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Joseph FLOCY

*Singapore Management University*, [fjoseph.2013@phdgm.smu.edu.sg](mailto:fjoseph.2013@phdgm.smu.edu.sg)

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RESPONSIBLE LEADERSHIP:  
A BEHAVIOURAL PERSPECTIVE

FLOCY JOSEPH

SINGAPORE MANAGEMENT UNIVERSITY  
2017

Responsible Leadership:  
A Behavioural Perspective

by  
Flocy Joseph

Submitted to Lee Kong Chian School of Business in partial fulfillment of the  
requirements for the Degree of Doctor of Philosophy in Business (General  
Management)

**Dissertation Committee:**

Tan Hwee Hoon (Supervisor/Chair)  
Associate Professor of Organisational Behaviour & Human  
Resources  
Lee Kong Chian School of Business  
Singapore Management University

Mansour Javidan  
Garvin Distinguished Professor and Director  
Najafi Global Mindset Institute  
Thunderbird School of Global Management

Saumya Sindhvani  
Senior Lecturer of Strategic Management,  
Lee Kong Chian School of Business  
Singapore Management University

Singapore Management University  
2017

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## **ABSTRACT**

Responsible Leadership: A Behavioural Perspective

by

Floey Joseph

A review of the existing theories on various leadership styles clearly point to the lack of two critical aspects - 'responsibility' and 'accountability' in their characterisation. It is imperative in this era to focus on those breed of leaders who can respond collectively with credible actions for their businesses while accepting the full responsibility of their actions. This has given rise to 'Responsible Leadership (RL)' as a new leadership construct for leaders in the twenty first century. Still in its infant stages of discussion, literature on RL lack a clear definition and the kind of behaviours that are manifested in responsible leaders This study attempts to contribute to RL literature by (i) offering a refined definition for RL (ii) identifying the behaviours that are manifested in Responsible Leaders (iii) the creation and validation of a scale for responsible leader behaviours.

A multi-phase method approach was adopted for this study. Such an approach provided this study with a strong foundation, allowing for an in-depth and comprehensive review on the behavioural aspects of Responsible Leaders. The items for the scale was developed from the interviews conducted with CEOs holding Asia Pacific responsibilities. The interviews followed a survey that was distributed to senior executives in the corporate world in 3 phases which described behaviours demonstrated by leaders. Using Exploratory Factor

Analysis (EFA) the data from the survey was analysed to identify three factors influencing RL thereby reducing the initial pool of 48 items to 30 items. These 30 items were relaunched in a final survey to perform the Confirmatory Factor Analysis (CFA). The results from the CFA showed the emergence of a 3 factor outcome for RL. We characterised these factors under 3 behaviours which were (i) including & consulting with all stakeholders for decisions that impact the business (ii) engaging with the employees at a personal level & concerned about their progress (iii) advancing the cause of business and society by integrating the two. We also conducted further tests to examine the Convergent and Discriminant Validity to the construct of Responsible Leadership. We found that RL was positively correlated with Transformational Leadership and Transactional Leadership. Though the values showed some form of convergence between RL and Transformational Leadership they were not strong enough to establish Convergent Validity. Similarly, the values between RL and Transactional Leadership also did not establish Discriminant Validity thus bringing in 'conceptual redundancy' of RL as a stand-alone construct.

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## Acknowledgement

I would like to express my special appreciation and thanks to my supervisor and Chair- Professor Tan Hwee Hoon. You have been a tremendous mentor, having encouraged my study and for allowing me to grow as a researcher. Thank you for keeping your office door open and available for all the times when I needed it. I would also like to thank my committee members, Professor Mansour Javidan and Saumya Sindhvani for supporting me from far and near. Mansour's consent to be part of my committee despite his busy schedule and high ranking was indeed a joyful moment for me. Saumya, you were indeed a true friend, philosopher and guide for me. A casual chat in the office pantry on pursuing a PhD has led us to where we are today. I truly feel blessed to have conducted this research with the guidance and support from my star committee members. My proposal defence was an enjoyable moment with my committee members' brilliant comments and suggestions when I embarked on this study.

I also acknowledge my gratitude to the fifteen C suite leaders from leading multinational organisations who gave me their precious time for the interviews. The learnings from those interviews were rich insights that money couldn't buy and set the foundation for this study. To the numerous friends, colleagues past and present, acquaintances and family members who supported me during the survey, you were generous with your time to fill up my questionnaire without expecting anything in return.

To the school of business, my academic coordinator, Dr Z as we fondly call him and Louise who supported me during this long and arduous journey - You will remain etched in my memory and hence forth Singapore Management

University will be my alma mater that I will be so proud to belong to. I remain indebted to my wise colleague Dr Don Chen for helping me with the quantitative analysis of this study and for the several discussions with him that helped me to shape this thesis.

To my parents, Dr Jose Paul and Rita and my two sisters, Liz and Rosemary, it was your prayers for me that sustained me thus far. Every time I cried on the phone, shared my trauma and hiccups, despair and hopes, I experienced your genuine concern for my wellbeing that has got me so far. In a small way I hope to make my father proud by following his steps as a research scholar.

Words cannot express how grateful I am to the two men in my life. My son, Neville Joseph, took pleasure in the fact that we were both students in the house. He supported me with all the technical side of my Qualtrics and doubled up as my transcriber and proof reader. His wise cracks to pep me up when I was feeling low went a long way in making me feel good.

To my dear husband, Bonnie Joseph, for being patient with me and having believed that I had the mettle in me to balance my work, studies and home. I remain indebted to you for the sacrifices you made on my behalf, bearing with my punishing schedule, supporting and chiding me when required. Above all you were the rock of my life during the very many lonely and solitary moments during this PhD journey. Many a morning walks have we spent discussing each stage in my research and you empathised with me sharing the joys and pains associated with this research for the last 4 years. Your faithful support to me leaves me with no more words to pen her.

## Chapter 1: Introduction

*“We cannot wait for great leaders to emerge for they are in short supply. We must light our own fires in the darkness”* (Handy, 1994)

### 1.1 A Prevalent Problem

In the twenty-first century where companies across the world have plummeted to a record all-time low levels of trust (“Edelman Trust Barometer,” 2015) it is important to embark on understanding whether a specific type of leadership behaviour can provide the foundation for building trust, reputation and sustainability of the business to serve a larger good. As the environmental and social challenges accelerate, the pressure on corporations has intensified with a call to be not just reactive but to also be proactive. An array of scandals such as but not limited to: financial malpractices (Arthur Andersen, Lehman Brothers, LIBOR Scam), human rights violation (Nike, Bhopal Gas Tragedy), unethical practices (FIFA Mismanagement) and environmental damages (Gulf of Mexico Oil Spill, Volkswagen Emission Controls) have rocked the world in recent times. There is a call for leaders to balance the need for immediate economic viability with the long term benefits that can accrue through a more balanced stakeholder perspective as stated by Pearce, Wassenaar & Manz (2014).

Leaders of today live and lead in a volatile, hyper connected globalised world under increased scrutiny. The quest for power, ethical scandals, dwindling resources and global warming has created a new business canvas for leaders to navigate amidst growing complexities. Tasked with damage control and collaborative strategies, leaders struggle as they keep themselves abreast in this Volatile, Uncertain, Complex, Ambiguous (VUCA) world. Apart from the operational challenges, there

is a call on leaders to focus on the ethical business conduct and build sustainable organisations for the next generation (Miska, Hilbe, & Mayer, 2014). Leaders of the B team like Richard Branson, (Founder of the Virgin Group), Paul Polman, (Chief Executive of Unilever), Zhang Yue, (Chairman & Founder of Broad Group) embody these new breed of leaders who catalyse a better way of doing business keeping in mind the profits, people and the planet (“The B Team,” n.d.) Further, Filatotchev & Nakajima (2014) highlight that such leaders influence societal progress and aim for sustainable business development by aligning their organisational activities with the larger good of their stakeholders. At a time when Corporate Social Responsibility (CSR) of businesses is slowly moving away from the buzzword to a reality, little is known about this breed of leaders who walk the talk on steering responsible businesses and who exhibit a certain sense of responsibility and accountability beyond their corporate actions.

## 1.2 A Relevant Research

The mind-set that a business’ objective is to make profits, as espoused by Friedman (1970) is changing with leaders making a call to drive the financial bottom line alongside the social aspects of running a business. The impact of such leadership behaviours has resulted in a new wave of thinking, fuelling a breed of leaders who aim to change the status quo. Such leaders bridge the gap between strategic visions of their organisation with the larger good of the society. These leadership actions exhibit the enormous potential to balance current operational challenges with future business decisions striking a balance between the internal and external stakeholders of the business. The self-perception that a leader holds for himself is a combination of genuine concern and service to others especially in the present era of change (Darling & Heller, 2011).

What drives certain leaders to consolidate the strengths of multiple stakeholders, to give rise to larger synergies, while accepting full responsibility of said actions? With the existing leadership theories missing the 'responsibility' and 'accountability' element in their characterizations, what aspects of their behaviour sets them apart from those who act based on a common good? These questions make it relevant and pertinent to conduct a study on "Responsible Leadership" and how the 'responsibility' & 'accountability' element gets manifested among the corporate leaders.

To understand this concept of 'Responsibility' Doh & Stumpf (2005, p. 3), have quoted the definition from the American Heritage Dictionary as:

1. Liable to be required to give account, as of one's actions or of the discharge of a duty or trust.
2. Involving personal accountability or ability to act without guidance or superior authority: a responsible position within the firm.
3. Able to make moral or rational decisions on one's own and therefore answerable for one's behaviour.
4. Able to be trusted or depended upon; reliable.

The science behind Responsible Leadership (RL) remains largely unexplored. This is because the business leaders and their boards focus on a narrow set of financial goals that may only involve a limited number of stakeholders with a short term perspective. It is often the lack of responsible leadership behaviour that results in unethical actions from a few leaders leading to corporate downfall (e.g. Lehman Brothers, Arthur Andersen). It is imperative that executive decision making be based on shared ideals and core values of the organisation, which in turn should

enhance the business and society. It is equally important for stakeholders to have a sense of trust and faith in the leader's decisions. Many organisations like Enron and British Petroleum were into their corporate social responsibility propaganda when their unethical actions came under the spotlight. Some businesses have had an exponential growth and the revenues of these corporations exceed the GDP of some of the countries in the world. Trivet (2011) mentioned that if Wal-Mart were to be a country, its revenues would make it on par with the GDP of the 25<sup>th</sup> largest economy in the world and so would be the case of many other corporations like General Electric, Exxon Mobil, Chevron to name a few. This implies that leaders of such corporations are called to be accountable to a variety of stakeholders in the country where they operate in so as to advance their business interests and contribute to the development of the society in a responsible manner. In the quest to identify those manifestations of responsible leadership conduct where leaders no longer act on the basis of self-interest, this dissertation will be led by the research question, "*What is Responsible Leadership? What behaviours do Responsible Leaders manifest?*"

The following details some examples of leadership behaviour that espouses both responsible leadership and the lack of responsible leadership.

### 1.3 Illustration of Leadership Behaviours

#### 1.3.1 Examples of lack of Responsible Leadership

*(i) Bhopal Gas Tragedy (1984) Warren Andersen, Former Chairman of Union Carbide:* Warren Andersen was a carpenter's son who ascended to become the Chairman and CEO of Union Carbide. Dubbed as one of the world's worst industrial tragedy in 1984, their plant in Bhopal, India, emitted poisonous gas that

killed thousands of people who inhaled that gas and left many people maimed for life. Andersen was arrested by the Indian authorities but managed to get bail and fled back to the US from India. The multiple requests from the Indian authorities to extradite him to India was not successful. Union Carbide washed its hands off the tragedy by paying USD 470 million to the Indian Government. The loss of life and livelihood as well as the environmental damage that Union Carbide left behind was assessed to be way more than the above amount. Andersen's refusal to take responsibility for the tragedy led to him being labelled as a 'fugitive' and 'absconder'. Was the action taken by Andersen the right thing to do at that time? Would another leader in his place have done something differently? While Union Carbide tried to explore how to compensate the victims for the damages, Andersen stayed off the entire process in not offering comments, advice or apologies to the Indian stakeholders of this tragedy (Edward, 2002).

*(ii) Satyam Fraud (2009) Ramalinga Raju, Ex-Chairman, Satyam Computer Services:* Raju, the then Chairman of Indian software giant - Satyam, confessed in 2009 that the company accounts were falsified and that he took the personal responsibility of manipulating the accounts to the tune of USD 1.47 billion. Termed as India's largest corporate scandal, Raju, a well-respected business leader (until the admission) lost his status as India's poster boy in the IT sector. One notable example for Raju's popularity was the unique private public partnership initiative that Raju spearheaded in his home state. Having observed the high mortality rates in his state due to the fragmented and unorganized emergency services, Raju pioneered the setting and deployment of several ambulances equipped to provide diagnostic services while rushing the victims to the hospitals in an emergency. By the time these ambulances reached the hospitals they were able to generate

electronic records on the victim's condition (*Millennium Development Goals and India: Cases Assessing Performance, Prospects and Challenges*, 2011). A successful model, this was later adapted by other states in India. Raju's confession plunged the share prices of Satyam, catching many investors unaware and sending shock waves among the stakeholders. Once lauded by the world for his massive CSR efforts and leadership acumen this scandal reduced his public perception from 'poster boy' to a 'self-confessed crook'. ("All you need to know about the Satyam Scandal - The Hindu," 2015).

**(iii) BP Oil Spill (2010) Tony Hayward, Former Chief Executive of British Petroleum:** British Petroleum (BP) will go down in history for having created one of the biggest environmental disasters following the oil spill in the Gulf of Mexico (2010) killing 11 BP employees. Experts estimate close to 92,000,000 gallons of oil having seeped into the sea harming the flora and fauna in the Gulf region. The explosion occurred due to BP's failure to observe safety procedures. Ironically, at the time of the incident, BP was projecting itself as a "green saviour" and claimed to have safety procedures in place. Tony Hayward was the CEO of BP during the oil spill. Hayward tried to downplay the magnanimity of the disaster and went on to publicly make the statement "I would like my life back" when the leadership at BP was placed under scrutiny, as a result of the spill. Worse still was his decision to go sailing at the Isle of Boat race with his son a few weeks after the disaster eliciting a barrage of criticism from the press, the US Government and stakeholders of BP (Kanter, 2010)(Kanter, 2010)(Kanter, 2010)(Allen & D'Elia, 2015; Kanter, 2010).



### 1.3.2 Examples of Responsible Leadership

**(i) Anita Roddick, Founder and Former CEO, Body Shop:** Body Shop, a cosmetic company, was founded in 1976 by Anita Roddick. Known to possess fierce passion and boundless energy, Anita used her expertise and business acumen in campaigning and volunteering fair trade to build a brand that is looked upon as a positive example for combining profits and principles (Pless, 2007). Anita's success was largely due to her social activism where she was a passionate advocate with Greenpeace and Amnesty International which had taken on multinationals on their fight towards saving the rainforests and banning animal testing. By following these values that Anita held close to her heart, the Body Shop set itself apart from other beauty care organisations right from its early days to garner much publicity and a loyal customer base. Anita was instrumental in spearheading the Body Shop lead in ethical sourcing that did not damage the environment, fair trade practices so that everyone in the value chain earned their fair share of profits, and clear communication to the customers of Body Shop on their actions. These actions helped Body Shop fetch a premium for its products, creating a change in the mind-set of how Body Shop conduct its business operations.

