



Pohjola Insurance's Transformation for Achieving Sustainability Leadership

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This study explores how Pohjola Insurance has incorporated sustainability leadership into its business strategy and operations, positioning itself as a leader in the Finnish insurance sector. With growing attention to corporate responsibility, Pohjola Insurance has recognized the necessity of aligning its organizational practices with environmental, social, and economic sustainability goals. The study investigates key drivers and characteristics of sustainability leadership within the company. The purpose is to have a detailed understanding of the sustainability practices and identify challenges and possibilities of sustainability at Pohjola Insurance. The aim of the study is to offer a conceptual framework and provide recommendations on how to achieve sustainability leadership. An explorative methods approach is used in the case study, combining qualitative survey with key sustainability managers, professionals and experts, and document analysis of Pohjola's sustainability reports from the past few years.

The findings highlight Pohjola's strategies for integrating sustainability into its core values, such as adopting green insurance policies, promoting social equity, and reducing environmental impacts through efficient sustainability management and leadership competence. Moreover, the study examines the role of sustainability leadership in fostering shared vision, innovation, transparency, and accountability across all levels of the organization. The findings provide Pohjola Insurance with a strategic roadmap for achieving sustainability leadership, grounded in rigorous qualitative study and informed by contemporary sustainability and leadership theories and practices. Through transformational, adaptive, authentic, and systems-thinking leadership, Pohjola has effectively navigated the complex challenges of sustainability and created successful strategic solutions and tactical executions to current responsible challenges. The company's focus on creating shared value, engaging stakeholder management, and integrating ESG criteria into its core business strategy and operations has bolstered its competitive advantage. As a result, contributed to broader societal and environmental targets and achieved United Nation's set explicit Sustainable Development Goals (SDGs).

This study underscores the importance of sustainability leadership as a critical factor in navigating the challenges of twenty-first-century business, providing insights for other companies aiming to lead in sustainability. In conclusion, while Pohjola Insurance faces various challenges, including integrating sustainability into its core operations, navigating regulatory pressures, and engaging diverse stakeholders, these challenges present significant opportunities. By strategically addressing these challenges and capitalising on opportunities such as the growing demand for innovative sustainable insurance products, stakeholder engagement and collaboration, integration of different leadership methods in sustainability competence, leadership development, promoting workplace diversity and employee engagement, Pohjola Insurance can maintain as a leader in sustainability within the Finnish insurance industry, and excel in responsible dynamics of the global sense with local stance to gain a greater extent of a transparent and trustworthy sustainable brand among peers.

Keywords: Adaptive Leadership, Authentic Leadership, ESG, Insurance, Insurance Industry, Stakeholder Management, Sustainable Development, Sustainable Development Goals (SDGs), Sustainability Leadership, Systems Thinking, Transformational Leadership

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1. Introduction

This thesis explores sustainability leadership within the Finnish insurance sector, with a particular focus on Pohjola Insurance as a case study. By integrating leadership competence theories and approaches, sustainability concept and frameworks, and inclusive and adjustable strategic standpoints with tactical executions of service (work) development processes and conceptualisation, the study provides practical insights into fostering solutions of resilience, trust, innovation, and long-term sustainability. The findings contribute to a broader understanding of how sustainability leadership is achieved, and how it creates competitive advantage, and what are the key elements of sustainable leadership and how it drives societal, economic and environmental impact creating shared value. This chapter serves as an introduction to the study under examination.

1.1 Sustainability Leadership: What, How and Now - Introduction to Subject Under the Study

Sustainability focuses on fulfilling the present needs of unique, critical and vital natural and nutrition resources and capabilities while safeguarding these limited, rich, and rare elements of life for future generations, incorporating economic growth, social equity, and environmental protection to achieve long-term development and resilience (Elkington, 1997; United Nations, 1987). In the face of escalating ecological challenges, societal shifts, and evolving regulatory landscapes, sustainability has transcended from being a mere corporate buzzword to a strategic imperative for businesses worldwide. ESG factors (environment, social, governance) and Sustainable Development Goals (SDGs) have become critical frameworks for guiding sustainable practices, enabling businesses to align their operations with global sustainability objectives. Within this context, the insurance industry occupies a unique and influential position. As entities fundamentally rooted in risk management, insurance companies possess the capacity to safeguard against uncertainties and drive substantial advancements in sustainability. The quality of leadership and management within these organizations plays a pivotal role in embedding sustainability, ESG considerations, and SDG commitments into the core of business operations (Deloitte, 2023).

Sustainability managers, professionals and specialists in the insurance industry must navigate a complex landscape of risks and opportunities, making decisions that ensure the longevity of their organizations and contribute positively to the broader societal and environmental contexts in which they operate. Sustainability leadership and management integrates multiple theoretical frameworks to foster long-term organizational success while addressing environmental and social

responsibilities (Visser, 2010). The concept of "*Sustainability Leadership*" has been developed by multiple scholars, practitioners, and organizations over time. Visser (2010) has emphasized the need for leaders and managers to integrate sustainability into the core strategy and operations of organizations. Leaders are instrumental in embedding sustainability into organizational strategies. By leveraging their influence, they can drive the adoption of sustainable practices across teams and beyond. As Porter and Kramer (2023) argue, managers and leaders are uniquely positioned to advocate for shared value creation, where economic and societal benefits align. Through strategic alignment, managers and leaders can champion products and services that support long-term sustainability goals, such as reducing carbon footprints or enhancing community well-being. Sustainability leadership generally includes the following key factors and characters of sustainability management and competence: **Long-Term Vision:** Leaders with a sustainability focus must balance short-term goals with long-term thinking, ensuring that business decisions do not harm future generations or the environment. **Ethical Decision-Making:** Sustainability leaders prioritize ethics, making decisions that consider the impact on society, the environment, and stakeholders, rather than just profits. **Stakeholder Engagement:** A key component is involving various stakeholders (employees, customers, communities, governments, etc.) in decision-making processes. This builds trust and encourages collaboration for long-term sustainability. **Systems Thinking:** This involves understanding the interconnectedness of social, environmental, and economic systems. Sustainability leaders view challenges and opportunities holistically and seek solutions that benefit all dimensions of sustainability. **Innovation for Sustainability:** Leaders must encourage and drive innovation in products, services, and processes that contribute to sustainability goals, such as reducing carbon footprints or advancing social equity. **Transparency and Accountability:** Sustainability leaders must be open about their organizations' sustainability efforts, measuring progress, and being accountable to stakeholders. **Empowerment and Capacity Building:** Sustainability leadership also involves developing the skills and capabilities of people within the organization, empowering them to take ownership of sustainable practices. **Resilience and Adaptability:** As sustainability challenges evolve, leaders must be able to adapt and demonstrate resilience in the face of environmental, social, or economic disruptions (Kotter, 1996, 2021; Visser, 2010).

The combination of these elements leads to a leadership style focuses not only on achieving business success but also on aligning with broader goals of societal well-being and environmental stewardship. It adapts to specific situations, fosters dynamic teamwork, and enhances flexibility and effectiveness through visionary, innovative, resilient, transparent, and accountable approaches. According to several author's studied vision, standpoint and the result in the

sustainability leadership study, transformational, adaptive, and authentic leadership, systems thinking, and stakeholder management are crucial for sustainability leadership as they enable agility, trust-building, holistic problem-solving, and collaborative decision-making in complex environments (Burns, 1978; Northouse, 2022; Senge, 2006; Heifetz, Grashow & Linsky, 2009; Freeman, 2010). For example, transformational leadership theory inspires employees to exceed expectations, aligning their efforts with sustainability goals through visionary and motivational leadership (Bass & Riggio, 2023). Adaptive Leadership is a leadership approach that focuses on the ability of leaders and managers to navigate issues of complexity, rapidly shifting environments by encouraging flexibility, problem-solving, and the ability to portability people to handle tough challenges (Heifetz, Grashow & Linsky, 2022). Authentic leadership competence emphasizes transparency, ethical behaviour, and consistency between a leader's actions and values, cultivating trust and credibility with followers (George, 2003). Stakeholder Management highlights the importance of concerning the interests of all stakeholders, ensuring that decisions benefit not only the organization but also the broader community (Freeman & Lewis, 2022) for the purpose of creating shared value (Porter & Kramer, 2023). In contrast, Systems Thinking is a powerful tool for addressing the multifaceted challenges of sustainability, fostering innovation, enhancing resilience, and promoting sustainable growth (Senge, 2022).

1.2 The Sense of Exploration: The Purpose and The Aim of The Study

This workplace development study explores the critical elements and practices of effective sustainability leadership within the insurance sector. By examining current practices, identifying successful strategies, and understanding the challenges managers and leaders face in this field, the study aims to provide a comprehensive framework to guide insurance companies toward achieving sustainable leadership. By identifying and analysing the critical elements of sustainability leadership, this study aims to contribute to developing robust strategies that can propel the insurance sector toward a more sustainable and resilient future of scale and scope of growing responsibilities of sustainable development and fast-paced digital transformation. This study outlines a comprehensive service development project to explore how Pohjola Insurance can achieve sustainability leadership within the Finnish insurance business. Utilizing qualitative study methods, the study adopts a case study approach, thematic analysis, and an inductive, exploratory process to uncover the strategies and practices necessary for Pohjola Insurance to position itself as a sustainability leader. The primary objectives include evaluating Pohjola Insurance's current sustainability practices, identifying critical leadership practices essential for

sustainability leadership in the insurance sector, and providing actionable recommendations that align with the company's sustainable strategic goals.

1.3 Workplace Development Study Objectives and Questions

The primary objectives of this study are as follows:

1. **To explore the current sustainability practices** within Pohjola Insurance and the broader Finnish insurance industry.
2. **To identify the critical leadership practices** contributing to achieving sustainability leadership in the insurance sector.
3. **To develop a conceptual framework** for integrating sustainability into the workplace development process of how to achieve sustainability leadership at Pohjola Insurance.
4. **To provide recommendations** for Pohjola Insurance to enhance its sustainability initiatives and position itself as a leader in sustainability within the Finnish insurance market.

Workplace Development Study Questions:

1. What are the existing sustainability practices at Pohjola Insurance?
2. What leadership practices are essential for achieving sustainability leadership in the Finnish insurance industry?
3. How can Pohjola Insurance integrate sustainability principles into its service development processes?
4. What challenges and opportunities exist for Pohjola Insurance in pursuing sustainability leadership?

The study continues following sections, next and first) literature review of sustainability and leadership theories in the context of the purpose and the aim of the study, and theoretical framework of sustainability leadership, second) study methodology, study design and its process, analysis and reasoning, third) overview of the Finnish insurance industry and the case study of Pohjola Insurance, fourth) practical integration of collected and analysed data, creation of service development processes, synthesis and conceptual framework for achieving sustainability leadership, and strategic recommendations, and fifth) conclusions, validity, reliability and ethical considerations, and future study recommendations.

2 Essential Elements of Sustainability Leadership

This literature review defines the sustainability leadership. The purpose is to explore and explain what sustainability leadership is, and why transformational leadership, adaptive leadership, authentic leadership, systems thinking and stakeholder management are crucial for its success. The aim is to offer theoretical framework of how to achieve successful sustainability leadership. The literature review forms the foundation for understanding sustainability leadership and service development in the insurance industry. This section will cover relevant theories and frameworks that inform the study, including sustainability leadership theories and stakeholder theory. The literature review systematically identified and analysed relevant sources from academic journals and contemporary business books. The primary databases for sourcing academic articles included Google Scholar, Academic Journals, Journal Finder, Sage Journals, Wiley Online Library, JSTOR, and Scopus. Industry reports and company documents were sourced from Pohjola Insurance's official publications and leading consultancy firms specializing in sustainability. Keywords such as "*sustainability leadership*," "*transformational leadership*," "*adaptive leadership*," "*authentic leadership*," "*systems thinking*," and "*stakeholder management*" were employed to narrow down the search to the most recent and relevant work of literature.

2.1 Definition and Dimensions of Sustainability Leadership

The term sustainability" has evolved and is now commonly understood as "*meeting the needs of the present without compromising the ability of future generations to meet their own needs*" (Brundtland, 1987). Research literature has expanded this definition, emphasizing the integration of environmental, social, and economic dimensions, often called the triple bottom line: planet, people, and profit (Elkington, 1998). Environmental sustainability focuses on conserving natural resources and minimizing environmental impacts, such as reducing carbon emissions, protecting biodiversity, and managing waste. Social sustainability emphasizes the importance of equity, social justice, and human well-being, aiming to create fair opportunities, respect human rights, and promote inclusive communities. Economic sustainability involves cultivating economic growth and development that does not deplete resources or create inequalities, ensuring long-term prosperity for all. These three dimensions are interconnected, and achieving true sustainability requires a balanced approach that addresses the needs of people, planet, and profit. By integrating these principles into decision-making, sustainability promotes resilience, responsible resource use, and improved quality of life for both current and future generations (Brundtland, 1987; Elkington, 1998). This framework has been instrumental in guiding corporate sustainability

efforts by encouraging organizations to balance profitability with social responsibility and environmental stewardship (Gutiérrez-Ponce & Wibowo, 2023). Leadership is critical in sustainability because it drives vision, fosters innovation, and ensures alignment between environmental, social, and economic goals. Effective sustainability leadership inspires collaboration, integrates long-term strategies, and cultivates a culture of responsibility, ensuring organizations proactively address global challenges and balance stakeholder needs for a resilient future (Visser & Courtice, 2011). Sustainable leadership involves guiding organizations and societies toward economic growth, environmental stewardship, and social equity (Tirole, 2023). Unlike traditional business management, which often emphasizes short-term gains and profit maximization, sustainability leadership prioritizes long-term impact and the well-being of future generations (Visser, 2010). The concept of sustainability literature encompasses various characteristics that address the balance between environmental, social, and economic dimensions. These characteristics include **Intergenerational Equity**: Ensuring resources and opportunities are preserved for future generations (Brundtland, 1987). **Systems Thinking**: Recognizing the interconnectedness of ecological, economic, and social systems and addressing their interdependencies for holistic solutions (Rockström et al., 2009). **Resilience**: Enhancing the ability of systems and communities to adapt to environmental, social, and economic changes and recover from disruptions (Folke et al., 2002). **Stakeholder Engagement**: Actively involving individuals, communities, and organizations in decision-making to ensure diverse perspectives are considered and societal well-being is prioritized (Elkington, 1997). **Ethics and Responsibility**: Upholding ethical principles and accountability in decision-making processes to minimize harm to people and the planet (Visser, 2010). **Long-Term Vision**: Adopting strategies that transcend immediate benefits and focus on sustainable development over time (Sachs, 2015). **Innovation**: Fostering creativity and technological advancements to address sustainability challenges, such as reducing emissions or developing renewable energy solutions (United Nations, 2015). **Efficiency**: Utilizing resources efficiently to minimize waste and reduce environmental impacts while maintaining economic viability (Hart, 1995). These characteristics guide organizations and governments in creating leadership frameworks, such as sustainability leadership, for sustainable development that are robust, inclusive, and adaptable to future needs.

Sustainability leadership concerns guiding organizations toward achieving long-term economic, social, and environmental goals by balancing profitability with responsibility. It emphasizes ethical decision-making, innovation, and stakeholder engagement to address global challenges, such as inequality and climate change. Leaders and managers in this domain must demonstrate vision, resilience, and a commitment to accountability and transparency.

Sustainability leadership requires integrating systems thinking and fostering collaboration across sectors to create impactful change. This approach ensures sustainable growth and enhances organizational reputation, resilience, and trust among stakeholders (Elkington, 1998; Visser, 2010). Visser (2010) claims that sustainability leadership has become a critical focus within organizational leadership as global challenges such as climate change, resource depletion, and social inequities demand comprehensive and innovative responses. Effective sustainability leadership requires integrating various leadership theories and approaches that address the complexities of sustainability. This literature review explores sustainable development and leadership by integrating five critical leadership theories—transformational, adaptive, authentic, systems thinking, and stakeholder theory and management—within the context of sustainability leadership. Transformational leadership inspires a compelling vision, motivating teams to innovate and challenge the status quo (Avolio & Yammarino, 2022). Adaptive leadership equips organizations to navigate uncertainty by encouraging flexibility and learning, and foster resilience, essential for addressing sustainability issues (Heifetz et al., 2023). Authentic leadership builds trust and accountability through transparency and ethical behaviour, ensuring stakeholder alignment with sustainability goals (Gardner et al., 2024). Systems-thinking leadership provides a holistic perspective, addressing interconnections across environmental, social, and economic systems to implement impactful solutions by facilitating holistic approaches to problem-solving (Senge, 2025). Stakeholder management addresses balancing diverse interests, ensuring that leadership decisions consider the impacts on all stakeholders (Freeman et al., 2023).

Sustainability Frameworks, Models, and Economic Growth

Historically, economic growth has often been achieved at the price of environmental degradation, a pattern that the 21st century seeks to reverse through circular economy models and green finance. Numerous frameworks have been advanced to operationalize sustainability in organizational contexts. The United Nations' Sustainable Development Goals (SDGs) are the most widely recognized, and they provide a global blueprint for achieving sustainability across 17 critical areas by 2030 (United Nations, 2015). Companies and governments have adopted these goals to guide policy-making and corporate strategy (Sachs et al., 2022). Another significant model is the Circular Economy, which emphasizes reducing waste through reusing, recycling, and remanufacturing materials in a closed-loop system. Green finance is another key driver of sustainable economic growth in the 21st century.

The rise of environmental, social, and governance (ESG) investing has transformed capital allocation, directing funds toward projects that prioritize sustainability. ESG investing integrates Environmental, Social, and Governance factors into investment decisions, focusing on sustainability, ethical practices, and long-term risk mitigation. It evaluates environmental impact, social responsibility, and governance quality to balance financial returns with societal and environmental goals, promoting responsible investing and sustainable economic growth (Friede, Busch, and Bassen, 2015; Sparkes and Cowton, 2004; Eccles and Klimenko, 2019). A study by BlackRock (2023) shows that ESG funds outperformed traditional portfolios in 2022, reflecting a growing investor appetite for sustainability. Moreover, green bonds have emerged as an essential instrument for financing large-scale sustainable processes and projects, such as renewable energy developments and installations, and sustainable infrastructure, such as smart grid, development.

The shift toward sustainability is also evident in corporate strategy. According to Porter and Kramer (2022, 2023), businesses can create shared value (CSV) by aligning their economic goals with societal needs. CSV emphasizes that financial success and social progress are interconnected, and companies that embrace sustainability as part of their core strategy tend to outperform their similarities and peers eventually in the long run.

Environmental Factors and SDGs in Sustainable Development

A significant challenge in sustainable development lies in reconciling economic advancement with environmental preservation. In the 21st century, environmental sustainability highlights the delicate balance among economic progress, resource utilization, and ecological protection. Pressing global issues such as biodiversity decline, climate change, and resource exhaustion underscore the urgency for adopting sustainable practices like the circular economy. This approach prioritizes recycling, reusing, and reducing environmental harm across industries. Technological innovation is central to advancing sustainability, with breakthroughs in renewable energy—such as solar and wind power—playing a critical role in cutting carbon emissions and combating climate change (Tapscott, 2023). Nevertheless, the pathway to environmental sustainability demands robust leadership and well-crafted policy frameworks that encourage conservation and mindful consumption. Ethical governance and collaborative efforts among businesses, governments, and civil society are pivotal in fostering sustainable development. Waddock (2022) emphasizes that achieving a sustainable future hinge on joint accountability and coordinated actions that align economic goals with ecological integrity.

Moreover, the **SDGs** provide a framework for integrating environmental sustainability into global development agendas (United Nations, 2022). The **Sustainable Development Goals (SDGs)**, established by the United Nations in 2015, comprise 17 global objectives aimed at addressing pressing global challenges, such as inequality, environmental degradation, poverty, and climate change. They offer a universal framework for sustainable development that applies to all countries, regardless of their stage of development. The SDGs emphasize the interconnectedness of economic, social, and environmental dimensions of sustainability. For example, Goal 13 focuses on climate action, while Goal 5 advocates for gender equality, highlighting that social inclusivity and environmental responsibility are essential for sustainable progress. The SDGs encourage collaboration among governments, businesses, and civil society to create a more equitable and sustainable world. However, achieving these ambitious goals requires strong leadership and management, significant policy shifts, innovation, and financial investment. The SDGs not only guide global action but also enable countries to track their progress and hold stakeholders accountable (United Nations, 2015).

Sustainability leadership emphasizes certain Sustainable Development Goals (SDGs) as priorities, given their critical role in fostering systemic change and addressing urgent global challenges. From author's objective opinion based on the perspective and sense of the study, that where and how companies can affect in sustainable development, priority SDGs include:

1. SDG 13: Climate Action

Sustainability leaders prioritize climate resilience, reducing greenhouse gas emissions, and adopting innovative, sustainable energy practices to mitigate climate change.

2. SDG 12: Responsible Consumption and Production

Emphasis is placed on minimizing waste, optimizing use of resource, and promoting sustainable supply chain practices to achieve a circular economy.

3. SDG 17: Partnerships for the Goals

Collaboration among stakeholders, industries, and governments is critical to achieving sustainability objectives. Effective leadership fosters strategic alliances for collective action.

4. SDG 7: Affordable and Clean Energy

Transitioning to renewable energy sources is central to addressing environmental sustainability and fostering economic opportunities.

5. SDG 6: Clean Water and Sanitation

Access to clean water and effective sanitation is essential for social equity and environmental health, making it a leadership focus in many sectors.

6. SDG 5: Gender Equality

Inclusive leadership promotes equal opportunities, empowering women and marginalized groups as integral to achieving sustainable development.

7. SDG 8: Decent Work and Economic Growth

Sustainability leadership involves creating fair employment opportunities, fostering innovation, and driving equitable economic growth.

8. SDG 11: Sustainable Cities and Communities

Urban sustainability is prioritized by leaders seeking to improve infrastructure, reduce emissions, and enhance quality of life for growing populations.

By focusing on these SDGs, sustainability leaders, companies and their managers, should demonstrate a commitment to driving positive economic, environmental, social change.

The Social Dimensions of Sustainable Development

The social dimensions of sustainable development, which encompasses poverty reduction, social equity, and human well-being, is increasingly recognized as critical in achieving sustainability. As part of the 2030 Agenda for Sustainable Development Goals, the United Nations (2022) stresses the importance of inclusivity and leaving no one behind. Poverty eradication remains central to the social aspect of sustainable development. In his recent work, Sachs (2022) argues *“that sustainable development cannot be achieved without addressing the root causes of poverty, such as lack of access to education, healthcare, and basic infrastructure services and capabilities”*. Furthermore, social protection programs that offer financial security to vulnerable populations are vital to ensuring that the benefits of sustainable development are widely shared. Gender equality is another critical aspect of the social dimension. According to Oxfam (2023), empowering women through education and equal employment opportunities is essential for long-term sustainable development. Social sustainability also involves ensuring that communities are resilient to the impacts of climate change. Building resilient communities adapting to environmental and social challenges is vital for sustainable development. A resilient community

can withstand, adapt to, and recover from challenges, maintaining functionality while enhancing social, economic, and environmental systems to thrive in changing conditions (Folke, 2016).

Technological Innovations in Sustainable Development

Technological innovation is increasingly seen as a critical enabler of sustainable development. Leaders and professional managers in this field must understand how to leverage emerging technologies to drive sustainability outcomes. For instance, Tapscott (2023) claims that *“artificial intelligence (AI), blockchain, and the Internet of Things (IoT) are transforming industries by enabling more efficient resource management, reducing carbon footprints, and enhancing transparency in supply chains”* (Tapscott, 2023). AI has become instrumental in energy management, water conservation, and waste reduction. Advanced algorithms enhance energy efficiency by predicting demand patterns, monitor water usage to prevent waste, and streamline recycling processes. This integration accelerates sustainability efforts and minimizes environmental impacts, supporting global climate goals (Berglund and Rauch; 2018 & Guo and Viktor, 2021; Ragazzi and Rada, 2018). The adoption of digital tools is reshaping traditional leadership roles. Leaders and managers must use these tools to achieve sustainability goals in a world where data analytics, machine learning, and digital platforms are integral to decision-making. Blockchain technology also offers a novel approach to sustainability, especially in enhancing transparency in supply chains. According to Tapscott (2023), blockchain has enabled organizations to track product origins, ensuring ethical and environmentally friendly practices. This approach improves sustainability and fosters trust among stakeholders, including consumers. Furthermore, adopting renewable energy technologies has expanded, driven by policy and innovation. Solar and wind energy have become economically viable alternatives to fossil fuels. As a result, renewables are becoming the backbone of sustainable energy systems in the 21st century. Sustainability leadership must also anticipate the ethical and social implications of these technologies. While sophisticated digital tools and continuous technological development and advancement can drive efficiency and innovation, they can also exacerbate inequalities if not managed responsibly. Sustainability leadership must navigate the ethical challenges posed by technology, ensuring that digital transformation aligns with the scale of goals of social equity and environmental protection (World Economic Forum, 2023).

The Role of Corporate Governance in Sustainability Leadership

Corporate governance plays a crucial role in shaping the practices and policies of organizations committed to sustainable development. OECD (2015) report claims that *“corporate*

governance refers to the system of rules, practices, and processes by which a company is directed and controlled". It ensures accountability, fairness, and transparency in relationships with stakeholders, encompassing board structure, decision-making, and ethical conduct to achieve long-term business success (OECD, 2015). Corporate managers, COO's and CEOs are increasingly held accountable for their social, environmental, and governance (ESG) performance with already existing responsibilities and duties of business. As a result, leaders and managers such as chief executive and operations officers, and sustainability managers must adopt new strategies that balance shareholder expectations with sustainable business practices. Integrating Environmental, Social, and Governance factors into business strategy has gained substantial awareness and attention recently. Investors increasingly use ESG criteria to assess companies' long-term viability and ethical impact (Friede, Busch & Bassen, 2021). Research indicates that firms with strong ESG performance often experience lower risk and better financial returns, underscoring the value of sustainability in achieving competitive advantage (Eccles, Ioannou & Serafeim, 2020). According to a report by the World Economic Forum (2023), integrating sustainability into accountable and transparent corporate governance is critical for ensuring that companies are resilient to climate change and other global challenges (World Economic Forum, 2023). Companies prioritizing sustainability through their governance structures are more likely to achieve success in the long-term. In corporate leadership and management, sustainability is no longer an optional add-on but a core component of responsible business. The rise of ESG-focused investment and regulatory pressure has created new incentives for organizations to adopt sustainable practices. Leaders and managers who successfully integrate ESG factors into their corporate strategies and tactics are better equipped to address diverse stakeholders' demands and navigate the global economy's complexities (World Economic Forum, 2023).

The Importance of Government Policies, Collaboration and Partnerships

Effective governance, and international and local cooperation are critical to advancing sustainable development goals. The 2015 Paris Agreement with SDGs remains the cornerstone of global efforts to combat climate change. However, as climate impacts worsen, governments are increasingly pressured to strengthen their commitments and policies. Local cooperation is vital for sustainability, as it fosters community-driven development, addresses specific needs, and enhances resilience. Collaborative local policies can incentivize sustainable choices, making eco-friendly lifestyles more accessible and effective. Such cooperation ensures that sustainability initiatives are contextually relevant and widely supported (UNEP, 2023; World Bank, 2024). Effective stakeholder management is crucial in sustainability cooperation, as it fosters inclusive

decision-making, enhances project legitimacy, and aligns diverse interests, leading to improved environmental and social outcomes (Hall, S., & Sharma, T, 2023). In their report, the International Energy Agency (IEA) (2023) highlights the importance of government policy in accelerating the transition to clean energy. Regulatory frameworks incentivizing renewable energy adoption and carbon reduction have proven effective in several countries, including Denmark and Germany (IEA, 2023). However, beneficial cooperation remains essential, as climate change is a transboundary issue that requires coordinated efforts across nations. In the context of sustainable development governance, the role of non-state actors, such as non-governmental organizations (NGOs) and the private sector such as local community and investors, is becoming increasingly prominent. According to a report by the World Economic Forum (2023), partnerships between governments, corporations, and civil society are critical for achieving the SDGs. Collaborative initiatives, such as the Global Compact, promote responsible business practices and encourage companies to align their operations with sustainability principles. Leadership and management in sustainable development is not limited to individual organizations or sectors; it requires collaboration and partnerships at all levels. Global challenges such as climate change, biodiversity loss, and poverty cannot be addressed in isolation. Therefore, leaders and managers must cultivate partnerships with governments, civil society organizations, and other businesses to achieve shared sustainability goals. The United Nations' Sustainable Development Goals (SDGs) provide a framework for these collaborative efforts. The SDGs emphasize the need for cross-sector partnerships to address global challenges (United Nations, 2022). Leaders and managers who can forge meaningful partnerships are better positioned to mobilize resources, share knowledge, and implement sustainable solutions at scale. For instance, the collaboration between the United Nations and private sector companies through the Global Compact initiative has facilitated the adoption of sustainable business practices worldwide. Sustainability impact report of Unilever (2023) states that *“by aligning corporate strategies with the SDGs, leaders and managers can drive progress on climate action, gender equality, and responsible consumption and production”*.

2.1.1.1 Definition of Sustainability Leadership

Sustainability leadership refers to guiding organizations toward achieving long-term environmental, social, and economic goals through ethical decision-making, innovation, and stakeholder collaboration. It emphasizes integrating sustainability principles and practices into operations, fostering resilience, and addressing global challenges while creating shared value (Benn et al., 2023; Maak et al., 2023). Expert of sustainability leadership, Professor Visser (2010),

claims that several leadership models have emerged to support the transition toward sustainable development. Achieving true sustainability leadership requires a holistic approach that integrates environmental, economic, and social dimensions related with leadership competence theories such as transformational, adaptive, and authentic, and standpoint of systems thinking and approach of stakeholder management in theory and practice.

Sustainability leadership involves guiding organizations to balance social, economic, and environmental responsibilities to promote long-term well-being for all stakeholders. It requires a deep understanding of sustainability principles, commitment to ethical practices, and a focus on creating positive environmental and social impacts. Sustainability leadership emphasizes systems thinking, integrating the interconnectedness of ecological and human systems into decision-making processes (Senge, 2022). Leaders and managers demonstrate authentic leadership by embodying transparency, ethical behaviour, and a commitment to sustainability, inspiring others to adopt sustainable practices (Gardner et al., 2023). The transformational leadership competence and style is also essential in sustainability leadership, as it motivates employees to embrace change and pursue collective sustainability goals. Such leaders and managers encourage innovation, empower their teams, and align their organization's strategic vision with sustainable development objectives (Bass & Riggio, 2023). Furthermore, effective sustainability leadership integrates stakeholder management, which involves actively engaging with diverse stakeholders to understand their wants and needs, address their concerns, and collaboratively develop sustainable practices (Freeman et al., 2023). This approach ensures that sustainability initiatives are well-supported and contribute meaningfully to long-term societal goals.

2.2 Transformational Leadership in Sustainability

The increasing global focus on sustainability has necessitated the evolution of leadership styles that can effectively address complex environmental, social, and economic challenges. Among these leadership approaches and styles, transformational leadership competence has gained prominence for its ability to inspire and motivate organizations toward achieving long-term sustainable goals. Transformational leadership seeks to inspire and motivate followers to achieve higher performance levels and engage in change processes that align and unite with the organization's vision and goals. This leadership style is particularly relevant to sustainability, as it involves guiding organizations toward long-term, positive changes that benefit both the organization and society (Bass & Riggio, 2023).

Transformational leadership is particularly relevant in sustainability contexts because it emphasizes long-term vision, ethical leadership, and the ability to inspire change. As Northouse (2022) claims, transformational leaders and managers can guide and lead organizations toward sustainable pragmatic practices by uniting organizational goals and targets with broader societal, economic and environmental objectives. In sustainability, transformational leadership involves motivating employees to adopt sustainable practices and influencing external stakeholders, such as suppliers, customers, and policymakers, to support sustainability initiatives. This requires and demands a deep scope of understanding of the interconnectedness of economic, environmental, and social systems and the ability to navigate complex, multi-stakeholder environments (Burns, 2021).

2.2.1.1 Key Characteristics of Transformational Leadership in Sustainability

Transformational leadership in sustainability is characterized by several key traits that enable leaders to drive sustainable change within organizations (Bass & Riggio, 2006). These characteristics include visionary leadership, ethical decision-making, innovation, and the ability to engage and empower followers.

