

5-2019

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Responsible Leadership

A behavioural perspective.

By Flocy Joseph

We cannot wait for great leaders to emerge for they are in short supply. We must light our own fires in the darkness.

- Charles Handy, author/philosopher¹

An array of scandals has rocked the world in recent times, such as financial malpractices (Arthur Andersen, Lehman Brothers, the LIBOR scam), unethical practices (FIFA mismanagement), and environmental damages (Gulf of Mexico oil spill, Volkswagen emission controls). All of which the critics of capitalism are not unhappy to report and embellish in great detail. The competing goals of a quest for power, meeting ethical standards, maintaining profitability, securing dwindling resources, and adapting to global environmental change have created an increasingly complex business canvas for leaders to navigate. The acceleration of environmental and social challenges exert pressure on corporate leaders to be not just reactive but proactive. Richard Branson, Founder of the Virgin Group, and Paul Polman, former CEO of Unilever, are among the new breed of leaders who are attempting to catalyse a better way of doing business, keeping in mind the triple bottom-line of profits, people and the planet.

A review of the existing theories on various leadership styles highlights that there is currently a lack of two critical factors—responsibility and accountability—in their characterisation. It is imperative in this era to focus on that class of leaders who can respond collectively with credible actions for their businesses while accepting full responsibility for their actions. What is it that drives certain leaders to consolidate the strengths of multiple stakeholders and create larger synergies while accepting full responsibility for their actions? With the existing leadership theories missing the ‘responsibility’ and ‘accountability’ element in their characterisations, what aspects of their behaviour sets these leaders apart from those who act based on a common good? These questions have given rise to Responsible Leadership (RL), a new leadership construct for leaders in the 21st century.

Still in its infant stages of discussion, literature on RL lacks a clear definition on the kind of behaviours that are manifested in responsible leaders. While certain characteristics like authenticity, virtuousness and charisma are quite clearly highlighted as a must for effective leaders, there remain large gaps in understanding some behaviours, such as the role of ‘authority’ and ‘responsibility’. For example, a leader who outsources the organisational activities to a third party is clearly delegating some of the responsibility to that third party—however, if these leaders do not assume accountability for the actions of that third party, then there is a serious problem that needs to be rectified. Nike’s sweatshop practices that made headlines in the late 1990s are a case in point of delegating responsibility with a lack of accountability.

In 2016–17, I conducted a study to understand the key behaviours demonstrated by responsible leaders. The results showed that responsible leaders exhibit three types of behaviours:

- Consulting with all stakeholders and **including** them in decisions that impact the business.
- Engaging** with employees at a personal level and being concerned about their progress.
- Advancing** the cause of business and society by fostering inclusion and engagement.

Inclusive approach

The study revealed that an inclusive approach is possible when leaders are aware of diverse stakeholder claims and can engage in a dialogue with multiple stakeholders who perceive the leader to be one who is open and approachable, available to hear their diverse views, address their concerns, and alleviate their fears. Thus, a comprehensive and collaborative approach has to be adopted by a responsible leader for generating the best results during stakeholder engagements. It is necessary that the leader himself is present in critical meetings and has the capacity and willingness to engage in a dialogue. A responsible leader should not be seen as one who is solely dependent on a close coterie of people for advice when implementing and executing business decisions. When a leader takes a decision that favours multiple stakeholders and implements the same for the benefit of all, such actions can produce an optimal solution.

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One CEO who was interviewed for this study shared an example of the time when his organisation went through an integration process after being acquired by a larger company. He recalled the emotions from different stakeholders—the Board, employees, shareholders, vendors, and clients—of both the organisations when the integration was announced. The immediate stakeholders of the two organisations seemed to be in conflict with one another, and their views were not aligned to the new direction that the joint entity proposed to adopt post-integration. He had to proactively work with the different stakeholders to identify and address all the issues, and also sought the help of advisors and domain experts to effectively resolve some of the more contentious ones. The leader concluded that the success of the integration was largely due to the fact that his stakeholders recognised his commitment as he embarked on an engagement and inclusion strategy, and elaborated, “As I reflect on that period, had I not invested my time to understand the concerns and views put forward by the various stakeholders, my model of a unified business would have failed. It was my willingness to listen to some of their suggestions and clarify their concerns that helped in a smooth integration.”

Responsible leaders are required to demonstrate awareness of various stakeholder claims. It is this awareness that helps a leader draw conclusions or present arguments that favour

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business interests without denting relationships. It also helps the leader to step into the shoes of others and see how they view the situation. When leaders demonstrate the above behaviours, they balance the immediate and extended stakeholder interests to achieve an optimal business outcome by adopting an inclusive approach.

Engagement approach

Digging deeper into what constitutes an engagement approach, the study revealed that responsible leaders centre their attention and efforts on their employees first, take pride in their people, are generous in crediting the team, and are extremely concerned when they have to break bad news to their employees. Thus a critical aspect of responsible leaders is their focus on their employees or internal stakeholders. This was evident from the interviews conducted, where leaders mentioned how their first priority was always towards the employees of their organisation and then towards other stakeholders.