**(ii) Paul Polman, Chief Executive, Unilever:** The current CEO of Unilever, Paul Polman, is a businessman who has built his career with organizations like P&G and Nestle. A staunch advocate for sustainable business practices, Polman has tirelessly led the campaign that “business should serve society” by growing both the business and the communities they impact. He is actively lobbying other global leaders to contribute to eradicating poverty, tackling climate change and building partnerships ([www.unilever.com](http://www.unilever.com)). Above all, Paul is relentlessly putting his efforts to shift the mind-sets of the people in business that business growth and sustainability are not

in conflict with each other. He spends time in “Humanizing” Unilever by bringing it closer to reality and the society within which it is operating. Polman tirelessly works to influence a sustainability shift in the corporate world beyond Unilever. Polman has been criticized for falling short on growth during the six years that he has been at the helm. Shareholders of Unilever wonders if Polman cares more about the environment than Unilever as reported by Daneshkhu & Oakley (2016) . With the business world watching Polman and his actions, time will tell on the impact of his initiatives in achieving a shared purpose and a common goal.

*(iii) Ratan Tata, Chairman Emeritus, Tata Sons:* A businessman and philanthropist, Ratan Tata, the Chairman Emeritus and former CEO of Tata Sons is one of the few world leaders who can perhaps be the ideal role model for an authentic leader. He integrates business decisions with ethical values of the Tata group in ensuring sustainable practices along with social contributions. Of the various examples that exemplify Ratan Tata as a leader that sets him apart from the others, two actions of Ratan Tata fetched him much adulation and praise. He spearheaded the launch of the Tata Nano, the smallest car that a lower Indian middle class family could afford. The purpose behind this vehicle was to offer the comfort of a four wheeler to this segment of population in India. He faced stiff criticism from the state government where the manufacturing of this car took place and had to shift the manufacturing location to another state. Yet he strived to fulfil his desire to upgrade the means of transport from a two wheeler to a four wheeler. His response to the terrorist attacks in Mumbai (2008) was also an example of how he rose to the occasion. His Taj Hotel was one of the targets where many guests and employees lost their lives. After this traumatic incident, Ratan Tata extended to all the people affected by this incident (employees or others) a mentor to cope with the

stress and ensured the children or next of kin of the victims received education for life. He also personally visited the families of the deceased to find out how he could help them by asking them “What can I do?” over and above what he and the Tata group was already doing.

#### 1.4 Inferences

It is interesting to explore what aspects of a leader’s behaviours contribute to a leader to behave responsibly. Leaders like Paul Polman and Ratan Tata have shown remarkable courage and conviction to go against the norms of purely taking business decisions focused on the bottom line. They have used their leadership positions to override the opinion of their shareholders to bring in a sense of shared purpose and vision. They have risen beyond their positions to deliver a larger good aligned with their purpose by demonstrating the commitment and purpose for the betterment of the extended stakeholders in their ecosystem.

We also observe a lack of RL from the examples of Warren Andersen, Ramalinga Raju and Tony Haywards. Their organisations pursued activities regarded as socially responsible actions. Broadbelt (2015), has stated that the opposite of responsible leadership is not irresponsible leadership but “inaction” where good people do nothing. Such leaders therefore become irrelevant, or worse, get in the way of responsible actions. Sometimes, such actions of the leaders can end all the good work that the organisation has done till then questioning the accountability and responsibility of such leaders. When a leader tries to duck responsibilities by shifting the blame elsewhere and to others, the mark of a responsible leader does not stand out.

Responsible decisions and actions where leaders hold themselves accountable define responsible leaders. How alert and aware are these leaders on the impact of their business and the consequence of their decisions and actions on their stakeholders? Commenting on the concept of Responsible Leadership, David Waldman (2011) has said that “Responsible Leadership is a concept whose time has come”. This dissertation attempts to capture elements of responsible leader behaviour to establish and validate a scale for Responsible Leadership behaviours. The elements of this scale lays a foundation for behaviours that leaders can develop and emulate for their self, team and organisational success. A new definition for Responsible Leadership is also suggested to add to academic literature. Additional areas for consideration for the scale is discussed as well as the limitations of this study. This study contributes to the literature by providing a nuanced understanding of RL behaviours as RL is not single dimensional. To the practitioners interested in Responsible Leadership, this study lays the foundation for responsible leader behaviours that need to be cultivated so that businesses can earn the trust and credibility from their various stakeholders.

## Chapter 2: Literature Review

This chapter focuses on the review of the leadership literature and provide the development of the construct of Responsible Leadership by integrating several literatures on RL. This chapter has been organised into three parts. The first part gives a brief overview on the evolution of leadership theories to date. The second part introduces the environment in which the RL construct has emerged and draws comparison between the construct of RL with related leadership constructs and attempts to delineate the similarities and differences. The last part of this literature review integrates the literature on RL with CSR theory and stakeholder theory to propose a new working definition for RL.

### 2.1 The Leadership Literature Review

The area of leadership has been a subject of much scholarly and practitioner debate. Studies on leadership as a science and theory in the contemporary academic literature gained prominence after the horrors of Second World War (1939-1945). The contribution by Barnard (1938) in the book, *'The Function of Executives'* perhaps could be pointed out as one of the earliest and landmark contributions to management literature. Citing the organisation as a 'cooperative system', Barnard explained the unique aspects of a person's morality and responsibility that contributed to the cooperative behavior of leaders in a formal organisation. For the first time leadership was observed from a social and psychological perspective which set the foundation for further studies on the theoretical aspects of leadership for future scholars.

A review of the early literature published on leadership in the early twentieth century, highlight theories mainly focused on 'traits' and 'behaviors' of leaders for

effective leadership styles. Towards the close of the twentieth century, researchers had introduced various other leadership theories such as transformational and transactional leadership, charismatic leadership, shared leadership, authentic leadership, virtuous leadership, servant leadership and many more. The concept of RL slowly emerged in the academic circles as an off shoot from the Corporate Social Responsibility Theory and the Stakeholder Theory in the beginning of the twenty first century. (Groves & LaRocca, 2011, Waldman & Balven, 2015)

#### 2.1.1 Trait Theories in Leadership: (1930 -1950)

The earliest scientific approach to understanding leadership theories were in attempts to identify traits that differentiated leaders from non-leaders or good leaders from poor leaders as stated by House & Aditya (1997). Prominent leaders were studied to understand their physical and psychological characteristics that differentiated them from others. From these studies emerged “The Great Man” approach where the leader’s traits were considered instrumental to the success of their followers and painted the leader as a ‘conquering hero’. The trait theories in leadership asserted the view that ‘leaders are born and not made’ and was supported by behavioral genetic research as mentioned by O’Boyle, Murray & Cummins (2015). However, around the 1950s there was very little conclusive empirical support that the traits of the leader could predict leader emergence and effectiveness (Barling, Christie & Hopton, 2011). This led to scholars progressing to study the behavioral styles of leaders.

#### 2.1.2 Behavioral Theories of Leadership: (1940 – 1980)

The behavioral theory was an attempt to focus on universally effective behavioral approaches of leaders. Significant studies that contributed to this knowledge were the Ohio State Studies in 1940 which was a ‘task focused study’ focusing on

specific tasks performed for organisational performance; The Michigan State Studies in 1950 was a 'behaviour focused study' with the focus on follower satisfaction, motivation and the general well-being of the followers (House & Aditya, 1997). These studies showed the relevance of two key concepts. One was '*initiating structure*' (task oriented) where clear guidelines and procedures to achieving goals were specified and '*consideration*' (people oriented) where the leader behavior centered on mutual respect, trust, care and concern for the followers' Barling et.al (2011). The initial hypothesis of the behavioral theories was that a leader with 'initiation for structure' and 'consideration' would be an effective leader in guiding his followers to achieve organisational goals as well as provide the followers with emotional support during their journey to perform in their highest capacity.

The behavioral leadership theory has been criticized on the inconclusive relationship between initiating structure and consideration with scholars citing the studies as inductive and lacking a theoretical contribution as stated by House and Aditya (1997). This led to a focus on the organisational context within which leadership evolved where situational moderators (time pressure, leader dispositions, follower characteristics, role ambiguity) were cited as critical variables for effective leadership behavior for universal effectiveness.(Barling et al., 2011) The limitations and discrepancies in the behavioral theories gave rise to contingency and situational theories.

### 2.1.3 Situational and Contingency Theories

Built on the foundation of the behavioral theories in leadership, situational theories contend that leadership is dependent on characteristics of the situation, including features of the organization, the workplace, and the followers as suggested by

Barling et al (2011). Fiedler (1971) put forward the contingency theory categorizing the leaders as task motivated or relationship motivated as per the foundations of behavioral theory. Task motivated leaders were observed to be more effective in extreme situations (i.e., very favorable or unfavorable situations), whereas relationship-motivated leaders were observed to be more effective in moderately favorable situations. According to this theory, the effectiveness of a leader is a function of the interaction between the leader and the situation in which the leader is operating. The theory has been criticized on the ground that the studies were conducted in the laboratory settings and the results varied when the study was conducted in the field settings. Peters, Hartke & Pohlmann (1985) found the results to be less persuasive during their study on the leadership style across the laboratory and field setting. These authors (Peters et al., 1985) concluded that improper measurement techniques resulted in the less persuasive findings in the field settings.

House (1971) proposed the path goal leadership theory to address some of the shortcomings from the Ohio & Michigan State Studies with a dual purpose of identifying the role and behaviors of effective leaders and exploring the situational contingencies that modify those behaviors. The theory defined four categories of leadership behaviors (participative, directive, supportive and achievement oriented) for effective leadership. On the situational factors, House asserted that organisational environment, follower characteristics and job design impact leader effectiveness. In their analysis of the path goal theory and reviewing the various literatures on studies based on this theory, Barling et al (2011) found the leadership behaviors and the performance outcome far less conclusive suggesting 'and 'inappropriately specified testing' and improper measurement' accounting for the empirical shortcoming of this theory.



#### 2.1.4 Relational Theory

A new perspective to leadership emerged by the late 1970s with the shift in focus to the relational aspects of leadership from the situational aspects. The Leader Member Exchange (LMX) was emphasized which focused on the leader follower dyad and moved away from the traditional traits theory and behavioral theories. LMX posits that higher quality relationships (trust, mutual support, loyalty) between leaders and followers will result in more positive organizational outcomes than lower quality relationships (social distrust, contractual obligations, downward influence) as suggested by Barling et al (2011). The LMX theory according to Dienesch & Liden (1986) has not been able to address if LMX is unidimensional relationship or a multidimensional relationship. Despite the emphasis on the role making process, the process of developing the relationship remained unaddressed. The theory also alienated certain groups of followers questioning the impact of group dynamics that pose a problem.

#### 2.1.5 Transformational & Transactional Leadership Theories

The seminal work of Burns (1978) and Bass (1985) have contributed to the theoretical foundations for the framework on transformational and transactional leadership style. Building on the groundwork laid by Burns, Bass deepened the understanding of the transformational leadership and differentiated it from other leadership styles. Management by exception (poor management), laissez –faire (absence of management), and contingent reward (good management) are aspects that can be classified under the rubric of transactional leadership. Review of the literature on transactional leadership throws open the criticism that contingent reward and management by exception are responses to employee’s behavior coupled with the formal powers accorded to the managers dealing with these

employees. Thus one can conceptualize transactional leadership with “management” rather than leadership (Barling et al., 2011)

Under the rubric of transformational leadership, Bass (1995) offered four facets of transformational behavior. They were (i) inspirational motivation (inspiring followers to foster resilience and self-efficacy), (ii) idealized influence (acting in the best interests of the organisation and with integrity), (iii) intellectual stimulation (encouraging followers to be innovative and creative) and (iv) individualized consideration (mentoring followers and taking care of their well-being). Bass and others researchers developed the Multi factor Leadership Questionnaire (MLQ) to measure the four dimensions of transformative leadership. However, as a scale of measurement, these four distinct dimensions failed to address if all four dimensions were equally important in a transformational leader. Subsequent researchers (Alimo-Metcalfe & Alban-Metcalfe, 2001; Rafferty & Griffin, 2004) have attempted to develop scales that address some of the deficiencies in the MLQ advancing the knowledge on transformational leadership behaviors.

As the literature on leadership studies burgeoned, the focus of leadership to a great extent has been on dyadic relationship where the spotlight is on supervisor-subordinate relationship (Trait Theories, Behavioral Theories, Situational and Transformative Leadership) so much so that it excluded the key organisational and environmental variables that play a role in effective leadership behavior. With the advent of globalisation, leadership challenges further escalated due to fast changing context and expansion of business across borders. This led to the emergence of specific dimensions of leadership that classify leaders based on their behavior, actions or personality. Concepts like authentic leadership, charismatic leadership,

servant leadership, shared leadership, ethical leadership, strategic leadership and RL emerged in the leadership paradigm.

## 2.2 An emerging Concept - Responsible Leadership

. The recent corporate scandals and businesses' relentless pursuit for amassing wealth has created much discord leading to an erosion of public faith in these leaders. The leadership failures in the twenty first century has had researchers and practitioners questioning on a leadership construct that is best suited to address the corporate ills practiced by certain leaders. Responsible Leadership (RL) has been argued and has been put forward by scholars and practitioners as a relatively new and emerging leadership construct for leaders in the current era. Since this leadership style and context is still in the infant stage of discussion, extant literature pertaining to this leadership style is relatively scant. (e.g. See Groves & La Rocca, 2011; Maak & Pless, 2006; Stahl & De Luque, 2014; Voegtlin, 2011; Waldman & Balven, 2015).

A review on the existing leadership theories clearly point to the lack of 'responsibility' and 'accountability' factors in their characterization. Responsibility and accountability are two aspects that are critical in this era since it addresses the challenges of the turbulent social, political and environmental forces that corporate leaders have to tackle in this millennium. Against this backdrop of corporate ills, managerial misconduct and environmental damages, it is necessary and relevant to ensure that the current generation of leaders at the helm is equipped with a leadership theory that can create responsible leaders for sustainable leadership practices. Thus RL is proposed as an extension to existing leadership theories.

### 2.2.1 Responsible Leadership from a Normative and Relational View

RL according to Maak & Pless (2006) should not be considered at par with the traditional leadership theories that view leadership from a descriptive approach but should be viewed from a normative approach. RL strongly encourages looking beyond the dyadic relationship of leaders and followers within the organisation to cultivating and maintaining a relationship with followers inside the organisation and the various stakeholders outside the organisation. Expanding on the social – relational process such leaders exhibit, (Maak & Pless have explained how leaders have multiple levels of interaction with different members - employees, clients, customers, business partners, social and natural environment and shareholder among which some groups may be in conflict with the other. This multilevel interaction process, numerous relational challenges in the dealings with stakeholders combined with the mind sets to reconcile ethical dilemmas sets the foundation for RL. While highlighting the nature of responsible leaders as “weaver of relationships” Maak & Pless (2006) have highlighted how responsible leaders build trust, cultivate sustainable relationships, and interact ethically among varied stakeholders and followers to serve a common purpose. At the heart of all this, lies the core focus on building relationships with the various stakeholders. This requires a strong purpose oriented leadership style and RL is built on the solid pillars of stakeholder theory, Corporate Social Responsibility Theory and the concept of Triple Bottom Line (Elkington, 1997).

RL steps away from the traditional concept of the leader at the top dictating terms and conditions to their followers but instead focuses on the relational aspect with various stakeholders. While the authors delineated the qualities required of a Responsible leader, it is unclear how the intrapersonal process manifests itself into

responsible leader behaviors. To date the process of achieving RL and studying the individual aspects in the relational process remain largely unexplored.