Visionary Leadership

Transformational leaders are distinguished by their visionary capabilities, which play a pivotal role in advancing sustainability initiatives. These leaders excel at articulating a clear and compelling vision of sustainability that aligns seamlessly with an organization's core values and mission. As Northouse (2022) observes, transformational leaders foster a collective sense of purpose by inspiring employees to actively participate in sustainability efforts, thereby building a culture of commitment and engagement. One of the key traits of transformational leaders in the context of sustainability is their capacity to convey a forward-looking vision that motivates others to embrace long-term environmental and social goals. Visionary leadership involves crafting a sustainability-focused narrative that resonates deeply with the organization's stakeholders, energizing them to contribute to these objectives (Bass & Riggio, 2023). Yukl (2020) emphasizes that such leaders possess the ability to frame sustainability as an urgent and meaningful priority, effectively communicating its importance to employees, investors, and broader audiences. By creating a shared understanding of sustainability's significance and aligning it with actionable goals, visionary leaders inspire collective action, drive innovation, and enable organizations to adapt to the evolving demands of sustainable development.

Innovation and Creativity

Moreover, transformational leaders encourage innovation by challenging the status quo and promoting creative thinking. This is essential for sustainability, as it requires developing new solutions to complex environmental and social problems. Yukl (2020) noted that transformational leaders empower and qualify their followers to take ownership of sustainability practices and initiatives, leading to more effective, efficient and sustainable outcomes. On the below “*Figure 1.*” shows “*Key Characteristics of Transformational Leadership*” followingly:

Figure 1. Key Characteristics of Transformational Leadership (Avolio & Walumbwa, 2022; Bass & Riggio, 2023; Benn, Edwards, and Williams, 2022; Burns, 1978; Chandler, 2023; Goleman et al., 2021; Maak and Pless, 2006; Metcalf and Benn, 2013; Northouse, 2022; Yukl, 2020).



Transformational leaders in sustainability are also characterized by their ability to foster innovation and creativity within their organizations. Benn, Edwards, and Williams (2022) noted that transformational leaders encourage followers to challenge the status quo, explore and seek new ideas and concepts, and develop innovative solutions to sustainability challenges. This focus

on innovation is essential for sustainability, as it enables organizations to develop new features, elements, products, processes, services and business models that contribute to sustainable development. Transformational leaders create an environment that supports creativity and experimentation, allowing followers to take risks and learn from failure (Goleman et al., 2021).

Ethical Decision-Making

Moral solid principles of sustainability in transformational leadership emphasize ethical decision-making, fostering trust, and inspiring systemic change to balance social, economic, and environmental goals for long-term progress (Burns, 1978; Maak and Pless, 2006; Metcalf and Benn, 2013). Ethical decision-making is another crucial characteristic of transformational leadership in sustainability. Moral solid principles guide transformational leaders and ensure their decisions align with organizational values and broader societal goals (Chandler, 2023). In sustainability contexts, ethical decision-making involves considering the long-term effects and impacts of organizational actions on the environment, society, and future generations. Transformational leaders prioritize ethical considerations in all aspects of their decision-making, from supply chain management to employee relations, ensuring that the organization operates socially and environmentally responsibly (Avolio & Walumbwa, 2022).

Empowerment and Employee Engagement

A key element of transformational leadership is the empowerment of employees. Transformational leaders qualify and empower their followers by giving them the autonomy and resources to implement sustainability initiatives. This empowerment fosters a culture of innovation and continuous improvement, vital for achieving sustainability goals (Bass & Riggio, 2023). Employee engagement is critical in the context of sustainability. Transformational leaders effectively engage employees by uniting their values with the organization's sustainability goals. This alignment increases employee satisfaction and retention and enhances the organization's overall sustainability performance (Northouse, 2022).

Impact of Transformational Leadership on Sustainability Outcomes

The literature on transformational leadership in sustainability highlights the significant impact that this leadership style can have on organizational sustainability outcomes. Transformational leaders can drive sustainable change by creating and achieving a culture of sustainability, enhancing organizational resilience, and influencing external stakeholders.

Creating a Culture of Sustainability

Transformational leadership profoundly influences an organization's ability to establish a culture centred on sustainability. Senge (2022) highlights that transformational leaders play a pivotal role in integrating sustainability into an organization's fundamental values, making it an integral aspect of its identity. This sustainability-oriented culture is marked by a focus on ongoing improvement, innovation, and adherence to ethical principles. Bass and Riggio (2023) emphasize that transformational leaders instil a sense of collective responsibility for sustainability throughout the organization. They motivate employees at every level to actively participate in and support sustainability initiatives, fostering a unified effort toward achieving sustainable development goals. By embedding these principles into the organizational ethos, transformational leaders ensure that sustainability becomes a guiding principle in decision-making and everyday practices.

Enhancing Organizational Resilience

Organisational resilience in practice involves proactively identifying risks, adapting to disruptions, and fostering innovation, enabling businesses to sustain operations, achieve goals, and thrive in dynamic environments (Burnard and Bhamra, 2011; Duchek, 2020). Transformational leadership enhances organizational resilience by equipping organizations to navigate complex and changing environments. As highlighted by Heifetz, Grashow, and Linsky (2022), transformational leaders can anticipate and respond to sustainability challenges, ensuring that the organization remains resilient in the face of environmental, social, and economic changes. By fostering a culture of innovation and adaptability, transformational leaders help, and guide organizations develop the capabilities and resources needed to thrive in a rapidly changing world. This resilience is significant for long-term sustainability, enabling organizations to respond effectively and efficiently to emerging critical and raising-awareness-needed sustainability challenges and opportunities (Uhl-Bien & Arena, 2022).

Influencing External Stakeholders

Another significant impact of transformational leadership in sustainability is the ability to influence external stakeholders. Transformational leaders can build strong relationships with customers, suppliers, investors, and policymakers, encouraging them to support the organization's sustainability initiatives (Freeman & Lewis, 2022). By engaging external stakeholders in sustainability efforts, transformational leaders can create a broader impact beyond the

organization, contributing to systemic change and achieving global sustainability goals. This external influence is significant in industries where sustainability challenges and possibilities require coordinated efforts across different sectors and stakeholders (Porter & Kramer, 2022). Transformational leadership is a powerful and practical approach to driving sustainability within organizations. Transformational leaders can create significant and lasting change by inspiring and motivating followers, fostering innovation and creativity, and engaging external stakeholders.

2.3 Adaptive Leadership in Sustainability

Adaptive leadership is vital for advancing sustainability, as it promotes collaboration, innovation, and adaptability to tackle intricate challenges. This approach enables organizations to evolve dynamically while balancing environmental, social, and economic priorities to achieve long-term success (Heifetz, 1994; Schein, 2010). With global issues such as environmental degradation, climate change, resource scarcity, and social inequality becoming increasingly urgent, leadership approaches capable of addressing sustainability's complexities are more critical than ever. Adaptive leadership emphasizes flexibility, continuous learning, and navigating complex, evolving environments. It is an essential framework for guiding organizations through the dynamic and interconnected challenges of sustainability. Heifetz et al. (2022) assert that sustainability issues are rarely straightforward; instead, they represent "adaptive challenges" requiring shifts in values, beliefs, and behaviours rather than simple technical fixes. This leadership style is particularly relevant to sustainability leadership, as it encourages organizations to develop innovative and collaborative solutions to unforeseen problems. Talley and Hull (2023) highlight that adaptive leadership fosters an environment where learning and flexibility are prioritized, enabling leaders to implement sustainable strategies effectively. By addressing the unpredictable and multifaceted nature of sustainability challenges, adaptive leadership provides a critical framework for creating resilient, forward-thinking organizations capable of driving meaningful change.

Navigating Complexity

Sustainability issues are inherently complex, involving multiple stakeholders, competing interests, and uncertain outcomes. Adaptive leadership is well-suited to addressing these challenges, as it consists of diagnosing the situation, identifying key challenges, and developing adaptive strategies that can evolve (Heifetz et al., 2022). Adaptive leaders encourage experimentation and learning, allowing organizations to test different approaches and adapt to

changing circumstances. This is essential for sustainability, as it enables organizations to remain resilient and pragmatic in the face of environmental, social, and economic changes (Uhl-Bien & Arena, 2022).

2.3.1.1 Key Characteristics of Adaptive Leadership in Sustainable Development

Adaptive leadership in sustainability is characterized by several key traits that enable leaders to drive sustainable change within organizations. These characteristics include:

Flexibility and Agility

Flexibility and agility are central to adaptive leadership, particularly in sustainability contexts where leaders must respond to rapidly changing environmental, social, and economic conditions. Adaptive leaders can adjust their strategies and approaches as new information emerges, ensuring that their organizations remain resilient in uncertainty (Heifetz et al., 2022). In sustainability, this flexibility is crucial for adapting to the evolving landscape of environmental regulations, technological advancements, and shifting stakeholder expectations.

For example, a company committed to sustainability may need to rapidly adjust its supply chain practices in response to new environmental laws or consumer demands for greener products. Adaptive leadership allows organizations to pivot quickly and effectively in such situations, maintaining their commitment to sustainability while navigating complex challenges (Luthans & Avolio, 2023).

Mobilizing Collective Action

Another critical aspect of adaptive leadership is the ability to mobilize collective action. Sustainability challenges and possibilities often require synergised and coordinated efforts across different departments, organizations, and sectors. Adaptive leaders are skilled in bringing together diverse groups of stakeholders and facilitating collaboration to address these challenges (Heifetz et al., 2022). Adaptive leaders can enhance the organization's resources and capacity to address sustainability challenges by fostering a culture of collaboration and collective learning. This collaborative approach is fundamental in achieving systemic change, which is necessary for long-term sustainability (Uhl-Bien & Arena, 2022).

Collaboration and Stakeholder Engagement

Collaboration is another key characteristic of adaptive leadership in sustainability. Sustainability challenges often involve multiple stakeholders with diverse perspectives and interests, making collaboration essential for developing and implementing practical solutions. Adaptive leaders excel at fostering collaboration by engaging stakeholders in the problem-solving process and creating an environment where diverse perspectives are valued (Freeman & Lewis, 2022). On the below is illustrated “Figure 2.”, where this study has identified the “Key Characteristics of Adaptive Leadership” followingly:

Figure 2. Key Characteristics of Adaptive Leadership (Freeman & Lewis, 2022; Heifetz et al., 2022; Luthans & Avolio, 2023; Freeman & Lewis, 2022; Porter & Kramer, 2022, 2023; Senge, 2020, 2022; Talley & Hull, 2023; Uhl-Bien & Arena, 2022).



This collaborative approach leads to more innovative solutions and builds trust and buy-in among stakeholders, which is critical for the success of sustainability initiatives (Porter & Kramer, 2022, 2023). This might involve engaging community members, government offices and

agencies, and non-governmental organizations (NGOs) in developing a corporation's sustainability strategy. By bringing together these diverse voices, adaptive leaders can ensure that the resulting plan is comprehensive and addresses the concerns of all relevant stakeholders (Talley & Hull, 2023).

Systems Thinking

Senge (2022) argues that *“systems thinking is a critical component of adaptive leadership in sustainability. This approach involves understanding the interconnectedness of different elements within a system and recognizing that changes in one area can have ripple effects throughout the system”*. For sustainability leaders, systems thinking is essential for identifying leverage points where small changes can significantly improve environmental and social outcomes. It also helps leaders anticipate the unintended consequences of their actions, allowing them to adjust their strategies proactively (Senge, 2020). For instance, an adaptive leader in the energy sector might use systems thinking to analyse the potential impacts of transitioning to renewable energy sources. The leader can develop a more holistic and effective sustainability strategy by considering the effects on everything from supply chain operations to community relations (Talley & Hull, 2023).

Commitment to Learning and Innovation

Adaptive leaders are committed to continuous learning and innovation, recognizing that sustainability challenges are complex and evolving. This commitment to learning involves staying informed about new developments in sustainability, experimenting with new approaches, and being willing to learn from successes and failures (Uhl-Bien & Arena, 2022). Innovation is often necessary in sustainability to overcome challenges and achieve opportunities of long-term goals. Adaptive leaders foster a culture of innovation by encouraging experimentation and supporting creative problem-solving within their organizations. This culture of innovation is critical for developing new technologies, business models, and practices that contribute to sustainability (Luthans & Avolio, 2023). For example, a manufacturing company might experiment with new materials and production processes to reduce its environmental footprint. Senge (2020) claims that *“an adaptive leader would support these efforts by providing the necessary resources and creating an environment where employees feel empowered to take risks and explore new ideas”*.

Adaptive Leadership in Sustainability

Adaptive leadership has been applied in various contexts to drive sustainability initiatives, from corporate sustainability strategies to community-based environmental programs. This section explores some of the critical applications of adaptive leadership in sustainability, highlighting its effectiveness in different settings.

Corporate Sustainability

Adaptive leadership is essential for integrating sustainability into practical business operations and strategy in the corporate sector and authority. Companies face increasing pressure from stakeholders to adopt sustainable practices, and adaptive leadership provides a framework for navigating these complex demands (Freeman & Lewis, 2022). Adaptive corporate leaders focus on aligning sustainability goals with business objectives, ensuring that sustainability initiatives contribute to long-term profitability and competitiveness. This often involves balancing short-term financial pressures with the need and demand to invest in sustainable practices that may only yield benefits in the long run (Porter & Kramer, 2022). For example, an adaptive leader in a multinational corporation might lead efforts to reduce the company's carbon footprint by adopting renewable energy sources, improving energy efficiency, and promoting sustainable supply chain practices. This approach addresses environmental concerns, enhances the company's reputation, and reduces regulatory risks (Luthans & Avolio, 2023).

Public Policy and Governance

Adaptive leadership is equally significant in public policy and governance, where leaders must navigate intricate political landscapes and balance diverse interests to achieve sustainability objectives (Senge, 2022). In this context, adaptive leaders play a pivotal role in shaping and executing sustainability policies. They actively engage with a wide range of stakeholders, including private sector entities, government institutions, and civil society organizations, fostering collaboration and building consensus. This leadership approach is essential for addressing large-scale sustainability challenges like climate change, which demand coordinated efforts across sectors and jurisdictions (Heifetz et al., 2022). For example, an adaptive leader in municipal government might develop a comprehensive sustainability strategy that targets reducing greenhouse gas emissions, improving public transportation infrastructure, and expanding green spaces. By involving community members, businesses, and other stakeholders in the decision-making process, the leader ensures that the plan aligns with the

needs and priorities of all parties involved (Talley & Hull, 2023). Such an approach not only facilitates the creation of more inclusive and effective policies but also helps build trust and commitment among stakeholders, enhancing the likelihood of successful implementation. This capacity to adapt, collaborate, and innovate underscores the critical role of adaptive leadership in driving sustainable development within the realms of public policy and governance.

2.4 Authentic Leadership in Sustainability

As organizations and societies grapple with the complexities of sustainability, the need for effective leadership becomes increasingly critical. Authentic leadership, focusing on genuine, ethical, and transparent leadership practices, has become a leadership style that effectively addresses sustainability challenges. Authentic leadership is a leadership approach that emphasizes accountability and transparency, ethical behaviour, and the alignment of leaders' decisions and actions with their core values and purposes. In sustainability, authentic leadership is essential for building trust, honesty and credibility with stakeholders (Luthans & Avolio, 2023). The relevance of authentic leadership to sustainability lies in its emphasis on ethical decision-making, transparency, and the alignment of actions with values. In sustainability, leaders often face complex moral dilemmas, such as balancing short-term profitability with long-term environmental and social responsibilities (Northouse, 2022). Authentic leadership in sustainability emphasizes self-awareness, transparency, accountability and ethical values, fostering trust and inspiring stakeholders to pursue shared environmental, social, and economic goals, creating lasting impact and organizational integrity (Avolio and Gardner, 2005; George, 2003; Walumbwa et al., 2008). Authentic leaders are well-equipped to navigate these challenges, guided by a strong sense of purpose and a commitment to doing what is correct rather than expedient (Chandler, 2023). Furthermore, the transparency and trust fostered by authentic leadership are critical for engaging stakeholders in sustainability initiatives. By being open about the challenges and opportunities associated with sustainability, authentic leaders can build trust with employees, customers, investors, and other stakeholders, ensuring their support for sustainability efforts (Gardner et al., 2023).

2.4.1.1 Key Characteristics of Authentic Leadership

Ethical Decision-Making

According to Luthans & Avolio (2023) *“ethical decision-making is a central characteristic of authentic leadership, particularly in sustainability. Authentic leaders are guided by strong moral*

principles, ensuring their decisions align with ethical standards and contribute to the greater”. Authentic leadership’s strong moral principles are based on self-awareness, relational transparency, balanced processing, and an internalized moral perspective (Walumbwa et al., 2008). These principles emphasize ethical behaviour, personal integrity, and aligning actions with core values, fostering trust and collaboration while prioritizing the greater good over self-interest (George, 2003; Gardner et al., 2023). In sustainability leadership, ethical decision-making involves considering the long-term impacts of organizational actions on the environment, society, and future generations. Authentic leaders prioritize ethical considerations in all aspects of their decision-making, from supply chain management to product development, ensuring that their organizations operate socially and environmentally responsibly (Chandler, 2023). Authentic leaders are guided by solid ethical principles crucial for sustainability leadership. These leaders prioritize ethical decision-making and practices, ensuring their actions unite with organizational values and broader societal goals (Luthans & Avolio, 2023). Authentic leaders are committed to making decisions that contribute to the well-being of all stakeholders rather than prioritizing short-term gain (Gardner et al., 2023). Identified “*Key Characteristics of Authentic Leadership*” in the “*Figure 3.*” below:

Figure 3. Key Characteristics of Authentic Leadership (Chandler, 2023; Freeman, 1984; Freeman & Lewis, 2022; Gardner et al., 2023; George, 2003; Luthans & Avolio, 2023; Northouse, 2022; Porter & Kramer, 2022,2023; Walumbwa et al., 2008).



Building Trust and Credibility

Trust and credibility are essential for the success of sustainability initiatives and its practicality. Authentic leaders build trust by being transparent in their actions, communicating openly with stakeholders, and demonstrating a commitment to sustainability (Avolio & Walumbwa, 2022). This trust is crucial in sustainability leadership, as it enables leaders to garner support for sustainability initiatives from employees, customers, NGO's, investors, and the broader community. By demonstrating authenticity, leaders can create a strong foundation of trust that supports the organization's sustainability efforts (Gardner et al., 2023).

Transparency and Trust

Transparency is another crucial characteristic of authentic leadership in sustainability. According to Gardner et al. (2023) *“authentic leaders are open and honest in their communications, sharing information about the organization's sustainability goals, challenges, and progress with all stakeholders”*. This transparency fosters trust, which is essential for gaining the support of employees, customers, investors, and other stakeholders for sustainability initiatives. By being transparent about the organization's sustainability efforts, authentic leaders can build credibility and ensure stakeholders are fully informed, conscious and engaged in the process (Northouse, 2022).

Long-Term Orientation

Authentic leaders are also characterized by their long-term orientation, which is critical for sustainability. Rather than focusing solely on short-term financial gains, authentic leaders prioritize long-term value creation, considering the impact of their decisions on future generations and the planet (Luthans & Avolio, 2023). This long-term perspective is essential for developing and implementing sustainable strategies in the true sense of the word. Authentic leaders recognize that achieving sustainability requires a long-term commitment and are willing to make the necessary investments and sacrifices to ensure that their organizations contribute positively to the environment and society (Porter & Kramer, 2022).

Stakeholder Engagement

Engaging stakeholders is a fundamental aspect of authentic leadership in sustainability. This process is vital for fostering collaboration and accountability among diverse groups. It encompasses identifying, communicating with, and partnering with stakeholders to tackle

environmental, social, and economic challenges (Freeman, 1984). Authentic leaders understand the significance of involving a wide range of stakeholders—such as employees, customers, investors, regulators, and the community—in shaping and executing sustainability initiatives (Freeman & Lewis, 2022). By actively including stakeholders in decision-making, authentic leaders ensure that their sustainability strategies are comprehensive and aligned with the needs and expectations of all involved. This inclusive approach not only enhances the effectiveness of sustainability initiatives but also builds trust and secures stakeholder commitment to the organization’s goals. According to Gardner et al. (2023), stakeholder engagement amplifies the impact of sustainability efforts by creating a sense of shared responsibility and collaboration. By fostering transparent communication and mutual understanding, authentic leaders can create an environment where all stakeholders are motivated to contribute to the organization’s sustainability objectives, driving meaningful and lasting change.

Impact of Authentic Leadership on Sustainability

The literature on authentic leadership in sustainability highlights the significant impact that this leadership style can have on organizational sustainability outcomes. Authentic leaders can drive sustainable change by cultivating a culture of sustainability, enhancing organizational resilience, and influencing external stakeholders.

Fostering a Culture of Sustainability

One of the most significant impacts of authentic leadership in sustainability is the ability to foster a culture of sustainability within the organization. Authentic leaders embed sustainability into the organization's core values, ensuring it becomes a central part of its identity and operations (Luthans & Avolio, 2023). A commitment to ethical behaviour, long-term thinking, and continuous improvement characterizes this culture of sustainability. Authentic leaders promote sustainability at all levels of the organization, encouraging employees to adopt and apply sustainable practices in their daily work and to take ownership of the organization's sustainability goals (Northouse, 2022).

Enhancing Organizational Resilience

Authentic leadership also enhances organizational resilience, which is critical for sustainability. By fostering a culture of transparency, trust, and ethical decision-making, authentic leaders build strong, resilient organizations that are better equipped to navigate the

challenges and uncertainties of sustainability (Heifetz et al., 2023). This resilience is critical in sustainability, where organizations must adapt to changing environmental, social, and economic conditions. Authentic leaders ensure that their organizations are agile and responsive, enabling them to thrive in a rapidly changing world (Senge, 2022).

Influencing External Stakeholders

Another significant impact of authentic leadership in sustainability is the ability to influence external stakeholders. Authentic leaders build strong relationships with customers, suppliers, investors, regulators, and other stakeholders, encouraging them to support the organization's sustainability initiatives (Freeman & Lewis, 2022). By engaging external stakeholders in sustainability efforts, authentic leaders can create a broader impact beyond the organization, contributing to systemic change and achieving global sustainability goals. According to Porter & Kramer (2022, 2023) *“this external influence is significant in industries where sustainability challenges require coordinated efforts across different sectors and stakeholder”*. Authentic leadership is a powerful and practical approach to driving sustainability within organizations and communities. By promoting ethical decision-making, transparency, long-term orientation, and stakeholder engagement, authentic leaders can foster a culture of sustainability, enhance organizational resilience, and influence external stakeholders.

2.5 Systems Thinking in Sustainability Leadership

The importance of sustainability continues to grow as the world grapples with a range of complex and interconnected issues, including environmental degradation, climate change, biodiversity loss, resource scarcity, and social and economic inequalities. To effectively tackle these challenges, a comprehensive approach that considers the intricate relationships between environmental, social, and economic systems is vital. Systems thinking has emerged as a pivotal framework for fostering sustainability, offering tools to understand and address these interconnections (Rockström et al., 2009). Systems thinking involves recognizing and analysing the interdependencies and dynamics within a given system—be it an organization, a community, or an ecosystem. This approach emphasizes the need to view challenges as part of a broader, interconnected whole, rather than isolated problems. In the context of sustainability leadership, systems thinking is essential for navigating the complexity of interrelated sustainability issues and crafting strategies that are both effective and far-reaching (Senge, 2022). By adopting a systems thinking perspective, leaders can better understand how various factors influence one another and anticipate the ripple effects of their decisions. This holistic view enables the development of

innovative solutions that address root causes rather than symptoms, fostering resilience and long-term progress toward sustainability.

Understanding Interconnections

Sustainability challenges are often systemic, involving multiple factors that interact in complex ways. Systems thinking enables leaders to understand these interconnections and identify leverage points where interventions can create significant positive change (Senge, 2022). For example, a sustainability leader might use systems thinking to analyse a product's environmental and economic impact throughout its lifecycle, from raw material extraction to disposal. By understanding the full scope of the product's impact, the leader can identify opportunities to reduce and minimize waste, reduce and lower carbon emissions, and improve resource effectiveness and efficiency (Talley & Hull, 2023).

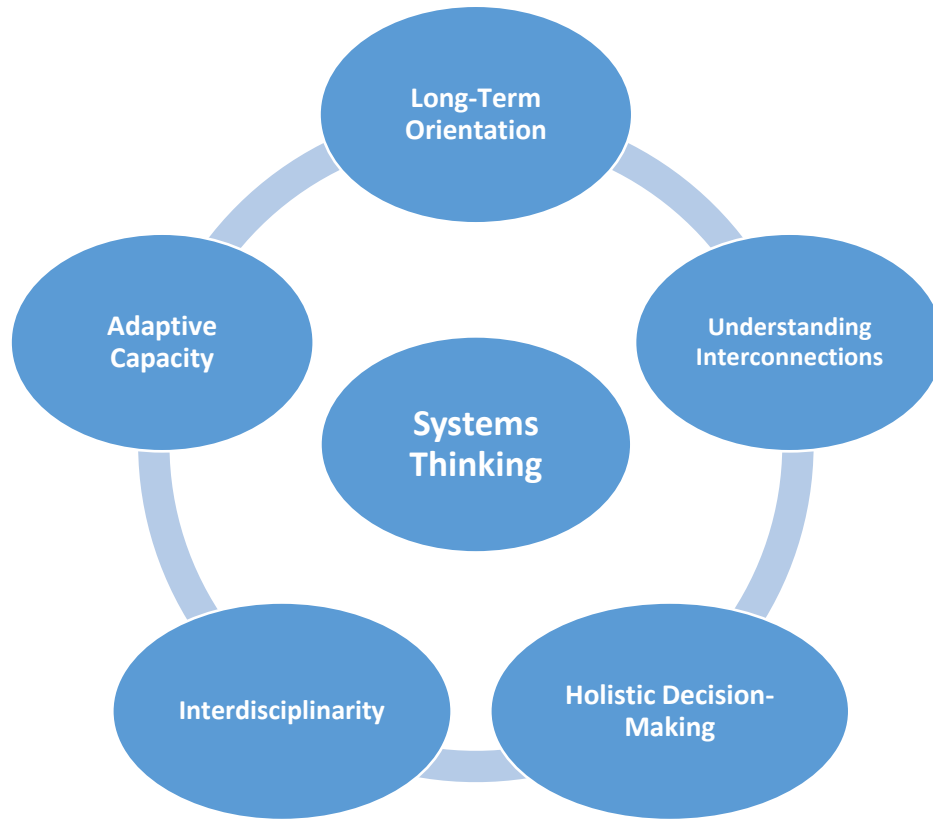
Interdisciplinarity

Interdisciplinarity is another crucial characteristic of systems thinking in sustainability, reflecting the need to integrate knowledge and perspectives from multiple disciplines. Sustainability challenges are inherently complex and multifaceted, requiring insights from ecology, economics, sociology, and engineering (Talley & Hull, 2023). Systems thinking encourages collaboration across disciplinary boundaries, fostering a more comprehensive understanding of sustainability challenges and enabling the development of more innovative and effective solutions. Senge (2022) argues that *“this interdisciplinary approach is essential for addressing issues that involve trade-offs between different sustainability goals, such as the balance between economic development and environmental conservation”*.

Holistic Decision-Making

Systems thinking also supports holistic decision-making, which is essential for sustainability leadership (Senge, 2022). This holistic approach is critical in sustainability leadership, as it enables leaders to develop comprehensive and coordinated strategies and solutions that address the root causes of sustainability challenges rather than merely treating the symptoms (Rockström et al., 2009). By considering the system, leaders can create more effective and sustainable solutions (Meadows, 2008; Senge, 2006; Talley & Hull, 2023). *“Key Characteristics of Systems Thinking in Sustainability”* on the next page in the *“Figure 4.”*:

Figure 4. Key Characteristics of Systems Thinking in Sustainability (Freeman & Lewis, 2022; Meadows, 2008 & 2022; Porter & Kramer, 2022, 2023, Rockström et al., 2009; 2022; Senge, 2006, 2022, 2025; Talley & Hull, 2023).



Adaptive Capacity

Adaptive capacity refers to the system's ability to respond to change and uncertainty. In sustainability, this characteristic is critical for managing the dynamic and often unpredictable nature of environmental, social, and economic systems (Meadows, 2022). Systems thinking emphasizes the importance of building adaptive capacity within systems, enabling them to respond to emerging challenges and to recover from disruptions. This focus on adaptability is particularly relevant for sustainability, where the impacts of climate change, resource depletion, and other difficulties are uncertain and evolving (Senge, 2022). For example, a systems thinking approach to climate adaptation might involve developing flexible and resilient infrastructure that can withstand a range of future climate scenarios. By considering the long-term and dynamic

nature of sustainability challenges, systems thinking helps ensure that solutions are robust and resilient in the face of uncertainty (Talley & Hull, 2023).

Long-Term Orientation

A long-term orientation is a crucial characteristic of systems thinking in sustainability, reflecting the need to consider the future impacts of current actions. Sustainability challenges often involve long time horizons, with consequences that may only become apparent for a few decades or centuries (Meadows, 2022). Systems thinking encourages practitioners to consider the potential impacts of decisions on future generations and the planet. This long-term orientation is essential for developing strategies that promote sustainability over the long term rather than focusing solely on short-term gains (Senge, 2022). For example, a systems thinking approach to sustainable agriculture might consider long-term soil health, water resources, and biodiversity rather than simply maximizing short-term crop yields. By taking a long-term view, systems thinking helps ensure that sustainability strategies are truly sustainable in the long run (Talley & Hull, 2023).

Systems Thinking in Sustainability

Systems thinking has been applied in various contexts to address sustainability challenges, from corporate sustainability strategies to environmental policy and community-based initiatives. This section explores some critical applications of systems thinking in sustainability, highlighting its effectiveness in different settings.

Corporate Sustainability

Systems thinking is increasingly embraced in the corporate world as a strategic approach to embedding sustainability into business operations and strategies. Businesses face mounting pressure and growing environmental awareness among stakeholders to adopt sustainable practices. Systems thinking offers a structured framework for analysing the intricate relationships between business activities and environmental, social, and economic systems (Freeman & Lewis, 2022). Incorporating systems thinking into corporate sustainability often involves leveraging tools such as life cycle assessment. This method evaluates a product or service's environmental and social impacts throughout its entire life cycle—from raw material extraction to disposal, encompassing a "cradle-to-grave" perspective (Porter & Kramer, 2022). By assessing these comprehensive impacts, businesses can identify opportunities for improving quality,

functionality, and sustainability across their processes and practices. For instance, applying a systems thinking approach to sustainable product design requires examining resource usage, energy consumption, waste generation, and social effects at each stage of the product's lifecycle. This holistic perspective enables companies to reduce their environmental footprint, enhance their social contributions, and strengthen their long-term competitive edge (Meadows, 2022). By addressing interconnected challenges, businesses not only align with sustainability goals but also create value for stakeholders while fostering innovation and resilience.

Environmental Policy and Governance

Systems thinking is also relevant in environmental policy and governance, where it is used to develop and implement policies that promote sustainability. Policymakers must navigate complex and interconnected ecological, social, and economic systems, and systems thinking provides a framework for understanding these interactions and designing more effective policies (Senge, 2022). For example, a systems thinking approach to climate policy might involve developing integrated strategies that address mitigation and adaptation, considering the interactions between energy systems, land use, water resources, and social equity. By taking a systems perspective, policymakers can identify synergies and trade-offs between policy goals and design strategies that promote overall system health and resilience (Talley & Hull, 2023). Systems thinking is also valuable for understanding environmental policies' unintended consequences and designing adaptive management strategies that can respond to changing conditions. This adaptive approach is critical in climate change, where policies' impacts may be uncertain and evolve (Meadows, 2022).

Community-Based Sustainability Initiatives

Community-based sustainability initiatives also benefit from systems thinking, particularly in their efforts to address local sustainability challenges. These initiatives often operate in resource-constrained environments and must navigate complex social, economic, and environmental systems to achieve their goals (Freeman & Lewis, 2022). Systems thinking in community-based sustainability involves considering the broader context in which local challenges occur, including the interactions between local, regional, and global systems. By taking a holistic and inclusive approach, systems thinking helps ensure that community-based initiatives are responsive to local needs and conditions while contributing to broader sustainability goals (Porter & Kramer, 2022). For example, a systems thinking approach to community-based water management might consider local water resources, agricultural

practices, land use, and social equity. By engaging and empowering community members and partnerships in the decision-making process and considering the full range of interactions and impacts, systems thinking helps improving and developing more sustainable and equitable solutions and practices (Talley & Hull, 2023). Systems thinking is a powerful and practical approach to addressing sustainability challenges. It provides a holistic, interdisciplinary, adaptive framework for understanding and managing complex systems. By promoting a long-term orientation, fostering collaboration across disciplines, and building adaptive capacity, systems thinking can contribute to more sustainable outcomes in various contexts.

2.6 Stakeholder Theory and Management in Sustainability Leadership

Freeman and Lewis (2022) highlight that the rising significance of sustainability in both business and policymaking has spurred increased attention to stakeholder theory and its role in sustainability management. Stakeholder theory, which focuses on addressing the interests and impacts of all stakeholders in decision-making, provides a comprehensive framework for tackling the intricate challenges associated with sustainability. In sustainability leadership, this theory is pivotal for ensuring that sustainability efforts are inclusive and equitable. Since its introduction, stakeholder theory has evolved to address the complexities of contemporary business environments, particularly in sustainability contexts. Recent advancements in the theory emphasize inclusivity, accountability, and transparency in stakeholder engagement. These elements are essential because sustainability challenges demand collaborative, multi-stakeholder solutions (Jones et al., 2022).

