Entrepreneurs and managers are willing to exercise good acts, which are essential for the long-term success of the company, founded on a multidimensional - ethical, economic, environmental and social - development. Attention then shifts on a renewed entrepreneurial/managerial ethos which acts as a key driver of leadership and governance's models and guides the company to view responsibility and sustainability as processes which deeply interlink the corporate and community. The responsible leaders aim to excellence in results for the company and for all stakeholders (Avery, Bergsteiner, 2011).

The analysis demonstrates that for affecting and transforming the business decision-making an authentic responsible orientation needs to be implemented and diffused, beginning from the entrepreneur and the top management, and incorporated within the entire organization (McIntosh et al., 2003). A leadership example is therefore extremely important, as is at the basis of the organizational integrity (Paine, 1994) which requires an alignment and an ongoing interaction among organization's stated values, tacit beliefs, strategies and every day decisions and activities. To this end, a positive and pragmatist ethics fosters engagement, negotiation and contestation (Wicks & Freeman, 1998) and finds its expression in a truly democratic process, which allows all stakeholders to participate in forging agreements that sustain a shared sense of community (Dewey, 1994).

Accordingly, shared values act a “social grammar” that emphasize interrelatedness, interdependency and integrity in all business strategies and operations.

Moreover, the empirical analysis shows not so much original business experiences, but rather companies where the gap between the declared and shared values is reduced and people are really engaged in the pursuit of the common good (Borgato, 2014). Therefore, we can summarize the following lines of reflection.

First, the study underlines the importance of a courageous and ethics-driven leadership capable of
inspiring in others (people and companies) the positive will to emulate it and to contribute to the progress of individuals and the socio-economic contexts (near and far) (Del Baldo & Demartini, 2010 and 2012).

Second, it stresses the relevance of a charismatic and authentic leadership, characterized by a positive psychological capital and moral perspective (confidence, optimism, hope and resilience) (George, 2004) and capable of nurturing and presiding over changes in value (Schein, 1990) and forging the organizational culture.

Third, the moral framework of the leadership model affects the governance model which is based on sharing, transparency, and relational approach centred on trust. The decision-making based on collaboration and participation provides organizational strength and reinforce the organizational culture being based on the following pillars: stakeholder consideration and ethical climate (which translate into inclusion of stakeholders in decision making processes); integrity (which translates into more than a mere compliance with the rules, aimed at generating a shared perception of organizational justice: distributive - remuneration, transparence, fairness and interactive - between collaborators); role modeling and empowerment (which enhance the growth of the employees, their autonomy and creativity); sustainability and long-term orientation.

Finally, findings underline how ethical leadership models based on authenticity and integrity act in promoting a cultural reorientation inside and outside the company, valorizing relationships with stakeholders and favoring trust and fairness, enabling cooperation, encouraging the sharing of information, and therefore concretize good models of entrepreneurial leadership and governance.

NOTES

[1] Moral behavior is defined as the ability to implement justice requirements derived from a fair distribution of rights and duties in a demanding operational context (Greenberg & Colquitt, 2005).

[2] For a more detailed analysis of this case, see: DelBaldo, 2010b

[3] For a more detailed analysis see: Del Baldo, 2013b


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