### 2.2.2 Responsible Leadership from an ‘Economic’ and ‘Stakeholder’ Perspective

Defining the key parameters of RL at strategic levels, Waldman & Galvin (2008) contended that showing responsibility could be the key to leader effectiveness. In addressing the questions ‘to whom’ and ‘to what’ leaders should be responsible for, they have provided guidelines for individuals who seek to be responsible leaders based on two perspectives: the *economic and stakeholder perspective*. The economic view is based on leaders purely focused on the economic viability of the business aligned with the view shared by Friedman (1970) when he proclaimed “The business of business is business”. The authors also bring out the principle that economic based leadership should be strategic and calculable so as to provide a positive return to shareholders. Commenting on RL from a stakeholder perspective, Waldman & Galvin (2008) pointed out that RL has a “strong sense of values concerning the importance of the needs and interests of a wide variety of individuals for whom the leader’s actions and decisions may affect” (see p. 330 & 331). Therefore, such leaders require doing a balancing act in their decision making among the various stakeholders of the organisation that may be in conflict with one another. Taking a stakeholder perspective does not really put a calculable value to all actions of a leader since the accuracy of calculations could diminish over time and also with the nature of the investment. It is also not possible to attach a monetary value to cultivating relationships and measuring the strength of each relationship with each stakeholder. Waldman & Galvin (2008) have further argued in favor of the stakeholder perspective that is more aligned with RL when compared to the economic perspective.

A study by Waldman (2006) on CEOs with strong economic values found such leaders to be viewed as authoritarian, acting in a commanding and directive manner. On the other hand, CEOs who adopted a strong stakeholder approach were viewed as visionaries and collaborative in their approach. Hence, there is evidence in augmenting that RL as a construct should be aligned with a stakeholder approach as proposed by Waldman & Galvin (2008). Viewed from the lens of a stakeholder approach, these leaders are able to lead by example, incorporate stakeholder values into the core purpose, use intellectual stimulation to help followers implement stakeholder values and demonstrate employee empowerment (see Waldman & Galvin, 2008, p.334). Thus by identifying some of the qualities of a responsible leader (visionary, empowering, relational, collaborative) and to whom they are answerable (employees, customers, society, shareholders) the authors have advanced the knowledge on RL by answering the ‘what’ and ‘who’. However, what remains unanswered and yet to be explored is the ‘how’ in terms of the process of transitioning from a non-responsible leader or lack of responsible leadership to RL.

### 2.2.3 Mapping RL with other Related Leadership Dimensions

In their attempt to understand more about RL and how it differs from the related theories, Pless & Maak (2011) has included a definition on RL as “*a relational and ethical phenomenon, which occurs in social processes of interaction with those who affect or are affected by leadership and have a stake in the purpose and vision of the leadership relationship*” (Maak & Pless, 2006, p.103). This definition of RL connects this style of leadership with leadership styles such as transformational, ethical and shared leadership. A brief overview of RL as a leadership style when compared with other leadership dimensions have been summarized below:

*Table 2.2.1 Comparison of RL with other leadership dimensions*

Authors	Leadership Style	Key themes emerging from this leadership	Differences with the RL literature
<p>Bass (1995)</p> <p>Maak &amp; Pless (2006)</p> <p>Rafferty &amp; Grin (2004)</p>	<p>Transformational Leadership</p>	<p>Individual level phenomenon with a process of building commitment and empowering followers for organisational goals. Theory has four distinct facets of transformational leadership behavior</p>	<p>Advances transformational leadership to be examined in the context of contemporary stakeholder theory. Less focused on individual characteristics but geared towards relational characteristics of the leader with different stakeholders</p>
<p>Greenleaf (2002)</p> <p>Pless &amp; Maak (2011)</p>	<p>Servant Leadership</p>	<p>Internally focused with the leader to 'serve' the needs and interests of their followers.</p>	<p>RL to mobilize various stakeholders to respond and serve by engaging in</p>

			mutually desirable goals.
Avolio & Gardner (2005) Pless & Maak (2011) Freeman & Auster (2011)	Authentic Leadership	Focused on self-awareness and self-regulated about one's values, identity and, emotions to energize, influence and develop followers.	RL reflects elements of a leader's awareness and purpose that can be mirrored in authentic leadership. RL also needs to consider the extended stakeholders' emotions and values for effective decision making.
Brown & Trevino (2006) Pless & Maak (2011)	Ethical Leadership	Appropriate conduct of personal actions and interpersonal relationships with a focus on dyadic	RL extends beyond ethical perspectives to bring in a relational aspect with a wider group



		<p>leadership behavior. Use of transactional mechanisms.</p>	<p>of stakeholders at strategic levels where the constituencies may be in conflict with one another.</p>
<p>Pearce &amp; Conger (2002)</p> <p>Pearce et.al (2014)</p>	<p>Shared Leadership</p>	<p>A shift of thinking where leadership from a pure hierarchical role and centralized position is transitioned to a social process involving others in the organisation (group level phenomena) to share the responsibility for a positive organisational outcome.</p>	<p>RL builds on the foundation of shared leadership from an economic perspective to extend it to the stakeholder perspective for a sustainable outcome.</p>

<p>Cameron (2011)  Pearce,  Waldman &amp;  Csikszentmihaly  (2006)</p>	<p>Virtuous  Leadership</p>	<p>The pursuit of  righteous and  moral goals for  the individuals  and the  organisations.</p>	<p>Built on the  foundation of  virtuousness, RL  refers to the  actions, processes  and strategies  across the  organisation.  These activities of  the leader extend  beyond the  organisation and in  different cultures.  This extension  means leading  virtuously to deal  with immediate  and extended  stakeholders in the  ecosystem.</p>
<p>House &amp; Howell  (1992)</p>	<p>Charismatic  Leadership</p>	<p>Leaders who  transform needs,  values and  preferences of</p>	<p>While serving the  collective  interests, RL does  not require</p>

		<p>followers from self-interest to collective interest.</p> <p>Uses the follower's emotional attachment to the leader for effective outcome</p>	<p>emotional attachment of their constituents for effective leadership. The focus for RL is more on collaboration and participative approach and less on charisma of the leader.</p>
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#### 2.2.4 Responsible Leadership Outcomes: “Do Good” & “Avoid Harm”

According to Stahl & De Luque (2014), responsible leader behavior is defined as “*intentional actions taken by leaders to benefit the stakeholders of the company and/or actions taken to avoid harmful consequences for stakeholders and the larger society*” (see p.238.) The authors have focused on the propensity of leaders to engage in socially responsible behavior in two ways- ‘Do Good’ and ‘Avoid Harm’ which they argue are conceptually distinct categories with different antecedents. By offering a unified framework that links, individual, organisational, situational, supranational and institutional influences the authors have advanced the literature on RL to describe how each of the above mentioned factors influence a leader to behave in a responsible manner. The authors have highlighted the moderating role played by ‘situational strength’ alluding to organisation culture and performance as

well as reward mechanisms that help leaders to do good and avoid harm. Going by this argument, those organisations with rigorous and robust CSR strategies should have been able to do good actions all the time. Yet, Enron and BP were the very organisations that were lauded for championing socially responsible practices during the time of crises, but displayed lack of RL when the crises erupted. Therefore, further examination is required to understand what kind of leadership actions fall under the “Do Good” and “Avoid Harm” categories. RL is not about whether organisations act responsibly but about how individual senior leaders within the organisations conduct themselves and make decisions (Waldman & Balven, 2015). It can be concluded that socially responsible organisations may not always have responsible leaders. RL needs to be present in the DNA of the leader that will determine the responsiveness of such leaders during good times and bad times for the organisation. It is the actions of the leader during the various phases of the organisation that can determine the level of responsibility and accountability of the leader.

#### 2.2.5 Responsible Leadership at Strategic Levels

Waldman & Balven (2014) has highlighted several macro and micro issues on RL where such leadership style is more relevant at the upper echelons of the organisations (CEOs, CXOs, CTOs). Though RL is applicable to all leaders, greater focus and impact on RL is laid on the C Suite leaders for reasons that it is the C suite that has access to and impact on various stakeholders due to their position and influence. Also, it is the senior leadership within an organisation that is under the line of fire when it comes to managerial misconduct or corporate ills.

Maritz, Pretorius & Plant (2011) on analyzing the role of a responsible leader, refers to such leaders as architects and change agents. Emphasizing on the interface

of strategy making, the authors highlighted the critical component of governance and stake holder relationships that needs to be maintained in the process. Siegel (2014) has commented that RL integrates the micro based literature on leadership with the macro based literature on social responsibility. Due to the position of certain leaders in the organisational hierarchy they possess the “freedom to make choices” for organisational enhancement. These “choices” need to be aligned with the dramatic social and environmental changes which is constantly affecting business.

#### 2.2.6 Responsible Leadership and Corporate Social Responsibility

The pyramid of Corporate Social Responsibility (CSR) as proposed by Carroll (1991) follows a pyramid of four responsibilities starting from the economic responsibility (to be profitable), legal responsibility (compliance with the laws of the land), ethical responsibilities (obligation to do what is right, just and fair and avoid harm) and finally the philanthropic responsibilities (to be a good corporate citizen and improve the quality of life). Waldman, Siegel & Javidan (2006) define CSR as “*actions taken by a firm that appear to advance, or acquiesce in the promotion of some social good, beyond the immediate interests of the firm and its shareholders and beyond that which is required by law*” p.1703. CSR activities in an organisation can be classified under social CSR and strategic CSR activities. Social CSR deals with activities that enhance the social value of the organisation. Strategic CSR activities are executed with a strategic vision by the organisations and can be tied to the business model of the organisation. Strategic CSR activities, while ethical and altruistic in nature can contribute to the financial bottom line of the organisation.

According to Groves & LaRocca (2011) existing literature on leadership is deficient in studies that examine the value orientation of transformational leaders and how they impact RL outcomes. However, a study using transformational leadership theory on the roles of CEOs in executing CSR actions, Waldman et al (2006) discovered that in the transformational CEOs that they studied, it was those '*intellectually stimulating leaders*' who were able to lead strategic CSR activities aligning CSR with the strategic purpose of the organisation. Their study also found that charismatic leaders and intellectually stimulating leaders are not really needed for performing simple social CSR activities. Hence in the context of RL, since this leadership style is aligned with strategic CSR, one can conclude that leaders should possess elements of charisma and intellectualism. However, it should not be concluded that all transformational leaders with charisma and intellectualism transition into responsible leaders. There are transformational leaders who have engaged in irresponsible leadership practices putting into question the values of such leaders and their attitude towards driving socially irresponsible actions. As highlighted by Waldman (2011) the outcome of an organization's culture, practices, and CSR policies could be read as characterizing responsibility. While certainly leadership is behind driving these aspects, Waldman has cautioned that RL should not be confused with organizational level phenomena where responsible organisations are considered synonymous with responsible leadership.

Mc Williams & Siegel (2001) offered a framework on calculating the level of CSR investment that maximizes profit for a firm while satisfying the stakeholder demand. While frameworks like this can lay the fundamentals for good CSR practices for a firm, leadership in such firms need to look beyond the monetary value and focus on doing well for the society and doing it even better. This is where a leader who has

strong orientation towards a vision for strategic social responsibilities can be termed as a responsible leader. With businesses expanding rapidly beyond their home countries, responsible leaders need to be equipped with an understanding to deal with the broader stakeholders and establish mutually beneficial stakeholder relationships. Thus according to Voegtlin, Patzer & Schere (2011), RL is conceptualized as a “*continuum that can range from a non-responsible leader with absolutely no interest in CSR actions to the ideal responsible leader who can be a weaver of great stakeholder relationships embedding strategic CSR activities for his organisation*” p.4.

To conclude and integrate the various theories on leaders and their propensity to engage in CSR actions, it is important to dissect the nature of CSR actions and assess whether it falls into the domain of social CSR or strategic CSR. While social CSR can be embedded as the culture of the organisation with leadership influence, RL is more evident in strategic CSR where the leader is expected to display an emotional and intellectual maturity to satisfy a wider set of stakeholders and balance the objectives of the firm internally and externally.

#### 2.2.7 Responsible Leadership and Sustainability initiatives for the organisation

In an exchange of views between Waldman & Siegel (2008a), Siegel emphasized how true responsible leaders are expected to include the strategic use of CSR to benefit the shareholders leading to sustainability of the organisation. Citing such an approach as rigid instrumentality, Waldman was of the view that RL should include the views of multiple stakeholders while making decisions and such an approach could lead to long term sustainability. While CSR actions do have an external focus beyond the organisation, not much literature is available on the leaders who drive these actions on behalf of the organisation. Hence, RL needs to

be built on the foundation of Corporate Social Responsibility to have a sustainable approach with the leader displaying his authenticity and consciousness and acting with integrity.

Sustainable RL according to Szekely & Knirsch (2005) is about building a society that balances the economic, social and ecological aims of the business. Leaders can do this by expanding the economic growth, shareholder value, corporate reputation and enhanced customer service mechanisms. These activities need to be performed by pursuing ethical and moral business activities that bring value to all the stakeholders and elevating the needs of the society and the social process involved. Clearly RL viewed in this lens is a shift from the agency theory propagated by Jensen & Meckling (1976) to the stakeholder theory proposed by Freeman (1984). Further studies are required in this area to augment the connection between RL and how it manifests into sustainable businesses.

#### 2.2.8 Responsible Leadership & Stakeholder Theory

Early investigations on Stakeholder theory can be credited to Freeman (1984) who through his book “*Strategic Management: A Stakeholder Approach*” laid the foundation for considerable theoretical advancement on the role of stakeholders, the stakeholder model, and stakeholder management. The focus of stakeholder theory as propagated by Freeman (1984) is based on the two fundamental questions on the purpose of the firm and the responsibility of the managers in the firm towards their stakeholders. It is this responsibility factor towards the immediate and extended stakeholders of the firm that takes precedence in RL based on the foundation of stakeholder theory. Firms like Body Shop, Ben & Jerry, and Google are examples of organisations that understand the foundations of maintaining and balancing stakeholder relationships for effective functioning. Deepening their



understanding on the purpose of leadership based on the foundation of CSR and stakeholder theory, these can be linked to the triple bottom line as espoused by Elkington (1997) which advances the knowledge that businesses should not just be viewed for their economic performance as espoused by Friedman but also for their environmental impact and the social impact. This is where the responsibility element in the actions of the leaders is emphasized and where the leaders transition into responsible leaders.

In this context, Maak & Pless (2006) proposes “*the purpose of leadership can be understood to build and cultivate sustainable and trustful relationships to different stakeholders inside and outside the organization and to co-ordinate their action to achieve common objectives (e.g. triple-bottom-line goals), business sustainability and legitimacy and ultimately to help to realize a good (i.e. ethically sound) and shared business vision*” p. 103. Adopting this kind of leadership style with multiple stakeholders is an art that leaders need to learn to build long term trust and credibility with the diverse stakeholders and it is here the relational element of the leader as argued by Maak & Pless (2006) takes precedence.

A stakeholder environment is characterized by a number of complex interdependent interactions that exists simultaneously. Using the social network analysis, Rowley (1997) has advanced the knowledge on stakeholder environment by examining how leaders in organisation can respond to the influence of multiple stakeholders. Expanding further on the insights from this paper, it can be concluded that it is the duty and responsibility of Responsible Leaders in the organisation to balance the conflicting and diverse views of the stakeholders and respond in a manner that brings out the best possible outcome based on the “do good” and “avoid harm” principles. As leaders embark on addressing the various stakeholder expectations,

they move away from the myopic view of dyadic ties within the organisation. Leaders who are equipped with the basic knowledge of being authentic in their actions and who have a visionary approach develop stable relationships with external parties to pave the way for impacting the larger good.