Responsible leaders adopt a social and relational approach as they interact with the employees in their organisation, both in a professional and a personal context. By modelling themselves as an example, they are able to inspire others. They recognise the individual accomplishments of their team members and assign due credit to the individual and deserving teams. These leaders have a high focus on the holistic aspects of their relationship with their employees. One CEO remarked, “I look at each employee as someone with a family and someone who has a life outside work. There is a strong nexus between the two worlds and you need to ensure that the employee’s world view is really balanced.” Leaders can sometimes fail to recognise this critical aspect as they focus strictly on the professional side of their employees.

Responsible leaders are extremely concerned while breaking bad news to their employees. During the interviews, the leaders candidly shared about the pain of dealing with their people when there was a right-sizing of the company, or in cases where the leader had to reprimand an employee for poor performance or violating ethics. A responsible leader recognises that sometimes they have to do things that may



seem irrational, but make sense for emotional reasons. One leader recalled, “I roped in the service of a headhunter to ensure that some of the key people in the organisation who were losing their jobs were given adequate time to explore other opportunities. I ensured that the organisation paid for the service of the headhunter. It may sound irrational for a leader to actively do something like this for her employees but these are instances where the heart rules the head and not the other way round.” A responsible leader thus makes decisions in an ‘emotionally rational’ manner.

Finally, it is often during a crisis, when there are rarely any manuals to dictate how a leader has to behave, that we can distinguish a responsible leader from other leaders. One such example is Ratan Tata, then Chairman Emeritus of Tata Sons, who shifted into the driver’s seat during the Mumbai terrorist attack in 2006 when his group’s Taj Hotel was under siege. As a responsible leader, he took charge of the situation and led from the front, taking full responsibility and accountability for his actions. In another example, a CEO explained during the interview, “During stormy weather, I take charge of my ship. My people know that under my captaincy, I will steer the ship to a safe anchorage. So when conditions are tough, I lead from the front and not step back and delegate responsibility.”

Advancement approach

As a third behavioural pattern, the study revealed that responsible leaders work towards integrating inclusive and engaging behaviours for the advancement of the external community. This is done by keeping a focus on advancing quality of life in the context of the organisation’s location, as well as collectively exploring how the business can partner on social actions

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that can enhance the community.

Responsible leaders thus demonstrate a strong focus on the external community and embark on actions to develop the community around the business. These two items establish the existing views of scholars that such leaders move away from a narrow economic view to a more extended stakeholder view. Responsible leaders explore the benefits they can render to the community while keeping in mind how these actions can enhance

the reputation of their business, and hence earn the licence from the extended stakeholders to operate as true corporate citizens.

A CEO of a multinational healthcare organisation explained, “We have manufacturing facilities in developing countries. We operate in close partnerships with various stakeholders. Medical professionals from the hospitals, youth from the tertiary educational institutions and volunteers



FIGURE 1

from the local NGO come together to set up free health screening facilities for the people below the poverty line. The community looks up to us as an organisation that genuinely cares for the people in the country and is assured that we would only act in the benefit of the community.”

Responsible leaders are tasked with societal progress by aligning organisational activities for the benefit of both the business and the community. However, for that, protecting the business interest and safeguarding the bottom line is a key priority. Leaders should strive to reach that goal first and subsequently see how they can play an active role in the community they operate in. As one interviewee remarked, the priority is, “to get the house in order and then build the reputation externally”. It should be noted here that responsible leaders do not prioritise the community over their business—they simply aim to ensure that their business first achieves its economic objectives, and then explore how they can pass on the benefits to the extended community for productive outcomes. Responsible leaders thus move from a reactive nature to a proactive nature, demonstrating a track record of advancing the interests of the business and the community.

Conclusion

Douglas MacArthur, a retired U.S. Army General and Field Marshal who played a prominent role during World War II, famously said, “A true leader has the confidence to stand alone, the courage to make tough decisions, and the compassion to listen to the needs of others. He does not set out to be a leader, but becomes one by the equality of his actions and the integrity of his intent.” A century later, lessons from the war room and the boardroom seem to have some commonalities. The demands on corporate leadership are getting disrupted rapidly due to globalisation and technology. Leaders are expected to have a clear understanding of the dynamics in the operating environment, the social aspects of engaging multiple stakeholders with emotional intelligence, and also leaving a legacy for businesses to sustain themselves by executing strategy well.

Leadership failures arise when leaders focus on short-term wins over long-term gains, or a win-lose outcome over a win-win outcome. At a time when leadership behaviours and actions are under increased public scrutiny, there is a dire need for leaders to make decisions and implement actions that are just and fair for everyone. So, at a strategic level, it becomes relevant for Board members, when identifying a CEO to head their business, to choose somebody who embodies the RL behaviours of inclusivity, engagement and advancement.

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