

SHAPING ESG AND ECO-INNOVATION THROUGH RESPONSIBLE LEADERSHIP AND ORGANIZATIONAL CULTURE

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Resumo

Introduction Organizations are shifting their business models to focus on human and environmental sustainability, aiming to balance social, economic, and ecological issues. These changes emphasize the need for responsible leadership, which integrates ethical decision-making and stakeholder engagement. To be sustainable, firms must integrate stakeholder-oriented governance and an organizational culture with a central focus on sustainability. By adopting Environment, Social, and Governance (ESG) practices, companies aim to reduce their environmental impact and enhance their market value. Eco-innovation, as part of sustainable innovation, focuses on reducing environmental harm while benefiting society, although it faces challenges such as high investment costs and a lack of supportive policies. Thus, this study aims to examine the relationship between responsible leadership, organizational culture, ESG practices, and eco-innovation in companies, focusing on how these practices can provide a competitive advantage. **Theoretical Background** Responsible leadership plays a key role in shaping organizational culture by fostering relationships, trust, and ethical decision-making among stakeholders, which positively impacts organizational outcomes (Akhtar et al., 2023; Maak & Pless, 2006). Organizational culture, in turn, guides employee behavior and decision-making, influencing performance (Schein, 2017; Martins & Terblanche, 2003). Responsible leadership is also linked to ESG practices, which enhance stakeholder satisfaction and company value by addressing environmental, social, and governance issues (Shalhoob & Hussainey, 2023; Matos, 2020). Studies show that responsible leadership can inspire stakeholders to adopt sustainable practices and improve environmental innovation (Liao & Zhang, 2020). Additionally, organizational culture aligned with ESG is essential for the successful implementation of these practices (Baumgartner, 2009). Finally, ESG practices are closely connected to eco-innovation, as they drive companies to reduce environmental impacts and adopt sustainable business models (Harsanto et al., 2023; Cheng & Shiu, 2012). **Methodology** The study follows a quantitative, cross-sectional, and descriptive design, employing a survey method. Data were collected through a questionnaire distributed to managers, coordinators, and supervisors from manufacturing companies in Santa Catarina, Brazil. The questionnaire consisted of 89 Likert scale questions covering responsible leadership, organizational culture, ESG practices, and eco-innovation, along with demographic questions. The final sample of 188 valid responses was analyzed using partial least squares structural equation modeling (PLS-SEM) to test the hypotheses. **Analysis and Discussion of Results** The findings reveal a strong positive relationship between responsible leadership and organizational culture, confirming that responsible leaders play a significant role in shaping a culture that supports sustainability. However, the study found no significant relationship between responsible leadership and ESG practices. On the other hand, the relationship between organizational culture and ESG practices was found positive, indicating that a culture aligned with sustainability goals enhances the effectiveness of ESG adoption. The analysis also confirmed that ESG practices positively influence eco-innovation, supporting the idea that companies committed to

ESG are more likely to innovate in environmentally friendly ways. Final Considerations ESG practices are essential for fostering eco-innovation, driving companies to develop new products, processes, and organizational models that minimize environmental impact. While responsible leadership is crucial for shaping organizational culture, it does not directly impact ESG practices. This highlights the need for leaders to engage more actively with stakeholders to drive sustainable practices. The study's limitations include the sample's focus on manufacturing companies in specific regions of Brazil, suggesting the need for further research on the long-term effects of ESG practices and responsible leadership on eco-innovation.

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Palavras Chave

Responsible Leadership, Organizational Culture, ESG and Eco-Innovation