The research perspective on stakeholder theory has broadened from a descriptive and instrumental perspective to a normative viewpoint (Donaldson and Preston, 1995). With the number of existing stakeholders (shareholders, employees, customers, community) and potential stakeholders (future generation, supplier's suppliers, investor's investor) for a rapidly expanding business, it is a daunting task for leaders to influence all the stakeholders for an effective outcome. The ethical scandals, environmental pollution and global financial crises can all be pointed on to the lack of RL practices. Using the stakeholder theory and a multiple level of analysis, Doh & Quigley (2014) have offered how responsible leaders can leverage various stakeholders using the psychological pathway( trust, ownership & commitment) and a knowledge based pathway (option, creativity and knowledge sharing) to influence effective outcomes. In a growing hyper connected world how can RLs from different businesses with common stakeholders unite in their approach to deliver better business results? It is here that RLs need to acquire the 'shared leadership' principles to become more effective and also have a mindset to incorporate "diverse perspectives" that can result in a positive outcome.

### 2.3 Theoretical Contribution

It is evident from the available literature on Responsible Leadership (RL) that this dimension of leadership is gaining credibility and garnering much interest within the academic and practitioner's community (Waldman, 2011; Siegel, 2014;

Waldman & Balven, 2015). With existing literature on RL being ambiguous in nature, it would be an opportune time to advance the knowledge and theory on responsible leadership thereby making a contribution to academic literature. This study will contribute to the existing academic literature by:

- 1) Developing a definition of Responsible Leadership integrating the views offered by the researchers based on the current theoretical understanding and empirical findings in this area.
- 2) Developing a scale that identifies key behavioural aspects demonstrated by responsible leaders
- 3) Testing the scale with senior management in businesses to validate the scale developed.

The development of a validated measure for RL behaviours would contribute to widening the interest in this leadership dimension. It would help corporate leaders to understand what are the specific behavioural dimensions that are needed in Responsible leaders. A measure of this nature could be used by organisations when they identify leaders to helm the organisation so as to have a broader ecosystem view. Three focus areas have been identified so far which seems to resonate the most from the scholarly literature and the practitioner's point of view.

### 2.3.1 Impact on multiple stakeholders

Maintaining a fine balance between internal and external stakeholders is the key. A responsible leader is first responsible to his own organisation and then to his secondary stakeholders outside the organisation. The right judgment on drawing the fine lines between corporate gain and the overall good is critical. This requires Responsible leaders to have a tacit understanding on the impact of their actions on

the environment where their impact is manifested in capacity building, creation of social impact and inclusive growth. Often business leaders are in contact with conflicting stakeholders like governments, NGOs, shareholders etc. It requires RLs to have a high degree of business acumen to deliver shareholder value in a social way targeted at environmentally sustainable practices. The actions of such RLs are closely observed for its impact internally and externally by the immediate and extended stakeholders.

### 2.3.2 Impact on accountability & responsibility

The persona of the leader to capture the attention of one and all and walk the talk on responsible actions is critical. The leader is expected to take ownership of their decisions as well as those of the organisation. Often the environment throws up challenges that can disrupt the business or the reputation of the leader. It is in such situations that the leader is put to test and the actions and behaviors of the leaders become critical inputs to assess the extent of the leader's accountability and responsibility. Such leadership decisions manifest into RL actions, when they garner the positive affirmation from their organisation and are able to negate any kind of social pressures from the society. This becomes the responsible quotient of RL. While characteristics like authenticity, virtuousness, charisma are highlighted for effective leaders, lack of understanding on the role of 'authority' and 'responsibility' remains as big gap. Studies on RL can address this deficiency and contribute to expanding effective leadership outcomes. For example, a leader who is outsourcing some of the organisational activities to a third party is delegating some of the responsibility to the third party. However, if these leaders do not take up the accountability of the actions of the third party then there is a serious problem

that needs to be rectified. Nike's sweat shop practices that made headlines in the late 1990s are an example of delegating responsibility with a lack of accountability.

### 2.3.3 Impact on the relational aspect

The relational process is another highlight of RL since it requires those leaders who are able to connect with their people in an emotional and rational manner with genuine concern for the people around them. Such leaders are expected to command a high level of trust and respect in the eyes of their immediate followers and extended stakeholders. These leaders find it easier to transfer their ideas into actions with the support of the stakeholders. It is therefore important for RLs to exhibit a high degree of authenticity in their dealings with the stakeholders. The actions of such leaders are not just symbolic acts but should be associated with a genuine interest to build the external environment, social community and contribute to inclusive growth. Such leaders privately and publicly chose to lead a life and can be a role model to many. As stated by Darling & Heller (2011), such leaders endeavor to have a basic purpose *....to establish, maintain and leave a positive and meaningful footprint that helps to make a difference in the lives of those with whom he shares his professional journey*" p.17.

### 2.4 Definition for RL

A new working definition for RL is proposed by integrating various literatures available in leadership and hopes to serve as a link to the existing disparate perspectives. The proposed definition takes into consideration the thoughts and concerns expressed by eminent researchers till date on the concept of RL from practitioners in the business community. For the purpose of this study, and in the absence of a clearly defined and accepted definition, the following definition is

proposed as a working definition to progress with this study. RL can be defined as **“a relational process with the various stakeholders where leaders accept the accountability for socially responsible actions as part of their strategic business decisions and strive to maintain a fine balance between the immediate and extended stakeholders”**.

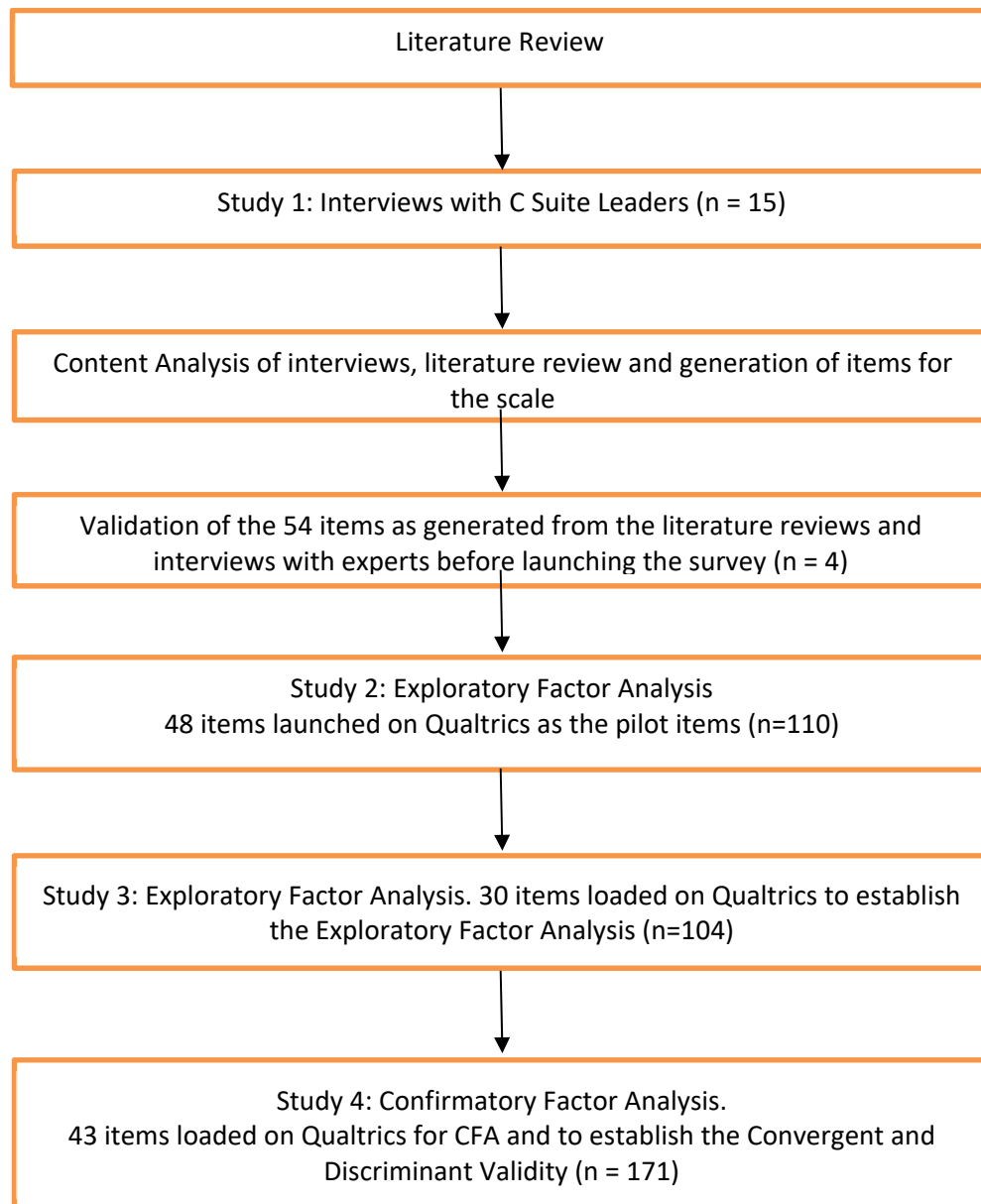
A refined definition is suggested in the conclusion chapter based on the results of the study conducted.

## **Chapter 3: Methods, Results & Analysis**

### **3.1 Scope of the Study**

This chapter discusses in detail the method and methodology adopted at each stage of this study along with the results and analysis from each study. The objective of this thesis was to develop and validate a scale for Responsible Leadership (RL) behaviours and explore the convergent and discriminant validity of RL with 2 other leadership constructs. To ensure that the study was rigorous and robust, a multi-method multi-phase study was adopted using both qualitative data and quantitative data. Figure 3.1 details the design and steps undertaken for this study.

Figure 3.1. Steps undertaken for the study



An extensive literature review was conducted before embarking on the study to understand and ascertain the current theories and discussions related to leadership in general and RL in particular. From the literature review, leadership constructs such as virtuous leadership, authentic leadership, shared leadership, servant



leadership and charismatic leadership were identified and compared with RL. This exercise helped to ascertain the significance of RL with related leadership constructs as mentioned above and to determine if RL could be argued as another leadership construct in the leadership literature. Following the literature review, there were field studies and surveys that were conducted. The study was divided into four parts.

Study 1 focused on the qualitative interviews with 15 senior C Suite leaders to explore their understanding of RL Behaviours. The structured questionnaire focused on the key behavioural characteristics of responsible leaders; the decision making process adopted by responsible leaders and what RL meant for each interviewee. Items for the RL construct was generated from these interviews and based on the literature review on RL. This led to the generation of 54 items describing RL behaviours. These items were discussed with experts and reduced to 48 items.

The items generated were subsequently tested with respondents through multiple surveys. Data from the surveys was analysed with a mix of methods; Exploratory Factor Analysis (EFA), Confirmatory Factor Analysis (CFA), and Validity estimates using Convergent and Discriminant Validity.

In Study 2, the 48 items generated from the interviews were pilot tested with 110 subjects and analysed via Exploratory Factor Analysis (EFA).

In study 3, 30 items that were extracted from the previous study was pilot tested with 104 subjects to examine EFA sequentially.

In the final part of the study (study 4) the survey with 43 items which consisted of 14 items on RL behaviours, 18 items on Transformational leadership, 5 items on Transactional leadership and 6 items on Corporate Performance was distributed to a senior group of executives and the responses from 171 respondents were analysed to confirm the factor structure using Confirmatory Factor Analysis (CFA). Study 4 also examined the convergent validity of RL with Transformational Leadership and the discriminant validity of RL with Transactional Leadership.

Data for the Factor Analysis was collected across three phases (Study 2, 3 and 4) and analysed to interpret the relationships and patterns during the Exploratory and Confirmatory Factor Analysis. This study, therefore adopted a mixed method research approach with Study 1 adopting a qualitative method and studies 2- 4 adopting a quantitative method.

### 3.2 Study 1: Interviews

#### 3.2.1 Purpose

The study commenced with one on one interviews held with C suite leaders holding the titles of CEO, President and Executive Director with a regional responsibility (largely Asia Pacific/APAC) and global responsibilities to explore the practitioners' understanding and views on behaviours that embody RL. These leaders were identified as potential interviewees due to the extensive actions undertaken by their organisations into building sustainable businesses and the credibility that these leaders have built for themselves. Since RL has close ties with stakeholder theory and CSR, this pool of interviewees was considered to be an ideal target for the interview to comment on RL behaviours

### 3.2.2 Sample selection.

The interviewees were from diverse industries ranging from Fast Moving Consumer Goods (FMCG), Medical Technology, Information Technology (IT), Banking & Finance, Oil & Gas, Shipping, Telecommunications & Chemicals. All the interviewees had extensive responsibilities overseeing the Asia PAC Region and in two cases even global responsibilities. Of the fifteen interviewees, fourteen of them were males (93%) and one was a female. The average age of the interviewees was at 52 years. The organisations of these interviewees had been extensively involved in Corporate Social Responsibility (CSR) initiatives and all the executives interviewed were ardent advocates of CSR, spear heading social & strategic activities rolled out by the organisation and having engaged in multi-level stakeholder relationships. The leaders and their organisations have been the recipients of numerous awards for business performance, innovative practices, sustainability initiatives, talent management practices, Asian Business Leader of the year, Leading CEO of the year, Public Service Medal, Outstanding Professional to name a few. All the leaders were in their current position helming the region (APAC) for a minimum period of 5 years when the interview was conducted. Annexure F contains the consolidated demographics of all the respondents from the various studies in this thesis.

### 3.2.3 Interview Protocol

A structured questionnaire was used for the interview. This qualitative method was undertaken with the primary objective of understanding the phenomenon of RL and for generating items for the proposed scale to measure the RL construct. Such a method of enquiry is considered useful for researchers embarking on a scale development as highlighted by Rowan & Wulf (2007, p. 4) since the

*“essence, validity of concepts and inquiries in quantitative research can be enhanced by first being grounded in real life situations and observations through having conversations or interviews from an open perspective”.*

The questions posed to the interviewees were based on the learnings from the literature review and revolved around the key behavioural characteristics of RL, the kind of actions that the leader takes that can mark/ define them as Responsible leaders and the interviewee’s definition of RL. The questionnaire also focused on who were the stakeholders of the leaders, how they engaged with each group of stakeholders and how the leaders aligned shareholder interests with stakeholder interests. Numerous examples were discussed between the interviewer and the interviewee during the interview that highlighted the processes and decisions made by Responsible leaders, the difference between leaders who were responsible and accountable and those who did not fall into this category, how these leaders aligned shareholder interests with stakeholder interests. The structured questionnaire used for the interview is attached in Annexure A. The interviews lasted between 45 minutes to 90 minutes (average of 60 minutes) and the consolidated interview hours for all the interviews was at 910 minutes. The interviews were recorded after taking permission from the interviewee.

The interviews were then transcribed and a content analysis was conducted to examine the common behaviours that emerged across the interviews. Key words from the interviews were highlighted and the number of times they were mentioned was also recorded. Most repeated words included Responsible, Stakeholders, Values, Purpose, Leadership, CSR, Employees, Strategic, Authentic, Culture, Trust, Sustainable, Community & Behaviours. Table 3.1 has the frequency count of these words as captured from the interviews

*Table 3.1: Word Frequency*

<b>Repeated Words</b>	<b>Frequency Count</b>
Responsible	206
Employees/People/Colleagues	181
Leadership	165
Purpose	75
Behaviours	63
Trust	43
Values	42
Stakeholders	41
Strategic	38
Culture	32
Sustainable	30
CSR	30
Community	29
Authentic	27

### 3.3 Item Generation

Based on the literature reviews on RL coupled with the insights from the interviews on RL behaviours, a pool of 54 items were generated as the first step using an inductive method. The inductive method was chosen since this is considered ideal when there is little theory involved as one attempts to identify constructs and generate measures as advocated by Hinkin (1995) and aligned closely with how this study is being designed.