Furthermore, the increasing awareness of the interconnected nature of global systems has significantly influenced the theory's development. This interconnectedness underscores that an organization's actions can produce widespread impacts, affecting stakeholders across various sectors, regions, and even future generations (Freeman et al., 2022). Consequently, modern stakeholder theory stresses the importance of considering the broader implications of organizational actions. It encourages businesses to adopt a long-term perspective in their decision-making processes, ensuring that they account for far-reaching and enduring effects. This evolution in stakeholder theory aligns with the growing demand for sustainable practices that are equitable, forward-looking, and rooted in collective responsibility.

2.6.1.1 Key Characteristics of Stakeholder Management in Sustainable Development

Engaging Diverse Stakeholders

Sustainability challenges often affect many stakeholders, including employees, customers, communities, NGO's, investors, and regulators. Stakeholder theory emphasizes the importance of engaging with all relevant stakeholders to ensure their perspectives are considered in decision-making (Freeman & Lewis, 2022). Effective stakeholder engagement is essential for sustainability leadership, as it enables leaders to build broad-based support for sustainability initiatives and ensure they are responsive to all stakeholders' needs (Donaldson & Preston, 2020). On the below in the "Figure 5.", the study has identified the "Key Characteristics of Stakeholder Management" followingly:

Figure 5. Key Characteristics of Stakeholder Management in Sustainability (Chandler, 2023; Donaldson & Preston, 2020; Freeman & Lewis, 2022; Jones et al., 2022; Porter & Kramer, 2011, 2022, 2023).



Creating Shared Value

Stakeholder theory also emphasizes creating shared value, which involves aligning business strategies with societal goals to benefit the organization and its stakeholders. This approach is particularly relevant to sustainability leadership, encouraging organizations to pursue sustainability initiatives that generate economic, social, and environmental value (Porter & Kramer, 2022). For example, a sustainability leader might implement a renewable energy project that reduces the organization's carbon footprint, lowers energy costs, and creates jobs in the local community. By creating shared value, the leader can enhance the organization's sustainability performance while also contributing to the well-being of its stakeholders (Freeman & Lewis, 2022).

Stakeholder Theory in Sustainability

Stakeholder theory has been widely applied in sustainability, providing a framework and design for organizations to address their operations' environmental, social, and economic impacts. This section explores how stakeholder theory has been used to guide sustainability initiatives in various sectors, highlighting best practices and lessons learned.

Corporate Sustainability

Stakeholder theory has been instrumental in guiding sustainability strategies and initiatives in the corporate sector. According to Porter & Kramer (2022) *“Companies increasingly recognize that their success depends not only on financial performance but also on their ability to create value for all stakeholders, including the environment and society”*.

One critical application of stakeholder theory in corporate sustainability is developing corporate social responsibility (CSR) strategies. CSR involves and considering businesses taking responsibility for their impacts on participants of society and the elements of environment, going beyond compliance with legal requirements to proactively and pragmatically address social and environmental challenges (Chandler, 2023).

Stakeholder theory offers a valuable lens for recognizing and ranking CSR activities that reflect stakeholder expectations and support sustainable long-term value. For instance, a business might collaborate with local communities to better understand their environmental concerns and implement CSR programs tailored to address those issues.

Environmental Policy and Governance

Stakeholder theory has found significant application in the realms of environmental governance and policymaking, offering a structured approach to involving a broad spectrum of stakeholders in the formulation and execution of sustainability-focused policies. This method is especially vital for tackling multifaceted and interrelated environmental issues such as climate change, ecosystem degradation, and the overuse of natural resources (Freeman & Lewis, 2022). Within environmental governance, the theory underscores the necessity of participatory decision-making that brings together key actors—governments, corporations, NGOs, and local populations. Engaging stakeholders throughout the policy development process not only enhances the relevance and responsiveness of environmental strategies but also fosters more just and effective results (Porter & Kramer, 2022). For instance, when designing climate-related initiatives, stakeholder involvement can uncover potential obstacles, facilitate alignment on objectives, and ensure the inclusion of marginalized or at-risk groups. Such a collaborative and inclusive model is fundamental to addressing the intertwined environmental, social, and economic facets of sustainable development (Jones et al., 2022).

Community-Based Sustainability Initiatives

Community-based sustainability initiatives are another area where stakeholder theory has been effectively applied. These initiatives often involve the collaboration of diverse stakeholders, including local communities, local and global businesses, non-governmental organizations (NGOs), and government agencies and offices, to address specific sustainability challenges at the regional level (Green & White, 2023).

Stakeholder theory provides a framework and design for understanding the roles and interests of different stakeholders in these initiatives and for developing strategies to engage them effectively. By involving stakeholders in the planning and implementing community-based sustainability initiatives, practitioners can ensure that they are more responsive to local needs, more likely to be supported by the community, and more sustainable in the long term (Freeman & Lewis, 2022). For example, a community-based initiative to improve local water management might involve the engagement of farmers, residents, businesses, and government agencies. By bringing these stakeholders together, the initiative can develop more comprehensive and practical strategies that address the diverse needs and concerns of the community (Porter & Kramer, 2022).

Opportunities for Stakeholder Management in Sustainability

While stakeholder management in sustainability presents significant challenges, there are also numerous opportunities. This section explores the potential benefits of effective stakeholder engagement, including enhanced trust and collaboration, improved decision-making, and greater resilience and adaptability.

Enhanced Trust and Collaboration

"A major advantage of robust stakeholder engagement lies in its ability to foster trust and cooperation among diverse groups. When organizations actively involve stakeholders in decision-making processes and respond to their concerns, they can cultivate stronger, more supportive relationships (Freeman & Lewis, 2022). Such trust and collaboration are vital to the effectiveness of sustainability efforts, as they promote collective action, encourage the sharing of resources and expertise, and drive the creation of more innovative and holistic solutions. This spirit of collaboration is particularly important when tackling the multifaceted and interlinked challenges of sustainability, which demand unified action across sectors and levels of governance (Porter & Kramer, 2022).

Improved Decision-Making

Effective stakeholder management can also improve decision-making by giving organizations broader perspectives, knowledge, and expertise. Organizations can better understand the issues by involving stakeholders in decision-making, identifying potential risks and possibilities, and developing more informed and balanced strategies (Jones et al., 2022). For example, by engaging local communities in developing environmental policies, policymakers can gain valuable insights into local conditions, needs, and priorities, leading to more effective and responsive policies. This inclusive approach to decision-making is essential for addressing the social and economic dimensions of sustainability and the environmental ones (Green & White, 2023).

Greater Resilience and Adaptability

Another potential benefit of effective stakeholder management is greater resilience and adaptability in the face of change and uncertainty. By involving stakeholders in decision-making and building solid relationships, organizations can develop more flexible and responsive strategies to withstand external shocks and disruptions (Freeman et al., 2023). For example, by engaging with stakeholders in developing climate adaptation strategies, organizations can ensure their

strategies are more robust and responsive to changing environmental conditions. This adaptability is essential for managing the dynamic and often unpredictable nature of sustainability challenges, where the impacts of policies and actions may be uncertain and evolve (Jones et al., 2022).

Stakeholder theory and management provide a robust framework for addressing sustainability's complex and interconnected challenges. Organizations can develop more inclusive, equitable, and practical sustainability strategies by recognizing the legitimacy of all stakeholders, engaging them in decision-making processes and practices, and balancing their interests and needs.

2.7 Critique and 21st Century Direction of Sustainability Leadership

The reviewed literature provides an essential foundation for understanding sustainability leadership through frameworks of transformational, adaptive, and authentic leadership, as well as systems thinking and stakeholder management. However, there are notable gaps and limitations in integrating these perspectives cohesively. The predominant focus on transformational leadership may overshadow other leadership styles that could be equally effective in promoting sustainability. Transformational leadership is praised for its ability to inspire systemic change (Burns, 1978; Bass, 1990), but it may overlook the practical complexities of implementing sustainability strategies, particularly in volatile environments where adaptive leadership excels (Heifetz, 1994; Uhl-Bien and Arena, 2018). Adaptive leadership's strength lies in its dynamic responsiveness, yet its application often lacks clarity in long-term sustainability goals (Duchek, 2020). Additionally, the literature often emphasizes the positive outcomes of adaptive leadership without adequately addressing potential challenges, such as the risk of overemphasis on flexibility at the expense of strategic direction (Brown & Green, 2023). Authentic leadership emphasizes ethical and transparent behaviour (George, 2003; Walumbwa et al., 2008), but its emphasis on individual leader characteristics may underplay the collective actions needed for sustainability. Systems thinking enriches the discourse by addressing interconnected challenges (Senge, 2022), but it requires integration with actionable frameworks. Stakeholder management is foundational for sustainability (Freeman, 1984; Maak and Pless, 2006), though conflicts among stakeholder priorities remain underexplored. Furthermore, there is a need for more empirical studies across diverse organizational contexts to validate the generalizability of these findings. Future research should adopt a more holistic approach, considering various methodologies and their interactions with organizational culture and external

environmental factors to provide a comprehensive understanding of effective sustainability leadership.

The 21st century presents both challenges and opportunities for sustainable development. Technological innovations, economic models such as the circular economy, environmental aspects such as climate change and biodiversity loss, and social dimensions such as poverty eradication and gender equality are critical areas of focus in this ongoing effort. However, achieving true sustainability leadership requires a holistic approach that integrates environmental, economic, and social dimensions. Sustainability leadership is a multifaceted and dynamic field that requires the integration of various leadership theories and methods. Transformational leadership provides the vision and motivation to drive sustainability initiatives, while adaptive leadership offers flexibility and learning to navigate complex challenges. Authentic leadership builds trust and credibility; systems thinking enables holistic decision-making, and stakeholder theory ensures inclusivity and shared value creation. By integrating these leadership theories, sustainability leaders can develop a more comprehensive and practical approach to addressing the global challenges of sustainability. This literature review has highlighted the key contributions of each leadership theory to sustainability leadership and the synergies that can be achieved by integrating these theories. As sustainability challenges continue to evolve, the importance of effective and integrated sustainability leadership will only grow, making this an essential area for ongoing research and practice.

2.8 Integration of Leadership Theories in Sustainability Leadership - Theoretical Framework

Sustainability leadership is most effective when it integrates multiple leadership theories and approaches (Avolio & Walumbwa, 2022). Each theory discussed—Transformational, Adaptive, Authentic, Systems Thinking, and Stakeholder Theory—offers unique insights and strategies for sustainability leadership.

Synergies between Leadership Theories

The synergies between these leadership theories can enhance and empower the effectiveness of sustainability leadership. For example, transformational leadership's focus on vision and empowerment can complement adaptive leadership's emphasis on flexibility and learning. Similarly, authentic leadership's commitment to ethical behaviour can be reinforced by stakeholder theory's focus on inclusivity and shared value creation (Avolio & Walumbwa, 2022). By integrating these leadership theories, sustainability leaders can develop a more

comprehensive approach that addresses sustainability's complex and interrelated challenges. This integrated approach enables leaders to inspire and motivate their followers, navigate uncertainty, build trust, understand systems, and engage stakeholders effectively (Northouse, 2022).

Practical Implications for Sustainability Leadership

The integration of these leadership theories has practical implications for sustainability leadership. In the evolving discourse on sustainability leadership, various leadership paradigms offer distinct yet overlapping frameworks. Empirical studies highlight the integration of these leadership styles in promoting sustainability. For instance, leaders employing a combination of transformational and authentic leadership practices have been shown to effectively drive sustainable performance by aligning organizational goals with ethical standards (Jones & George, 2022). Leaders who adopt a multi-theory approach are better equipped to develop and implement holistic, inclusive, and resilient sustainability strategies (Senge, 2022). For example, a sustainability leader might use transformational leadership to inspire a vision of a sustainable future, adaptive leadership to navigate and coordinate the complexities of sustainability challenges and possibilities, authentic leadership to build trust and credibility with stakeholders, systems thinking to understand the broader context, ad hoc, “*seeing forest from trees*”, and stakeholder theory to ensure and engage that all voices are heard and appreciated, and that value is created for all stakeholders (Heifetz et al., 2023). Similarly, adaptive leadership, when combined with systems thinking, enables organizations to navigate environmental uncertainties, fostering resilience and long-term sustainability (Smith & Lewis, 2023). Moreover, a stakeholder-centric approach ensures that sustainability initiatives are inclusive, addressing the needs and concerns of all parties involved, which enhances organizational legitimacy and support (Mitchell et al., 2024).

Debates within the literature often revolve around the primacy of certain leadership styles over others in achieving sustainability goals. Some scholars argue that transformational leadership is paramount due to its visionary nature, while others advocate for adaptive leadership's relevance in turbulent contexts. However, a growing consensus suggests that an integrative approach, combining elements from multiple leadership paradigms, is most effective in addressing the multifaceted challenges of sustainability (Northouse, 2025). Reflecting on these perspectives, it becomes evident that sustainability leadership is not monolithic but rather a composite of various leadership attributes. Leaders who cultivate authenticity, adaptability,

visionary thinking, systemic awareness, and stakeholder inclusivity are better positioned to foster sustainable practices within their organizations. This holistic approach not only addresses immediate environmental and social concerns but also ensures the long-term viability and ethical integrity of the organization.

Theoretical Framework of Sustainability Leadership

Integrating these leadership theories into sustainability leadership strategy involves uniting the organization's vision, mission, and goals with sustainability principles and ensuring that leadership practices support this alignment.

Strategic Integration

Integrating transformational, adaptive, authentic leadership, systems thinking, and stakeholder management is essential for achieving sustainability leadership. Transformational leadership inspires employees to exceed possibilities and expectations by aligning organizational goals with sustainability values (Bass & Riggio, 2023). On the other hand, adaptive leadership focuses on flexibility and responsiveness, enabling organizations to navigate environmental and societal challenges effectively (Heifetz et al., 2022). Authentic leadership, which stresses transparency and ethical behaviour, builds trust and credibility among stakeholders and fosters long-term sustainability (Gardner et al., 2023). As Meadows (2022) highlights, systems thinking is crucial for understanding environmental, economic, and social interconnections. It allows leaders to approach sustainability holistically, addressing the root causes of unsustainable practices rather than merely treating symptoms. Integrating systems thinking with leadership approaches facilitates a more comprehensive understanding of sustainability challenges and opportunities. According to Freeman et al. (2023), stakeholder management ensures that various stakeholders—such as customers, employees, NGO's, investors, and local communities—are considered in decision-making. By engaging stakeholders in meaningful dialogue, sustainability leaders can balance competing interests and foster collaborative efforts toward achieving sustainability goals. Stakeholder management is crucial when guiding the organization in engaging with stakeholders throughout the implementation process, ensuring that sustainability initiatives are inclusive, pragmatic and responsive to stakeholder needs (Freeman & Lewis, 2022). In sum, integrating these leadership styles, systems thinking, and stakeholder management equips organizations with the tools to lead sustainably, making them adaptable, ethical, and holistic in their approach to modern challenges in sustainable development and the dynamic business environment.

Tactical Implementation

The tactical integration of transformational, adaptive, and authentic leadership, systems thinking, and stakeholder management provides a comprehensive framework for achieving sustainability leadership. Tactical implementation involves translating the strategic framework into concrete actions and practices that drive sustainability within the organization. This may include developing sustainability goals and metrics, integrating sustainability into decision-making processes, and implementing sustainability initiatives that align with the organization's strategy (Gardner et al., 2023). Transformational leadership fosters a long-term vision for sustainability by motivating employees to embrace change and innovation (Bass & Riggio, 2023), and adaptive leadership complements this by enhancing organizational flexibility, allowing leaders to respond effectively to complex environmental and societal challenges (Heifetz et al., 2022). Authentic leadership ensures leaders remain transparent and values-driven, which is crucial for building stakeholder trust in sustainability initiatives (Gardner et al., 2023). For example, transformational leadership can be used to inspire and motivate employees to commit to sustainability goals, while adaptive leadership can guide the organization in navigating the uncertainties and complexities of sustainability challenges (Northouse, 2022; Heifetz et al., 2022). Adaptive leadership will guide and lead the organization in responding to emerging sustainability challenges and opportunities, ensuring that sustainability initiatives are flexible and responsive to change (Avolio & Walumbwa, 2022). Authentic leadership can build trust and credibility with stakeholders, ensuring that sustainability initiatives are supported and effective (Luthans & Avolio, 2023). Systems thinking allows leaders to understand the interconnections within ecosystems and socio-economic systems, helping them approach sustainability holistically (Meadows, 2022). Systems thinking can be applied to identify intervention leverage points and develop integrated solutions that address the interconnected nature of sustainability challenges (Senge, 2022). It can also be applied to monitor and evaluate the impacts of sustainability initiatives, ensuring that they achieve their intended outcomes and identifying opportunities for improvement (Talley & Hull, 2023). Stakeholder theory and management can guide the organization in engaging with stakeholders to ensure that sustainability initiatives are inclusive, equitable, and responsive to the needs of all stakeholders (Freeman & Lewis, 2022). When integrated with stakeholder management, which focuses on addressing the interests of diverse groups, leaders can create equitable and inclusive sustainable solutions (Freeman et al., 2023). In a tactical sense, this strategic combination ensures that sustainability goals are visionary, adaptable, ethically grounded, and supported by broad stakeholder engagement.

Conclusions

Effective sustainability leadership requires a holistic approach in the management of sustainable development that considers variety of environmental, economic, and social (ESG) dimensions, commitments and values of the complex industry standards, partnership obligations, legal regulations, and diverse expectations of stakeholders with 5 different integrated leadership approaches. The purpose is to create shared values by visionary, innovative, adaptable and credible ways. The aim is to achieve globally set sustainable development goals (SDGs) of the United Nations', as in the sense of such critical themes as improving the quality of life of people and saving our planet by profitable methods, for the sense of gaining sustainability leadership. Integrating transformational, adaptive, and authentic leadership with systems thinking and stakeholder management theory provides a comprehensive theoretical framework for sustainability leadership. This framework enables leaders to navigate the complexities of sustainability by combining visionary and inspirational leadership of transformational competence with adaptability, authenticity, systems thinking, and stakeholder engagement. On the below the figure 6. of *"Theoretical Framework of Achieving Successful Sustainability Leadership"* presents an insight of studied reasoning and as a result of this study's constructed theoretical framework of which leadership theories are crucial for the success of sustainability leadership.

Figure 6. Theoretical Framework of Achieving Successful Sustainability Leadership, 2025.



The literature reviewed in this study highlights these leadership theories' critical characteristics, methods, and practices and their relevance to sustainability leadership. Integrating these theories into sustainability leadership strategy and execution tactics, organizations can develop and implement more effective sustainability initiatives that balance economic, environmental, and social goals and objectives, and are inclusive, equitable, pragmatic and responsive to the interests and needs of all stakeholders.

By integrating these theories, sustainability leadership becomes a dynamic, multifaceted approach. This synergy enables leaders and managers to inspire change, adapt to challenges, and promote a shared vision for sustainable development. By synthesizing recent scholarly research, this review aims comprehensively to understand how these theories contribute to practical sustainability leadership.

3 Workplace Development Study of Pohjola Insurance Company

The insurance industry is pivotal in promoting sustainability because it can manage risks and allocate capital to sustainable projects. As stakeholders increasingly demand transparency and accountability, insurance companies must integrate environmental, social, and governance (ESG) considerations to promote sustainability leadership in strategy and operations. Leadership within these companies is crucial for driving and maintaining sustainable practices. Understanding the characteristics and methods of successful sustainability leadership can help guide the industry toward a more sustainable future.

As a significant player in the Finnish insurance market, Pohjola Insurance not only faces the dual challenge and opportunity of leading the industry toward sustainable practices while ensuring robust business performance but also has the potential to influence the industry's sustainability journey significantly. This workplace development study outlines a comprehensive service development project to explore how Pohjola Insurance can achieve sustainability leadership within global business. The project employs qualitative study, leveraging a case study approach and employee survey, thematic analysis, and an inductive, exploratory process to uncover the strategies and practices necessary for Pohjola Insurance to position itself as a sustainability leader.

Given sustainability's complexity and multi-dimensional nature, this study focuses on identifying the critical factors contributing to sustainability leadership, analysing current practices within Pohjola Insurance, and developing a conceptual framework that integrates sustainability into the company's service development processes. The insights gained from this research will guide Pohjola Insurance in enhancing its sustainability initiatives and contribute to the broader discourse on sustainability leadership in the insurance industry. The Finnish insurance sector presents a unique context for this study. It is characterized by a robust regulatory framework, high levels of environmental awareness among consumers, and increasing pressure from stakeholders to adopt sustainable practices. This study explores these contextual factors and their implications for sustainability leadership at Pohjola Insurance.

This study will collect data using a literature review, secondary data of company reports and case study, and primary data of semi-structured survey of OP Pohjola employees. Data collection in qualitative study typically involves methods that enable the researcher to gather rich, detailed information. Standard methods include surveys, participant observation, and document analysis. Each method has its strengths and is chosen based on the research questions and the nature of

the phenomenon under investigation. A case study in data collection involves an in-depth exploration of a particular context, using surveys, observations, and documents to gather detailed information (Yin, 2023). Interviews and surveys, particularly semi-structured or unstructured, are a cornerstone of qualitative study. They allow researchers to explore participants' perspectives in depth, providing insight into their experiences, beliefs, and motivations (Bryman, 2022). Participant observation involves the researcher immersing themselves in the studied environment and observing behaviours and interactions firsthand. This method is precious for understanding complex social dynamics and cultural practices. Document analysis, which involves examining written or visual materials, is often used to complement other methods, providing historical context or additional perspectives on the study topic (Creswell & Poth, 2023).

The primary objectives of this study include evaluating Pohjola Insurance's current sustainability practices, identifying the critical leadership practices for sustainability leadership and providing actionable recommendations that align with the company's strategic goals. The study will also address the challenges and opportunities in pursuing sustainability leadership, offering a nuanced and practical understanding and insight of the complexities involved. In summary, this study aims to provide Pohjola Insurance a strategic roadmap for achieving sustainability leadership. The findings offer valuable insights for practitioners and academics, contributing to the ongoing efforts to integrate sustainability into the core operations of insurance companies and other businesses in Finland and globally.

3.1 Methodology of the Study

This study adopts a qualitative methodology, using a literature review, case study with document analysis, and employee survey methods to explore Pohjola Insurance's journey toward sustainability leadership. The study will involve thematic analysis, an inductive approach, and an exploratory process, allowing the emergence of patterns and themes from the data. According to Creswell & Poth (2023) *“Qualitative research is a methodological approach focused on exploring and understanding the meaning individuals or groups ascribe to social or human problems. It involves collecting non-numerical data, such as words, images, or objects, and analysing them in a way that reveals patterns, themes, and deeper insights into the phenomena being studied”*. Unlike quantitative research, which seeks to quantify variables and test hypotheses, qualitative research is more concerned with understanding the complexity of human experiences and social interactions in their natural settings (Creswell & Poth, 2023; Smith & Brown, 2023). Qualitative

study, particularly the case study method, is well-suited for exploring complex phenomena within their real-life contexts (Yin, 2023). This approach allows for an in-depth examination of Pohjola Insurance's sustainability practices and the factors influencing its service development. The case study method is beneficial for understanding the nuances and context-specific factors contributing to sustainability leadership. A semi-structured employee survey in case study uses open-ended questions to explore employee perspectives while maintaining a flexible yet guided approach (Bryman, 2023).

Workplace development through qualitative study enables an in-depth understanding of employee experiences, organizational culture, and leadership dynamics. Techniques such as interviews, focus groups, and ethnography uncover nuanced perspectives, fostering tailored strategies for growth and collaboration (Bryman, 2022; Patton, 2022). Qualitative study also addresses workplace challenges, such as team communication and adaptability, by exploring lived experiences and diverse viewpoints (Creswell and Poth, 2023). This approach enhances organizational learning and innovation, ensuring that development initiatives align with employee needs and organizational goals (Tracy, 2020). Employing qualitative methods is pivotal for creating adaptive, inclusive, and progressive workplace environments.

Qualitative study is characterized by several key features distinguishing it from quantitative methods. First, it is inherently exploratory and inductive, often beginning with open-ended questions rather than predefined hypotheses (Creswell & Poth, 2023). This allows researchers to delve into the nuances of a topic, uncovering new insights that may need to be apparent through more structured study methods. Qualitative study is characterized by its focus on understanding phenomena from a holistic perspective. It involves collecting non-numerical data to comprehend concepts, opinions, or experiences (Creswell & Poth, 2023). Unlike quantitative research, which seeks to quantify variables and identify statistical relationships, the qualitative study aims to explore the depth, *the scope*, and complexity of social phenomena. Another characteristic of qualitative study is its emphasis on context. Researchers strive to understand phenomena within the specific environments in which they occur, considering the influence of cultural, social, and institutional factors (Denzin & Lincoln, 2020). This contextual understanding is crucial for capturing the full complexity of the study subject. Qualitative study is also iterative, meaning that data collection and analysis often co-occur, with findings from initial stages informing subsequent phases of the study (Merriam & Tisdell, 2020). This flexibility allows researchers to adjust their methods and focus as they gain a deeper understanding of the topic.

Interviews, surveys and focus groups can provide insights into public perceptions of environmental issues and inform the development of sustainable practices (Krueger & Casey, 2015). Qualitative study in leadership and competence helps explore organizational culture, leadership styles, and employee behaviours. It comprehensively explains managerial practices, decision-making processes, and customer experiences (Bryman & Bell, 2015).

Qualitative study is often used in case studies, where the goal is to understand a specific instance, such as how a particular organization implements sustainability practices (Cresswell & Poth, 2023; Denzin & Lincoln, 2020). In business research, qualitative methods are increasingly used to explore complex phenomena like organizational culture, leadership practices, and customer behaviour. For example, in studying sustainability leadership within an organization like Pohjola Insurance, qualitative study can uncover how leadership practices influence sustainability outcomes and how employees perceive and engage with these practices (Patton, 2022; Yin, 2023).

Despite its strengths, qualitative study faces several challenges. One of the primary challenges is the subjective nature of the data, which can lead to biases in data collection and analysis (Merriam & Tisdell, 2019). Researchers must be vigilant in maintaining reflexivity, constantly reflecting on their influence on the research process (Cresswell & Poth, 2023).

Possibilities and Challenges of Qualitative Study

Possibilities

- **Depth of Understanding:** Qualitative study provides rich, detailed insights into complex phenomena, capturing the nuances of human experiences and social interactions (Cresswell & Poth, 2023).
- **Flexibility:** Qualitative methods are adaptable and can be tailored to the specific study context and objectives, allowing for a more in-depth exploration of the study topic (Denzin & Lincoln, 2020).
- **Contextualization:** Qualitative study situates findings within their broader social, cultural, and historical contexts, providing a holistic understanding of the phenomena under study (Hammersley & Atkinson, 2019).
- **Participant Perspectives:** Qualitative research emphasizes the importance of capturing participants' viewpoints, actively involving them in the research

process to ensure their lived experiences are authentically reflected (Charmaz, 2014).

Challenges

- **Subjectivity:** The inherently interpretive approach of qualitative research can lead to potential bias, as outcomes are shaped by the researcher's own viewpoints and analytical lens (Lincoln & Guba, 2020).
- **Generalizability:** The insights gained from qualitative studies are often deeply rooted in specific contexts, making it difficult to apply the findings broadly across different settings or populations (Yin, 2023).
- **Resource Intensive:** Conducting qualitative research often requires a substantial investment of time and resources, particularly in the stages of data gathering, in-depth analysis, and interpretation (Denzin & Lincoln, 2020).
- **Reliability and Validity:** Due to the subjective nature of qualitative data, maintaining consistency, credibility, and overall research rigor—such as reliability and validity—can be complex and demanding (Creswell & Poth, 2023).

Qualitative study is a powerful tool for exploring complex, context-dependent phenomena. Its focus on depth, context, and flexibility provides rich insights into the intricacies of human experiences and social interactions. As such, it is an invaluable approach in fields that require a deep understanding of the subject matter, including sustainability leadership within organizations.

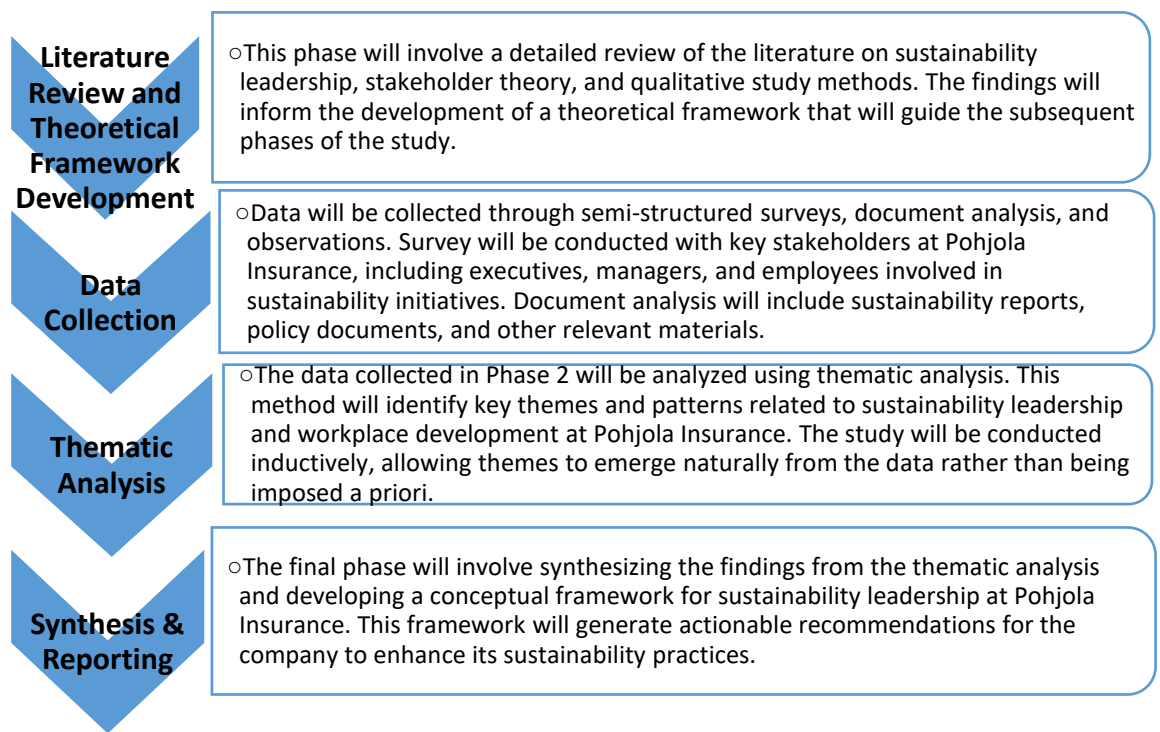
The literature review critically examined the characteristics of transformational, adaptive, and authentic leadership, which are essential for fostering sustainability within organizations. Transformational leadership was explored through its role in inspiring and motivating organizational change, emphasizing the leader's ability to articulate a compelling vision for sustainability (Northouse, 2022). Adaptive leadership was analysed for its capacity to navigate complex and dynamic environments, highlighting the importance of flexibility and continuous learning in sustainability initiatives (Heifetz et al., 2022). Authentic leadership was reviewed to build trust and credibility, which are crucial for gaining stakeholder support for sustainability projects (Luthans & Avolio, 2023). Integrating systems thinking and stakeholder theory into sustainability leadership was another focal point of the literature review. As outlined by Talley and Hull (2023), systems thinking provides a holistic approach to understanding the

interconnections within complex systems, such as those found in sustainability challenges. This perspective is critical for identifying leverage points leading to more effective sustainability outcomes. Stakeholder theory, explored through the works of Freeman and Lewis (2022) and as they argue that stakeholder management competence “*emphasizes the need for inclusive decision-making processes that consider the interests of all stakeholders, ensuring that sustainability strategies are equitable and responsive to diverse needs*”. The insights gained from the literature review will be directly applied to the case study of Pohjola Insurance and the survey. By integrating the critical characteristics of leadership theories with systems thinking and stakeholder management practices, the study aims to develop a robust framework for achieving sustainability leadership. This framework will guide the strategic planning and tactical execution of sustainability initiatives at Pohjola Insurance, ensuring that the company can effectively lead in the Finnish insurance sector’s transition toward sustainability.

3.2 Study Design: The Process, Data Collection and Analysis

The study is conducted in four logically structured phases as the “*Figure 7.*” on the below presents:

Figure 7. Study Design, 2025.



