



# 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/philosopher<sup>1</sup>

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 21<sup>st</sup> century.



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.

### Dr Flocy Joseph

is Head, Strategic Partnerships and Programme Director with Singapore Management University’s Executive Development

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