According to Clark & Watson (1995), no existing data-analytic technique can remedy serious deficiencies in an item pool and therefore the creation of the initial pool is a crucial stage in scale construction with a fundamental goal to sample systematically all content that is potentially relevant to the target construct. The major themes that emerged from the interview transcription and the literature review on responsible leadership behaviours were classified under 3 categories: (i) Order of Stakeholder Relationships (ii) Decision making (iii) Relational approach.

Using content analysis, key words from the interviews were identified. A rigorous sorting process was used to distil and fine tune the initial items for the scale based on the behaviours demonstrated by RLs. Items were prepared in such a way that each items only addressed a single issue. Each item was examined in detail so as to keep the items consistent and simple which would enable the respondents to understand each item as intended. The language too was kept simple so that respondents would not be confused reading the items. Only one item was reverse coded. Reverse –scored items are meant to attenuate response pattern bias (Idaszak & Drasgow, 1987). Some items that had ‘double barrelled’ questions that addressed more than one behaviour were corrected.

### 3.3.1 Validation of Items

The 54 items generated for the scale was shared for the independent reviews of 4 faculties from the leading universities in Singapore and India. These faculties hold PhDs in the field of organization behaviour. All 4 experts had done substantial work in the leadership domain during their academic career and were able to share their views on each item. Since item construction requires careful wording, some sentence constructions were tweaked and some items rejected to establish the face validity of the items. An iterative approach was adopted at this stage to be absolutely sure that the scale established face validity before launching them in the survey. This led to the initial 54 items that was presented to the experts to be reduced to 48 items. Among the 48 items that were finalised, 13 items belonged to established scales; 8 items were taken from Winston & Fields, (2014) that contained items on essential behaviours on servant leadership and 5 items were taken from Voegtlin, (2011) which contained items on a scale for measuring Discursive Responsible Leadership. Table 3.2 has the list of the 48 items that were finalised with the experts to be administered for the next phase of the study.

*Table 3.2 Items on RL launched for study 2*

#### **Stakeholders:**

1. focuses on the interests of the employees first.
2. strives to advance the quality of life in the country the organization operates in along with its business interests.
3. explores with various stakeholders on social actions that can be done collectively to advance the community at large

4. ensures business results are more important than social concerns and initiatives.
5. strives to work with different stakeholders on issues that impact their business.
6. ensures that the organisation is financially stable before embarking on social projects
7. creates social activities that can add value to the organisation
8. ensures that business activities do not harm the environment
9. ensures that business activities do not harm the society
10. creates a safe work environment within the organisation
11. works cooperatively with different stakeholders
12. demonstrates awareness of the relevant stakeholder claims
13. balances stakeholder interests
14. engages in dialogues among various stakeholders
15. undertakes socially responsible activities that add to the bottom line of the company
16. undertakes activities that create value for the community

**Decision Making:**

17. aligns work processes with the ethical framework of the organisation
18. makes decisions that are aligned with organizational values
19. makes decisions that go beyond doing good for the various stakeholders
20. consults with various stakeholders before making decisions that impact them
21. follows through with decisions that are made
22. implements decisions that are made



23. focuses on long term impact of the decisions on the organisation
24. is not impulsive with his decisions
25. makes decisions that are ethical
26. executes promises made into actions
27. weighs different stakeholder claims while making a decision
28. tries to achieve a consensus among the affected stakeholders
29. considers the consequence of the decision on affected stakeholders
30. involves the affected stakeholders in the decision making process
31. would not compromise ethical principles in order to achieve success
32. emphasizes doing what is right rather than looking good

### **Relational Approach**

33. is genuinely interested in employees as people
34. is willing to make sacrifices to help others
35. seeks to instill trust rather than fear or insecurity
36. leads by personal example
37. sees serving as a mission of responsibility to others
38. aspires not to be served but to serve others
39. models behaviors to inspire the people around them
40. is genuinely interested in understanding the needs of the stakeholders
41. shares honest feedback even if the feedback is negative
42. communicates in a consistent manner across various stakeholders
43. is a role model and always walks the talk
44. goes beyond the call of duty in engaging with stakeholders
45. takes charge and guides the organisation during bad times
46. takes pride in the people in the organisation

47. gives due credit to the people

48. considers the impact when breaking a bad news

Annexure C has these items as launched in the Qualtrics.

### 3.4 Study 2: Exploratory Factor Analysis (EFA)

#### 3.4.1 Purpose of the Study

The objective of study 2 was to identify the underlying structure of RL Behaviours utilizing Exploratory Factor Analysis (EFA). The EFA is popularly considered as the basic and preliminary step in studies where a scale is being prepared for a new construct and in the case of this study – a scale on RL behaviours. A basic hypothesis of EFA is that “*there are  $m$  common ‘latent’ factors to be discovered in the dataset, and the goal is to find the smallest number of common factors that will account for the correlations*” (McDonald, 1985; Yong & Pearce, 2013). Factor analysis uses correlations among variables to sort related variables into clusters of homogeneous or related variables.

#### 3.4.2 Sample Selection

The 48 item scale was launched on Qualtrics and distributed to 232 working adults holding corporate jobs. A convenience sampling approach was adopted for this study. This sampling technique was adopted due to the accessibility, availability and willingness of the respondents to participate in this study. This method of sampling has been proved to be effective during the exploratory stage in research (Etikan, Musa, & Alkassim, 2016). The respondents held corporate jobs across industries (e.g., telecommunication, IT, Banking, Consultancy, Retail, Manufacturing, Construction, Advertising, Nutrition etc.). The location of the respondents was spread across India, Singapore, US and UK. The targeted

respondents were drawn from a random sample of contacts with corporate experience of minimum 8 years. Some of the respondents had worked in public sector and non-governmental organisations during their career. For the purpose of this survey only their corporate experience was taken into consideration. 110 subjects responded to the survey (47% of the survey). 68% of the respondents were males and 32% of the respondents were females. The average age of the respondent was 41 years. The survey was live for 5 weeks and the average time taken to complete the survey was 12 minutes. Annexure F contains the consolidated demographics of all the respondents from the various studies in this thesis.

### 3.4.3 Procedures

Respondents to the survey were asked 48 questions on leader behaviour and was requested to rate these statements on a scale of 1-5 with 1 being “Not at all Characteristic” to 5 being “Extremely Characteristic”. The respondents were asked to indicate the extent to which each item characterized responsible leadership behaviour. Of the 48 questions launched in the survey, 16 items focused on stakeholder management with respect to possible behaviours that a leader demonstrates with respect to their employees, environment, community, shareholders and business activities. Another 16 items focussed on how leaders make business decisions and process of making decisions. The other 16 items focused on the relational approach of the leader with respect to how he or she interacts with the various stakeholders highlighting the interpersonal aspects of the leader. The 48 items are as stated in Table 3.2 and in Annexure C

Using SPSS, the Exploratory Factor Analysis (EFA) was used to identify the number of factors influencing the variables and the analysis of which variables

can “go together”. Within EFA, the Principal Component Analysis (PCA) and Rotated Component Matrix was used to determine those items with high factor loading scores. A high factor loading score indicates that the dimensions of the factors are better accounted for by the variables (Yong & Pearce, 2013) .

According to Child (2006), to perform a factor analysis, there has to be univariate and multivariate normality within the data set and those variables with low communalities (less than .20) are eliminated from the analysis. This practice is adopted as the standard since the aim of factor analysis is to try and explain the variance through the common factors. PCA method was used in the analysis since this method extracts maximum variance from the data set with each component and reduces the large number of variables into smaller number of components. Following this, a Rotation Method was adopted using Varimax with Kaiser Normalization. Factors are rotated for better interpretation since un-rotated factors can be considered as ambiguous. Further, as Yong & Pearce (2013) have pointed out, the goal of rotation is to attain an optimal simple structure which attempts to have each variable load on a factor.

#### 3.4.4 Results & Analysis

During Factor Analysis, it is important to examine the data set and examine its suitability for EFA by checking to see if there is a patterned relationship amongst the variables. The general rule followed while examining the correlation matrix is to remove those variables that have large number of low correlation coefficient ( $r$  less than  $\pm .30$ ) since they indicate a lack of patterned relationships. Correlations that are above  $r = \pm .90$  indicate the issue of multi collinearity (Yong & Pearce, 2013). The rationale for the deletion of items and retention of items during each extraction followed the principles of factor analysis on item to item correlation

and the total item correlation. While factors can be identified by the largest loadings, it is also important to study the low loadings and the zero loadings while analysing the results. Cross loadings should be minimised and this happens when an item loads at .320 or higher on two or more factors. The PCA showed the loadings scattered from -0.387 to 0.848. Since variables with correlation of less than .05 is considered to lack sufficient correlation with other variables, and therefore low communalities, the next step was to use the principal components analysis to reduce the number of variables and avoid multi collinearity. This method is also used when there are too many predictors relative to the number of observations. Table 3.3 has the loadings using the Varimax method where Kaiser Normalisation was used. This table has the items with factor loading above .530 and these were the 30 items used for the second study.

*Table 3.3 –Results of Exploratory Factor Analysis*

Items	Factor1	Factor2	Factor3
S2 strives to advance quality of life in the country the organization	0.564		
S3 explores with various stakeholders on social actions that can be done collectively to advance the community at large	0.589		
S8 ensures that business activities do not harm the environment		0.661	

S9 ensures that business activities do not harm the society		0.693	
S10 creates a safe work environment within the organisation		0.676	
S11 works cooperatively with different stakeholders			0.674
S12 demonstrates awareness of the relevant stakeholder claims			0.667
S13 balances stakeholder interests			0.696
S14 engages in dialogue among various stakeholders			0.703
D4 consults with various stakeholders before making decisions that impact them			0.616
D8 is not impulsive with his decisions			0.536
D9 makes decisions that are ethical		0.680	
D11 weighs different stakeholder claims while making a decision			0.71
D12 tries to achieve a consensus among the affected stakeholders			0.662

D13 considers the consequence of the decision on affected stakeholders			0.548
D15 would not compromise ethical principles in order to achieve success		0.682	
D16 emphasizes doing what is right rather than looking good		0.536	
R1 is genuinely interested in employees as people	0.570		
R2 is willing to make sacrifices to help others	0.660		
R3 seeks to instil trust rather than fear or insecurity	0.663		
R4 leads by personal example	0.577		
R5 sees serving as a mission of responsibility to others	0.666		
R6 aspires not to be served but to serve others	0.707		
R7 models behaviours to inspire the people around them	0.772		
R10 communicates in a consistent manner across various stakeholders		0.561	

R11 communicates in a consistent manner across various stakeholders		0.616	
R12 goes beyond the call of duty in engaging with stakeholders	0.563		
R13 takes charge and guides the organisation during bad times		0.571	
R14 takes pride in the people in the organisation	0.523		
R15 gives due credit to the people		0.543	
R16 considers the impact when breaking a bad news	0.581		

Analysis of the above items that had factor loadings above .523 revealed the following sub constructs. Under the category of stake holder (S) variable, the items showed leanings towards (i) safety, (ii) focus on community and (iii) external stakeholders. It was noted that the focus on employees as the most important stakeholder as mentioned by the interviewees in study 1 did not show a high factor loading in the analysis. The factors loadings under the decision making (DM) variable was sub categorised under (i) implementation and (ii) process. For the third variable on relational aspects (R) all the items were grouped under the single term ‘trust’.

What was also observed during this analysis was the data was not sufficiently conclusive and a lack of a clear pattern. Therefore, in order to ensure that the



study had the rigour and the confidence that the items had strong correlations one more study was introduced to a new target of respondents. The 30 items with high factor loadings as observed from study 2 was launched on Qualtrics to conduct a sequential Exploratory Factor Analysis. The 18 items that were deleted from the initial questionnaire of 48 items (study 2) were as follows: 7 items that belonged to stakeholders; 9 items under decision making and 2 items under the relational aspect. Table 3.4 lists the 18 items that were deleted from the first questionnaire due to poor loadings

*Table 3.4 – Items deleted after the first EFA*

**Stakeholders:**

1. focuses on the interests of the employees first.
2. ensures business results are more important than social concerns and initiatives.
3. strives to work with different stakeholders on issues that impact their business.
4. ensures that the organisation is financially stable before embarking on social projects
5. creates social activities that can add value to the organisation
6. undertakes socially responsible activities that add to the bottom line of the company
7. undertakes activities that create value for the community

**Decision Making**

8. aligns work processes with the ethical framework of the organisation

9. consults with various stakeholders before making decisions that impact them
10. makes decisions that are aligned with organizational values
11. makes decisions that are ethical
12. makes decisions that go beyond doing good for the various stakeholders
13. follows through with decisions that are made
14. implements decisions that are made
15. executes promises made into actions
16. involves the affected stakeholders in the decision making process

### **Relational**

17. is genuinely interested in understanding the needs of the stakeholders
18. shares honest feedback even if the feedback is negative

Having removed the above items, study 3 was launched with the 30 items to a new set of target population. Table 3.5 has the list of the 30 items that were retained for Study 3.

*Table 3.5 Items retained for Study 3*

### **Stakeholder Relationships:**

1. strives to advance the quality of life in the country the organization operates in along with its business interests.
2. explores with various stakeholders on social actions that can be done collectively to advance the community at large

3. strives to work with different stakeholders on issues that impact the business
4. ensures that business activities do not harm the environment
5. ensures that business activities do not harm the society
6. creates a safe work environment within the organisation
7. works cooperatively with different stakeholders
8. demonstrates awareness of the relevant stakeholder claims
9. balances stakeholder interests
10. engages in dialogues among various stakeholders

### **On Decision Making**

11. consults with various stakeholders before making decisions that impact them
12. follows through with decisions that are made
13. implements decisions that are made
14. is not impulsive with his decisions
15. weighs different stakeholder claims while making a decision
16. tries to achieve a consensus among the affected stakeholders
17. considers the consequence of the decision on affected stakeholders
18. involves the affected stakeholders in the decision making process

## **On Relational Approach**

19. is willing to make sacrifices to help others
20. seeks to instill trust
21. leads by personal example
22. sees serving as a mission of responsibility to others
23. aspires not to be served but to serve others
24. models behaviors to inspire the people around them
25. shares honest feedback even if the feedback is negative
26. communicates in a consistent manner across various stakeholders
27. takes charge and guides the organisation during bad times
28. takes pride in the people in the organisation
29. gives due credit to the people
30. considers the impact when breaking a bad news

### **3.5 Study 3: Exploratory Factor Analysis (Additional Evidence)**

#### **3.5.1 Purpose of the Study**

Since the purpose of the study was to establish a scale, another survey with the 30 items as with high factor loadings as observed from the previous study, was launched to a new set of target population. These 30 items were those that had fetched a loading of above .523 as indicated in table 3.3. Of these 30 items, 9 items belonged to the existing scales. The breakdown was 5 items from the scale

on Discursive Responsible Leadership (Voegtlin, 2011) and 4 items from the Essential Behaviours of Servant Leadership (Winston & Fields, 2014). Annexure D contains the list of 30 items that were generated to re-examine the Exploratory Factor Analysis.

### 3.5.2 Sample Selection

The 30 item scale was launched on Qualtrics and distributed to 190 working adults holding corporate jobs. A convenience sampling approach was adopted for this study. This sampling technique was adopted since it has been proved to be effective during the exploratory stage in research. The respondents held corporate jobs across industries (e.g. Nutrition & Life Sciences, Banking, Information Technology, Telecommunication, Consultancy Services, Semiconductor, Construction, Advertising & Insurance.). The location of the respondents was spread across India, Japan, Singapore, US and UK. The targeted respondents were drawn from a random sample of contacts. The average age of the respondents was at 35 years. Respondents held a minimum corporate experience of 5 years. A threshold of 5 years was chosen so that the respondents were not fresh graduates who have just commenced their corporate life but would have had a few years of observing corporate leaders and working in a corporate setting. Some of the respondents had worked in public sector and non-governmental organisations during their career. For the purpose of this survey only their corporate experience was taken into consideration. The survey was live for five weeks. 126 subjects responded to the survey (66% response rate) and the final number of respondents who attempted all the questions in the survey was at 104 (55 % of the survey). The survey was live for 5 weeks and the average time taken to complete the survey was 8 minutes. Of the respondents, 65% were males and

35% females. Annexure F contains the consolidated demographics of all the respondents from the various studies for this thesis.