Theoretical Framework

The theoretical framework provides the foundation for this study by integrating critical leadership theories such as transformational, adaptive, and authentic leadership with systems thinking and stakeholder theory. These frameworks guide analysing leadership practices in fostering organizational sustainability (Northouse, 2022; Luthans & Avolio, 2023). A theoretical framework provides a structured approach to understanding and analysing a study problem by integrating existing theories and concepts. In the context of sustainability leadership, it can draw, for example, from transformational leadership theory, which emphasizes inspiring change and aligning organizational goals with societal needs (Bass & Avolio, 2020), and stakeholder theory, which focuses on balancing the interests of various stakeholders (Freeman, 2022). Additionally, systems thinking helps understand the interconnections within complex systems to achieve sustainability goals (Senge, 2022).

Semi-Structured Questionnaire Survey

One method of data collection in this study will be semi-structured survey. These surveys are conducted with a purposive sample of Pohjola Insurance employees, including senior executives and sustainability officers. The survey will explore participants' perspectives on sustainability practices, challenges, and the role of leadership in driving sustainability initiatives. A semi-structured interview is a qualitative research technique that blends the guided structure of predetermined questions with the openness of exploratory dialogue. This method enables researchers to delve deeply into targeted subjects while remaining adaptable to new and unforeseen insights that surface during the interaction (Bryman, 2022). In semi-structured surveys, the researcher prepares guiding questions but remains open to following new directions based on the interviewee's responses (Bryman, 2022). This method is beneficial in exploratory study, where understanding participants' perspectives and experiences is critical. For example, in studying sustainability leadership at Pohjola Insurance, semi-structured surveys with employees can provide insights into how sustainability practices are perceived and implemented within the organization. This approach ensures that the study remains focused on critical themes while capturing the complexity and richness of participants' experiences.

Semi-Structured Survey Questions

Semi-structured surveys are a qualitative study method that combines predetermined questions with open-ended discussions, allowing flexibility to explore participant insights deeply.

This approach balances structured guidance with adaptive probing, enhancing the richness of the data collected (Adams, 2020; Denscombe, 2021). The questions of the survey were defined and chosen due to their relevance and the purpose of the study. The Pohjola Insurance employee survey was conducted anonymously in October 2024.

1. General Understanding of Sustainability at Pohjola Insurance

- How do you define sustainability leadership within the context of the insurance industry?
- What are the primary sustainability goals for Pohjola Insurance over the next five years?

2. Leadership and Organizational Culture

- How would you describe the organizational culture at Pohjola Insurance in terms of its support for sustainability?
- In your opinion, what leadership qualities are most important for driving sustainability at Pohjola Insurance?

3. Integration of Sustainability into Service Development

- How is sustainability currently integrated into the service development process at Pohjola Insurance?
- What challenges have you encountered when incorporating sustainability principles into service development?

4. Stakeholder Engagement

- Who are the key stakeholders involved in Pohjola Insurance's sustainability initiatives?
- How does Pohjola Insurance engage with these stakeholders to align sustainability goals with their expectations?

5. Challenges and Opportunities in Sustainability Leadership

- What are the biggest challenges to achieving sustainability leadership at Pohjola Insurance?

- What opportunities do you see for Pohjola Insurance to lead in sustainability within the Finnish insurance industry?

6. Evaluation and Measurement of Sustainability Initiatives

- How does Pohjola Insurance measure the success of its sustainability initiatives?
- What key performance indicators (KPIs) are used to track sustainability progress?

7. Future Directions and Strategic Recommendations

- What should Pohjola Insurance focus on to enhance its sustainability leadership in the coming years?
 - Are there any emerging trends or technologies that could significantly impact the company's sustainability efforts?

8. Personal Insights and Reflections

- What motivates you personally to support sustainability within the organization?
- Do you have any additional thoughts or suggestions on how Pohjola Insurance can achieve sustainability leadership?

These semi-structured survey questions are designed to be flexible, allowing the interviewer to explore specific topics in greater depth based on the responses. This approach will help gather comprehensive qualitative data to understand Pohjola Insurance's sustainability practices and the factors contributing to its sustainability leadership.

Document Analysis

Document analysis will complement the interviews by providing additional insights into Pohjola Insurance's sustainability practices. Document analysis is a qualitative study method used to examine and interpret written, visual, or digital materials to gain insights into a specific or topic or phenomenon. This method systematically reviews reports, policy statements, meeting minutes, emails, and internal communications to uncover patterns, themes, and meanings relevant to the study questions (Bowen, 2020). Relevant documents, including sustainability reports, strategic plans, and internal communications, were analysed to assess how sustainability is integrated into the company's service development processes. Document analysis, which involves examining written or visual materials, is often used to complement other methods,

providing historical context or additional perspectives on the study topic (Creswell & Poth, 2023). In studying sustainability leadership at Pohjola Insurance, document analysis can provide valuable insights into how sustainability initiatives are formally articulated, communicated, and implemented within the organization. Researchers can better understand the organizational culture, decision-making processes, and aligning leadership practices with sustainability goals by analysing sustainability reports, strategic plans, and internal memos. This method complements interviews, surveys and observations by providing a broader context and helping to triangulate findings from other data sources. The document analysis was carried out by studying relevancies of the context studied with specified care of objective standpoint and explorative mind-set.

Case Study

Yin (2023) claims that “*case study involves an in-depth examination of a single case or a small number of cases within their real-life context, often on a subject, such as an individual, organization, event, or phenomenon over a specific period*”. The case study method is particularly suitable for answering "how" and "why" questions, as it allows researchers to investigate the contextual conditions that are relevant to the phenomenon under study and explain complex causal links in real-world interventions (Yin, 2023). This approach is beneficial for exploring complex issues in detail, and the case study method allows for an in-depth understanding of the processes and outcomes (Creswell & Poth, 2023). It can incorporate multiple data sources, such as interviews, surveys, observations, and documents (Yin, 2023). Case study analysis is widely used in various disciplines, including business, social sciences, education, and health care. For example, business study often employs case studies to explore organizational behaviour, strategy implementation, and leadership practices. This approach is precious in exploring contemporary issues with unclear boundaries between the phenomenon and context (Yin, 2023). For instance, Flyvbjerg (2020) argues that case studies are particularly effective in revealing the nuances of human behaviour and social interactions that are often missed by other study methods. This approach is beneficial when researchers aim to gain insights into the dynamics within single settings. For instance, studying the implementation of sustainability strategies within a specific organization can reveal the intricacies of organizational change and stakeholder engagement (Yin, 2023). By focusing on a specific case, researchers can explore the complexities and intricacies of real-life situations, leading to a better understanding of the phenomenon. As pointed out by Stake (2020), case studies allow for the exploration of "thick descriptions" that capture the richness of the context in which the case occurs. Another advantage is the flexibility of the case study method. Depending on the study question and

objectives, it can be used for exploratory, descriptive, or explanatory study. This versatility makes case study analysis valuable for various study purposes. A common critique of case study research is its limited generalizability. Because it often concentrates on one or a few specific cases, the insights gained may not be easily transferable to broader contexts or different settings (Yin, 2023). However, Flyvbjerg (2020) contends that case study aims not necessarily to generalize findings but to provide insights that can inform broader understanding and theory development. Despite its strengths, the case study method is often critiqued for potential biases. To mitigate these concerns, researchers should employ strategies such as triangulation, where multiple data sources are used to corroborate findings, thus enhancing the study's validity and reliability (Creswell & Poth, 2023; Yin, 2023).

Case study analysis is a powerful method that offers in-depth insights into complex phenomena within their real-life contexts. Its ability to provide detailed, rich data makes it particularly valuable for exploring how and why certain events or processes occur. While challenges such as generalizability and subjectivity exist, careful methodological design and rigorous data collection can help overcome these issues. Ultimately, case study analysis remains a crucial tool for researchers seeking to understand the complexities of real-world situations.

Observations

Observations are a critical qualitative study method that allows for the direct collection of data through the researcher's engagement with the subject in its natural setting. This method provides valuable insights into behaviours and interactions within specific contexts, enabling a deeper understanding of the phenomena being studied (Smith, 2021). Observations of meetings, workshops, and other relevant activities at Pohjola Insurance will be conducted to gain a deeper understanding of the company's culture and practices related to sustainability. These observations will provide context for the interview and document data, helping to triangulate the findings. Participant observation involves the researcher immersing themselves in the studied environment and observing behaviours and interactions firsthand. This method is precious for understanding complex social dynamics and cultural practices (Creswell & Poth, 2023).

3.2.1 Thematic Data Analysis

The data collected will be analysed using thematic analysis, an approach well-suited for identifying patterns and themes within qualitative data and synthesis. Qualitative data analysis is a process of identifying patterns, themes, and meanings within the collected data. This study

uses thematic analysis for its advance, and as Braun & Clarke (2021) argues that “*one of the most widely used methods of analysis is thematic analysis, which involves coding the data, identifying significant themes, and interpreting these themes about the study questions*” (Braun & Clarke, 2021). Thematic analysis helps explore complex issues involving multiple perspectives and experiences.

Means of Thematic Analysis

Thematic analysis will be used to examine the collected data—an approach particularly suited to uncovering recurring patterns and key themes in qualitative research. This analysis will follow an inductive process, meaning that themes will be derived directly from the data itself, rather than based on a predefined framework. Recognized as a foundational method in qualitative inquiry, thematic analysis facilitates the systematic identification, organization, and interpretation of meaningful patterns within textual data (Braun & Clarke, 2021). It is especially effective in exploratory research, offering the flexibility and depth needed to interpret complex, nuanced information. This analytical process typically begins with the researcher becoming deeply familiar with the data, often through repeated reading of transcripts or qualitative materials. The next step involves generating initial codes—labels that highlight noteworthy or relevant aspects of the data. These codes are then organized into broader thematic categories that reflect key ideas or patterns linked to the research aims (Nowell et al., 2022). Once preliminary themes are established, they undergo a refinement process to ensure they authentically represent the data and effectively address the study’s research questions. The final phase includes clearly defining and naming the themes, culminating in a detailed presentation and interpretation of the findings within the study’s context (Clarke & Braun, 2020).

In the context of exploring sustainability leadership at Pohjola Insurance, thematic analysis can be applied to interview transcripts, internal documents, and other qualitative sources. This enables the identification of central themes related to leadership behaviours, employee perceptions, and the real-world impact of sustainability initiatives. The method not only reveals how sustainability is embedded in daily operations but also highlights the leadership strategies that drive meaningful change. Furthermore, thematic analysis supports the integration of insights from various leadership theories and management practices, offering a holistic view of the factors shaping effective sustainability leadership.

Thematic analysis is a structured approach to identifying recurring themes or patterns within qualitative data. It allows researchers to explore the richness and complexity of meaning

embedded in textual data, offering a detailed and interpretive account of participants' experiences (Braun & Clarke, 2021). This method is particularly valuable for capturing insights rooted in participants' perspectives, while still supporting a systematic and methodical analytical process. In the field of leadership competence, thematic analysis is often employed to investigate consumer behaviour, brand perception, and market dynamics. It uncovers recurring themes that shape customer choices, aiding in the development of strategies aligned with consumer expectations and preferences (Guest, MacQueen & Namey, 2012). One of the strengths of thematic analysis is its adaptability. It can be applied to a wide range of research questions and data types, whether small-scale interviews or extensive document reviews. Additionally, it fits comfortably within various theoretical orientations, enhancing its utility across different qualitative research contexts (Braun & Clarke, 2021). Its accessibility makes it a preferred choice for both new and seasoned researchers. The step-by-step process provides a clear roadmap for analysing data, making it approachable even for those with limited experience in qualitative methods (Guest, MacQueen & Namey, 2012). However, a notable limitation of thematic analysis is the potential for researcher subjectivity. Since the coding and theme generation are interpretive, they may be influenced by the researcher's own assumptions and biases. To address this, researchers are encouraged to engage in reflexive practices—such as maintaining analytic memos and openly considering alternative interpretations—to enhance transparency and credibility (Braun & Clarke, 2021). The method can also be labour-intensive, particularly when working with large, complex data sets. Adequate time must be allocated for each stage—from familiarization and initial coding to theme refinement and synthesis—to ensure depth and analytical rigour (Nowell et al., 2022). Finally, findings from thematic analysis tend to be context-dependent, limiting their transferability to other settings. Researchers should be cautious when generalizing results beyond the original study environment and population (Guest, MacQueen & Namey, 2012).

Thematic analysis is an essential qualitative research method that allows for a structured and adaptable approach to examining complex datasets. It helps researchers to detect and interpret recurring patterns and themes within the data, offering deep insights into the experiences and viewpoints of participants. While it presents certain challenges, such as ensuring consistency in theme identification and interpretation, thematic analysis continues to be a widely adopted and highly effective technique in qualitative research across diverse disciplines (Braun & Clarke, 2021). This method's flexibility makes it suitable for exploring a wide range of topics, providing valuable context-specific findings that are meaningful and relevant to the research questions.

Constructing Synthesis and Conceptual Framework

Synthesis in study involves integrating findings from multiple studies or sources to form a cohesive understanding or theory. It merges various perspectives to create a comprehensive view of the study topic, highlighting patterns, themes, and relationships (Braun & Clarke, 2021; Creswell & Poth, 2023). The synthesis process will involve integrating the findings from the thematic analysis to develop a comprehensive understanding of the critical elements of sustainability leadership in the insurance industry and business. For instance, transformational leadership drives the cultural and strategic shifts necessary for sustainable practices, while stakeholder theory ensures that diverse interests are considered in decision-making. Together, these concepts form a comprehensive approach to sustainability leadership, which is critical for navigating the challenges and opportunities in the insurance industry. This synthesis will guide the analysis of case study, providing a cohesive framework to evaluate how insurance companies implement sustainable leadership practices.

A conceptual framework theory provides a foundation for organizing and interpreting study by linking key concepts and theoretical perspectives. It integrates relevant theories to guide the study's approach and analysis. The "Conceptual Framework" provides a structured approach to understanding the integration of sustainability principles into business practices. This framework integrates transformational, adaptive, and authentic leadership with systems thinking and stakeholder management to create a holistic approach to sustainability (Northouse, 2022; Freeman & Lewis, 2022). For instance, in sustainability leadership, transformational leadership theory emphasizes inspiring organizational change (Bass & Avolio, 2020), while stakeholder theory focuses on balancing diverse stakeholder interests (Freeman & Lewis, 2022). Additionally, systems thinking is applied to understand complex interrelationships within organizational systems (Senge, 2022), facilitating a holistic approach to sustainability. The conceptual framework for this study is developed based on the insights gained from the literature review, case study, semi-structured survey, observations and hereby collected data analysis.

3.2.3 Logic of the Study Reasoning: Inductive Method

This research will utilize an inductive methodology, which is particularly effective for exploratory inquiries. Rather than beginning with predefined hypotheses, an inductive approach allows theories and insights to emerge organically from the data. This is especially appropriate for the aims of the present study, as it facilitates the construction of a conceptual framework for sustainability leadership based on the lived experiences and practical actions observed within

Pohjola Insurance (Stebbins, 2020). Inductive reasoning in qualitative research starts with the collection of data—through interviews, surveys, document reviews, and observations—and progresses toward identifying recurring patterns, concepts, and relationships. Unlike deductive methods that seek to confirm existing theories, the inductive approach encourages open-ended exploration, enabling the discovery of new theoretical insights (Saunders et al., 2023). This method is particularly advantageous in areas that are complex and not yet fully understood, such as sustainability leadership. Its adaptability allows researchers to refine the focus of the study as new patterns surface, making it ideal for dynamic environments where variables are interconnected and evolving (Bryman, 2022).

In the context of Pohjola Insurance, the inductive strategy provides the flexibility to examine how sustainability leadership is interpreted and enacted across various organizational levels. It supports the development of a context-sensitive understanding that captures both internal practices and external pressures influencing sustainability efforts. As themes and insights emerge from the qualitative data, they will inform the development of a conceptual model that accurately reflects the realities of sustainability leadership in the insurance sector. This grounded approach not only generates fresh perspectives but also contributes to theory-building in a practical and relevant way (Yin, 2023). Moreover, this study will apply inductive reasoning to analyse both primary and secondary data, including case study evidence, in order to derive broader conclusions about how sustainability leadership is embedded within the insurance industry. This method is particularly suited to exploratory research, where the goal is to uncover new knowledge rather than validate existing assumptions (Saunders, Lewis, & Thornhill, 2019). By delving into the specific details of real-world examples, inductive analysis allows for a deeper, more authentic understanding of how sustainability is operationalized in practice. The inductive approach involves collecting data without predetermined theories or hypotheses, allowing findings to emerge organically from the data (Thomas, 2006). This approach is particularly suited to exploratory study, which aims to understand phenomena in their natural context. The inductive approach is characterized by its flexibility and openness to new insights, making it a cornerstone of qualitative study. Data collection in the inductive approach typically involves qualitative methods such as interviews, surveys and observations. These methods allow researchers to gather rich, detailed data that can reveal new insights and patterns (Merriam & Tisdell, 2022). Data analysis in the inductive approach is iterative and involves coding data to identify patterns and themes. The goal of the inductive approach is to develop new theories or frameworks based on the data. This involves synthesizing findings into coherent models that explain the observed patterns and relationships (Charmaz, 2014). The inductive approach is

highly flexible, allowing researchers to adapt their focus as new insights emerge. This flexibility is crucial for exploring complex and dynamic phenomena (Bryman, 2022). By emphasizing data-driven insights, the inductive approach provides a deep and nuanced understanding of the study context. It captures the richness and diversity of participants' experiences (Green & Thorogood, 2018). The inductive approach is valuable for generating new theories and models. It allows researchers to develop grounded theories closely aligned with empirical data (Charmaz, 2014). The inductive approach can be time-consuming due to the need for extensive data collection and iterative analysis. The inductive approach has the potential for subjectivity, as researchers' biases and perspectives can influence data interpretation. Reflexivity and transparent documentation of the study process are essential to mitigate this risk (Bryman, 2022). Findings from inductive study are often context-specific and may need to be more easily generalizable to other settings.

The inductive approach is a powerful method in qualitative study, enabling the development of new theories and insights from empirical data. Its flexibility and focus on rich data interpretation make it particularly suited to exploring complex phenomena. Despite its challenges, the inductive approach remains a fundamental tool for researchers seeking to understand and explain the world around them.

3.2.4 Exploratory Process of the Study

An exploratory study is a research approach used to examine areas with limited existing knowledge or where information is fragmented. This method is particularly useful when researchers seek to discover new insights, identify patterns, or formulate hypotheses that can later be tested in subsequent research. The exploratory approach is inherently flexible and adaptable, allowing researchers to adjust their methods and areas of focus as new data and findings emerge (Stebbins, 2020). To gather comprehensive and in-depth data, researchers often employ qualitative techniques such as interviews, surveys, observations, and document analysis. The collected data is then analysed to uncover emerging themes, trends, or concepts that can guide the formulation of study questions.

The exploratory process is dynamic and iterative, meaning that researchers may continuously revisit and refine their research questions and methodologies to gain a deeper understanding of the topic (Braun & Clarke, 2021; Cresswell & Poth, 2023; Yin, 2023). For instance, when examining sustainability leadership at Pohjola Insurance, this approach enables the researcher to explore the intricacies of how sustainability initiatives are adopted and

perceived within the organization. By maintaining flexibility and not adhering to a rigid research framework, the exploratory process allows for the discovery of new perspectives and insights that might not emerge in more structured research designs. A thorough review of existing literature is often the initial step in an exploratory study, providing an understanding of the current knowledge base on the subject and highlighting areas that require further exploration (Bryman, 2022). Interviews are commonly used in exploratory research as they allow for the collection of in-depth information from participants. These can range from structured to semi-structured or unstructured, depending on the level of detail needed (Creswell & Poth, 2023). Focus groups, where small groups discuss a particular topic, are also a popular method, helping researchers to generate ideas and gain insights into participants' attitudes, perceptions, and experiences (Krueger & Casey, 2015). Case studies allow for a detailed analysis of a specific instance or event, making them especially useful for exploring complex issues within their real-world context (Yin, 2023). Observational studies involve observing and documenting behaviours, processes, or events as they naturally unfold, offering valuable insights into the context and environment surrounding the phenomenon (Angrosino, 2007). This study integrates a literature review, industry reports, a case study, and a semi-structured survey to explore key aspects of sustainability leadership in the Finnish insurance sector.

Exploratory research is highly adaptable, allowing researchers to adjust their approach as new discoveries emerge throughout the study. This adaptability enables the investigation of various aspects of a problem without rigid constraints (Bryman, 2022). It plays a crucial role in formulating hypotheses and identifying variables that warrant further exploration. Such studies provide the foundation for more focused and conclusive research (Creswell & Poth, 2023). By uncovering insights that might not be immediately apparent through other methods, exploratory research enhances understanding of the subject matter and helps identify root causes and possible solutions (Yin, 2023). However, a key limitation of exploratory research is that it does not yield definitive conclusions. Its preliminary findings require validation through more robust research methodologies (Bowling, 2014). Additionally, because exploratory research typically employs qualitative methods, it may be subject to researcher biases. It is important for researchers to remain aware of these biases to ensure they do not influence the outcomes. Furthermore, the findings from exploratory studies may not be generalizable to larger populations, as they often involve small sample sizes and focus on specific contexts (Krueger & Casey, 2015). Exploratory research is essential in the initial phases of a study, offering valuable insights into complex phenomena. It utilizes a range of methods such as literature reviews, interviews, case studies, and observational research to investigate issues in detail. Although it

may lack definitive conclusions and is prone to biases, its adaptability and capacity to generate hypotheses make it a crucial tool for researchers in the early stages of inquiry.

Workplace Development Study Timeline

The study was conducted in six months, with the following timeline:

1. **Aug - Sep 2024:** Literature review and theoretical framework development.
2. **Oct 2024:** Data collection (surveys, document analysis, observations).
3. **Nov 2024:** Data analysis (thematic analysis).
4. **Dec 2024:** Synthesis of findings and framework development.
5. **Jan 2025:** Finalization of the research report and dissemination of findings.

Expected Outcomes

The study is expected to yield several key outcomes:

1. **A detailed understanding** of the sustainability practices and challenges at Pohjola Insurance.
2. **Identifying critical success leadership methods and concepts** for achieving sustainability leadership in the Finnish insurance industry.
3. **Development of a conceptual framework** for integrating sustainability into service development at Pohjola Insurance.
4. **Actionable recommendations** for Pohjola Insurance to enhance its sustainability initiatives and achieve leadership in this domain.

3.2.5 Conclusions of the Study Methods and Design

Qualitative study methods offer invaluable tools for exploring the complexities of human experiences and social phenomena. Grounded in interpretivism and constructivism, these methods prioritize participants' subjective meanings and perspectives, providing rich, contextualized insights that often need to be more attainable through quantitative approaches. Despite their limitations, qualitative methods' flexibility, depth, and contextualization make them essential for various fields of study, including health, education, business, social sciences, and environmental studies. By understanding and applying qualitative study methods, researchers can uncover the nuanced realities of their subjects, contributing to the development of more effective and empathetic practices, policies, and interventions. This study of workplace

development plan outlines a comprehensive approach to exploring how Pohjola Insurance can achieve sustainability leadership in the Finnish insurance industry. By employing a qualitative methodology, including case study analysis, semi-structured employee survey, thematic analysis, and an inductive, exploratory approach, the study aims to provide in-depth insights into the strategies and practices that can drive sustainability leadership. The findings will contribute to academic knowledge and practical applications, offering a roadmap for Pohjola Insurance to enhance its sustainability initiatives and position itself as a leader in this critical area.

Future Studies

Future studies could build on the suggested framework by exploring its implementation in different industries and cultural settings, which would aid in assessing its applicability and broader relevance. This would provide a more comprehensive understanding of how sustainability leadership practices can be tailored to suit various organizational environments. Furthermore, longitudinal research could offer significant insights into the lasting effects of sustainability leadership on organizational outcomes, revealing how these practices evolve and contribute to long-term success.

Building on the findings of this study, **several areas for future research** can be pursued:

Comparative Studies: A comparative approach could be taken to assess sustainability practices and leadership strategies across different regions and sectors, highlighting both universal factors that apply globally and context-specific factors that may vary depending on the industry or location. **Longitudinal Studies:** Long-term studies that track the development and outcomes of sustainability leadership practices over time could offer a clearer understanding of how these practices contribute to sustained organizational success and growth. **Stakeholder Perspectives:** Investigating the perspectives of key stakeholders—such as employees, customers, and regulators—would provide a more holistic view of sustainability leadership. Understanding their roles and experiences would help refine leadership strategies and practices, ensuring they meet the needs and expectations of all involved parties. In the conclusion of this study, Part 5, future research topics are discussed and presented in a more detailed and thoughtful manner.

In conclusion, this study underscores the importance of integrated leadership approaches, contextual awareness, and continuous adaptation in achieving sustainability leadership. It provides meaningful insights for both academic research and practical applications, forming a robust foundation for future inquiries in this area.

3.3 Overview of the Finnish Insurance Industry

The Finnish insurance industry is a critical component of Finland's financial services sector, playing a significant role in the country's economy and societal well-being. It encompasses various types of insurance, including life, non-life, and health insurance, providing essential financial protection to individuals, businesses, and the public sector. This study overview and analysis explores the Finnish insurance industry's key characteristics, trends, challenges, and opportunities. It examines the regulatory environment, market structure, major players, and the industry's response to sustainability and digital transformation. Additionally, the analysis addresses the impact of demographic changes, technological advancements, and economic conditions on the industry's evolution.

Market Structure and Size

The Finnish insurance industry is characterized by a well-developed and competitive market, with a mix of domestic and international insurance companies operating across various segments (Finanssiala, 2022). The industry is divided into life, non-life, and health insurance, with non-life insurance being the largest segment by gross premiums written. The gross written premium for the general insurance market in Finland was EUR 4.1 billion in 2022, with a projected growth rate of over 3% annually from 2023 to 2027 (GlobalData, 2023). Major players in the Finnish insurance market include LähiTapiola, OP Financial Group, Fennia, and If P&C Insurance, which collectively dominate the market (Finanssivalvonta, 2023). The market is also characterized by a high degree of consolidation, with a few large insurers holding significant market shares. This consolidation has been driven by mergers and acquisitions and strategic partnerships to enhance operational efficiency and expand market reach (Finanssiala, 2022). Additionally, mutual insurance companies play a prominent role in the Finnish market, reflecting the industry's focus on customer-centric and cooperative business models.

Regulatory Environment

The Finnish insurance industry operates within a robust regulatory framework that ensures the market's stability, transparency, and fairness. The Financial Supervisory Authority (Finanssivalvonta) primarily regulates the industry, oversees insurance companies' activities, ensures compliance with national and EU regulations, and promotes consumer protection (Finanssivalvonta, 2023). Key regulations governing the Finnish insurance industry include the Insurance Contracts Act, which outlines *“the rights and obligations of insurers and policyholders,*

and the Solvency II Directive, which sets out capital requirements and risk management standards for insurance companies operating in the European Union” (European Commission, 2023). Additionally, the Finnish Competition and Consumer Authority (FCCA) monitors competition within the industry and ensures that consumers are treated fairly. The regulatory environment also emphasizes the importance of sustainability and corporate responsibility. Finnish insurers must integrate environmental, social, and governance (ESG) considerations into their business practices and report on their sustainability performance (Finanssivalvonta, 2023). This regulatory focus on sustainability aligns with broader EU initiatives, such as the European Green Deal and the EU Taxonomy for Sustainable Activities, which aim to promote sustainable finance and mitigate climate-related risks.

3.3.1 Trends and Developments in the Finnish Insurance Industry

Digital Transformation

Digital transformation is a key trend shaping the Finnish insurance industry, with insurers increasingly leveraging technology to enhance customer experiences, streamline operations, and improve risk management (Suomen Pankki, 2023). Adopting digital technologies like artificial intelligence (AI), big data analytics, and blockchain enables insurers to offer customers more personalized and efficient services. For example, LähiTapiola has implemented AI-driven chatbots to provide instant customer support and to process claims more efficiently (LähiTapiola, 2023). Similarly, If P&C Insurance has developed digital platforms that allow customers to purchase insurance policies, manage their accounts, and file claims online, enhancing convenience and accessibility (If P&C Insurance, 2023). Digital transformation also drives innovation in product development, with insurers introducing new products that cater to customers' evolving needs. For instance, OP Financial Group has launched usage-based insurance products that leverage telematics to offer flexible premiums based on customers' driving behaviour (OP Financial Group, 2023). These innovations reflect the industry's shift toward customer-centric and data-driven business models.

Sustainability and ESG Integration

Sustainability and integrating ESG factors have become increasingly important in the Finnish insurance industry, driven by regulatory requirements, stakeholder expectations, and the growing recognition of the financial risks associated with climate change (Finanssiala, 2022). Finnish insurers actively incorporate ESG considerations into their investment strategies, underwriting

practices, and corporate governance structures. For example, Fennia has committed to aligning its investment portfolio with the Paris Agreement's goals and achieving carbon neutrality by 2050 (Fennia, 2023). The company has also implemented sustainable underwriting guidelines that exclude coverage for industries with high environmental risks, such as coal mining and oil drilling (Fennia, 2023). In addition to environmental initiatives, Finnish insurers are also focusing on social and governance aspects of ESG. This includes promoting diversity and inclusion within their workforce, ensuring ethical business practices, and engaging with communities through corporate social responsibility (CSR) initiatives (Finanssivalvonta, 2023). By integrating ESG factors into their core business strategies, Finnish insurers are positioning themselves as responsible and forward-looking players in the global financial market.

Demographic Changes

Demographic changes, particularly the aging population, significantly impact the Finnish insurance industry. Finland has one of the oldest populations in Europe, with a growing proportion of elderly citizens who require long-term care and health services (Statistics Finland, 2023). This demographic trend is driving demand for life insurance, health insurance, and pension products as individuals seek financial protection and security in their later years. In response to growing demand, insurers are creating products tailored to the unique needs of the elderly. For instance, LähiTapiola provides long-term care insurance that covers home care, nursing services, and assisted living options (LähiTapiola, 2023). Furthermore, pension insurance offerings are gaining importance as people look to enhance their state pensions and ensure financial stability in retirement (OP Financial Group, 2023). The ageing population also presents challenges for the insurance industry, including increased claims costs and the need to manage longevity risk. Insurers are addressing these challenges by adopting advanced risk management techniques, such as longevity swaps and reinsurance arrangements, to mitigate the financial impact of an aging population (Finanssiala, 2022).

3.33.1.1 Challenges Facing the Finnish Insurance Industry

Economic Conditions and Market Volatility

The Finnish insurance industry is influenced by broader economic conditions and market volatility, which can impact investment returns, premium income, and claims costs (Suomen Pankki, 2023). The low-interest-rate environment, which has persisted in Finland and Europe for several years, poses a challenge for insurers, particularly in the life insurance sector, where

investment returns are crucial for meeting long-term liabilities. To address this challenge, Finnish insurers are diversifying their investment portfolios and exploring alternative asset classes, such as infrastructure, private equity, and green bonds, to enhance returns and reduce exposure to market volatility (Finanssivalvonta, 2023). Insurers adopt more sophisticated asset-liability management (ALM) strategies to ensure their investments align with long-term obligations. Market volatility, driven by geopolitical uncertainties, economic disruptions, and climate-related risks, also presents challenges for the Finnish insurance industry. Insurers increasingly focus on scenario analysis and stress testing to assess the potential impact of market shocks on their financial stability and develop contingency plans for managing such risks (Finanssiala, 2022).

Regulatory Compliance and Reporting

"The Finnish insurance industry is facing growing complexity in regulatory compliance and reporting obligations, especially with the introduction of new regulations on ESG, data protection, and financial stability (Finanssivalvonta, 2023). The enforcement of the EU Sustainable Finance Disclosure Regulation (SFDR) and the EU Taxonomy for Sustainable Activities mandates insurers to provide detailed disclosures regarding their sustainability efforts and the environmental impact of their investment portfolios. Adhering to these regulations demands substantial resources, such as investments in advanced data management systems, staff training, and legal expertise. Insurers must also navigate the evolving regulatory environment, ensuring compliance with both national and EU-level requirements (European Commission, 2023). Non-compliance can lead to legal penalties, reputational harm, and a loss of trust among stakeholders. In response, Finnish insurers are investing in robust compliance management systems and improving their reporting infrastructure. They also collaborate with regulators, industry bodies, and other key stakeholders to remain up to date on regulatory changes and advocate for frameworks that foster sustainable and ethical business practices (Finanssivalvonta, 2023).

Competition and Market Saturation

The Finnish insurance industry is highly competitive, with a few large players dominating the market. This competition, combined with market saturation in specific segments, poses challenges for insurers seeking to grow their market share and profitability (Finanssiala, 2022). In the non-life insurance sector, for example, intense competition has led to price pressures and reduced profit margins, particularly in commoditized products such as motor insurance. Finnish insurers focus on innovation, customer experience, and value-added services to differentiate

themselves in a competitive market. This includes developing new products, leveraging digital technologies to enhance customer engagement, and offering personalized solutions that meet customers' needs (If P&C Insurance, 2023). Additionally, insurers are exploring opportunities in underserved market segments, such as cyber and environmental liability insurance, to drive growth and profitability.