### 3.5.3 Procedures

Exploratory Factor Analysis was conducted on the data set with 104 responses. The same principles and methodology as detailed in study 2 was executed to test the factor structure from this survey. Respondents to the survey were asked 30 questions on leader behaviour and was requested to rate these statements on a scale of 1-5 with 1 being “Not at all Characteristic” to 5 being “Extremely Characteristic”. The respondents were asked to indicate the extent to which each item characterized responsible leadership behaviour. Of the 30 questions launched in the survey, 10 items focused on stakeholder management. Examples of these statements were as follows “the leader engages in dialogue among various stakeholders”, “the leader creates a safe work environment within the organisation”, “the leader ensures that business activities do not harm the society”, “the leader balances stakeholder interests”, “the leader explores with various stakeholders on social actions that can be done collectively to advance the community at large”. Another 8 items focussed on how leaders make business decisions and the statements read as .... “Is not impulsive with his decisions”; “tries to achieve a consensus among affected stakeholders”, “emphasises on doing what is right rather than looking good”, “considers the consequences of the decisions”. The other 12 items focused on the relational approach of the leader with respect to how he she interacts with the various stakeholders. Statements here read as “gives due credit to the people”, “considers the impact when breaking bad news”, “communicates in a consistent manner across various stakeholders”,

“takes pride in the people in the organisation” etc. Table 3.5 contains the list of 30 items.

### 3.5.4 Results and Analysis

Exploratory Factor Analysis with Varimax and Kaiser Normalization for the factor rotation was performed to determine the number of factors and the factor loadings. During the analysis, items with loadings less than 0.3 were suppressed and eliminated from subsequent analysis. On this basis a 4 factor solution was chosen since it was (i) conceptually interpretable and (ii) resulted in sound factor structures with strong internal consistency (Sy, 2010). This resulted in a 14 item measure for RL behaviours. Again, there are no strict rules for the number of items per factor and according to Hinkin (1995) three items are considered acceptable. Table 3.5 represents the items with factor loadings above .631 and loaded on one factor. The communalities ranged from .499 to .742

*Table 3.6 – Rotated Component matrix. Rotation Method: Varimax with Kaiser Normalization*

S1- strives to advance the quality of life in the country the organisation operates in along with its business interests				.859
S2- explores with various stakeholders on social actions that can be done collectively to advance the community at large.				.791

S3 - strives to work with different stakeholders on issues that impact their business		.658		
S8 – demonstrates awareness of the relevant stakeholder claims		.778		
S9 –balances stakeholder interests		.702		
DM5 - Weights different stakeholder claims while making a decision			.555	
DM6- tries to achieve a consensus among the affected stakeholders			.678	
DM8 – involves the affected stakeholders in the decision making process			.631	
R3 – leads by personal example	.766			
R6- models behaviour to inspire people around them	.789			
R9 – takes charge and guides the organisation during bad times	.776			
R10- takes pride in the people in the organisation	.762			



R11- gives due credit to the people	.822			
R12 –considers the impact when breaking bad news	.773			

Content analysis of the items for each of the four factors yielded the dimensions as follows: The stakeholder factor reflected 5 items. Of this 2 items were categorised under “External Community” and 3 items under ‘stakeholder interests’. The 3 items in Decision Making was categorised under a single sub construct on ‘Execution’ and the 6 items under the ‘Relational Aspects’ was categorised under the sub construct of ‘trust’. The list of 14 items extracted from this study is shown in Table 3.6 below and Figure 3.2 shows the main constructs and the sub constructs that emerged from this study.

*Table 3.6 List of items from the second EFA*

### **External Community**

1. the leader strives to advance the quality of life in the country the organisation operates in along with its business interests
2. the leader explores with various stake holders on social actions that can be done collectively to advance the community at large)

### **Stakeholder Interests**

3. the leader strives to work with different stake holders on issues that impact the business
4. the leader demonstrates awareness of the relevant stakeholder claims
5. the leader balances stakeholder interests

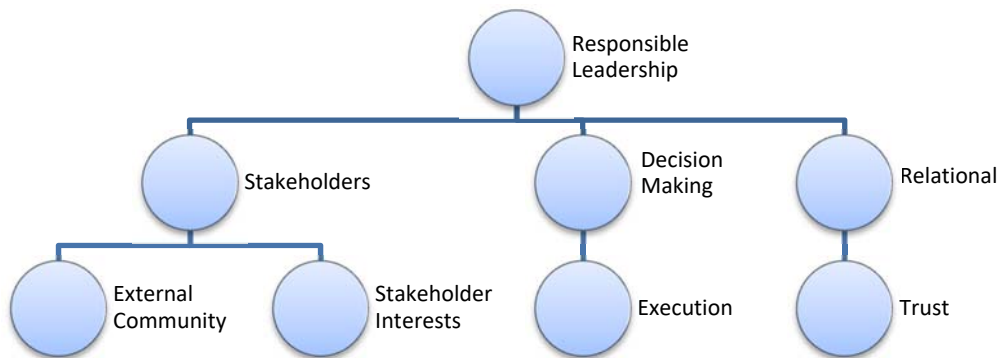
#### **Decision Making – Process**

6. the leader weighs different stakeholder claims while making decisions
7. the leader tries to achieve a consensus among the affected stakeholders
8. the leader involves the affected stakeholders in the decision making process

#### **Relational : Trust**

9. the leader leads by personal example
10. the leader models behaviours to inspire the people around them
11. the leader takes charge and guides the organisation during bad times
12. the leader takes pride in the people in the organisation
13. the leader gives due credit to the people
14. the leader considers the impact when breaking the bad news

Figure 3.2 Outcome from the second EFA – Factors and Sub Constructs



The internal consistency of the items was examined using Cronbach Alpha to determine how closely related the set of items are as a group. (Lance, Butts, & Michels, 2006, p. 205) have mentioned that a reliability coefficient of .70 or higher is considered “acceptable” in most social science research. The Cronbach Value for each of the above sub categories was above .700 as shown in the Table 3.7 below.

Table 3.7 Reliability Statistics - Cronbach Alpha

No of items	Factor	Items	Cronbach’s Alpha
3	Stakeholder	S8,S9,S3	.751
3	Decision Making	DM5, DM6, DM8	.706
6	Relational	R3,R6,R9,R10,R11,R12	.916

2	External Community	S1,S2	.802
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Those items that did not show substantial factor loading are listed out in Table 3.8. These items were subsequently removed from further investigation.

*Table 3.8 List of Items deleted after Study 3*

**Stakeholders:**

1. ensures that business activities do not harm the environment
2. ensures that business activities do not harm the society
3. creates a safe work environment within the organisation
4. works cooperatively with different stakeholders
5. engages in dialogues among various stakeholders

**Decision Making**

6. consults with various stakeholders before making decisions that impact them
7. follows through with decisions that are made
8. implements decisions that are made
9. is not impulsive with his decisions
10. considers the consequence of the decision on affected stakeholders

**Relational Approach**

11. is willing to make sacrifices to help others
12. seeks to instill trust
13. shares honest feedback even if the feedback is negative

14. communicates in a consistent manner across various stakeholders

### 3.6 Study 4: Confirmatory Factor Analysis (CFA)

#### 3.6.1 Purpose of the Study

The goal of this study was to cross validate the factor structure obtained in study 3 using a Confirmatory Factor Analysis (CFA). This method of analysis is used to test whether the measures of a construct are as hypothesised and if the data fits the hypothesised measurement model. For this study, the items on RL Behaviour included 14 items with the high factor loadings from the previous study. A second goal was to examine convergent and discriminant validity. For this purpose, the survey also introduced items from 2 established scales to examine the convergent and discriminant validity of RL. Items from Transformational Leadership was hypothesised to have a convergent validity with RL and items from Transactional Leadership was hypothesised to have a discriminant validity with RL. The established scales introduced in this survey was as follows: 5 items on transactional leadership to determine discriminant validity was used from the scale on Transactional leadership as validated by (Podsakoff, MacKenzie, Moorman, & Fetter Richard, 1990). The 18 items for the scale on transformational leadership to explore convergent validity with RL was based on the analysis of the MLQ validated by (Hartog, Vanmuijen, & Koopman, 1997). This scale had 18 items and a Cronbach alpha of .950 Corporate Performance was introduced as an outcome variable. An established scale from (Choi & Heeseok, 2003) was introduced into the survey to determine if Responsible Leadership led to Corporate Performance. Annexure E contains the full list of items launched as part of this study.

### 3.6.2 Sample

For this study, data was collected from 300 corporate executives representing a wide range of industries (e.g. Banking, Technology, Health Care, Retail, Education Management, Manufacturing, Chemicals, Electronics, Hospitality & Professional Services. Final sample demographics included male (73%) and female (27%). An analysis of the age group of the participants revealed that 46.7% belonged to the age group of 35-45 years, 39.18% belonged to the age group of 46-55 years, 11.69% belonged to the age group of 56-65 years and 2.33% were aged 66 years and above. All the participants had obtained a university degree. The location of the participants was predominantly those based in Asia. This study had a more experienced sample of subjects in leadership capacity when compared to the earlier two samples. Minimum corporate experience of the respondents was 15 years of which minimum 8 years was in a leadership capacity. Participants who responded were all based in Asia. The survey was live for 7 weeks. Respondents were requested to bear in mind the CEO of their respective organisation and record their responses on a 5 point Likert Scale with 1 being "Not at all Characteristic" of the leader they have in mind to 5 being "Extremely Characteristic" of the leader they had in mind. 203 participants attempted the survey with some of them aborting the survey once they commenced representing a response rate of 68%. After deleting dummy responses, and outliers, the total number of responses for analysis was at 171, which fetched a final response rate of 57%. Annexure F contains the consolidated demographics of all respondents across all the studies. Table 3.9 contains the list of 14 items launched for the final survey to conduct the CFA.

*Table 3.9 Final list of RL items to conduct CFA*

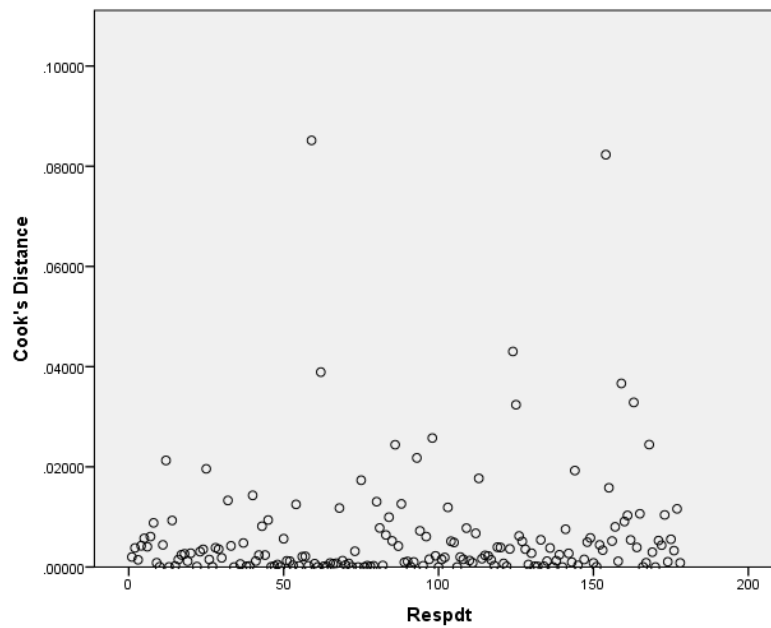
1. The leader strives to work with different stakeholders on issues that impact the business
2. The leader demonstrates awareness of the relevant stakeholder claims
3. The leader balances stakeholder interests
4. The leader weighs different stakeholder claims while making a decision
5. The leader tries to achieve a consensus among the affected stakeholders
6. The leader involves the affected stakeholders in the decision making process
7. The leader leads by personal example
8. The leader models behaviours to inspire the people around them
9. The leader takes charge and guides the organisation during bad times
10. The leader takes pride in the people in the organisation
11. The leader gives due credit to the people
12. The leader considers the impact when breaking a bad news
13. The leader strives to advance the quality of life in the country the organization operates in along with its business interests
14. The leader explores with various stakeholders on social actions that can be done collectively to advance the community at large

### 3.6.3 Procedure

Cooks distance test or popularly referred to as Cooks D was performed on the final data set to examine if there were outliers to the data set. This test is performed to determine the existence of large residuals or outliers that may distort or impact the outcome of the study and the accuracy of the regression. Such outliers are deleted from the data set and the regression is performed to check for the validity of the study. During the Cooks d test, 2 outliers were observed in the

data set as shown in the Scatter plot figure 3.3. These 2 outliers were deleted from the data set to proceed with the analysis. Table 3.10 also list outs the mean, standard deviation and correlation matrix of the final sample from study 4.

*Figure 3.3 Cooks D test for outliers*



Using the Statistical Tool, Mplus Version 6.11 the data from the 171 was analysed for the best model fit and the factor structure. Mplus is also credited with “imputing” technique to fill in any missing data. According to (Asparouhov & Muthen, 2010) imputed data sets can be analysed in Mplus using classical estimation method such as Maximum Likelihood and Weighted Least Squares. Table 3.10 below shows the mean, standard deviation and correlation matrix of the final sample that was used for analysis.



Table 3.10: Mean, Standard Deviation, Reliabilities and Correlation Matrix of the final data set (N=171)

	Mean	SD	Reliabilities								
Responsible Leadership	4.05	.57	.827								
Stakeholder	4.24	.65	.800	.803							
Decision Making	8.85	1.57	.720	.726	.614						
Relational	21.81	3.70	.900	.904	.612	.476					
External Community	5.60	1.24	.690	.694	.420	.421	.541				
Transformational	63.54	9.67	.830	.833	.618	.518	.803	.619			
Transactional	15.9	2.79	.600	.605	.461	.359	.604	.395	.647		
Corporate Performance	18.16	3.86	.370	.372	.308	.211	.349	.336	.395	.235	

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\*Correlation is significant at the 0.01 level (2 tailed)

N = 171

It was hypothesised that (i) responses to the RL scale would be explained by 4 factors – Stakeholders, Decision Making, Relational, External Community and (ii) each item would have a non-zero loading on its designated factor (iii) the 4 factors would be correlated. However, while examining the 4 factor loadings, the items under the Decision Making variable (DM4, DM5 & DM6) showed poor factor loading to Responsible Leadership. Any value greater than .75 is not considered as a good fit. The items under Decision Making showed a negative residual variance. This suggests a linear dependency of more than two latent variables indicating the issue of multi collinearity for the variables under Decision Making. Table 3.11 shows the partial correlation matrix for the 4 factors of RL where DM is highly correlated with Relational and External Community

*Table 3.11. Estimated Correlation Matrix*

Stakeholders (F1)	1.000			
Relational (F2)	0.711	1.000		
External Community (F3)	0.479	0.600	1.000	
Decision Making (F4)	0.993	0.811	0.611	1.000

It was therefore decided to exclude the Decision Making Variable from further studies and proceed with a model of 3 factors with Stakeholders, Relational and External Community. This 3 factor model was further tested with competing models. - a one factor, two factor and a three factor model. However, during this comparison, it was observed that in a 2 factor model the degree of freedom with each pairing of factors (Stakeholders, , Relational & External Community)

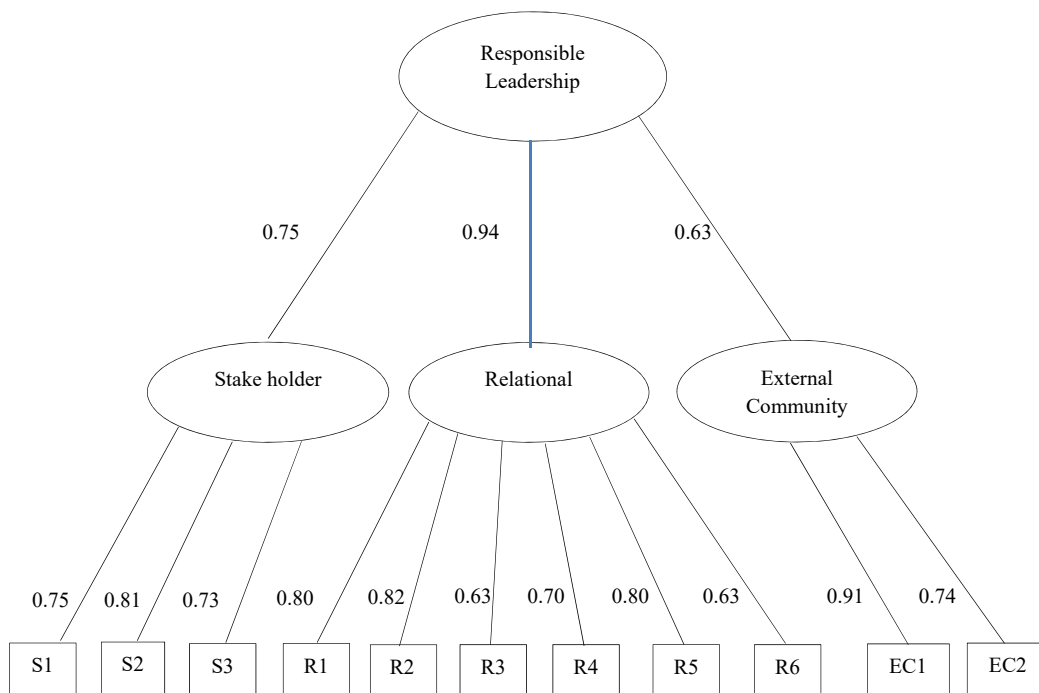
remained the same at 44. Results indicated that the three correlated factor model provided the most parsimonious fit to the data.  $\chi^2 (2.39) = 98.054, p < .001$ , ( $\chi^2/df = 2.39, CFI = 0.94, TLI = 0.92, RMSEA = 0.089$ ). Results from the above table indicate that although RL is not best represented by first order factor, the 3 factor model was well represented in the second order CFA model. If the chi square value is significant then the more complex model with more freely estimated parameters fits the data better than the smaller model. In cases where chi – square values are insignificant, the smaller models can be accepted. For this study, the more parsimonious model with the significant chi-square value was used for further research. Table 3.12 shows the fit indices for the various factorial models and figure 3.4 shows the second order confirmatory factor analysis.

Table 3.12 Overall fit Indices for alternative factorial models of the RL Scale. Best fitting model is printed in bold face.

Model	$\chi^2$	df	$\chi^2/df$	$\Delta \chi^2$	$\Delta df$	CFI	TLI	RMSEA
Null	1008.904	55	18.34					0.078
One Factor	236.909	44	5.38	771.95	9	0.798	0.747	0.158
<b>2nd Order CFA</b>	<b>98.054</b>	<b>41</b>	<b>2.39</b>	<b>138.855</b>	<b>3</b>	<b>0.940</b>	<b>0.920</b>	<b>0.089</b>
2 Factor Model								
(R & EC)	196.521	44	4.46			0.84	0.80	0.153
(S & EC)	190.666	44	4.33			0.846	0.808	0.086
(S & R)	170.198	44	3.86			0.868	0.835	0.070

CFI – Comparative Fit Index. TL – Tucker Lewis Index. RMSEA - Root Mean Square error of Approximation. CFA – Confirmatory Factor Analysis, N-171

Fig 3.4. 2nd Order Confirmatory Factor Analysis



Goodness of Fit Statistics:

$\chi^2 = 98.054$ ;  $p < .01$ , CFI = .94, TLC = .92, RMSEA = .08, SRMR = .04

### 3.7 Convergent & Discriminant Validity

#### 3.7.1 Purpose

Another goal of this study was to provide additional validity estimates to establish the convergent validity and discriminant validity of RL with other established leadership constructs- Transformational Leadership and Transactional Leadership. The sub dimensions of RL behavior (stakeholder, relational and external community) was examined with 2 other constructs dominating the leadership theories - Transformational Leadership & Transactional Leadership.

Transformational leadership was examined with eighteen items scale adapted and validated by Hartog et al (1997). The scale had high internal consistency (Cronbach alpha = .95). To assess the discriminant validity with RL, a 5 items scale developed and validated by Podsakoff (1990) was added in the questionnaire. At this stage an outcome variable was also introduced into the study. Corporate Performance was chosen as the Outcome Variable and list of 6 items scale developed and validated by Choi & Lee (2003) was introduced. Table 3.13 lists out the 16 items from Transformational Leadership, 5 items from Transactional Leadership and the 6 items from Corporate Performance that was introduced in the final study of this thesis.

*Table 3.13 Items to establish Convergent and Discriminant Validity and Outcome Variable*

**Transformational Leadership (Hartog et al., 1997)**

1. The leader has the complete confidence of their employees
2. The leader stands out as a symbol of success and accomplishment
3. The leader engages in words and deeds which enhances his/her image of competence
4. The leader serves as a role model for his followers
5. The leader instils a pride in being associated with him/her
6. The leader displays extraordinary talent and competence in whatever he/she decides
7. The leader is ready to be trusted so as to overcome any obstacle

8. The leader listens to the concerns of his/her primary stakeholders
9. The leader makes the employee aware of strongly held values, ideals and aspirations which are shared in common
10. The leader mobilizes a collective sense of mission
11. The leader projects a powerful, dynamic and magnetic presence
12. The leader shows how to look at problems from new angles
13. The leader makes the employee back up their opinion with strong reasoning
14. The leader articulates a vision of future opportunities
15. The leader provides advice when it is needed
16. The leader introduces new projects and new challenges
17. The leader treats the follower as an individual rather than as a member of the group
18. The leader talks optimistically about the future

**Transactional Leadership (Podsakoff et al., 1990)**

19. The leader always gives me positive feedback when I perform well
20. The leader gives me special recognition when my work is very good
21. The leader commends me when I do a better than average job
22. The leader personally compliments me when I do outstanding work
23. The leader frequently does not acknowledge my good performance (R)

**Corporate Performance (Choi & Heeseok, 2003)**

24. My organization is more successful when compared to the competitors
25. My leader has managed greater market share for our organization
26. My organization is growing faster when compared to our competitors
27. My organization is more profitable when compared to our competitors
28. My organization is more innovative when compared to our competitors
29. My organization is of larger size when compared to our competitors

### 3.7.2 Results and Analysis

Evidence for convergent and discriminant validity is indicated by the correlations among the factors. Significant correlations indicate that constructs that are theoretically similar will be related to establish convergent validity. Non-significant correlations indicate that constructs that are theoretically dissimilar would thus be distinct from each other.

While theoretically there is no specific measure to how high or low the correlations should be, it is concluded that to establish convergent validity, convergent correlations (in this case between RL and Transformational Leadership) should be in agreement and always be higher than the discriminant correlations (in this case between RL and Transactional Leadership). The correlations for establishing discriminant validity should be low or distinct between the two constructs.

While embarking on this study, positive correlation was predicted between RL and Transformational Leadership and a negative correlation was predicted between RL and Transactional Leadership. The Transformational leadership as proposed by James Mac Gregor Burns (1978) contains elements of (i) Individualized Consideration (the extent to which a leader mentors, coaches and



attends to the needs of his followers) (ii) Intellectual stimulation (risks and challenges taken by the leader) (iii) Inspirational Motivation (inspiring and appealing to his followers) and (iv) Idealized Influence (role model to his people having gained credibility and trust from his people). With RL containing elements of a high relational approach with the leader role modelling himself and giving credit to his people and taking charge and guiding the organisation during bad times, it was hypothesized that RL will converge with Transformational Leadership.

The study results revealed some form of convergence between RL and transformational leadership. However, the observed convergence was not strong / significant to establish convergent validity between RL and Transformational Leadership. Upon examining the discriminant validity of RL with Transactional Leadership, here again there was high correlation between the two constructs. The inclusion of stakeholders and external community as key dimensions of RL are argued as explanations as to why this study has been unable to establish a discriminant validity between RL and Transactional Leadership. As observed from Table 3.14, the correlations between RL and Transformational leadership was at .833 and the correlation between RL and Transactional Leadership also showed high correlation at .605.

*Table 3.14 Correlation Matrix*

	RL	TF	TS
Responsible Leadership	1		
Transformational	.833	1	

Transactional	.605	.647	1
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N = 171

In this study, RL was found to be highly correlated with Transformational leadership and Transactional Leadership. This established that RL converges with both the leadership constructs. While a higher degree of convergence between Transformational Leadership and RL was observed, the convergence was not strong/significant to establish convergent validity and also there is insufficient evidence to suggest discriminant validity with Transactional leadership.

### 3.8 Summary

In summary, the results from this study do not provide correlational evidence to strongly support the convergent and discriminant validity of the overall RL score with respect to transactional and transformational leadership. It is therefore less compelling to argue on RL as a standalone construct. Since the results did not establish the validity, further examination was conducted to explore if RL could be considered as an overarching construct with Transformational Leadership and Transactional Leadership as sub constructs. We also examined if we could show RL as an extension of Transformational Leadership. The models in all the above cases did not show a good fit. Hence, it is suggested that rather than considering this as a shortcoming for the construct on RL, further research is needed on this subject. Established scales on different leadership constructs other than transformational and transactional leadership can be used to determine if RL can stand on its own as an independent construct. Chapter 4 in this dissertation offers further possibilities for future research and possible constructs.

## Chapter 4: Conclusion

The aim of this dissertation was to identify key aspects of RL behaviour manifested by corporate leaders. The findings of this study coincides with the World Economic Forum (WEF) where they identified ‘Responsive and Responsible Leadership’ as its theme for its 47<sup>th</sup> Annual Meeting to be held in Davos for the year 2017. This is a time when the community’s concern on leadership behaviour and the scope of their responsibilities are growing in leaps and bounds. With the expectations from the general public that leaders be held accountable for their decisions and actions, there exists much discussions and deliberations on what exactly can be classified as responsible leadership behaviour.

The next few pages in this chapter summarises the insights from the various studies conducted as part of this thesis and identifies the critical components of RL behaviour as gleaned from this study. This chapter has been arranged as follows. Part 1 outlines the implications from this study based on the purpose with which this study was embarked on. This section also highlights the 11 items that form the scale for RL behaviours based on the EFA & CFA that was performed. A refined definition for RL behaviour as gleaned from the insights of this study is also offered in this section. Part 2 identifies the gaps in this study by highlighting the shortcomings from the study and drawing out its limitations. Part 3 of this chapter focuses on the theoretical and practical implications of this research and concludes with recommendations for future research on RL.

### 4.1 Implications from this study

As a leadership construct, RL entered the domain of leadership only in the early 2000s. The earliest literature on Responsible Leadership from Maak & Pless (2006)

projected RL as a 'social-relational and ethical phenomenon'. Two years later in an exchange of views between two prominent researchers on RL (David A Waldman & Siegel, 2008b) both the researchers specified the need for RL to formulate and implement CSR initiatives as part of their decision making process to define a socially responsible leader. The literature review on RL from other established scholars (Doh, Stumpf, & Tymon, 2011; Freeman & Auster, 2011; Gond, Igalens, Swaen, & El Akremi, 2011; Maritz et al., 2011; Siegel, 2014; Voegtlin et al., 2011) all had a strong focus on a connection of RL with immediate stakeholders.

Based on the above literature, this study attempted to explore the critical components of 'responsible leader behaviour' by integrating leader behaviours based on CSR theory and stakeholder theory. Factor Analysis performed on the data set revealed the following 11 items as the top behaviours demonstrated by Responsible Leaders. These 11 items were sub categorised under 3 dimensions – Stakeholders, Relational aspects and External Community. Since the study embarked on identifying specific behaviours for RL, each dimension of RL was examined to reveal the behaviours associated with each dimension. . Table 4.1 shows the 11 items of RL behaviour

*Table 4.1 Items of RL Behaviour*

### **Stakeholders**

1. The leader strives to work with different stakeholders on issues that impact the business.
2. The leader demonstrates awareness of the relevant stakeholder claims
3. The leader balances stakeholder interests

## **Relational Approach**

4. The leader leads by personal example
5. The leader models behaviours to inspire the people around them
6. The leader gives due credit to the people
7. The leader takes pride in the people in the organisation
8. The leader takes charge and guides the organisation during bad times
9. The leader considers the impact when breaking a bad news

## **External Community**

10. The leader strives to advance the quality of life in the country the organization operates in along with its business interests
11. The leader explores with various stakeholders on social actions that can be done collectively to advance the community at large

### **4.1.1 Responsible Leadership behaviour based on ‘inclusive approach’**

Items 1 – 3 demonstrate the behaviours of a responsible leader based on his interactions with the various stakeholders in the business. Key aspects of the leader behaviour that stand out from these items are (i) deals with every stakeholder relevant to the business (ii) is aware of the various stakeholder claims (iii) is able to balance the various stakeholder interests.

Responsible leaders are required to work with various stakeholders where some could be in conflict with another (Rowley, 1997). One CEO who was interviewed for this study shared an example of the time when his organisation went through an

integration where they acquired a bigger company. He recalled the emotions from different stakeholders – his Board, employees, shareholders, vendors and clients of both the organisations when the integration was announced. The immediate stakeholders of both the organisations seemed to be in conflict with one another. Their views were not aligned on the new directions for the joint entity to adopt post the integration. The leader proactively worked with the different stakeholders to identify and address issues and sought the help of advisors and domain experts to effectively resolve some of the contentious issues. The leader concluded that the success of the integration was largely due to the fact that his stakeholders recognised the commitment in him as the leader as he embarked on a stakeholder engagement and inclusion strategy. The leader concluded that, *“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 of the two entities would have failed. It was the willingness to listen to some of their suggestions and clarify their concerns that helped in a smooth integration”*.

When stakeholders perceive the leader to be open and approachable, available to hear the diverse views, address their concerns and alleviate their fears, these stand out as marks of responsible leaders. Thus a **comprehensive** and **collaborative approach** has to be adopted by a responsible leader for generating the best results during stakeholder engagements. Doh & Quigley (2014) has argued that leader inclusiveness is conceptually related to responsible leadership that emphasises a stakeholder based approach where those leaders who tend to be more sincere and invite others contribution tend to be high on leader inclusiveness and are capable of engaging multiple categories of stakeholders.

A responsible leader is one who is able to **hold dialogues** with the various stakeholders. It is therefore 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. For this to happen, the leader is required to demonstrate the **awareness of the various stakeholder claims**. It is this awareness that helps a leader to draw conclusions or present arguments that favour the business interests without denting the relationships. This helps the leader to step into the shoes of someone else and see how they view the situation. By demonstrating the above behaviours, the responsible leader balances the immediate and extended stakeholder interests for optimal business outcome. Consolidating all the above behavioural aspects in a responsible leader with respect to multiple stakeholders, this dissertation puts forward the key behavioural aspect of “including various stakeholders in decision making” as one of the behavioural dimensions of RL.