3.33.1.2 Opportunities in the Finnish Insurance Industry

Digital Innovation and Insurtech

Digital innovation and the rise of insurtech present significant opportunities for the Finnish insurance industry. Insurtech refers to using technology to disrupt and improve the traditional insurance value chain, from product development to distribution and claims processing (Suomen Pankki, 2023). Finnish insurers increasingly collaborate with insurtech startups to leverage cutting-edge technologies, such as AI, blockchain, and the Internet of Things (IoT), to enhance their operations and offer new products and services. For example, OP Financial Group has partnered with several insurtech firms to develop digital platforms that streamline the customer journey, from purchasing insurance policies to managing claims (OP Financial Group, 2023). These platforms use AI-driven algorithms to provide personalized recommendations, automate underwriting processes, and detect fraudulent claims. Insurtech also offers insurers opportunities to expand their reach and access new customer segments, particularly among younger, tech-savvy consumers who prefer digital interactions. By embracing digital innovation, Finnish insurers can enhance their competitiveness, improve operational efficiency, and deliver superior customer experiences.

Sustainability and Green Finance

Sustainability and green finance represent another significant opportunity for the Finnish insurance industry. As the global focus on climate change and sustainable development intensifies, there is a growing demand for insurance products and investment strategies supporting environmental goals (Finanssiala, 2022). Finnish insurers can capitalise on this demand by developing green insurance products, such as insurance for renewable energy projects, and incorporating ESG criteria into their investment portfolios. For instance, LähiTapiola has introduced green home insurance products that offer discounts to customers who adopt energy-efficient practices and install renewable energy systems in their homes (LähiTapiola, 2023). Similarly, Fennia has launched sustainable investment funds prioritising investments in companies

with strong ESG performance (Fennia, 2023). By aligning their business strategies with sustainability goals, Finnish insurers can attract environmentally conscious customers, enhance their brand reputation, and contribute to global efforts to combat climate change.

Aging Population and Health Insurance

The ageing population in Finland presents opportunities for the insurance industry, particularly in health insurance and long-term care insurance. As the demand for healthcare services and financial protection in old age increases, insurers can develop products that cater to the specific needs of elderly customers (Statistics Finland, 2023). This includes offering comprehensive health insurance plans, long-term care insurance, and pension products that provide financial security in retirement. Insurers can also explore opportunities to partner with healthcare providers, technology firms, and government agencies to offer integrated solutions that address the healthcare and financial needs of the ageing population (OP Financial Group, 2023). By leveraging data analytics and digital health technologies, insurers can develop personalised insurance products that improve health outcomes and reduce healthcare costs.

3.3.2 Key Characteristics Contributing to Sustainable Leadership

Visionary Leadership

Visionary leadership plays a crucial role in advancing sustainability within Finland's insurance industry. Leaders with a clear and inspiring vision for sustainability can align the company's long-term objectives with sustainable practices (Bass & Riggio, 2006). In this sector, such a vision often focuses on tackling key issues such as climate change, social inequality, and shifting regulatory frameworks. For instance, LähiTapiola, a prominent insurance provider in Finland, has made a commitment to weave sustainability into its core business model by aligning its activities with the United Nations Sustainable Development Goals (SDGs) (LähiTapiola, 2023). The leadership at LähiTapiola has set ambitious goals to reduce carbon emissions, foster diversity and inclusion, and improve transparency in ESG reporting. This forward-thinking strategy has established LähiTapiola as a frontrunner in sustainable insurance and set a high standard for other players in the Finnish market.

Corporate Culture and Employee Engagement

Corporate culture plays a significant role in fostering sustainable leadership within Finnish insurance companies. A culture that values sustainability and encourages ethical behaviour is

essential for ensuring sustainability goals are embedded in every aspect of the organization (Kotter, 2021). This requires strong leadership and the active engagement of employees at all levels. Employee engagement is critical for driving sustainability initiatives and achieving long-term success. Companies that involve employees in sustainability efforts are more likely to achieve their goals and positively impact society and the environment (Chandler, 2023).

Below the “Figure 8.” from the “Key Characteristics of Sustainability Leadership in the Finnish Insurance Industry”:

Figure 8. Key Characteristics of Sustainability Leadership in the Finnish Insurance Industry, 2025.



For instance, Pohjola Insurance has implemented a comprehensive employee engagement program encouraging employees to participate in volunteer activities, sustainability training, and innovation projects focused on ESG issues (OP Financial Group, 2023). This approach has helped Pohjola create a strong culture of sustainability and has contributed to its reputation as a responsible insurer.

Stakeholder Engagement and Collaboration

Effective stakeholder engagement is another critical factor in sustainable leadership in the Finnish insurance sector. Insurance companies operate in a complex ecosystem of stakeholders, including customers, employees, investors, regulators, and communities. Engaging with these stakeholders is essential for understanding their needs and expectations, identifying opportunities for collaboration, and building trust. Stakeholder engagement can take various forms, including regular consultations, partnerships, and transparent communication. For example, If Insurance has established a robust stakeholder engagement framework that collaborates with NGOs, governments, and industry associations to address global sustainability challenges (If Insurance, 2023). This collaborative approach has enabled If Insurance to develop innovative solutions to complex sustainability issues and strengthen its leadership position in the Finnish insurance sector.

Governance and Ethical Leadership

Strong governance and ethical leadership are foundational to sustainable leadership in the Finnish insurance sector. Good governance practices ensure that companies are accountable to their stakeholders, transparent in their operations, and compliant with regulations (Eccles et al., 2014). Conversely, ethical leadership involves high integrity, fairness, and responsibility standards. In the Finnish insurance industry, governance and ethical leadership are particularly important due to the sector's exposure to various financial, reputational, and operational risks. Companies prioritizing governance and ethics are better equipped to manage these risks and create long-term value for their stakeholders (Heifetz, Grashow & Linsky, 2009). For instance, Fennia Insurance has implemented a rigorous governance framework with strict ethical standards, robust risk management practices, and comprehensive ESG reporting (Fennia, 2023). This framework has helped Fennia maintain its leadership position in the Finnish insurance industry and earned its stakeholders' trust nationwide.

Innovation and Adaptability

Innovation and adaptability are critical factors in sustaining leadership in the Finnish insurance sector. The insurance industry is transforming significantly due to technological advancements, changing customer expectations, and evolving regulatory requirements. Sustainable leadership requires innovating and adapting to these changes while focusing on long-term goals (Senge, 2006). Insurance companies that embrace innovation are better positioned to

develop new products and services that address emerging sustainability challenges. For example, OP Financial Group has invested in digital technologies to enhance its ESG reporting, optimize its risk management processes, and develop new insurance products that promote sustainability (OP Financial Group, 2023). This focus on innovation has enabled OP Financial Group to stay ahead of the curve and strengthen its sustainable insurance leadership.

Long-Term Value Creation

"Sustainable leadership in the Finnish insurance industry focuses on generating long-term value for all stakeholders. This not only entails achieving financial profitability but also contributing positively to social and environmental outcomes. Firms that embrace a long-term outlook are more likely to experience sustainable growth and foster enduring relationships with their stakeholders (Porter & Kramer, 2011). Creating long-term value necessitates a comprehensive approach that considers the interdependencies of economic, social, and environmental dimensions. For instance, LocalTapiola (LähiTapiola), one of Finland's foremost mutual insurance providers, has implemented a long-term value creation strategy that incorporates ESG factors into its fundamental business practices (LocalTapiola, 2023). This approach has enabled LocalTapiola to better manage risks, increase its resilience, and generate value for its shareholders, customers, and the broader community.

3.3.3 Conclusions of the Development and Trends in the Finnish Insurance Industry

The Finnish insurance industry is a dynamic and evolving sector crucial to the country's economy and societal well-being. Its competitive market structure, robust regulatory environment, and intense focus on sustainability and digital transformation characterize it. While the industry faces economic conditions, regulatory compliance, and competition challenges, it also offers significant opportunities for growth and innovation. By embracing digital innovation, integrating ESG factors into their business strategies, and developing products that cater to the needs of an aging population, Finnish insurers can enhance their competitiveness and contribute to the industry's long-term sustainability. As the global focus on sustainability and responsible business practices intensifies, the Finnish insurance industry is well-positioned to deliver value to customers, stakeholders, and society.

3.4 Pohjola's Transformation for Achieving Sustainability Leadership - Case Study

Pohjola Insurance, a subsidiary of OP Financial Group, has long been a critical player in the Finnish insurance market, providing a wide range of non-life insurance products. In recent years, Pohjola has undertaken a comprehensive transformation to position itself as a sustainability leader within the Finnish insurance sector. This case study explores Pohjola Insurance's multifaceted approach to integrating sustainability into its core business strategy and operational practices. The study delves into applying integrated sustainability leadership theories, including Transformational, Adaptive, Authentic, and Systems Thinking leadership. Additionally, it examines how Pohjola Insurance has leveraged stakeholder theory and management and environmental, social, and governance (ESG) factors to achieve sustainable leadership in a dynamic and competitive business environment. Pohjola Insurance, a prominent player in the Finnish insurance industry, has recognized the critical importance of integrating sustainability into its core business strategy. The company has implemented various sustainability practices to reduce its environmental impact, enhance social responsibility, and improve governance structures. This part of the case study examines the existing sustainability commitments and practices at Pohjola Insurance, focusing on how these initiatives align with broader sustainability goals, leadership methods and industry standards.

3.4.1 How Sustainability is Defined in Pohjola Among Employees?

In a semi-structured survey conducted in the October of 2024 with Pohjola employees, 86% of the respondents answered, "How do you define sustainability within the insurance industry?" by stating that stakeholder management and creating shared value are critically essential factors in sustainability leadership. Examples from the answers are

"An organizational culture that innovates sustainable products and services. The purpose is to create shared value through collaborative stakeholder management and CSR activities."

"Sustainability leadership in the insurance sector is defined by the consideration and management of ESG themes. This includes companies taking responsibility for their own emissions and environmental impact, as well as promoting sustainability among their partners. Fair treatment of customers and employees, adherence to good procurement principles, and engagement in social debate to drive sustainability issues forward are also important aspects of sustainability leadership. Companies must comply with society's standards and laws, and their activities are subject to strict control and regulation."

3.4.1.1 Where to Focus on Sustainability?

Semi-structured Survey with Pohjola employees in October 2024: “What should Pohjola Insurance focus on to enhance its sustainability leadership in the coming years?” answers were 90% that Pohjola must focus on stakeholder relationships; the following answers were more or less

“Employees’ well-being and training, stakeholder management and engagement, CSR activities, innovative sustainable insurance solutions, and trying to create shared value as its regular business strategy and operations.”

“We should involve all employees and make responsibility part of our everyday work, so that we can truly integrate responsibility into our activities.”

3.4.2 Sustainability Practices

Pohjola employee semi-structured survey in October 2024: “How is sustainability currently integrated into the service development process at Pohjola Insurance?” Two thirds of respondents answered that sustainability is integrated into Pohjola’s core business strategy. For example, couple of answers were following:

“We are a sustainable company, and sustainable development is present in every action we take.”

“Sustainability is integrated into our core business strategy.”

“Sustainability can be seen and heard in every action what we do and take.”

3.4.2.1 Environmental Sustainability Practices

Pohjola Insurance is deeply committed to mitigating the impacts of climate change. On January 1, 2022, the company became a signatory to the UN Principles of Sustainable Insurance (UN PSI). This commitment aligns Pohjola’s operations with global standards such as the UN Global Compact Principles, the UN Sustainable Development Goals (SDGs), and the Paris Climate Agreement. These principles guide the company in considering material ESG issues in its insurance business (OP Financial Group, 2024). A critical aspect of Pohjola’s strategy involves understanding and addressing climate risks. Pohjola Insurance integrates climate considerations into its risk management and insurance operations. This includes extensively developing

insurance solutions covering climate-related risks and adopting risk management practices promoting sustainable development. The company actively advises its customers and partners on operations that prevent climate change and encourages risk awareness and adaptation strategies (OP Financial Group, 2024). Pohjola Insurance has adopted several initiatives to minimize its environmental footprint. The company has committed to reducing carbon emissions through energy efficiency programs and renewable energy sources (OP Financial Group, 2023). For example, Pohjola has invested in upgrading its office facilities to be more energy-efficient and has implemented a comprehensive waste management system to reduce waste and promote recycling (OP Financial Group, 2023). Additionally, the company has set ambitious targets to achieve carbon neutrality by 2030, aligning with Finland's national goals for environmental sustainability (OP Financial Group, 2022). Pohjola Insurance has implemented various eco-friendly practices, such as reducing waste, promoting recycling, and using renewable energy sources in its offices. The company also encourages employees to adopt sustainable practices in their daily work routines (OP Financial Group, 2024b). Another critical aspect of Pohjola's environmental strategy is its sustainable investment policy. A significant portion of Pohjola Insurance's investment portfolio is allocated to sustainable assets. The company prioritizes investments in renewable energy, green bonds, and projects that contribute to environmental sustainability. By doing so, Pohjola Insurance supports the development of sustainable infrastructure and innovation (OP Financial Group, 2024a). The company has integrated environmental, social, and governance (ESG) criteria into its investment decisions, ensuring that its portfolio supports sustainable development. This policy reduces the environmental impact of Pohjola's investments and positions the company as a responsible investor, contributing to the broader transition toward a sustainable economy.

3.4.2.2 Social Responsibility Initiatives

Pohjola Insurance has also strongly emphasized social responsibility, reflecting its commitment to contributing positively to the communities in which it operates. The company has implemented various initiatives to promote social well-being, such as providing inclusive insurance products that cater to underserved populations. Pohjola Insurance offers a range of inclusive insurance products designed to meet the needs of diverse customer segments, including low-income families, small businesses, and individuals with specific health conditions. These products aim to provide comprehensive coverage and financial protection to all members of society (OP Financial Group, 2024c). These products ensure that vulnerable groups, such as low-income families and older people, have access to affordable insurance coverage. In addition to its

product offerings, Pohjola Insurance has engaged in various community outreach programs. The company actively supports local initiatives that promote education, health, and social inclusion. For example, Pohjola has partnered with educational institutions to provide financial literacy programs, helping individuals and communities better manage their financial resources and risks (OP Financial Group, 2023). Pohjola Insurance actively engages with local communities through sponsorships, volunteering, and partnerships with non-profit organizations. The company's community engagement initiatives focus on education, health, and environmental conservation, reflecting its commitment to making a positive social impact (OP Financial Group, 2023). In addition to its social sustainability initiatives, Pohjola actively promotes public health and safety. The company offers a range of insurance products to encourage safe behaviour, such as discounts for drivers participating in safe driving programs and health insurance plans that reward customers for maintaining a healthy lifestyle (OP Financial Group, 2024d). Pohjola Insurance's commitment to social responsibility is evident in its initiatives to promote social inclusion and community resilience. Pohjola also supports sustainable development by advising customers and stakeholders on climate-related risks and promoting responsible practices. The company's efforts in this area aim to foster a responsible business approach and contribute to developing legislation and regulations that support sustainability (OP Financial Group, 2024). Employee engagement is another critical component of Pohjola Insurance's sustainability practices. The well-being and development of employees are central to Pohjola Insurance's social sustainability strategy. The company offers various programs to support work-life balance, professional growth, and mental health. Pohjola Insurance is committed to fostering a diverse and inclusive workplace where all employees can thrive (OP Financial Group, 2024c). The company recognizes that its employees are essential to achieving its sustainability goals and has invested in their development and well-being. Pohjola offers various training programs focused on sustainability, ensuring employees have the knowledge and skills to contribute to the company's sustainability initiatives. Furthermore, the company promotes continuous learning and innovation, encouraging employees to identify and implement new ideas that support sustainability.

3.4.2.3 Governance and Ethical Practices

Governance and ethical practices are central to Pohjola Insurance's sustainability strategy. The company has established a robust governance framework that ensures transparency, accountability, and ethical behaviour across all levels of the organization. The governance framework at Pohjola is designed to promote responsible decision-making and ensure that the company's actions align with its values. This includes delineating responsibilities among the board

of directors, executive management, and various committees, each critical in overseeing the company's sustainability initiatives (OP Financial Group, 2024e). This framework includes regular sustainability reporting, which provides stakeholders with detailed information on the company's sustainability performance and progress toward its goals (OP Financial Group, 2022).

Underwriting, Pohjola Insurance provides customized solutions to enhance safety and manage risks effectively. For example, the company offers risk management methods that help corporate customers improve their safety culture, addressing risks such as fire, burglary, and property damage. This proactive approach mitigates risks and promotes a culture of safety and responsibility among clients (OP Financial Group, 2024). Pohjola Insurance integrates ESG criteria into its investment and underwriting decisions, demonstrating its commitment to responsible business practices. The company's investment policies exclude high ESG risk sectors and focus on sustainable investments. This approach ensures that Pohjola's financial activities support environmental sustainability and social responsibility (OP Financial Group, 2024). Pohjola Insurance has established robust ESG reporting mechanisms to provide stakeholders with transparent and comprehensive information about its sustainability performance. The company regularly publishes sustainability reports that detail its progress toward ESG goals and initiatives (Pohjola Insurance, 2024b). Integrating ESG factors into risk management processes is critical to Pohjola Insurance's governance framework. This approach helps the company identify and mitigate potential sustainability-related risks, ensuring long-term resilience and stability (OP Pohjola Group, 2023). Pohjola's annual sustainability report, which details the company's progress toward its sustainability goals, is a testament to its commitment to transparency and accountability (OP Pohjola Group, 2023). Moreover, ethical leadership is at the core of Pohjola's governance practices. Pohjola has implemented stringent ethical guidelines for its business operations, ensuring that all employees adhere to high standards of integrity and professionalism. These guidelines cover a wide range of issues, including anti-corruption measures, fair treatment of customers, and respect for human rights (OP Pohjola Group, 2024g). Pohjola Insurance reinforces its commitment to sustainability and responsible business conduct by embedding these ethical practices into its corporate culture. Pohjola Insurance is committed to maintaining high ethical standards in its business operations. The company has implemented policies to prevent corruption, ensure regulation compliance, and promote ethical behaviour among employees and partners. These practices reinforce Pohjola Insurance's reputation as a trustworthy and responsible insurer (OP Financial Group, 2024a). Transparency and accountability are central to Pohjola Insurance's sustainability strategy. The company regularly reports on its sustainability performance, including its progress toward achieving climate targets and ESG goals. This

openness provides stakeholders valuable insights into Pohjola's efforts and fosters trust in the company's commitment to sustainability (OP Financial Group, 2024).

3.4.3 Achieving Sustainable Development Goals (SDG's)

Pohjola Insurance, a subsidiary of OP Financial Group, has demonstrated a strong commitment to advancing the United Nations Sustainable Development Goals (SDGs) through various strategic initiatives. On January 1, 2022, Pohjola Insurance became a signatory of the UN Principles for Sustainable Insurance (PSI), reinforcing its dedication to integrating sustainability into its core operations (OP Financial Group, 2022h). The PSI framework guides insurers in addressing environmental, social, and governance (ESG) challenges, aiming to reduce risk, develop innovative solutions, and contribute to sustainable development (UNEP, 2023). By aligning with these principles, Pohjola Insurance commits to embedding ESG considerations into decision-making processes, fostering a culture of responsibility and forward-thinking.

In 2022, OP Financial Group released its annual sustainability report, detailing efforts to promote sustainable practices across its subsidiaries, including Pohjola Insurance (OP Financial Group, 2022i). The report highlights initiatives such as responsible investment strategies, promotion of social equity, and environmental impact reduction through efficient resource and sustainability management. These actions align with several SDGs, notably:

- **SDG 3: Good Health and Well-being:** Pohjola Insurance contributes to better health outcomes by offering a range of insurance products that improve access to healthcare and provide financial security.
- **SDG 8: Decent Work and Economic Growth:** The company's focus on ethical business practices and employee welfare creates a positive work environment, encouraging sustained economic growth.
- **SDG 12: Responsible Consumption and Production:** Pohjola emphasizes waste reduction, efficient resource utilization, and the promotion of sustainable practices throughout its supply chain, supporting the transition to a circular economy.
- **SDG 13: Climate Action:** Through initiatives designed to minimize its carbon footprint and implement eco-friendly policies, Pohjola Insurance takes an active role in combating climate change.

- **SDG 17: Partnerships for the Goals:** Pohjola builds shared value by working closely with key stakeholders—including customers, suppliers, and policymakers—thereby fostering trust and supporting collective sustainability efforts.

Moreover, Pohjola Insurance collaborates with academic institutions to enhance its sustainability efforts. In 2023, a student-led research project provided valuable insights into sustainable insurance practices, emphasizing the growing importance of sustainability in meeting customer and investor expectations (Aalto University, 2023). However, challenges persist. In 2023, the Finnish Financial Supervisory Authority issued a public warning to Pohjola Insurance for non-compliance with time limits under the Workers' Compensation Act (Finnish Financial Supervisory Authority, 2023). This incident underscores the necessity for continuous improvement in governance and operational processes to uphold sustainability commitments.

In conclusion, Pohjola Insurance has made significant strides in aligning its operations with the UN SDGs through strategic initiatives and collaborations. Ongoing efforts to enhance governance and operational efficiency are essential to maintaining and advancing these sustainability objectives.

3.4.3.1 What motivates Pohjola employees personally to support sustainability within the organization?

In October 2024, semi-structured survey answers with Pohjola employees included the following:

“I want to contribute to saving our people and planet. I hope there are many more who think the way I do. The number is growing anyway; it must.”

“I can help save our planet. These are small steps, but if everybody thinks through the lens of sustainable development, the change will be massive.”

“Green is new gold, isn't it? Earth's future depends on sustainable development.”

“It makes me proud and happy to be on the good side.”

“I believe in a green future. That is our only hope; when I say “our,” I mean the World.”

“Climate change and an ever-dividing society worry me. I want to make a difference through my own actions.”

3.4.3.2 What are the primary sustainability goals for Pohjola Insurance over the next five years?

Pohjola’s employees’ opinion in October 2024 is evident when they answer about the sustainability goals in the next five years:

“ESG leadership, circular economy insurance products and services, intense effort and collaboration with vital stakeholders, carbon neutrality, and 100% renewable energy use in our operations.”

“Integrating responsibility holistically into our activities.”

“100% renewable energy use, paperless, innovative sustainable services and products, stakeholder practices, and CSR activities that benefit society and create positive social and environmental impacts in profitable ways.”

“Carbon dioxide freedom, 100% renewable energy adoption, paperless, sustainable insurance solutions, and continuous employee training.”

“All-inclusive stakeholder management, fully integrated CSR activities that benefit society and create positive social and environmental impacts by profitable ways, 100% renewable energy adoption, paperless office, no extra waste, innovative sustainable services, and solutions.”

3.4.3.3 Summary One

Pohjola Insurance’s commitment to climate change mitigation is evident through its alignment with international sustainability frameworks such as the UN Principles of Sustainable Insurance (UN PSI), the UN Global Compact Principles, and the Paris Climate Agreement. By integrating climate considerations into risk management and insurance operations, Pohjola Insurance addresses climate risks and promotes sustainable development across its customer base. This approach is further strengthened by the company’s responsible investment and underwriting practices, prioritizing ESG criteria and ensuring that its financial activities align with environmental sustainability and social responsibility. Additionally, Pohjola Insurance’s dedication to social inclusion and risk prevention underscores its role as a socially responsible

entity, providing inclusive insurance products and fostering community resilience. Transparency and accountability are critical elements of Pohjola's strategy, with regular sustainability reporting fostering stakeholder trust and showcasing the company's commitment to achieving its climate and ESG goals (OP Financial Group, 2024). Pohjola Insurance demonstrates a solid commitment to sustainability through its comprehensive strategies in climate change mitigation, responsible investment, social inclusion, governance, and employee engagement. By integrating climate considerations into risk management and adopting sustainable practices, Pohjola Insurance aligns with global standards and contributes to the broader fight against climate change. The company's responsible investment policies and customized underwriting solutions emphasize its dedication to environmental sustainability and social responsibility. Pohjola's efforts in promoting social inclusion and community resilience reflect its commitment to serving diverse populations and fostering positive societal impacts. Moreover, the company's robust governance framework and ethical practices ensure transparency, accountability, and long-term stability, reinforcing its reputation as a responsible insurer. Lastly, by prioritizing employee engagement and development, Pohjola Insurance ensures its workforce is well-equipped to drive sustainability initiatives, contributing to its overall success in achieving its sustainability goals. Through these integrated efforts, Pohjola Insurance positions itself as a leader in sustainability within the Finnish insurance industry.

3.4.4 Integrated Sustainability Leadership Practices

Pohjola employee semi-structured survey in October 2024: "What leadership qualities are most important for driving sustainability at Pohjola Insurance?" Answers were, for example among others, in same line between them all:

"Visionary, adaptable, trustworthy, and able to see the big picture."

"Persistency, open-mindedness, curiosity, being able to present complicated concepts in an understandable way and enjoying networking and engaging with people - the entire theme requires change management skills basically all over the organisation."

"Active participation, listening, interest and a genuine desire to develop and improve."

"Visionary, reliable, leads by example with high know-how, innovative, critical thinker, able to support learning and growth, and emotional intelligence."

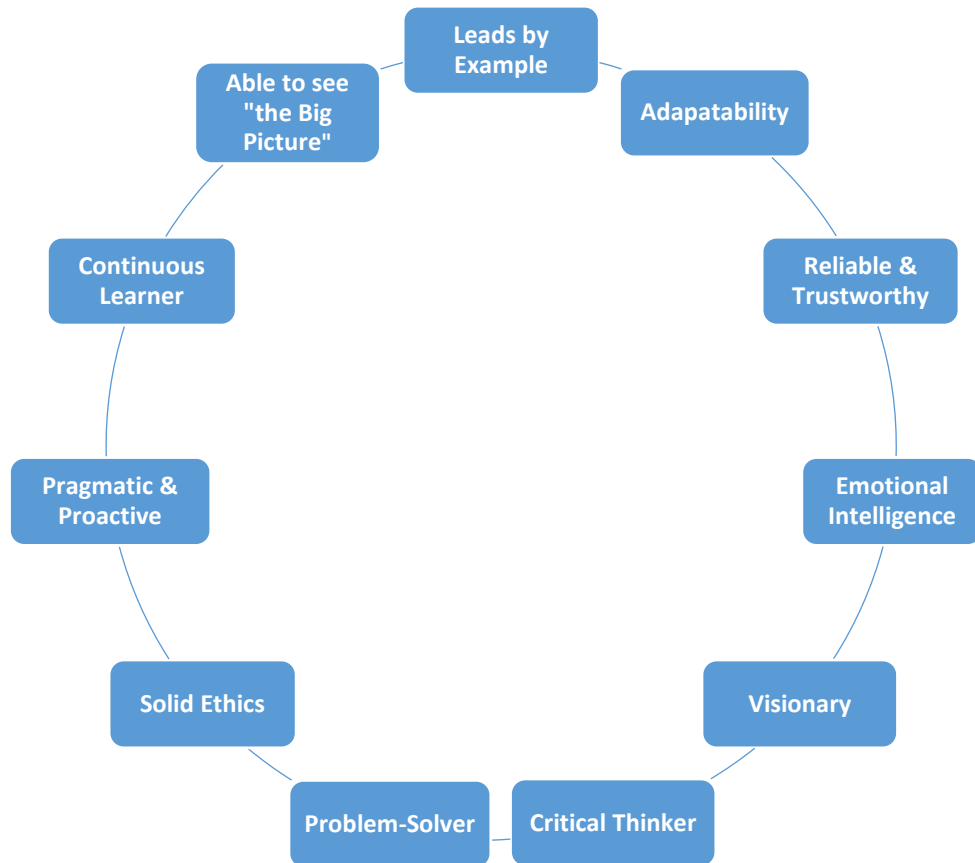
“Leads by example, adaptability, innovative, visionary, trustworthy, critical thinker, emotional intelligence, and believes in continuous learning and improvement.”

“Leads by example, emotional intelligence, trustworthiness, reliability, adaptability, visionary, pragmatic, proactive, solid ethics, and good communication skills.”

“Ethical leadership, trustworthiness, emotional intelligence, adaptability, visionary, supportive, flexible, pragmatic, critical thinker, creative, problem-solver, and continuous learning.”

“Leads by example, emotional intelligence, adaptability, visionary, can be trusted and trustworthy, supportive, pragmatic, proactive, strong ethics, good communication skills, substance know-how, vast general knowledge, and can see the big picture as forest from trees.”

Figure 9. OP Financial Group / Pohjola employees in October 2024: “What leadership qualities are most important for driving sustainability at Pohjola Insurance?”, 2025.



3.4.4.1 Transformational Leadership in Sustainability

Leadership is essential in initiating change by establishing the foundation for an organization's dedication to sustainability. Leaders who embody sustainable practices set an example that encourages others within the organization to adopt similar behaviours. Transformational leadership, known for its focus on vision, inspiration, and long-term transformation, is especially effective in guiding sustainability transitions. In Pohjola Insurance's sustainability journey, transformational leadership is key. These leaders inspire and motivate their teams to reach elevated levels of performance by creating a forward-looking vision that is both inspiring and achievable. At Pohjola Insurance, the leadership team has articulated a clear vision that integrates sustainability into the company's core mission and strategic goals. This vision is not merely about compliance with regulatory requirements but about positioning the company as a leader in sustainable business practices within the Finnish insurance industry. The leadership's commitment to sustainability is evident in the strategic initiatives implemented across the organization. For example, Pohjola has introduced sustainability-linked insurance products that encourage customers to adopt environmentally friendly practices (OP Financial Group, 2023a). The company's leadership has also championed investments in sustainable infrastructure and renewable energy, aligning its investment portfolio with the goals of the Paris Agreement (OP Financial Group, 2023b). Pohjola has set a clear example of transformational leadership by aligning its operations with a broader sustainability agenda.

3.4.4.2 Adaptive Leadership in a Changing Environment

Adaptive leadership is crucial for organizations that operate in complex and rapidly changing environments. This leadership style emphasizes the need for flexibility, continuous learning, and the ability to navigate uncertainty. Pohjola Insurance has embraced adaptive leadership as a critical component of its sustainability strategy, recognizing that the challenges associated with sustainability are dynamic and multifaceted.

Pohjola employee semi-structured interview in October 2024: "What challenges have you encountered when incorporating sustainability principles into service development?" The answers were 90 percent that no one had encountered any challenges or problems when incorporating sustainable development principles into work practice. Instead, sustainability as a definition is seen as a strength that creates possibilities, such as "good side effects".

"No, any kind. In contrast, it boosted my work and created more opportunities for success."

While criteria of EU Taxonomy can be seen difficult.

“The criteria published in EU Taxonomy, as an example, is quite difficult to implement in an industry like this. Whereas more traditional, linear value chains can tackle sustainability criteria by understanding the life cycle impacts of its products, insurance companies must understand basically all the industries and their specialities in which our customers operate in. The EU criteria and standards (which we also follow), seem to usually be targeted and drafted to manufacturing industry, which makes interpretation to the insurance industry a bit more complicated and slower.”

Pohjola's adaptive leadership is reflected in its proactive approach to climate risk management. The company has developed advanced climate risk assessment models integrated into its underwriting processes, allowing it to adjust its risk exposure in response to changing environmental conditions (OP Financial Group, 2023c). This flexibility is essential for managing the financial risks associated with climate change, such as the increased frequency and severity of natural disasters. Moreover, Pohjola has adopted a continuous learning and innovation culture, encouraging employees to develop new skills and approaches that support the company's sustainability goals. This includes training programs on sustainable finance and environmental risk management, which ensure that the company remains at the forefront of industry best practices (OP Financial Group, 2023c).

3.4.4.3 Authentic Leadership and Ethical Practices

Authentic leadership is characterized by self-awareness, transparency, and a solid ethical foundation. Its leaders are committed to their values and principles and build trust with stakeholders by consistently demonstrating integrity and ethical behavior. Pohjola Insurance has embedded authentic leadership into its sustainability framework, ensuring its actions align with its stated values. Pohjola's commitment to authenticity is evident in its approach to corporate governance. The company has implemented robust governance practices prioritizing transparency, accountability, and ethical decision-making (Pohjola Insurance, 2023c). For instance, Pohjola has adopted stringent anti-corruption policies and regularly publishes detailed reports on its sustainability performance, providing stakeholders with clear and accurate information about its operations (OP Financial Group, 2024a). Authentic leadership at Pohjola also extends to stakeholder engagement. The company actively involves stakeholders in its sustainability initiatives, seeking their input and feedback to ensure that its strategies are responsive to the needs and concerns of its customers, employees, and the broader community.

This collaborative approach enhances trust and strengthens the company's social license to operate.

3.4.4.4 Systems Thinking in Sustainability

Systems thinking is an integrated approach to addressing challenges that acknowledges the relationships and interdependencies within complex systems. In the context of sustainability, systems thinking is crucial for grasping the wider effects of business operations on the environment, society, and the economy. Pohjola Insurance has integrated systems thinking into its sustainability strategy, enabling the company to address sustainability challenges comprehensively and effectively. Pohjola's application of systems thinking is particularly evident in its approach to sustainable investments. The company considers its investment decisions' long-term environmental and social impacts, ensuring that its capital allocation supports sustainable development (OP Financial Group, 2024f). This approach goes beyond traditional financial analysis by incorporating ESG criteria into investment decision-making processes. Additionally, Pohjola's systems thinking extends to its supply chain management. The company works closely with suppliers to ensure they adhere to high environmental and social standards, reducing the overall sustainability risks associated with its operations (OP Financial Group, 2024f). By adopting a systems perspective, Pohjola can identify and address the root causes of sustainability challenges rather than merely treating the symptoms.

3.4.4.5 Stakeholder Management in Sustainability

Stakeholder Engagement and Collaboration

Pohjola employee semi-structured survey in October 2024: "Who are the key stakeholders in Pohjola Insurance's sustainability initiatives?" The answers were nearly 100 percent following, with only a few exceptions:

"Government and financial regulators, health and hospital organizations, customers, youth organizations, environmental organizations, human rights organizations, academic institutions, car repair services, other insurance companies, and employees."

"Our employees, OP Group and its entities, our business and NGO partners, financial sector authorities, customers (both personal and corporate), re-insurers, competitors, other authorities and suppliers. However, as a nationally well-known brand, we are exposed to expectations of the wider audience."

Stakeholder theory asserts that organizations must consider the interests of all stakeholders—not solely shareholders—when making decisions. Engaging stakeholders effectively is vital in sustainability transitions, as it secures support from key groups such as employees, customers, investors, and regulators. Ongoing and transparent communication regarding sustainability objectives, advantages, and progress is essential to overcoming resistance and cultivating a collective sense of purpose. Pohjola Insurance has embraced stakeholder theory as a guiding principle in its sustainability leadership. It recognizes that long-term success depends on creating value for various stakeholders, including customers, employees, suppliers, communities, and the environment.

Pohjola employee semi-structured survey in October 2024 “How does Pohjola Insurance engage with these stakeholders to align sustainability goals with their expectations?” The answers were with few exceptions, again unanimously 100 percent that with *“collaboration, cooperation, participation.”*

“By diverse and solid stakeholder management and corporate social responsibility practices.”

“We have ongoing discussion with our stakeholders to better understand their expectations and thus, improving our operations based on those. For example, in year 2024, we implemented sustainability as a part of the supplier agreements to ensure the sustainability of our supply chain. In addition, as a part of the OP Group, we have continuous discussions with our stakeholders through an ESG forum, which is coordinated on the group level.”

“We actively discuss sustainability and its development with our partners. In our Code of Conduct, we have certain sustainability requirements that lay the foundation for the sustainability of our partners. We are involved in influencing society and through this we impact certain stakeholders.”

“Cooperation through CSR activities can create a common good. It is crucial to share the same values with stakeholders.”

“Collaboration and joint ventures are needed to develop and improve stakeholders' abilities to achieve common sustainable goals. We are stronger and better positioned to create something good for society.”

Pohjola has established a comprehensive stakeholder engagement framework that involves regular consultations and collaborations with key stakeholders. For example, the company has formed partnerships with environmental NGOs and community organizations to support local sustainability initiatives and to enhance its understanding of environmental and social issues (OP Financial Group, 2024d). Collaboration with external partners has been crucial in Pohjola's sustainability journey. By partnering with clean energy companies and green building experts, the insurance provider ensures its service offerings align with the best practices in sustainable development. These partnerships enhance the credibility of its products and allow the company to stay at the forefront of the sustainability movement in the insurance industry (Finnish Insurance Insights, 2024). These collaborations enable Pohjola to align its sustainability strategies with the needs and expectations of its stakeholders. Moreover, Pohjola's stakeholder management approach is reflected in its customer-centric business model. The company actively seeks customer feedback on its products and services, using this information to improve its offerings and develop new solutions that meet the evolving needs of its customers (OP Financial Group, 2024d). This focus on stakeholder engagement has helped Pohjola build strong, trust-based relationships that support its long-term sustainability goals.

3.4.5 CSR, Change Management & ESG Factors in Pohjola's Transformation

3.4.5.1 Corporate Social Responsibility (CSR) in Practice

Implementing CSR Initiatives

Corporate Social Responsibility (CSR) is pivotal in leading sustainability transitions by aligning business practices with societal and environmental values. Companies embracing CSR proactively address stakeholder expectations, driving sustainable change and enhancing their reputation. Integrating CSR into strategic frameworks fosters resilience and long-term value creation. Corporate Social Responsibility (CSR) involves voluntary actions that businesses take to contribute to societal well-being beyond what is required by law. Pohjola Insurance has implemented various CSR initiatives that reflect its commitment to social and environmental responsibility. One key area of focus for Pohjola's CSR activities is environmental sustainability. The company has implemented programs to reduce its carbon footprint, such as improving office energy efficiency, reducing waste, and promoting sustainable commuting options for employees (OP Financial Group, 2023). Pohjola also participates in reforestation projects and supports conservation efforts to protect biodiversity.

In the social domain, Pohjola's CSR initiatives include support for education, health, and social welfare programs. The company has partnered with educational institutions to provide scholarships and mentoring programs for students from disadvantaged backgrounds (Op Financial Group, 2024d). Additionally, Pohjola sponsors health campaigns and offers financial support to non-profit organizations that work to improve public health and well-being.

CSR and Corporate Reputation

Pohjola Insurance's CSR activities have positively impacted its corporate reputation. By demonstrating a commitment to ethical business practices and social responsibility, the company has strengthened its brand image and built trust with stakeholders. This enhanced reputation has attracted environmentally and socially conscious customers and improved employee engagement and retention. Pohjola's leadership recognizes that CSR is not just about philanthropy but is also a strategic tool for achieving long-term business success. The company views CSR as an integral part of its sustainability leadership, contributing to its overall goal of positively impacting society while driving business growth (OP Financial Group, 2023j).

3.4.5.2 Change Management in Sustainability Leadership

Leading Change in a Dynamic Environment

Change management focuses on guiding and directing organizational change to achieve the desired results. It is a structured approach to transforming processes, culture, and practices within an organization, making it especially important in sustainability transitions where addressing environmental, social, and governance (ESG) challenges requires substantial organizational adjustments. Change management involves preparing, assisting, and empowering individuals, teams, and the entire organization to embrace change, which is crucial when integrating sustainable practices (Kotter, 1996). Pohjola Insurance has utilized change management techniques and processes to effectively navigate its sustainability transformation, ensuring the company adapts to the evolving demands of the business landscape. A clear sustainability vision is fundamental to successful change management. A well-defined vision provides guidance and inspires stakeholders by emphasizing the long-term advantages of sustainability initiatives. Leaders must align this vision with the overall business strategy to ensure that sustainability efforts contribute to broader organizational goals. Pohjola's change management approach has been built around transparent communication and stakeholder involvement. The company has devised a thorough change management plan that outlines

necessary steps to reach its sustainability objectives, including timelines, resource allocation, and performance indicators (OP Financial Group, 2023). This plan is shared with all employees to ensure alignment with the company's sustainability vision. Developing the skills and competencies of employees is key to supporting sustainable change. Training initiatives focused on sustainability awareness, emerging technologies, and sustainable practices empower employees to actively contribute to the organization's sustainability objectives. Pohjola has appointed change agents who are responsible for advancing the sustainability agenda and supporting employees throughout the transition. These agents offer training, resources, and guidance to help employees build the skills and knowledge required to support the company's sustainability efforts. By encouraging employees to take an active role in the change process, Pohjola has fostered a culture of ownership and accountability.

Pohjola employee semi-structured survey in October 2024: "How would you describe Pohjola Insurance's organizational culture in terms of its support for sustainability?"

"Pohjola has integrated sustainability into its core business strategy and daily operations. Our culture breathes sustainable development."

"It's constantly improving; there are more possibilities to learning and development, more forums to engage with the topic and more actions being taken to improve the overall sustainability. We are still quite in the beginning of our sustainability journey, but I am 100% positive we are taking the right steps and improving the competences regarding ESG, which will eventually lead into great outcomes!"

"We are constantly evolving. Pohjola is constantly increasing focus on sustainability and its different themes, and our employees are eager to learn more."

"Sustainability is integrated into our core business strategy. Pohjola's culture is currently based on transparent and trustworthy processes."

"We are serious about sustainable development. More actions, less words. Our culture is sustainable."

"Sustainability is integrated into core business strategy, and every employee tries to take the vision of sustainability into their daily work routines and tasks. Our organizational culture is in sync with sustainability."

“We talk a lot about sustainability, and sustainable development is evident in our everyday decisions and actions. Our organizational culture fully integrates the ideas and principles of sustainability.”

“Sustainable development walks hand in hand with our words and actions.”

Overcoming Resistance to Change

One of the challenges Pohjola faced in its sustainability transformation was overcoming resistance to change. Some employees and stakeholders were initially sceptical of the company's sustainability initiatives, fearing they would disrupt traditional business practices or negatively impact financial performance (OP Financial Group, 2023). Pohjola's leadership emphasized the long-term benefits of sustainability for the company and society in addressing this resistance. The company also provided evidence of the positive financial impact of sustainability initiatives, such as cost savings from energy efficiency and increased customer loyalty (OP Financial Group, 2024). By demonstrating the value of sustainability, Pohjola was able to build support for its initiatives and ensure successful implementation.

3.4.5.3 Integration of ESG Factors and Criteria

Pohjola employee semi-structured survey in October 2024: “How does Pohjola Insurance measure the success of its sustainability initiatives?”

“There are different kinds of impact measures and indexes. Setting ESG criteria is essential to achieving and following goals. A customer and employee well-being index are also important.”

“Customer satisfaction, employee well-being, and ESG factors are critical.”

“Customer satisfaction, employee satisfaction, ESG factors.”

“We have a strategic sustainability roadmap in place, and we monitor progress through it.”

“Carbon footprint, waste reduction, renewable energy adoption, customer satisfaction, employee satisfaction, ESG investment performance.”

“Renewable energy adoption, customer satisfaction, employee satisfaction, waste reduction, carbon dioxide impact, and ESG investment and operational performance.”

“ESG factors? NPS? Customer satisfaction level? Carbon dioxide level? Waste reduction? Energy use? Sig leaves? Accidents? Difficult question.”

ESG Integration into Core Business Strategy

Environmental, Social, and Governance (ESG) factors are increasingly critical to sustainable business practices. Pohjola Insurance has fully integrated ESG factors into its core business strategy, using them as essential criteria for decision-making across all aspects of the organization. Pohjola's approach to ESG integration involves setting clear ESG goals and metrics aligned with global sustainability standards, such as the United Nations Sustainable Development Goals (SDGs) and the Paris Agreement (OP Financial Group, 2024f). The company regularly measures and reports on its ESG performance, giving stakeholders transparency and accountability. One key area in which Pohjola has applied ESG criteria is its investment strategy. The company has committed to responsible investing by prioritizing investments in companies that demonstrate strong ESG performance (OP Financial Group, 2024f). Pohjola also actively engages with investee companies to encourage them to improve their ESG practices, contributing to broader sustainability goals.

Pohjola employee semi-structured survey in October 2024: “What key performance indicators (KPIs) are used to track sustainability progress?”

“NPS? ESG criteria and factors? Good question. I have not thought about that much.”

“ESG -performance, carbon footprint, and NPS.”

“ESG -performance index, customer, and employee satisfaction.”

“Carbon footprint, waste reduction, renewable energy adoption, customer satisfaction, employee satisfaction, ESG investment performance.”

“Renewable energy adoption, customer satisfaction, employee satisfaction, waste reduction, carbon dioxide impact, and ESG investment and operational performance.”

“ESG criteria, customer satisfaction, employee satisfaction, and stakeholder relations satisfaction index.”

“Customer satisfaction, employee satisfaction, renewable energy use, waste reduction, carbon dioxide, ESG investment criteria, and its multiple indexes, as well as our operational performance.”

Monitoring and Reporting ESG Performance

To effectively advance sustainability, organizations need to implement clear metrics to track progress, highlight areas needing improvement, and fine-tune strategies as needed. Ongoing evaluation is critical to ensure the change process stays aligned with sustainability objectives and delivers meaningful outcomes. Transparent monitoring and reporting of environmental, social, and governance (ESG) performance are key components of credible sustainability leadership. Pohjola Insurance has established a comprehensive ESG reporting structure that offers stakeholders detailed insights into the company’s sustainability actions and their results. These ESG disclosures span a wide array of themes, such as carbon footprint, energy use, diversity and inclusion, employee welfare, and corporate governance practices (OP Financial Group, 2024f). The reports are published annually and made publicly accessible, reinforcing accountability and providing stakeholders with current, accurate data. This commitment to transparency has strengthened Pohjola’s reputation as a sustainability frontrunner and deepened stakeholder confidence. By consistently showcasing its sustainability achievements, Pohjola has positioned itself as a progressive and responsible player in the Finnish insurance market.

Summary Two

Pohjola Insurance’s transformation to achieve sustainability leadership in the Finnish insurance business provides a compelling example of how integrated sustainability leadership theories, stakeholder management, CSR, change management, and ESG factors can be effectively applied to drive organizational success. Through transformational, adaptive, authentic, and systems-thinking leadership, Pohjola has successfully navigated the complex challenges of sustainability and positioned itself as a leader in the industry. The company’s focus on creating shared value, engaging stakeholders, and integrating ESG criteria into its core business strategy has enhanced its competitive advantage and contributed to broader societal and environmental goals. Pohjola’s experience offers valuable insights for other organizations seeking to achieve sustainability leadership in a dynamic and competitive business environment.

3.4.6 Challenges and Opportunities for Pohjola Insurance

Pohjola Insurance, as a significant player in the Finnish insurance industry, faces several challenges and opportunities in its pursuit of sustainability leadership. The dynamic nature of the global business environment, coupled with the increasing emphasis on sustainability, necessitates a comprehensive approach that addresses internal and external factors. This section explores the specific challenges and opportunities Pohjola Insurance encounters in striving to position itself as a leader in sustainability.

Pohjola employee semi-structured survey in October 2024: “Are there any emerging trends or technologies that could significantly impact the company’s sustainability efforts?” In this matter, there was a one hundred percent match with the answers; for example,

“Predictive analysis, data-driven decision-making, personalisation, customer experience, “green” operations and offerings, ethical consumption, innovative sustainable insurance solutions, digitalisation, artificial intelligence, the Internet of Things, machine learning, environmental protection and biodiversity, resource scarcity, social inequality, and helping youths and ageing population, circular economy principles, and practices. So many:)”

“Digitalisation, machine learning, artificial intelligence, the Internet of Things, predictive analysis, personalisation, customer experience, green and ethical consumption, innovative sustainable insurance services, and solutions.”

“As I have mentioned before, Pohjola would benefit from many sustainability trends and could be a pioneer in them. For example, artificial intelligence, the circular economy and the donut economy have potential.”

“Digitalisation, artificial intelligence, machine learning, the Internet of Things, data-driven decision-making, sustainable development, ethical consumption, green insurance, finance and investment, personalisation, and customer experience.”

3.4.6.1 Challenges

Pohjola employee semi-structured survey in October 2024: “What are the biggest challenges to achieving sustainability leadership at Pohjola Insurance?”

“Time, money, and vision vs. results.”

“I think that the main challenges are related to the complexity of the sector. In the field, there is not yet a clear picture of what true sustainability looks like in the insurance sector. However, everyone is working towards sustainability. EU regulation also poses challenges. As I mentioned earlier, data availability and quality have also proved to be a problem.”

“How do long-term goals go with short-term goals?”

“What’s the line between sustainability and profitability?”

“Costs of sustainable development compared to the company’s profitability targets.”

“We are a business company, and profitability is essential. Therefore, what is the cost of sustainable development? Also, what is the possible resistance of employees to change?”

“Employees’ resistance to change and it is possible to achieve sustainable development without decreasing profitability.”

One key challenge to sustainable leadership in the Finnish insurance sector is **balancing short-term financial goals with long-term sustainability objectives**. The costs associated with implementing sustainability initiatives—such as upgrading infrastructure, investing in new technologies, and complying with regulatory requirements—can be significant. Pohjola must carefully manage these costs to ensure its sustainability efforts do not negatively impact profitability. Insurance companies must develop strategies that align short-term actions with long-term goals to address this challenge. This requires strong leadership, clear communication, and the ability to make difficult decisions prioritizing long-term value creation over short-term gains. In addition, the company's commitment to sustainability may limit its opportunities in specific high-risk, high-reward industries, such as fossil fuel extraction or large-scale manufacturing. By refusing to insure businesses that do not align with its sustainability goals, Pohjola could miss out on potential revenue streams. This creates a delicate balance between upholding ethical standards and maintaining financial growth.

Severe risks are climate change and possible environmental problems. As an insurer, Pohjola is inherently exposed to environmental risks, particularly climate change-related ones. Extreme weather events, rising sea levels, and other ecological hazards present a growing threat to the insurance industry, as they can result in higher claims and increased operational costs. The impact of climate change is difficult to predict. As the frequency and severity of natural disasters rise, Pohjola faces the challenge of pricing its products accurately while ensuring its financial

stability. Moreover, Pohjola's commitment to sustainability means it must account for its operations' and clients' environmental impact. For example, the company may face challenges in underwriting policies for industries that are heavily reliant on fossil fuels or contribute to deforestation. Balancing sustainability goals with profitability in these sectors could become increasingly complex, especially as societal and regulatory pressures grow (Finnish Insurance Insights, 2024).

Market competition and consumer expectations present continuous threats to Pohjola Insurance. The growing demand for sustainable products and services has intensified competition in the insurance sector. Consumers are increasingly favouring companies that demonstrate a commitment to environmental responsibility. Pohjola, while a leader in sustainability efforts in the Finnish market, faces the threat of losing market share to competitors who may be more agile in offering innovative and cost-effective sustainable insurance products (OP Financial Group, 2023). Moreover, larger global insurance companies with more resources might be better positioned to invest in cutting-edge technologies and partnerships that enhance their sustainability credentials. This puts additional pressure on Pohjola to continuously innovate to stay competitive. If Pohjola fails to meet rising consumer expectations for sustainable products and services, the company risks losing clients to more innovative rivals.

One of the primary challenges Pohjola Insurance faces is **the complexity of integrating sustainability into its core business operations**. Sustainability leadership requires shifting from traditional business practices to more holistic approaches considering environmental, social, and governance (ESG) criteria (Gutiérrez-Ponce & Wibowo, 2023). This transition can be difficult, as it involves rethinking long-standing operational models and aligning them with sustainability goals. Moreover, the insurance industry is inherently risk-averse, making implementing innovative sustainability practices that might carry perceived risks challenging. For instance, climate change presents a significant challenge for the insurance industry, as it increases the frequency and severity of natural disasters, leading to higher claims and financial losses (Niemelä, 2024). To manage this risk, insurance companies must invest in advanced data analytics, climate modelling, and scenario analysis to better understand and mitigate the impact of climate change on their operations.

Regulatory pressures also pose significant challenges. Like many other countries, Finland has tightened its environmental and social governance regulations, requiring companies to adhere to increasingly stringent standards (Jonek-Kowalska & Wolniak, 2023). Compliance with these

regulations requires significant resources, including developing new reporting systems, collecting and analysing ESG data, and ongoing monitoring and evaluation. For Pohjola Insurance, keeping up with these regulations can be resource-intensive, requiring continuous monitoring and adjustments to ensure compliance. Additionally, regulatory changes can sometimes be unpredictable, adding an element of uncertainty to long-term planning and strategy development. Moreover, the lack of standardized ESG reporting frameworks can create inconsistencies in how Finnish insurance companies report their sustainability performance (Aho & Vehviläinen, 2023). This can make it difficult for stakeholders to compare companies' performance and hold them accountable for their ESG commitments. The EU's *Sustainable Finance Disclosure Regulation* (SFDR) mandates financial institutions disclose how they integrate sustainability risks into their investment decisions (Finnish Financial Supervisory Authority, 2024). This regulation threatens Pohjola, as failure to comply could result in legal repercussions, fines, or reputational damage. Moreover, the regulatory landscape constantly evolves, requiring significant resources to stay abreast of new requirements and ensure compliance (OP Financial Group, 2023a). In addition, Pohjola faces regulatory risks related to its underwriting policies. As part of its commitment to sustainability, the company has integrated environmental risk assessments into its operations. However, changes in environmental regulations—such as stricter limits on carbon emissions or waste management practices—could require the company to reevaluate its insurance policies and adjust premiums. This could lead to higher operational costs and reduced profitability, posing a significant threat to the business (Finnish Insurance Insights, 2024).

Social and governance challenges exist. Pohjola's commitment to sustainability's social and governance aspects also presents potential threats. In particular, the company must ensure that its supply chain partners adhere to the same ethical standards, which can be challenging to monitor and enforce. If Pohjola is associated with suppliers or partners that engage in unethical practices—such as labour violations or corruption—it could face reputational and financial repercussions (Finnish Financial Supervisory Authority, 2024). Governance risks include internal challenges, such as maintaining transparency and accountability in decision-making processes. As Pohjola continues to grow and expand its sustainability efforts, it must ensure that its corporate governance structures remain robust and aligned with best sustainability practices.

Reputational threats play a vital role in the insurance business. Pohjola Insurance's strong focus on sustainability places it under heightened scrutiny from stakeholders, including consumers, regulators, and environmental groups. This presents a reputational risk if the

company is perceived as failing to meet its sustainability promises. For example, if Pohjola is found to have insured companies that contribute significantly to environmental degradation, it could face backlash from the public and damage to its reputation (OP Financial Group, 2023a). Reputation is also a risk factor when it comes to transparency. With the growing emphasis on ESG disclosures, Pohjola is required to provide comprehensive and accurate reporting on its sustainability efforts. Any discrepancies or perceived "greenwashing"—where a company exaggerates its environmental efforts—could lead to a loss of stakeholder trust and harm its brand image (McEachern, 2023).

Resistance to change is a common challenge in implementing sustainable leadership practices. Finnish insurance companies, particularly those with established business models and cultures, may need more support from employees, managers, and other stakeholders when integrating sustainability into their operations. Overcoming this resistance requires strong leadership, clear communication, and a commitment to building a culture of sustainability within the organization. Leaders must articulate the benefits of sustainability, address concerns, and create a sense of urgency around the need for change.

Another challenge is the need for effective stakeholder engagement. Pohjola Insurance must balance the interests of a diverse range of stakeholders, including customers, employees, investors, and regulators, all of whom have different expectations regarding sustainability. Ensuring that these interests align with the company's sustainability goals requires careful communication and collaboration, which can be resource-intensive and time-consuming.

Technological disruption is a challenging factor in Pohjola Insurance's operations. Technological advancements are transforming the insurance industry, particularly in terms of sustainability. Digital platforms, artificial intelligence (AI), and big data analytics enhance risk assessments, improve customer service, and reduce operational inefficiencies. While these technologies present growth opportunities, they pose threats if Pohjola fails to adopt and integrate them effectively.

3.4.6.2 Opportunities

Pohjola employee semi-structured survey in October 2024: "What opportunities do you see for Pohjola Insurance to lead in sustainability within the Finnish insurance industry?"

“Be the pioneer of sustainability. This will result in a better company reputation and increased brand value.”

“A better reputation as a crucial member of society and an essential influencer and collaborator of society will lead to better profitability and customer loyalty.”

“I see particular opportunities in partner cooperation and its development as pioneers. We have already done a good job of incorporating the emerging trend of sustainability, the circular economy, into our repair services. This could be just the beginning and in the longer term we could continuously incorporate new sustainability trends into our operations.”

“Reputation, brand value, and trustworthy collaborators result in better profitability.”

“We create sustainable products and services. This is one way, and the second would be trying to design and develop valuable stakeholder relations, resulting in more innovative solutions in the insurance business.”

“Company reputation, brand value, customer loyalty, more flexible stakeholder relations, and being a model student of sustainability in Finnish, and why not in the world scale, society, and business life.”

“More loyal customers, better relations with government and NGOs, bigger and better brand.”

Despite challenges, Pohjola Insurance also has significant opportunities to leverage in its pursuit of sustainability leadership. **One of the critical opportunities lies in the growing demand for sustainable insurance products.** As consumers become increasingly aware of environmental and social issues, there is a rising demand for insurance products that support sustainability, such as those that offer incentives for environmentally friendly behaviours or that invest in green initiatives (Salonen & Camilleri, 2023). Pohjola Insurance's commitment to sustainability provides a significant opportunity to expand its range of green insurance products. These products are designed to incentivize and support environmentally friendly behaviours among clients. By developing and marketing such products, Pohjola Insurance can differentiate itself from competitors and attract a more sustainability-conscious customer base. For instance, the company has already introduced eco-insurance policies that reward customers who opt for electric vehicles, energy-efficient buildings, or sustainable farming practices (OP Financial Group, 2023). By promoting these products, Pohjola contributes to lowering emissions and

promoting sustainable lifestyles, positioning itself as a leader in the green insurance market. The rising global demand for sustainable alternatives presents a lucrative opportunity for growth as customers increasingly prefer companies whose values align with environmental sustainability (Salesforce, 2024a). This focus on green products strengthens customer loyalty, drives revenue, and positions Pohjola as a front-runner in sustainable development. Pohjola Insurance can create innovative insurance solutions tailored to support environmental and social sustainability, such as green insurance policies, disaster risk reduction, and climate resilience insurance. This aligns with SDG 13 (Climate Action), SDG 12 (Responsible Consumption and Production) and SDG 11 (Sustainable Cities and Communities).

Another opportunity is the potential for innovation in sustainability practices. Pohjola Insurance can use emerging technologies and data analytics to enhance its sustainability efforts. For example, big data and AI can help the company assess environmental risks more accurately and develop tailored insurance products that promote sustainable behaviours (Talley & Hull, 2023). Moreover, embracing digital transformation can streamline operations, reduce resource consumption, and improve overall efficiency, aligning with the company's sustainability objectives. **Leveraging technological innovations through sustainability creates opportunities.** Technology plays a critical role in enabling sustainability within the insurance industry. Pohjola has recognized the potential of digital tools like artificial intelligence (AI), big data, and Internet of Things (IoT) technologies to enhance sustainability measures. These innovations allow Pohjola to assess environmental risks more accurately and efficiently, enabling the company to develop sustainable insurance products tailored to specific environmental challenges. For example, AI-driven climate modelling can help the company more accurately predict risks associated with extreme weather events, such as floods and wildfires (OP Financial Group, 2023a). By leveraging AI, Pohjola can tailor insurance products to address these climate risks, improving its risk management strategies. Similarly, IoT devices can be integrated into insurance policies to monitor real-time environmental data, incentivizing clients to reduce energy consumption or monitor water usage. Technology also offers the potential to streamline claims processes and improve operational efficiency, reducing the company's carbon footprint. By adopting digital solutions such as paperless transactions, virtual assessments, and AI-powered customer service, Pohjola can minimize its environmental impact while delivering better customer service (OP Financial Group, 2024a). Leveraging AI, blockchain, and IoT can improve operational efficiencies and develop sustainable solutions, aligning with SDG 9 (Industry, Innovation, and Infrastructure).

Another avenue through which Pohjola Insurance can contribute to sustainable development is by promoting climate resilience and risk mitigation. Climate change increasingly exposes businesses and individuals to environmental risks, and insurance companies play a crucial role in mitigating those risks. Pohjola can develop specialized insurance products that cover losses from climate-related events and encourage clients to adopt preventive measures that build climate resilience (Finnish Insurance Insights, 2024). For example, Pohjola can incentivize businesses to invest in infrastructure designed to withstand extreme weather events or offer discounts to homeowners who install renewable energy systems, such as solar panels or geothermal heating. By linking insurance products with resilience-building activities, the company can help reduce the vulnerability of its clients to climate-related risks while contributing to broader sustainability goals (Salesforce, 2024a). Pohjola's expertise in risk management also positions the company as a valuable partner in promoting public awareness about environmental risks and sustainability. The company can collaborate with governments and NGOs to offer educational programs that inform the public about climate risks and promote sustainable behaviours (OP Financial Group, 2023p). This would enhance the company's brand reputation and increase demand for its sustainability-focused products. As an insurer, Pohjola is uniquely positioned to help clients manage global risks related to climate change, biodiversity loss, and health crises, directly contributing to SDG 3 (Good Health and Well-being) and SDG 15 (Life on Land). With commitments to SDG 12 (Responsible Consumption and Production) and SDG 7 (Affordable and Clean Energy), Pohjola can implement resource-efficient practices and renewable energy projects within its operations.

Building partnerships and collaborations with other organizations is another critical opportunity for enhancing sustainable leadership in the Finnish insurance sector. Insurance companies can benefit from collaborating with communities, NGOs, industry associations, academic institutions, and governments to address complex sustainability challenges. For instance, OP Financial Group has partnered with the Finnish Innovation Fund Sitra to develop innovative solutions for managing climate risks and promoting sustainable development (OP Financial Group, 2024d). These partnerships provide access to expertise, resources, and networks critical for driving sustainability innovation and achieving long-term success. Pohjola can drive SDG 1 (No Poverty), SDG 8 (Decent Work and Economic Growth) and SDG 17 (Partnerships for the Goals) by investing in community development programs, education initiatives, and local job creation. This enhances its reputation and creates shared societal value.

Enhancing stakeholder engagement is another opportunity for advancing sustainable leadership in the Finnish insurance sector. By actively engaging with stakeholders, insurance companies can better understand their needs and expectations, identify opportunities for collaboration, and build trust. Stakeholder engagement can also help insurance companies anticipate and respond to emerging sustainability challenges, such as changes in customer preferences, regulatory requirements, and market trends. Finnish insurance companies can strengthen their relationships with key stakeholders and create shared value by enhancing stakeholder engagement. Collaboration with external stakeholders is another possibility for Pohjola Insurance to contribute to sustainable development. Building strong partnerships with governments, NGOs, clean technology companies, and other financial institutions can accelerate the company's sustainability goals (OP Financial Group, 2024d). For example, Pohjola can work with environmental organizations to develop insurance products that encourage biodiversity protection and sustainable land use. The company can also partner with clean energy providers to offer bundled insurance and energy services that incentivize consumers to switch to renewable energy sources (Finnish Insurance Insights, 2024). Pohjola can enhance its sustainability offerings by fostering these partnerships while tapping into new markets and customer segments. Additionally, Pohjola can collaborate with governmental bodies to influence environmental policy and regulation. Through its industry leadership, Pohjola can advocate for policies that promote climate resilience, reduce environmental risks, and foster sustainable economic development. This proactive engagement in policy advocacy would strengthen the company's leadership position in sustainable development and ensure that the regulatory environment supports its long-term sustainability objectives (OP Financial Group, 2024a). By collaborating with stakeholders, including customers, suppliers, and policymakers, Pohjola can foster shared value and align with SDG 17 (Partnerships for the Goals). Enhanced stakeholder engagement builds trust and supports collective sustainability goals.

Pohjola's commitment to sustainability extends to its corporate social responsibility (CSR) initiatives. The company has the potential to deepen its impact on sustainable development by focusing on CSR programs that promote social and environmental well-being (OP Financial Group, 2024a). For instance, Pohjola can enhance its support for local communities by funding projects that improve ecological education or promote sustainable entrepreneurship. Additionally, Pohjola can expand its employee engagement programs to encourage sustainable practices within the company. By fostering a culture of sustainability among its workforce, the company can increase internal awareness of environmental issues and enhance its overall sustainability performance. Initiatives such as corporate volunteering, green office programs, and

employee-led sustainability projects can significantly impact the company's sustainability outcomes (OP Financial Group, 2024). Moreover, CSR programs can help Pohjola engage with the broader public and raise awareness about the importance of sustainability in the financial and insurance sectors. These efforts can contribute to a positive corporate image and enhance customer loyalty while addressing social and environmental challenges, aligning with SDG 11 Sustainable Cities and Communities.

Finally, **sustainability leadership offers Pohjola Insurance the opportunity to enhance its brand reputation and build long-term customer loyalty.** By positioning itself as a leader in sustainability, Pohjola can not only meet the current demands of its stakeholders but also anticipate future trends and expectations, thereby securing a competitive advantage in the marketplace (Northouse, 2022). Developing leadership capabilities, engaging employees, and promoting workplace diversity and inclusion are essential for enhancing sustainable leadership in the Finnish insurance sector. Insurance companies should invest in leadership development programs that equip executives, managers and employees with the skills and knowledge to drive sustainability initiatives. Supporting SDG 5 (Gender Equality) and SDG 10 (Reduced Inequalities), Pohjola can strengthen its internal operations by fostering inclusive hiring practices, equitable opportunities, and employee engagement in sustainability initiatives.

3.4.6.3 Summary Three

Pohjola Insurance stands at a pivotal point in its journey toward sustainability leadership. The challenges it faces, such as balancing short-term financial performance with long-term sustainability goals, navigating regulatory pressures, and responding to the increasing impacts of climate change, are significant. The growing demand for transparency further compounds these challenges, the integration of ESG criteria, and the need to innovate in a rapidly changing technological landscape. Resistance to change, internally and from key stakeholders, adds complexity to this transition, alongside the reputational risks of "greenwashing" or failing to meet sustainability commitments.

However, these challenges also present considerable opportunities. Pohjola is well-positioned to capitalize on the rising demand for sustainable insurance products, which can differentiate it in a competitive market. Technological advancements such as AI and IoT offer tools for better risk management, while partnerships with governments, NGOs, and clean tech companies can enhance sustainability efforts. Moreover, by promoting climate resilience, fostering stakeholder engagement, and leveraging its corporate social responsibility programs,

Pohjola can build stronger customer loyalty and establish itself as a leading player in the sustainable insurance market.

Ultimately, by addressing both the risks and opportunities that sustainability presents, Pohjola Insurance can strengthen its market position, enhance its brand reputation, and contribute to broader societal goals. The company's ability to innovate, lead through collaboration, and embed sustainability into its core operations will determine its success in becoming a sustainability leader in the Finnish and global insurance sectors.

4 Conceptual Framework of Achieving Sustainability Leadership - Synthesis

Sustainability leadership has gained significant traction in recent years, particularly within industries such as insurance, where long-term risk management and societal impact are central to business operations. Pohjola Insurance, a major player in the Finnish insurance sector, faces the challenge of integrating sustainability into its service development processes to establish itself as a leader in sustainability. This chapter outlines proposition of service development practices for Pohjola, and conceptual framework to guide Pohjola Insurance in achieving sustainability leadership by integrating critical characteristics, methods, and practices drawn from transformational leadership, adaptive leadership, authentic leadership, systems thinking, and stakeholder theory and management, and strategic recommendations for Pohjola as where to concentrate in the future stream of development. This framework is intended to inform the development of strategic and tactical approaches that will enhance Pohjola Insurance's service offerings while promoting sustainability at every level of the organization.

4.1 Integrating Leadership Theories into Pohjola's Workplace Development Processes

In today's dynamic business environment, integrating sustainability principles into workplace development processes is critical for organizations aiming to achieve long-term success and social responsibility. Pohjola Insurance, as a leader in the Finnish insurance industry, faces the challenge of embedding sustainability into its core operations, particularly in service development. This conceptual framework outlines how Pohjola Insurance can effectively integrate sustainability principles into its service development processes by leveraging contemporary sustainability theories, stakeholder engagement strategies, and innovation practices. Integrating transformational, adaptive, and authentic leadership with systems thinking and stakeholder management provides a robust framework for developing sustainable services at Pohjola Insurance. These leadership styles support the development of services that are not only innovative and market-driven but also aligned with broader sustainability goals. This approach aligns with global sustainability goals and enhances the company's competitive advantage by creating value for all stakeholders. Following three issues should be in line in work development processes:

- **Service Design and Innovation:** Leadership plays a crucial role in fostering a culture of innovation that drives the development of new, sustainable service offerings. By empowering teams and encouraging creative problem-solving, leaders can ensure that

sustainability is a core consideration in all stages of service development (Brown & Treviño, 2021).

- **Sustainability Metrics and Evaluation:** Leaders must establish clear metrics for evaluating the sustainability impact of new services. These metrics should align with internal and external standards, such as the UN Sustainable Development Goals (SDGs) (Northouse, 2022).
- **Continuous Improvement:** Sustainability leadership requires a commitment to constant improvement. This involves regularly reviewing and refining service offerings to meet evolving sustainability standards and stakeholder expectations (Avolio & Yammarino, 2022).

To embed **sustainability leadership** within **Pohjola Insurance's service (work) development**, a **conceptual framework** combining **transformational, adaptive, authentic, systems thinking, and stakeholder management leadership theories, and studied insights of change management and CSR** from the Pohjola case can be applied. Below is a **structured integration approach** from 1 to 8 sections ensuring sustainability becomes a core driver of innovation, resilience, and long-term success.

1. Transformational Leadership: Driving a Vision for Sustainability

Transformational leadership fosters a strong sustainability vision, motivating employees to go beyond compliance and embed sustainability in service development.

Application at Pohjola Insurance

- ✓ **Develop a Clear Sustainability Vision** - Define how sustainability aligns with insurance products and services, emphasizing long-term societal benefits.
- ✓ **Inspire Employees and Stakeholders** - Conduct leadership training programs focused on sustainability-driven innovation.
- ✓ **Encourage Proactive Change** - Create sustainability champions within the organization to lead service development projects with environmental and social impact in mind.
- ✓ **Link Performance to Sustainability Goals** - Integrate ESG metrics into performance evaluations, ensuring sustainability is a key driver of business success.

💡 **Outcome:** A company-wide shift in mindset toward sustainable service development, fostering innovative insurance products (e.g., climate risk coverage, green investment policies).

2. Adaptive Leadership: Navigating Uncertainty and Change

Adaptive leadership ensures flexibility in responding to rapidly changing **regulatory landscapes, customer expectations, and environmental risks**.

Application at Pohjola Insurance

- ✔ **Embrace Agility in Product Development** - Develop **customized sustainability-linked insurance** (e.g., carbon footprint insurance, climate resilience coverage).
- ✔ **Iterate and Learn from Market Feedback** - Use agile methodologies to test and refine sustainable insurance products.
- ✔ **Foster a Culture of Continuous Learning** - Encourage teams to monitor **emerging sustainability risks** and adjust services accordingly.
- ✔ **Prepare for Regulatory Shifts** - Align service development with evolving **EU sustainability regulations** (e.g., EU Taxonomy, SFDR).

💡 **Outcome:** The ability to **adapt quickly** to sustainability challenges, ensuring Pohjola remains competitive in a **fast-changing** insurance landscape.

3. Authentic Leadership: Building Trust and Transparency

Authentic leadership fosters **genuine commitment to sustainability**, ensuring Pohjola Insurance aligns words with actions.

Application at Pohjola Insurance

- ✔ **Embed ESG Values in Corporate Strategy** - Ensure **honest and transparent** communication about sustainability commitments in insurance services.
- ✔ **Foster Ethical Leadership** - Encourage **leaders to lead by example**, engaging in sustainable business practices.
- ✔ **Enhance Transparency in ESG Reporting** - Develop a **clear sustainability reporting system**, detailing progress toward **net-zero goals and SDG commitments**.
- ✔ **Prioritize Customer Trust** - Offer **transparent policies** on green insurance, ensuring customers understand the benefits and impact of their sustainable choices.

💡 **Outcome:** Greater **trust and credibility**, improving customer loyalty and brand reputation in sustainable finance.

4. Systems Thinking: Creating Holistic, Long-Term Impact

Systems thinking ensures Pohjola Insurance **considers interconnections** between environmental, social, and economic factors when developing services.

Application at Pohjola Insurance

✅ **Identify and Manage Systemic Risks** - Use data analytics and AI to assess how **climate risks, social inequality, and economic shifts** impact insurance services.

✅ **Develop Cross-Sector Collaborations** - Partner with **renewable energy firms, green tech companies, and municipalities** to co-create sustainable insurance products.

✅ **Embed Circular Economy Principles** - Promote insurance models that encourage **repair, reuse, and resilience**, such as coverage for **sustainable housing renovations**.

✅ **Measure Long-Term Impacts** - Implement **Life Cycle Assessments (LCA)** and carbon accounting to quantify **environmental and social impact**.

💡 **Outcome:** A **resilient, forward-thinking** insurance model that proactively **addresses sustainability challenges** at scale.

5. Stakeholder Management: Engaging for Collective Success

Stakeholder management ensures Pohjola Insurance **aligns its services** with stakeholder expectations while fostering **collaboration for sustainable impact**.

Application at Pohjola Insurance

✅ **Engage Customers in Co-Creation** - Work with customers to **design sustainability-linked insurance products**, such as **eco-friendly vehicle insurance**.

✅ **Collaborate with Policymakers and Regulators** - Advocate for sustainability-driven **policy incentives**, ensuring insurance services align with **green finance standards**.

✅ **Partner with NGOs and Sustainable Organizations** - Work with environmental and social organizations to **enhance sustainable insurance literacy**.

✔ **Educate and Train Employees on Stakeholder Engagement** - Equip leaders with tools to navigate stakeholder needs and integrate sustainability priorities.

💡 **Outcome:** A customer- and stakeholder-centric approach that enhances Pohjola's reputation and positions it as a leader in sustainable insurance.

6. Change Management: Leading Organizational Transformation for Sustainability

Change management ensures **successful adoption** of sustainability principles across Pohjola Insurance's operations.

Application at Pohjola Insurance - Key Change Management Strategies

◆ Leadership-Driven ESG Culture Shift

✔ **Develop Sustainability Champions** - Assign internal **ESG leaders** to drive change in service development.

✔ **Train Employees on Sustainable Practices** - Integrate **sustainability education** into employee training.

✔ **Align Leadership KPIs with ESG Targets** - Reward managers for **sustainable service innovations**.

💡 **Outcome:** A company-wide commitment to sustainability, ensuring every employee contributes to sustainable service development.

◆ Agile & Digital Transformation for Sustainable Services

✔ **Use AI & Data Analytics for ESG Risk Management** - Identify **climate and social risks** affecting insurance offerings.

✔ **Implement Agile Service Development** - Rapidly **test and refine sustainability-linked insurance products**.

✔ **Ensure Compliance with Evolving Regulations** - Adapt services to align with **EU Taxonomy & SFDR standards**.

💡 **Outcome:** Increases **innovation speed**, ensuring Pohjola **adapts quickly** to sustainability challenges.

- ◆ Overcoming Resistance to Sustainable Change

- ✔ **Engage Employees through Clear ESG Communication** - Explain the **business case** for sustainable services.

- ✔ **Use Pilot Projects to Showcase Success** - Demonstrate **early wins** to build momentum for ESG initiatives.

- ✔ **Integrate Sustainability into Core Business Strategy** - Ensure **ESG is a fundamental driver** of service innovation.

💡 **Outcome:** Ensures **seamless transition** to ESG-aligned services, minimizing resistance.

7. Corporate Social Responsibility (CSR): Creating Shared Value

CSR ensures Pohjola Insurance **creates social and environmental impact** beyond regulatory compliance.

Application at Pohjola Insurance - CSR-Driven Service Development Strategies

- ◆ Inclusive & Ethical Insurance Services

- ✔ **Develop Climate-Resilient Insurance Products** - Protect communities from **climate disasters** and financial risks.

- ✔ **Offer Affordable Insurance for Vulnerable Groups** - Ensure **socially inclusive insurance solutions**.

- ✔ **Ethical Investment Strategies** - Shift insurance funds to **sustainable, impact-driven investments**.

💡 **Outcome:** Aligns Pohjola's business model with **social responsibility and inclusive economic growth**.

◆ Community Engagement & Partnerships

✔ Collaborate with Governments & NGOs - Co-create sustainable insurance solutions for societal resilience.

✔ Promote Financial Literacy & Sustainability Awareness - Educate stakeholders on sustainable financial decisions.

✔ Support Green Business Initiatives - Partner with renewable energy companies & circular economy projects.

💡 Outcome: Positions Pohjola as a CSR leader, enhancing brand reputation and stakeholder trust.

8. 📌 Integrated Implementation Roadmap for Pohjola Insurance

| Phase | Key Actions | Expected Impact |
|---|---|---|
| 1. Vision & Strategy Alignment | Develop and integrate a sustainability leadership framework | Ensures strategic alignment with ESG and SDGs |
| 2. Sustainable Service Development | Design insurance products linked to environmental and social impact | Creates value-driven, future-proof insurance offerings |
| 3. Culture & Leadership Transformation | Train leaders and employees in sustainability leadership principles | Fosters a company-wide shift toward sustainability |
| 4. Digital & Data-Driven Sustainability | Utilize AI, analytics, and digital tools to assess sustainability risks | Enhances data-driven decision-making for ESG integration |
| 5. Continuous Monitoring & Adaptation | Establish feedback loops and dynamic reporting structures | Ensures agility and responsiveness to sustainability challenges |

Achieving Sustainability Leadership at Pohjola Insurance

By integrating **transformational, adaptive, authentic, systems thinking, and stakeholder management leadership theories**, Pohjola Insurance can **embed sustainability leadership** in its service development process.

Key Benefits of This Integration:

- ✓ **Drives Sustainable Innovation** - Ensures services align with **emerging ESG trends**.
- ✓ **Enhances Competitive Advantage** - Positions Pohjola as a leader in **sustainable insurance**.
- ✓ **Builds Trust & Transparency** - Strengthens relationships with **customers, regulators, and stakeholders**.
- ✓ **Ensures Long-Term Business Resilience** - Future-proofs Pohjola's services against **climate and economic risks**.

By **embedding sustainability leadership into service (work) development**, Pohjola Insurance can become a **pioneer in sustainable finance**, shaping a **profitable, responsible, and future-ready** insurance industry.

4.2 Sustainability Leadership Integration - Strategy and Tactics in Practice

Attaining sustainability leadership necessitates a strategic framework that incorporates environmental, social, and governance (ESG) principles into an organization's fundamental operations. Leaders must exhibit ethical decision-making, maintain transparency, and ensure accountability while promoting a culture of innovation and flexibility. Actively involving stakeholders, such as employees, customers, and local communities, is crucial for aligning varying viewpoints and encouraging collaborative efforts to achieve sustainability objectives. Transformational leadership, characterized by vision, inspiration, and empowerment, drives organizational change. Authentic leadership deepens this by promoting self-awareness, integrity, and values-driven decision-making, inspiring trust and commitment among stakeholders. Adaptive leadership equips organizations to navigate uncertainties and emerging sustainability challenges by embracing flexibility and resilience. Systems thinking enables leaders to address interconnected challenges with comprehensive, cross-functional solutions. Stakeholder management plays a pivotal role by ensuring that diverse interests are addressed, and stakeholders are actively involved in sustainability initiatives. Using frameworks like the

Sustainable Development Goals (SDGs) and embedding ESG criteria, leaders can build trust through transparent communication of progress and performance metrics. Sustainability leadership is ultimately achieved by balancing economic success with long-term societal and environmental impact, driven by collaborative efforts and innovative strategies.

Transformational leaders at Pohjola Insurance would play a key role in embedding sustainability into the company's core values and operations by fostering an organizational culture prioritizing long-term environmental and social goals over short-term profits. Transformational leadership plays a pivotal role in embedding sustainability into the core of service development. Transformational leaders in the Finnish insurance industry must focus on developing a clear vision of sustainability that aligns with the company's goals and broader societal expectations. Regular communication of this vision ensures company-wide buy-in and commitment to the organization's sustainability objectives. For example, Pohjola Insurance has successfully integrated transformational leadership by setting ambitious sustainability goals and involving all employees in achieving these goals (OP Financial Group, 2023). This approach ensures that sustainability is a top-down directive and a shared responsibility across the organization. In the Finnish insurance sector, transformational leaders are essential for driving the cultural and operational changes necessary to embed sustainability into the organization's core functions. These leaders can mobilize resources and engage employees at all levels in sustainability initiatives by fostering a shared vision. This ensures the organization meets regulatory requirements and leads the industry in sustainable practices. At Pohjola Insurance, leaders can embed sustainability by fostering an organizational culture that values long-term social and environmental outcomes. This leadership style also involves empowering employees to drive innovation in sustainable services and solutions. Leaders at Pohjola Insurance can inspire and motivate employees to align their actions with the company's sustainability goals. By fostering a culture that prioritizes long-term environmental and social impacts over short-term gains, transformational leadership ensures that sustainability becomes an integral part of the company's strategic vision. This leadership style encourages innovation and creativity, essential for developing new, sustainable insurance products and services.

Adaptive leadership complements transformational leadership by providing the flexibility needed to navigate the complexities of sustainability integration. For Pohjola Insurance, adaptive leadership involves continually assessing and adjusting strategies to meet evolving sustainability challenges and opportunities. Pohjola Insurance operates in a dynamic environment where regulatory requirements, market demands, and stakeholder expectations constantly evolve.

Adaptive leaders are crucial for guiding the organization through these changes, ensuring that sustainability initiatives remain relevant and practical. Adaptive leadership can guide the organization in responding to emerging sustainability challenges and opportunities, ensuring that sustainability initiatives are flexible and responsive to change. In the Finnish insurance sector, adaptive leadership is reflected in companies' ability to adjust their strategies in response to new environmental regulations or changes in market demand for sustainable products. For instance, Pohjola Insurance has demonstrated adaptive leadership by continuously evolving its sustainability strategies to meet the changing expectations of its stakeholders and the regulatory environment (OP Financial Group, 2023). This flexibility allows the company to remain competitive while maintaining its commitment to sustainability. Adaptive leaders can guide Pohjola Insurance by cultivating a culture of continuous learning and innovation. This approach enables the organization to quickly adjust to new sustainability challenges while capitalizing on emerging opportunities. By engaging diverse stakeholders—customers, regulators, and partners—adaptive leadership fosters more resilient strategies that balance environmental, social, and economic priorities. In an industry as dynamic as insurance, where risk management is a core function, adaptive leaders ensure that their organizations remain agile and responsive to emerging sustainability challenges. This includes adjusting business models to incorporate sustainable practices and continuously learning from successes and failures to improve sustainability outcomes. This leadership approach emphasizes continuous learning and adaptation, allowing the company to respond swiftly to emerging sustainability challenges and opportunities.

Authentic leadership emphasizes honesty, ethical conduct, and transparency—qualities that are essential in advancing sustainability. At Pohjola Insurance, leaders who exemplify authenticity earn stakeholder trust by aligning their words with actions and consistently demonstrating a real dedication to sustainable practices. Rather than treating sustainability as a surface-level initiative, this leadership approach ensures it becomes a core part of the company's strategy and organizational culture. In the context of sustainability, authentic leadership at Pohjola involves openly communicating both aspirations and obstacles. This honesty fosters credibility and secures the support of key stakeholders such as employees, clients, regulators, and the broader public. Within the Finnish insurance sector, where stakeholder expectations are evolving rapidly, authenticity has become a cornerstone for building lasting, trust-based relationships. By genuinely committing to sustainability, authentic leaders inspire confidence and cultivate a sense of ownership and accountability throughout the organization. For Pohjola, this means being forthright about sustainability objectives and progress, even when challenges arise.

Such openness strengthens stakeholder engagement and enhances the legitimacy of sustainability efforts. Moreover, authentic leaders ensure that ethical principles are woven into everyday decision-making, considering environmental and social impacts alongside financial goals. This approach also empowers employees, creating a work environment where individuals feel their contributions to sustainability are meaningful and appreciated.

Systems thinking provides a holistic perspective for integrating sustainability into service development processes. It encourages the consideration of the entire ecosystem in which Pohjola Insurance operates, including environmental, social, and economic systems. By understanding the interconnectedness of these systems, the company can develop services that meet customer needs and contribute to broader sustainability objectives. For Pohjola Insurance, applying systems thinking means considering the broader environmental, social, and economic systems in which the company operates and how its actions influence them. Systems thinking helps identify leverage points where small changes can lead to significant sustainability impacts, thus optimizing the service development process. Systems thinking can be applied to identify intervention leverage points and develop integrated solutions that address the interconnected nature of sustainability challenges. Systems thinking can be applied to monitor and evaluate the impacts of sustainability initiatives, ensuring that they achieve their intended outcomes and identifying opportunities for improvement. In the Finnish insurance sector, systems thinking helps leaders develop strategies that address the root causes of sustainability challenges rather than just the symptoms. By considering the broader system in which they operate, leaders can identify leverage points for change and develop integrated solutions that balance the needs of all stakeholders. Systems thinking fosters innovation by encouraging leaders to explore new ways of achieving sustainability goals through collaboration and cross-functional teamwork. Pohjola Insurance can apply systems thinking to develop sustainability strategies that consider the broader implications of their business operations on society and the environment. This approach promotes the integration of sustainability at all company levels, from daily operations to long-term strategic planning. By recognizing key leverage points within these interconnected systems, Pohjola can design impactful interventions that yield sustainable business outcomes.

For Pohjola Insurance, stakeholder management is critical in aligning the company's sustainability goals with the expectations of customers, employees, investors, regulators, and the broader community. Effective stakeholder management is critical for the successful integration of sustainability principles. Pohjola Insurance must engage with diverse stakeholders to understand their sustainability expectations and needs, including customers, employees,

regulators, and community groups; by actively involving stakeholders in the service development process, the company can ensure that its sustainability initiatives are aligned with stakeholder values, thus enhancing their effectiveness and acceptance. This collaborative approach strengthens relationships and drives innovation in developing sustainable services. Stakeholder management can guide the organization in engaging with stakeholders to ensure that sustainability initiatives are inclusive, equitable, and responsive to the needs of all stakeholders. In the Finnish insurance industry, effective stakeholder management is critical for building trust and collaboration, which is essential for successfully implementing sustainability initiatives. Engaging stakeholders in the planning and executing sustainability strategies helps ensure that these strategies align with the broader community's needs and expectations. This engagement also helps mitigate risks and build resilience by ensuring that all relevant perspectives are considered in decision-making. For instance, Pohjola Insurance has implemented a comprehensive stakeholder engagement strategy focusing on transparency, collaboration, and responsiveness. The company regularly conducts stakeholder surveys to gather feedback on its products, services, and sustainability initiatives. This feedback is then used to inform decision-making and improve customer satisfaction (OP Financial Group, 2023). Pohjola also engages with regulators by actively participating in industry working groups and providing input on proposed regulatory changes. Pohjola can build strong stakeholder relationships by engaging these groups in its sustainability initiatives. Inclusive decision-making ensures that the company's sustainability goals align with stakeholder expectations. Effective communication and stakeholder collaboration also create shared value, where Pohjola's sustainability efforts contribute to corporate success and positive societal impact.

Integrating sustainability principles into Pohjola Insurance's service development processes requires a comprehensive conceptual framework that combines transformational, adaptive, and authentic leadership with systems thinking and stakeholder management. This approach enables the company to create sustainable value, navigate the complexities of the business environment, and build strong, trust-based relationships with stakeholders. By embedding sustainability into its core operations, Pohjola Insurance can enhance its market position and contribute positively to the broader societal and environmental landscape in business and common good.

4.3 “Attitude Leadership”: A Conceptual Framework for Sustainability Leadership

“Attitude Leadership” is proposed as a conceptual framework for achieving and maintaining sustainable leadership in the Finnish insurance business. This framework integrates the critical

elements of sustainability leadership, emphasizing the importance of attitude in defining the success of sustainability initiatives. Although each leadership competence theory contributes distinct perspectives, combining them can lead to a more well-rounded and effective approach to sustainability leadership. A comprehensive model might encompass a transformational leader who inspires a compelling vision for a sustainable future, an adaptive leader who navigates the complexities and uncertainties involved in that journey, an authentic leader who ensures consistency between values and actions, and a systems thinker who grasps the wider environmental, social, and economic landscape in which the organization functions. By synthesizing these leadership styles, organizations can create a resilient and strategic leadership model that supports meaningful sustainability outcomes and long-term organizational success. *Attitude Leadership* can be characterized by a leadership style that is inspirational, holistic, adaptable, trustworthy, proactive, creative, flexible, agile, pragmatic, collaborative, resilient, visionary, ethical, transparent, possess high competence of emotional intelligence, sees and understand aspects and effects in a chain of reason-consequence causality, is continuous learner and improver, and most of all innovative spirit who have skills and vision engage with various stakeholders for the purpose of creating shared value by profitable methods.

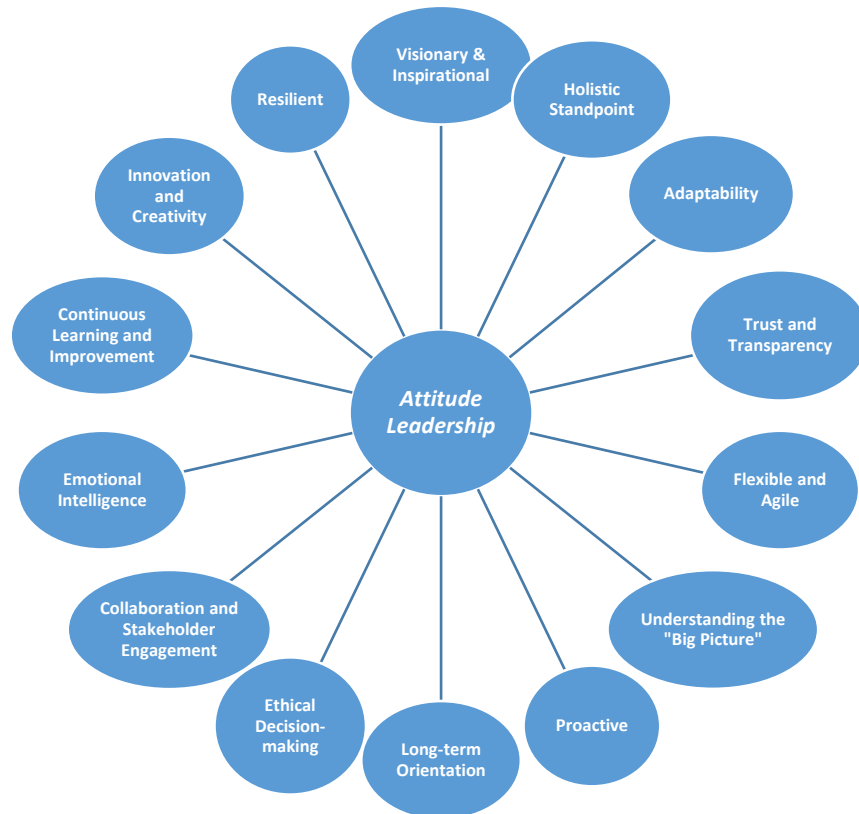
Attitude Leadership is an approach, concept, method, and skill that integrates critical characteristics, factors, and elements of sustainability leadership. *Attitude leadership* is the solution itself for the leadership paradigm. The core premise of *Attitude Leadership* is that a leader's attitude—defined by their mindset, strategy, behaviour, values and tactical execution, is crucial in determining the success of sustainability initiatives. This framework posits that a robust and solid attitude, characterized by adaptability, innovation, ethical considerations, and a long-term vision, is essential for achieving and maintaining sustainability leadership.

Attitude Leadership seeks synergy advantages by combining various leadership styles and approaches. It considers both short-term and long-term timeframes in financial and operational planning and implementation, ensuring that sustainability initiatives are aligned with the organization's strategic goals. This framework advocates for a visionary, collaborative and ethical leadership style, guiding the organization toward long-term value creation while fostering a culture of innovation, creativity, experimentation, empowerment, credibility, transparency, and trust.

In the Finnish insurance industry, *Attitude Leadership* provides a robust and adaptable model for navigating the complexities of sustainability challenges. By adopting this framework,

leaders can guide their organizations toward a sustainable future, ensuring they contribute positively to society and the environment while achieving long-term business success. Organizations must integrate principles into their strategic frameworks and operational execution to effectively apply *Attitude Leadership*. This involves aligning sustainability goals with the organization’s mission and vision, engaging stakeholders in the decision-making process, and fostering a culture of continuous learning and improvement. Leaders and managers must also ensure that sustainability initiatives are supported by robust change management processes, clear communication, solid collaboration, and ongoing training and development. On the below, the “Figure 10.” of the “Key Characteristics of Attitude Leadership”:

Figure 10. Key Characteristics of “Attitude Leadership” - Achieving Sustainability Leadership, 2025.



The implementation of Attitude Leadership is not without its hurdles. Common obstacles include organizational resistance to change, resource constraints, and the challenge of aligning stakeholders who may hold differing priorities and perspectives. Leaders may also face the

difficult task of balancing immediate financial performance with longer-term sustainability objectives. Moreover, the evolving regulatory landscape adds a layer of uncertainty, complicating efforts to establish consistent and forward-looking sustainability strategies. Nevertheless, *Attitude Leadership* also presents valuable opportunities. By embracing a forward-thinking and flexible leadership approach, organizations can better anticipate and adapt to emerging sustainability demands, thereby securing a competitive edge. This leadership style can also elevate brand reputation, appeal to ethically driven customers and investors, and foster sustainable value creation across the stakeholder spectrum. On the below the “*Figure 11.*” of “*the proposed conceptual leadership framework for achieving sustainability leadership*”:

Figure 11. Key Leadership Elements of How to Achieve Successful Sustainability Leadership - “Attitude Leadership”, 2025.



In conclusion, sustainability leadership is essential for the future success of the Finnish insurance business. Integrating sustainability leadership theories and practices, stakeholder management, corporate social responsibility (CSR) activities, change management methods, and ESG criteria into core business strategies and operations provides a comprehensive framework and design for achieving and maintaining sustainability leadership. The proposed conceptual

framework of *Attitude Leadership* offers a robust and adaptable model for guiding organizations through the complexities of sustainability challenges. By adopting this framework, leaders in the Finnish insurance industry can ensure that their organizations contribute positively to society and the environment while achieving long-term business success. *Attitude Leadership* defines the strategic solution of sustainability leadership and captures the moment in the wheel of time by driving innovations through sustainability, applied and adjusted. Considering the necessary transformation, collaboration, and corporate responsibility, businesses must align with the missions, expectations, and aspirations of all stakeholders, ensuring mutual benefits and the creation of shared value. By integrating ESG criteria, values, and commitments, companies can drive insightful, synergized, and continuously improving sustainable development practices, enhancing competence and innovation. This approach enables businesses to achieve the UN's Sustainable Development Goals (SDGs) through profitable, innovative strategies, fostering a better quality of life and protecting our planet amid evolving industry dynamics and global sustainability challenges.

4.4 Strategic Recommendations - Building a Sustainable Future for Pohjola Insurance

A key recommendation for Finnish insurance providers is to deepen the integration of **Environmental, Social, and Governance (ESG)** considerations into their investment strategies. Although many firms in the sector have already embraced ESG principles to some extent, there remains significant potential for more consistent and comprehensive implementation. Embedding ESG criteria into core business planning is becoming a critical factor in ensuring long-term viability and competitiveness. As highlighted by Gutiérrez-Ponce and Wibowo (2023), organizations that prioritize ESG elements are generally more effective at managing emerging risks, enhancing corporate reputation, and attracting responsible investors. For insurers in Finland, a stronger ESG alignment can support early identification and mitigation of sustainability-related risks—such as those stemming from climate change, shifting regulatory expectations, and socio-political instability.

Impact investing—which aims to deliver measurable social and environmental benefits in addition to financial gains—offers a compelling avenue for innovation and leadership within the Finnish insurance sector. Insurers are well-positioned to channel capital into initiatives that tackle urgent global issues such as climate action, clean energy, and social inclusion. By dedicating part of their investment portfolios to such high-impact projects, insurance companies can play a meaningful role in advancing the United Nations Sustainable Development Goals

(SDGs). At the same time, this strategic shift can enhance brand credibility, reinforce stakeholder trust, and demonstrate a tangible commitment to sustainability-driven value creation.

As consumer awareness of environmental issues grows, there is **increasing demand for insurance products that promote sustainable behaviours**. Sustainable insurance products can play a significant role in driving positive environmental and social outcomes. According to Hoffman (2021), the insurance industry has a unique opportunity to influence the behaviour of policyholders by offering products that incentivize sustainable practices. In the Finnish insurance market, there is a growing demand for products that address risks related to climate change, renewable energy, and social responsibility. Finnish insurance companies should develop and promote innovative insurance products that address sustainability-related risks and contribute to sustainable development. These products should support the transition to a low-carbon economy, enhance social equity, and promote responsible business practices. Innovation in sustainable insurance products aligns with SDG 13 (Climate Action) and SDG 11 (Sustainable Cities and Communities).

Corporate Social Responsibility (CSR) is a critical component of sustainability leadership, and Finnish insurers should **continue to strengthen their CSR initiatives, particularly in community engagement and social impact**. Companies should focus on programs that address local social and environmental issues, such as supporting education, health, and environmental conservation projects. To maximize the impact of these initiatives, insurers should engage with local communities to understand their needs and priorities. This can be achieved through regular consultations, partnerships with local NGOs, and employee involvement in volunteer activities. By building strong relationships with communities, insurers can enhance their social license to operate and contribute to the long-term sustainability of the regions in which they operate. Supporting local communities aligns SDG 1 (No Poverty) and SDG 8 (Decent Work and Economic Growth) and SDG 17 (Partnerships for the Goals).

Robust corporate governance is a cornerstone of effective and enduring sustainability leadership. Trust and credibility in this space hinge on transparency and accountability. Finnish insurance providers should strengthen their sustainability disclosure practices by offering clear, detailed, and reliable information about their ESG performance and progress. Open and honest reporting signals genuine commitment, enabling stakeholders to evaluate how well a company aligns with its sustainability goals. As Chandler (2023) notes, businesses that are forthright in sharing their sustainability initiatives are more likely to earn stakeholder trust and attract

ethically minded investors. Within Finland's insurance sector, transparent ESG reporting can deepen trust with regulators, policyholders, and the broader public. This includes defining explicit governance structures for sustainability and embedding ESG factors into the strategic decisions made by boards and executive teams. Strong governance practices also contribute to achieving SDG 8, which promotes inclusive economic growth and decent work for all.

Ethical leadership is a cornerstone of sustainability, and Finnish insurers should prioritize the development of ethical leadership practices throughout their organizations. This involves setting high standards for integrity, fairness, and responsibility and ensuring that these standards are consistently applied across all levels of the organization. Ethical decision-making and corporate responsibility should be core components of sustainability leadership. Finnish insurance companies should foster a culture where ethical considerations are embedded in all business decisions. Corporate responsibility extends beyond compliance with regulations to proactive contributions to societal well-being. Ethical leadership is fundamental to sustainability, ensuring business practices align with societal values and contribute to the common good. Leaders and managers should model ethical behaviour and hold themselves and their teams accountable for upholding these standards.

Partnerships are a powerful tool for advancing sustainability, and Finnish insurers should actively seek opportunities to collaborate with other organizations, including NGOs, industry associations, academic institutions, and government agencies, and local communities. By pooling resources and expertise, these partnerships can help insurers address complex sustainability challenges, such as climate change and social inequality. For example, insurers could partner with renewable energy companies to develop insurance products that support the transition to a low-carbon economy or collaborate with educational institutions to promote financial literacy and risk management. By fostering partnerships for sustainable development, insurers can amplify their impact and contribute to broader societal goals. Pohjola can drive SDG 1 (No Poverty) and SDG 8 (Decent Work and Economic Growth) by investing in community development programs, education initiatives, and local job creation. This enhances its reputation and creates shared societal value. **Stakeholder engagement is essential for achieving sustainability leadership**. Effective stakeholder engagement and collaboration are critical elements of sustainability leadership. Finnish insurance companies should strengthen their relationships with stakeholders, including customers, employees, regulators, and the broader community, to co-create sustainable solutions and enhance their social license to operate. This involves regular communication and consultation and actively involving stakeholders in developing and

implementing sustainability initiatives. Stakeholder engagement is essential for understanding and addressing different groups' diverse needs and expectations. Finnish insurance companies should adopt a proactive approach to stakeholder engagement by regularly consulting with stakeholders, conducting materiality assessments, and involving them in developing sustainability initiatives. Companies can also collaborate with other organizations, industry bodies, and NGOs to address common sustainability challenges and share best practices. To enhance stakeholder engagement, insurers should establish dedicated sustainability committees or working groups that include representatives from key stakeholder groups. Enhancing stakeholder engagement and partnerships of synergy aligns with SDG 17 (Partnerships for the Goals).

Insurers should also invest in **leadership development programs to build the skills and knowledge needed to lead sustainability initiatives effectively**. These programs should emphasize the importance of ethical decision-making and the role of leaders in shaping the company's sustainability culture. By promoting ethical leadership, insurers can create an environment where sustainability is embedded in every aspect of the business. **Employee education and engagement are critical for embedding sustainability** into the organizational culture. Finnish insurance companies should invest in training and development programs that equip employees with the knowledge and skills to contribute to sustainability initiatives and make informed decisions. Employees are critical drivers of sustainability within organizations, and their engagement is essential for successfully implementing sustainability initiatives. Engaging employees in sustainability efforts in the Finnish insurance industry can lead to more innovative solutions and a more substantial organizational commitment to sustainability. Finnish insurance firms should implement extensive training initiatives focused on sustainability themes, including ESG considerations, ethical decision-making, and sustainable product innovation. These programs should be made available to employees across all organizational tiers and offer practical learning experiences, as well as opportunities for teamwork and collaboration. Additionally, companies should foster employee engagement in sustainability efforts by acknowledging and rewarding their contributions to achieving sustainability targets. Promoting diversity and inclusion in the workplace further supports SDG 5 (Gender Equality) and SDG 10 (Reduced Inequalities).

Systemic change must address the Finnish insurance industry's complex sustainability challenges. **Finnish insurance companies should collaborate industry-wide to develop shared solutions**, advocate for supportive policies, and drive collective action on sustainability. Collaboration is essential for achieving systemic change, as only some organizations can address

sustainability challenges in isolation. Collaboration in the Finnish insurance industry can help companies address common sustainability challenges, such as climate-related risks, regulatory compliance, and social equity. Finnish insurance companies should actively participate in industry associations, working groups, and collaborative initiatives focused on sustainability. Companies can also form partnerships with other organizations, including competitors, to develop joint solutions to sustainability challenges. Additionally, companies should engage with policymakers and regulators to advocate for policies that support sustainability and create a level playing field for all industry participants. Building resilience against global and local risks directly contributes to SDG 3 (Good Health and Well-being) and SDG 15 (Life on Land).

Driving sustainability leadership requires dynamic and visionary leadership—qualities central to **transformational leadership**. Finnish insurance companies should focus on equipping their leaders with the ability to inspire teams by clearly communicating a forward-looking sustainability vision and fostering an environment that encourages innovation, adaptability, and continuous growth. Leaders must be supported with appropriate tools, such as change management training and access to relevant data and analytics to inform their decisions. Transformational leaders go beyond routine management; they elevate organizational purpose by aligning employees with broader societal goals and embedding sustainability into the company's ethos and daily operations. In the context of Finland's insurance sector, cultivating such leadership is essential for steering companies toward sustainable practices. By investing in leadership development initiatives, insurers can nurture transformational traits—ethical leadership, strategic foresight, and motivational influence—that empower managers and executives to champion meaningful change. These leaders are pivotal in reshaping corporate culture to meet long-term sustainability targets.

Innovation is essential for sustaining leadership in the dynamic Finnish insurance sector. Insurers should foster innovation by encouraging experimentation, supporting creative problem-solving, and rewarding employees for developing new ideas and approaches. This culture of innovation should be supported by a robust framework for managing and scaling successful innovations. Finnish insurance companies should foster a culture of innovation and continuous improvement to remain competitive and lead in sustainability. This involves encouraging employees to think creatively, experiment with new ideas, and continuously seek ways to enhance sustainability practices. Innovation is a crucial driver of sustainability, as it allows organizations to develop new products, services, and processes that reduce environmental impact and create social value. In the Finnish insurance industry, innovation can lead to the developing

of new insurance products that address emerging risks related to climate change, social inequality, and other sustainability issues. Reducing environmental footprint align with SDG 12 (Responsible Consumption and Production) and SDG 7 (Affordable and Clean Energy).

Continuous learning and improvement are crucial principles of sustainability leadership. Finnish insurers should regularly review and assess their sustainability practices to identify areas for improvement and ensure they achieve their intended outcomes. This includes setting clear performance metrics, conducting regular audits, and seeking stakeholder feedback. In addition, insurers should be open to learning from best practices within the industry and beyond. By benchmarking their performance against peers and adopting best practices from other sectors, insurers can continuously enhance their sustainability efforts and maintain their leadership position.

Finnish insurance companies should leverage technology and data analytics to enhance their sustainability efforts. This involves leveraging advanced analytics to evaluate sustainability risks, optimize resource usage, and monitor progress toward sustainability objectives. Technology and data analytics serve as powerful tools in advancing sustainability by offering valuable insights that guide decision-making and improve efficiency. Within the Finnish insurance sector, data analytics can be utilized to assess climate-related risks, track ESG performance, and create innovative insurance products. Finnish insurance firms should invest in technology infrastructures and data analytics capabilities that support sustainability efforts. This could include using predictive analytics to evaluate the effects of climate change on insurance portfolios, integrating energy management systems to reduce carbon emissions, and developing digital platforms that help customers make more sustainable choices. Additionally, companies must ensure that their technology investments are in line with their broader sustainability strategies. Technological advancements and digital transformation contribute to SDG 9 (Industry, Innovation, and Infrastructure).

Conclusions of Recommendations

The future of sustainability leadership in the Finnish insurance business will be shaped by the ability of companies to integrate sustainability into their core operations, foster innovation, engage stakeholders, and lead change effectively. By implementing the recommendations outlined in this synthesis, if not able to integrate leadership theories fully into practice, then at least applying Transformational Leadership theory in pragmatic, adaptable, and creative ways, enhancing sustainable investment practices, developing innovative solutions of services and

products, and driving innovations through sustainability, strengthening CSR initiatives, promoting ethical leadership, and advancing stakeholder engagement, Finnish insurers can build a resilient and competitive business that contributes to the broader goal of sustainable development. As the sustainability landscape continues to evolve, insurers must remain agile and forward-thinking, continuously adapting their strategies to address emerging challenges and seize new opportunities. On the below the “*Figure 12.*” from the collected results of “*Strategic Recommendations*”:

Figure 12. Strategic Recommendations for Achieving and Maintaining Successful Sustainability Leadership, 2025.



Finnish insurers can achieve and maintain sustainability leadership in the dynamic and competitive insurance industry through ongoing research, adaptiveness, continuous improvement, and a commitment to sustainability at all organizational levels in theory and practice.

Building a Sustainable Future for Pohjola Insurance

Achieving sustainability leadership necessitates integrating vision creation and mission management, ethical decision-making, stakeholder engagement, and adaptive strategies to address complex environmental and social challenges.

Recent literature and Pohjola Insurance case study emphasize the importance of transformational leadership, which create, and guide set vision, mission and focus of company's purpose, and authentic leadership, which fosters trust and transparency, thereby motivating organizational commitment to sustainability goals. Adaptive leadership is also crucial, enabling leaders to navigate uncertainties and drive systemic change through continuous learning and flexibility. Moreover, systems thinking is vital for understanding the interconnectedness of organizational activities and their broader environmental impacts, facilitating holistic approaches to sustainability. Effective stakeholder management further enhances sustainability leadership by aligning diverse interests and fostering collaborative solutions. Integrating these frameworks equips leaders to develop resilient organizations capable of thriving in a sustainable future.

Achieving sustainability leadership requires a multifaceted approach integrating various leadership theories and management practices into the company's strategic framework and operational execution. Pohjola Insurance must leverage transformational, adaptive, and authentic leadership to drive organizational change, apply systems thinking to address complex sustainability challenges, and effectively engage stakeholders to create shared value. By doing so, the company can develop innovative, sustainable services that meet its customers' needs and contribute positively to the broader community and environment.

Attitude Leadership provides a strategic framework for organizations to navigate growing environmental and social challenges while driving innovation through sustainability. By adopting this approach, leaders can foster long-term business success, ensuring sustainability becomes a competitive advantage rather than an obligation. Through an adaptable strategic mindset and adjustable tactical execution, organizations can align their operations with the United Nations' Sustainable Development Goals (SDGs), contributing positively to society and the environment while excelling above among peers in responsible business dynamics on the global scale with local scope.

5 Conclusions, Ethics Considerations and Future Study Recommendations

This chapter provides a systematic explanation, in-depth discussion, and key insights into the study, aiming to deliver well-founded conclusions. It also addresses ethical considerations and offers recommendations for future research. Through an objective standpoint, careful examination, and a clear analytical approach, this chapter ensures a comprehensive understanding of the study's findings and their broader implications.

5.1 Conclusions

Pohjola Insurance's steadfast commitment to climate change mitigation and sustainability is underscored by its alignment with prominent international frameworks, including the UN Principles of Sustainable Insurance (UN PSI), the UN Global Compact Principles, the United Nations' Sustainable Development Goals (SDGs), and the Paris Climate Agreement. This alignment reflects a strategic and forward-thinking approach to addressing climate challenges while fostering sustainable development across its operations and customer interactions. By integrating climate considerations into its core processes—such as risk management and insurance operations—Pohjola actively contributes to the transition toward a sustainable economy, mitigating climate risks while promoting resilience.

A critical pillar of Pohjola Insurance's sustainability agenda lies in its responsible investment and underwriting practices, which prioritize Environmental, Social, and Governance (ESG) criteria. These practices ensure that its financial and operational decisions align with environmental sustainability and social responsibility principles. By minimizing environmental harm and reinforcing societal benefits, Pohjola showcases an integrated approach to achieving sustainability and supporting global SDGs. The company's dedication to social inclusion and risk prevention further highlights its role as a socially responsible entity. Offering inclusive insurance products tailored to diverse needs, Pohjola fosters community resilience and builds trust among its customers. This emphasis on societal well-being enhances the company's ability to drive shared progress while reinforcing stakeholder relationships. Transparency and accountability are cornerstones of Pohjola's sustainability strategy. By addressing environmental, social, and governance dimensions holistically, Pohjola reduces its ecological footprint, enhances social equity, and strengthens governance standards. These efforts solidify the company's position as a sustainability leader in Finland's insurance sector, setting a benchmark for the industry. Through its integrated and innovative strategies, Pohjola Insurance demonstrates how sustainability can

be embedded into core business operations to create shared value. By engaging stakeholders, aligning with ESG principles, and addressing societal and environmental challenges, Pohjola achieves long-term resilience, competitive advantage, and sustainability leadership in the dynamic global market.

Pohjola Insurance's transformation to achieve sustainability leadership in the Finnish insurance business provides a compelling example of how integrated sustainability leadership theories, stakeholder management, and as well, and not forgetting, corporate social responsibility activities, change management methods and processes, and ESG factors can be effectively applied to drive organizational success as improved service (work) development processes. Through transformational, adaptive, authentic, and systems-thinking leadership, and stakeholder management Pohjola has successfully navigated the complex challenges of sustainability and positioned itself as a leader in the industry. Achieving sustainability leadership requires a multifaceted approach integrating various leadership theories and management practices into the company's strategic design and operational execution. Pohjola Insurance must leverage transformational, adaptive, and authentic leadership to drive organizational change, apply systems thinking to address complex sustainability challenges, and effectively engage stakeholders to create shared value. By doing so, the company can develop innovative, sustainable services that meet its customers' needs and contribute positively to the broader community and environment. Pohjola must integrate these leadership styles into its service (work) development processes to lead in sustainability. The transformation starts from there, where strategy is planned and analysed, and never stops in the process of practice due to the element of ever-evolving sustainable development in the state of our ecological, social and economic challenges versus responsible business operations, which ultimatum aim in sustainability should be aligned in the core competencies and practical implementation to improve the quality of life of people and save our planet, by small steps or giant leaps, responsible deeds by deeds, honouring the global vision and respecting the local mission that every responsible execution with the sincere purpose is the proper act of sustainability, and hereby takes us to little closer again to our common goal of shared values, was it the question on mutual synergy advantage among stakeholders or achieving global SDGs one by one, or excelling preferably both. The findings of this study underscore that sustainability leadership is not merely a strategic initiative but an ongoing process of implementation, adaptation, and commitment. True transformation occurs when sustainability is deeply integrated into an organization's core competencies, ensuring that environmental, social, and economic considerations become intrinsic to daily operations. A holistic approach is essential, balancing business success with ethical

responsibility while aligning global sustainability goals with locally relevant actions. Sustainable progress is achieved both incrementally and through major innovations, emphasizing the importance of shared value creation. Ultimately, businesses must strive for solutions that generate mutual benefits, fostering long-term resilience and positive societal impact. This chain of sustainable causality aligns perfectly with Pohjola Insurance's sustainability journey, where the company must continuously adapt, innovate, and lead responsibly in insurance services, stakeholder engagement, and ESG-driven strategies. Transformational leadership can inspire employees to innovate new, sustainable products, while adaptive leadership provides the flexibility to adjust services based on evolving environmental and social challenges. Authentic leadership builds trust in Pohjola's sustainability initiatives, and systems thinking ensures a holistic approach to product development and stakeholder management. By aligning sustainability principles with stakeholder interests, Pohjola can create sustainable value while maintaining its competitive edge in the Finnish insurance market and gain a greater extent of transparent and trustworthy brand among peers globally, which equals a solid reputation with ethical aim and stronger brand loyalty with pure sustainable positioning in the twenty-first-century business. Crucial characteristics contributing to sustainable leadership in the Finnish insurance sector based on the study are visionary competence, corporate culture and employee development, stakeholder engagement and collaboration, solid governance and ethical leadership, innovation and adaptability, continuous learning and improvement, transparency and trust, and resilience and long-term value creation.

In conclusion, Pohjola Insurance has the potential to position itself as a sustainability leader by strategically addressing key challenges while leveraging emerging opportunities. By embedding sustainability into its core operations, balancing short- and long-term objectives, and proactively managing ESG risks and regulatory pressures, the company can navigate an increasingly complex business landscape. At the same time, capitalizing on the demand for sustainable insurance solutions, fostering technological innovation, and strengthening partnerships will enhance its competitive edge and ethical brand appeal. Through the strategic framework of *Attitude Leadership*, Pohjola Insurance can align its vision (the "why") with dynamic tactical execution (the "how"), driving synergy in business performance, stakeholder collaboration, and responsible innovation. This integrated approach ensures resilience, long-term profitability, and a meaningful contribution to global sustainability efforts.

Attitude Leadership provides a strategic framework for driving innovation through sustainability by aligning vision, mission, and future expectations within the Finnish insurance

industry. It serves as a solution-oriented approach that integrates sustainable reality into business practices, fosters continuous development, and anticipates evolving sustainability demands. By navigating complex regulations and addressing diverse stakeholder needs and values, *Attitude Leadership* enables insurance companies to balance compliance with proactive transformation. This approach not only strengthens industry resilience but also enhances long-term competitiveness, ensuring sustainable growth and responsible impact in an evolving financial landscape.

Attitude Leadership achieves coherent and optimal sustainable goals by maintaining awareness and adaptability in response to evolving social responsibilities, environmental expectations, and economic constraints. In an era of growing circular economy, depleting natural resources, increasing inequality, and unpredictable market fluctuations, sustainability leadership demands a strategic balance between long-term vision and flexible execution. By embracing a proactive approach to innovation, resource efficiency, and inclusive growth, organizations such as Pohjola Insurance can navigate dynamic global challenges while fostering resilience and responsible progress. This flexible and forward-thinking strategic mindset of *Attitude Leadership*, combined with the ability to execute diverse and adaptable tactics with clear and honest authenticity, and sincere and fair purpose, ensures that sustainability transcends mere obligation to become a powerful competitive advantage. By integrating sustainability into core operations with agility, adaptability and awareness, companies can drive meaningful impact, foster resilience, and secure long-term success. Within the Finnish insurance industry and on a global scale, this approach positions businesses as leaders among peers, strengthening their reputation, enhancing stakeholder trust, and paving the way for a more sustainable and innovative future in the global sense with the local stance. Deed by deed of sincere causality of responsible dynamics, the aim is to achieve and excel in sustainable leadership.

5.2 Validity, Reliability and Ethical Considerations

Validity and reliability are essential pillars of study, serving to confirm the credibility, accuracy, and consistency of findings. Although traditionally linked with quantitative methodologies, their significance in qualitative study is equally critical (Bryman, 2016; Flick, 2018).

In qualitative studies, **validity** emphasizes the **authenticity** of interpretations, ensuring that findings truly reflect participants' perspectives and the phenomenon under investigation (Creswell and Poth, 2018). Meanwhile, **reliability** in this context refers to the **consistency** of study

processes, such as the **transparency** and **repeatability** of thematic analysis or coding procedures (Miles, Huberman, and Saldaña, 2014). These concepts are applied through strategies like triangulation, participant validation, and meticulous documentation, tailored to the interpretative nature of qualitative inquiry (Tracy, 2019).

Ethical considerations safeguard study integrity by ensuring **confidentiality**, **transparency**, and **unbiased practices**. They protect participants' rights and enhance credibility through rigorous methods and ethical adherence (Bryman, 2016; Creswell and Poth, 2018; Flick, 2018). Adhering to these principles ensures that study findings are both trustworthy and ethically sound (Saunders, Lewis and Thornhill, 2019; Tracy, 2019).

Validity

In qualitative study, validity refers to the **trustworthiness** and **authenticity** of the study findings. It concerns whether the study accurately represents the phenomena being studied and whether the findings are credible to the participants and readers (Creswell & Poth, 2023). Authenticity of validity ensures qualitative findings accurately represent participants' perspectives and the researched phenomena. It involves reflexivity, triangulation, and participant validation to strengthen credibility (Bryman, 2016; Creswell and Poth, 2018; Flick, 2018; Tracy, 2019).

To enhance **validity**, qualitative researchers employ several strategies. In the Pohjola Insurance study, the **authenticity** of validity ensures that findings accurately reflect the perspectives of sustainability specialists and the dynamics of the organization. Triangulation is a common approach where multiple data sources, methods, or theories corroborate the findings (Creswell & Poth, 2023). Reflexivity was exercised in this study to remain aware of potential biases, while triangulation integrated data from interviews, industry analyses, and literature reviews. This comprehensive approach provided a holistic understanding and strengthened the alignment of findings with the study objectives (Bryman, 2016; Creswell and Poth, 2018). In the Pohjola Insurance study, ensuring the validity of **trustworthiness** was critical to establishing credible and reliable findings. Participant validation was employed to confirm that the interpretations aligned with stakeholder insights, reinforcing credibility (Bryman, 2016; Creswell and Poth, 2018; Flick, 2018; Tracy, 2019). By involving participants in the validation process, the study ensured that their perspectives were authentically represented, fostering credibility and reliability (Tracy, 2019).

In the study on sustainability leadership at Pohjola Insurance, combining extensive and analysed literature review, semi-structured surveys, document analysis of sustainability and industry reports, and objective observations has provided a more comprehensive, **authentic** and **trustworthy**, understanding of essential leadership competencies and practices. **Validity** is addressed **trustworthy** measures by grounding this study in a robust theoretical framework, incorporating multiple data source and explicit synthesis with thematic analysis for the purpose of accurate and authentic knowledge and presentation of truthful incidents. This triangulation enhances **credibility** and **ensures alignment** between the findings and study objectives (Creswell and Poth, 2018; Yin, 2018). Transparent documentation of data collection and citations, analysis, and synthesis further reinforced **trustworthiness** by allowing for **traceability** and **independent verification** (Flick, 2018). Ultimately, these measures ensured that the study's findings were both trustworthy and valuable for advancing sustainability leadership in Pohjola Insurance.

One method to enhance the credibility of qualitative research is participant validation, also known as member checking. This involves sharing the preliminary findings or interpretations with the participants to confirm their accuracy and ensure they genuinely reflect the participants' perspectives and experiences (Lincoln & Guba, 2020). This feedback loop strengthens the alignment between the researcher's analysis and the lived realities of those involved. Additionally, extended engagement and consistent, focused observation within the research environment support the study's validity by enabling the researcher to deeply immerse in the setting, capturing subtle dynamics and contextual details critical to a thorough understanding.

Reliability

Reliability in qualitative study refers to the **consistency** and **dependability** of the study process and findings. It involves ensuring that the study process is documented and that the same methods would yield similar results if the study were repeated in the same context (Bryman, 2016; Miles, Huberman and Saldaña, 2014; Tracy, 2019).

In this study **reliability** is ensured through a **consistent** thematic analysis methodology with exploratory stance and process of inductive reasoning, allowing replicability in similar contexts (Miles, Huberman and Saldaña, 2014). Reliability has also been achieved by trustworthy data in qualitative case study, extensive literature review and well-established theoretical framework, document analysis, observations, and creation of synthesis and conceptualisation, enabling, in this case, **accurate interpretation** of Pohjola Insurance's sustainability and leadership strategies and tactical know-how while fostering **credibility** and **reproducibility** in the study findings (Flick,

2018). In the Pohjola Insurance case, reliability and transparency emerge as intertwined yet distinct ethical dimensions that shape the study's rigor and trustworthiness. Adopting inductive reasoning further supports reliability by allowing patterns to emerge directly from the data rather than imposing predefined theories (Miles, Huberman, and Saldaña, 2014), although constructed theoretical framework was guiding purposefully the case study analysis.

Conversely, **transparency** relates to the **openness** and **clarity** of the study process, particularly in how data was collected, analysed, and synthesised. Pohjola's engagement in the study necessitated clear communication of the methodology, ensuring participants understood their roles and the study's objectives. Transparent practices, such as thematic analysis procedures and documenting potential researcher biases, reinforce the credibility of findings (Creswell and Poth, 2018). While both dimensions, reliability and transparency, are crucial, a balance between ensuring **consistent data interpretation** (reliability) and **maintaining openness** (transparency) is essential to achieving **an unbiased and ethically sound analysis**. This balance underscores this study's commitment to robust ethical practices, enhancing its contributions to sustainability leadership studies. While qualitative study acknowledges that exact replication is often impossible due to human behaviour's dynamic and context-specific nature, strategies such as maintaining a detailed audit trail can enhance reliability. An audit trail involves meticulously documenting all aspects of the study process, including data collection, analysis procedures, and decision-making processes. This transparency allows others to follow the researcher's path and understand how conclusions were reached, enhancing the study's reliability (Nowell et al., 2020). In summary:

Validity

- **Content Validity:** Ensuring comprehensive coverage of all relevant aspects of sustainability and leadership in the insurance sector through extensive literature review and multiple data sources.
- **Construct Validity:** Using well-established theoretical frameworks and concepts to guide the analysis and ensure the validity of the studied constructs (Creswell & Poth, 2023).

Reliability

- **Consistency:** Applying consistent criteria and methods for data collection and analysis to ensure the reliability and reproducibility of findings (Silverman, 2017).

- **Replication:** Documenting the research process transparently and in detail so other researchers can replicate it (Yin, 2023).

Concluding earlier thought and said, achieved **validity** and **reliability** in Pohjola Insurance study, which were integral to establishing trustworthiness and ensuring the findings were credible and dependable. Unlike quantitative approaches, where these concepts focus on measurement precision and consistency, their application in qualitative study centres on **authenticity** and **transparency**. **Validity** was reinforced through triangulation, which combined data from semi-structured interviews, industry analysis, and literature review, ensuring multiple perspectives informed the findings. Member checking, where participants validated key interpretations, further enhanced the study's **credibility** by aligning conclusions with participant insights. **Reliability** was maintained by implementing systematic and transparent study methods. This practice ensures that the study can be reviewed and replicated under similar conditions.

In conclusion, employing rigorous methods and transparent documentation allowed the Pohjola study to uphold **trustworthiness**, making its findings valuable for advancing sustainability leadership strategies in the insurance sector.

Ethical Considerations

Ethical considerations are pivotal in qualitative studies as they **safeguard participant rights and ensure research integrity**. Direct engagement with participants often involves trust-building and respecting confidentiality (Flick, 2018; Creswell and Poth, 2018). Exploring sensitive topics necessitates informed consent, protecting personal data, and mitigating psychological risks (Bryman, 2016; Tracy, 2019). Adhering to ethical guidelines enhances credibility, minimizes harm, and fosters meaningful, respectful collaboration (Saunders, Lewis and Thornhill, 2019).

Given the qualitative and exploratory design of this research, careful consideration of ethical principles is essential—particularly in **safeguarding informed consent, ensuring transparency, and minimizing potential bias**. **Ethical conduct underpins the entire research process, ensuring that participants' rights, dignity, and well-being are upheld throughout. A key ethical priority is securing voluntary and informed consent from all participants. This entails clearly communicating the purpose of the study, the methods involved, any possible risks or benefits, and participants' right to withdraw at any time without facing any negative consequences** (Creswell & Poth, 2023). In the specific context of investigating sustainability leadership at Pohjola Insurance, consent was formally obtained from employees prior to

administering the survey, ensuring that each participant was fully aware of the study's scope and their involvement.

According to Flick (2018) **transparency** ensures **credibility** in qualitative case studies by providing clear, replicable processes and interpretations, fostering trust among stakeholders. In this study, **transparent reporting practices are upheld by clearly detailing data collection, thematic analysis, synthesis strategy, and providing accurate citations, ensuring that findings are traceable and verifiable**, allowing others to follow and validate the study's methodology and conclusions. (Flick, 2018; Tracy, 2019). Transparent documentation also demonstrates the researcher's commitment to academic rigor and ethical accountability.

Bias minimization is crucial to maintain objectivity, avoiding distorted analysis in document reviews and observations (Cresswell & Poth, 2018). To address bias minimization, employing objective and systematic methods for data collection and analysis ensures that findings are impartial and grounded in evidence. This approach strengthens the reliability of conclusions and mitigates the influence of personal or cognitive biases in interpreting results (Bryman, 2022). To minimize bias, the researcher adopts a **neutral stance during data collection and analysis, using objective observations and cross-referencing perspectives from multiple stakeholders**, in this case, including survey of Pohjola's sustainability specialists and managers (Bryman, 2016; Saunders, Lewis and Thornhill, 2019). In the study of Pohjola Insurance, **neutral and objective** approach has been used, and this conduct fostered balanced and valuable insights while adhering to ethical guidelines and reinforcing **the study's integrity**.

Confidentiality and **anonymity** are also paramount. Researchers must ensure that participants' identities are protected, and that any information provided is kept confidential, especially when dealing with sensitive corporate information or personal views on leadership practices. This protection is crucial in maintaining trust between the researcher and participants and safeguarding participants from potential repercussions within their organization (Bryman, 2022). This study's semi-structured survey of Pohjola employees was conducted **respectfully by anonymously**. Together, these three above mentioned ethical elements enable a comprehensive, accurate understanding of Pohjola Insurance's strategies, challenges and opportunities in achieving sustainability leadership. In summary:

- **Confidentiality:** Maintaining the confidentiality of sensitive information obtained from company reports and other sources.

- **Transparency:** Documenting all data sources and providing appropriate citations to ensure transparency and credibility.
- **Bias Minimization:** This strategy aims to minimize researcher bias by using objective and systematic methods for data collection and analysis (Bryman, 2022).

In conclusion, **ethical considerations** formed the cornerstone of the Pohjola Insurance study, ensuring that the study upheld **integrity** and maintained **stakeholder trust**. The principle of **confidentiality** safeguarded sensitive corporate data, fostering a secure environment for participants to share insights freely. **Transparency** was achieved through meticulous documentation and accurate citations, which enhanced the **credibility** of the findings and allowed for **independent verification** of the study's methodology and conclusions. **Bias minimization** further strengthened the study by employing objective and systematic data collection and analysis methods, reducing the influence of personal or procedural biases. The study ensured balanced and impartial insights by incorporating multiple perspectives and triangulating data sources.

Afterwords of ethical considerations, **confidentiality, transparency, and bias minimization** are **essential pillars of ethical research, ensuring credibility and stakeholder trust**. **Confidentiality protects sensitive data**, fostering open participation. **Transparency strengthens accountability**, enabling reproducibility and informed decision-making. **Bias minimization enhances objectivity**, preventing skewed interpretations. **Together, these principles uphold ethical integrity and methodological rigor**. In studying sustainability leadership in the insurance industry, their integration safeguards stakeholder interests, ensuring reliable insights. By adhering to these strategies, this study not only advances academic discourse but also provides actionable knowledge for fostering responsible, sustainable business practices globally, reinforcing trust in corporate sustainability initiatives and leadership frameworks.

5.3 Future Study Recommendations

These recommendations aim to guide future study efforts in a direction that enhances academic understanding and provides practical insights for improving sustainability leadership within the Finnish insurance industry.

1. **Exploration of Leadership Styles Impacting Sustainability Outcomes:** Future study should investigate how leadership styles, such as transformational, adaptive, and ethical leadership, specifically impact sustainability outcomes in the Finnish insurance industry. Understanding which leadership approaches are most effective in driving sustainability initiatives will help companies tailor their leadership development programs and strategies to foster more impactful sustainability practices.
2. **Longitudinal Studies on the Evolution of Sustainability Leadership:** Given the dynamic nature of sustainability challenges and regulatory environments, longitudinal studies that track the evolution of sustainability leadership within Finnish insurance companies are needed. These studies provide insights into how leadership strategies adapt to changing environmental, social, and governance (ESG) demands and the long-term impact of these adaptations on business performance and sustainability outcomes.
3. **Comparative Analysis Between Finnish and Global Insurance Firms:** Comparative studies that examine sustainability leadership in Finnish insurance companies against global counterparts offer valuable perspectives on best practices and potential areas for improvement. Such research would help identify unique cultural or regulatory factors influencing sustainability leadership in Finland.
4. **Stakeholder Engagement and Sustainability Leadership:** Future study should investigate how Finnish insurance leaders engage with various stakeholders, including customers, employees, regulators, and community groups, to drive sustainability. Understanding the mechanisms and outcomes of effective stakeholder engagement can help refine strategies to build more robust and inclusive sustainability initiatives.

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