#### 4.1.2 Responsible Leadership behaviour based on ‘engaging approach’

Items 4-9 has a strong focus on how a responsible leader adopts a social and relational approach as he interacts with the people/employees in his organisation both in a professional context and in the personal context. By modelling himself as an example, he is able to **inspire** the people around him. A critical aspect on responsible leaders is their focus on their employees/ internal stakeholder. 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

the other stakeholders. Therefore, it is no surprise that under the relational aspect, the items on **taking pride** in the people and being generous about **giving credit** to the employees for their contribution stand out. Responsible Leaders recognise the individual accomplishments of their team members and assigns due credit to the individual and deserving teams. One CEO remarked *“I look at employees as someone with a family and someone who has a life outside work. There is a strong nexus and high connection between the two worlds and you need to ensure that the employee’s world view is really balanced”*. Leaders sometime fail to recognise this as they focus strictly on the professional aspects of their employees.

Responsible leaders are **extremely concerned while breaking bad news** to their employees. During the interviews the leaders candidly shared their pains of dealing with the people when there was a right sizing of the company, or in cases where the leader had to be bold when reprimanding an employee for poor performance or violating the ethics. A Responsible leader recognizes that sometimes they have to do things that may seem irrational for emotional reasons. One leader recalled, *“I roped in the service of a head hunter 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 head hunter. 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.

The final aspect of leaders that emerged was how they took charge and got into the driver’s seat during rough times or during a crisis. Introduction to this thesis has a mention of Ratan Tata, Chairman Emeritus of Tata Sons and how he shifted into



the driver's seat during the Mumbai terrorist attack in 2006 when his hotel was sieged. During a crisis very often there are no manuals that can dictate how a leader has to behave. It is here that we can distinguish a responsible leader from other leaders. A responsible leader takes charge of the situation and leads from the front taking full responsibility and accountability for his actions. As remarked by another CEO during the interview, who said, *“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”*.

Existing literature on RL has emphasised the relational aspects in responsible leaders. Maak & Pless (2006) identified the need for responsible leaders to have a relational approach not just between leaders and followers but leaders and their immediate stakeholders'. This dissertation has been able to augment the 'relational aspects' demonstrated by responsible leaders into specific behaviours on how responsible leaders can demonstrate the relational approach. Hence the second behavioural aspect of '**an engaging behaviour**' of the leader that encompasses the social and emotional aspects with the followers/employees is put forward as the second key behavioural component demonstrated by responsible leaders.

#### 4.1.3 Responsible Leadership behaviour based on 'advancement approach'

Items 10 & 11 demonstrate a strong focus on the **external community** of the business. The insights from the interviews with business leaders showed a strong focus towards the external community and actions that leaders are keen to take for the development of the community where the business is based. The two items that

differentiated itself from the immediate stakeholders and extended to external stakeholders were the leaders' focus on (i) advancing the quality of life where the organisation is based and (ii) collectively exploring how business can partner on social actions that can enhance the community. These two items establish the existing views of scholars that RL needs to move away from an economic view to the extended stakeholder view. The two items under 'External Community' further augment the existing literature on how RL is closely intertwined with the strategic components of CSR. 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 earn the license from the extended stakeholders to operate as a true corporate citizen. Thus the concept as argued by Waldman & Galvin (2008) on ensuring the economic aspects of the business and extending this to external stakeholders differentiate leader behaviours from responsible leader behaviours. This insights also augments the discussions put forward by Voegtlin et al (2011) where they identified the outcomes of RL under the micro level (personal interactions), macro level ( relation to external stakeholders) and meso level (shaping organisational culture and performance). As leaders are faced with the challenges of business crossing borders and having to contextualise their operations with a global and local agenda, the focus on external community where the business operates cannot be ignored. The CEO of multinational health care organisation shared, *"We are a health care organisation and have manufacturing facilities in developing countries. We use our products to scale and create an impact in the community where we operate with close partnership with various stakeholders. Medical professionals from the hospitals, youth from the tertiary educational institutions and volunteers from the local NGO came to together to set up free*

*health screening facilities for the people below the poverty line. The impact of our actions was evident a few years later since we commenced this service. We had evidence to conclude that our initiative and our products contributed to enhancing the quality of life in the countries where we launched such initiatives. The community looked up to us as an organisation that genuinely cared for the people in the country. When I used to visit these countries the stakeholders looked up to me as someone with a responsible conduct and was assured that my organisation would only act in the benefit of the community”.* The element of strategic CSR can be observed in Responsible Leaders as they are tasked with societal progress by aligning the organisational activities for the benefit of the business and the community. As another CEO remarked *“protecting the business interest is always the bottom line and the first 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”.* So the priority as one interviewee remarked 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 aim for helping business achieve their economic objectives first and then explore how they can pass on the benefits to the extended community for productive outcomes. The responsible leaders thus move from reactive nature to proactive nature to exhibit a behaviour of ‘**advancing**’ the interests of the business and the community. This advancing behaviour is proposed as the third key behaviour aspect demonstrated by responsible leaders as they integrate business activities with societal progress.

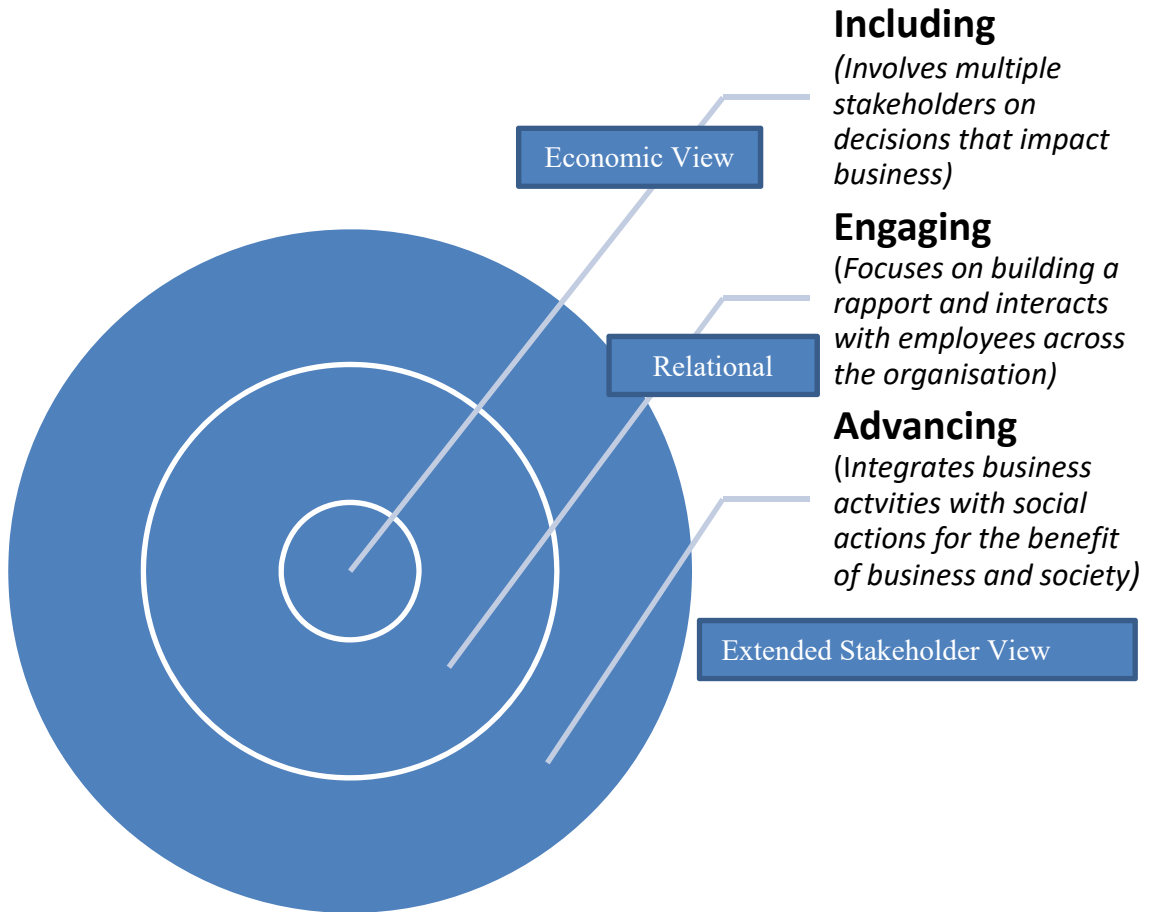
## 4.2 Contributions to literature

This study has advanced the contribution to academic literature by integrating the studies from eminent scholars on RL with CSR theory, Stakeholder theory and the Triple Bottom Line to outline behaviours of Responsible leaders that encompasses elements from each of the above established concepts

### 4.2.1 The triple aspects of RL Behaviour

The major contribution by integrating the various theories as mentioned above have been in identifying the 11 behavioural aspects demonstrated by responsible leaders. These eleven aspects have been categorised under the three pillars of Stakeholders, Relational and External Community. The specific behaviours under each pillar has been categorised as **including, engaging and advancing**. Figure 4.2.1 explains RL Behaviour and how this ties with the existing literature on RL transitioning from an economic view to an extended stakeholder view.

Figure 4.2.1: RL Behaviours



#### 4.2.2 Refined Definition for RL Behaviour

Based on the study conducted and consolidating the various elements observed during the study, a refined definition for Responsible Leadership behaviour is suggested by combining the sub dimensions of RL behaviour. The refined definition for RL is offered as follows: **“Leaders who includes, engages and advances the interests of all stakeholders”**.

#### 4.3 The Gaps in the Dissertation

This section presents a few limitations from this study which can be addressed by further empirical investigations.

##### 4.3.1 Sampling Procedure

The results for this study was generated after having analysed (i) the theory behind RL from the existing literature (ii) the qualitative interviews with C Suite leaders and (iii) the data collected across 3 sample population for the quantitative study. The data set being convenience sampling for study 2,3 and 4, there was less focus on identifying participants who were uniformly spread across the various studies. This limits the generalisability of the findings. Respondents ranged from minimum 6 years of corporate experience to a maximum of 35 years of corporate experience. The respondents too were spread across Asia, Europe and US. Thus, the cultural context and perspectives that may have crept in while attempting the survey cannot be ruled out. Hence, it can be argued that the sample was far from random and this suggests calling for the sampling process to merit random sampling versus convenience sampling. When aggregating the results from the study, it is observed that there are problems in the way the respondents have perceived the questionnaire

and attempted the same which could be attributed as more of an issue related with the cultural context and exposure of respondents within the corporate world.

Second, while the interviews for this dissertation was conducted with the C suite leaders, the data for the survey was collected from respondents who attempted the questionnaire based on their leader behaviour. Some of the respondents were C Suite leaders themselves and they attempted to do a self-assessment of their leadership. A better approach could have been for the survey to be distributed among the stakeholders of the individuals who were interviewed in study 1. This approach would have benefitted in getting diverse stakeholder view (employees, clients, vendors, partners & bankers) of the same leader to get a balanced view with regards to the leader. This would have benefitted the data set with the richness from multiple perspectives from different sets of stakeholders.

#### 4.3.2 Misspecification of Items

As argued by (MacKenzie, Podsakoff, & Jarvis, 2005, p. 710) *“the scale development procedures recommended in the literature only apply to constructs with reflective measures, and if they are applied to constructs with formative measures, they can undermine construct validity”*. The scale in this study certainly had elements of formative measures and reflective measures that may have contaminated the final results. A respondent who is new to his current role and organisation would have attempted the survey and described his leader behaviour based on his/her limited interactions with the leader as against a respondent who has been with the organisation for a long time and understands the leadership style of the CEO due to his long service in the organisation. The interpretation of the items in study 4 by the respondents also requires a mention here. The respondents were told to keep in mind the CEO of their company as they attempted the

questionnaire. Many of the respondents kept their global CEO in mind while attempting the questionnaire. Since these respondents had in country or regional roles their access to the global CEO was intermittent and in some cases did not arise at all. Hence these respondents attempted some of the questions based on secondary information. These two aspects (i) interpretation of scales and (ii) lack of connection to the global CEO could have possibly caused the contamination and the deficiency to yield the result the study had hypothesised.

#### 4.3.3 Conceptual Redundancy of RL

At the time of this study, RL is considered as an emerging construct in leadership and arguments are put forward to favour RL as a standalone construct when compared to other leadership constructs. It was with this objective that the test on Convergent Validity between RL and Transformational Leadership and tests on Discriminant Validity between RL and Transactional Leadership was conducted. These two leadership constructs were chosen from a purely theoretical perspective and established scales of these constructs were used in the survey. Analysis from study 4 was unable to establish the validity of RL with the two leadership constructs as hypothesised.

This dissertation therefore proposes the conceptual redundancy of RL as a stand-alone construct with this study revealing that the elements of RL are partially redundant when compared to transformational and transactional leadership. Conceptual redundancy has been argued by Morrow (1983, p. 489) where the construct validity of a concept is less than perfect, the potential for deficiency (variability in the concept not captured in the measure) or contamination (variability in the measure not reflected in the concept) can increase (Morrow, 1983; Schwab, 1980)



Upon closer examination of the items from the transactional leadership scale that was added to determine the discriminant validity to RL, it can be contended that the wording of items in the transactional leadership scale may not have generated the results that was expected to establish discriminant validity. One of the items under transactional leadership behaviour from (Podsakoff et al., 1990) read as “the leader always gives me positive feedback when I do well”. The same item from the transactional scale used by (Hartog et al., 1997) has the wording as “ the leader focuses the attention on irregularities, mistakes, exceptions and deviations from what is expected of me”. The interpretations can vary from respondent to respondent and this could have led to a deficiency in study 4 to sufficiently support the distinction between RL and Transactional Leadership to establish the discriminant validity and to merit an argument in favour of RL as a stand-alone construct.

In the case of this dissertation, the sub dimensions of RL behaviour points out to stakeholders, relational aspects and external community. The strong presence of relational aspects points out to transformational leadership behaviour that has aspects of motivation & influence by the leader. Thus the relational aspects of RL could have caused the elements of convergence with Transformational leadership. However, with RL having a strong sub dimensions of Stakeholders and External community, this would have impacted in securing the significant values to establish convergent validity between RL and Transformational leadership.

While examining the items of transactional leadership and RL, the presence of stakeholders and external community in the RL scale has elements of a transactional nature to it. This explains why the discriminant validity could not be established between RL & Transactional leadership.

In conclusion, it is not recommended that we dismiss this study entirely, but certainly calls for additional enquiry to explore how these shortcoming can be addressed. Though this study followed due diligence to narrow down the items using Factor Analysis, a cross validation of the final items with the interviewees from where the items initially originated could be explored to strengthen the learnings from this study.

#### 4.4 Implications of this research and Recommendations

This study comes at a time when scholars and practitioners are developing a keen interest in the concept of “Responsible Leadership” and this dissertation contains both theoretical and practical implications.

##### 4.4.1 Theoretical Implications

On the theoretical front, this study contributes to the academic literature on RL by (i) offering a refined definition (ii) identifying the specific behaviours that distinguish leaders from responsible leaders (iii) developing and validating the scale on RL behaviours to capture the phenomenon empirically and (iv) arguing the conceptual redundancy of RL.

This dissertation has been able to integrate the learnings from Stakeholder theory, CSR theory and leadership constructs to advance literature on RL. Several other conclusions can be drawn from this study. (i) An examination of items of the scale point to the requirement in responsible leaders to demonstrate elements of transformational, ethical and authentic leadership to serve as responsible leaders. (ii) The engagement of the leader with multiple stakeholders are highlighted. This builds on stakeholder theory of leaders looking beyond the shareholders but investing their stakes in the various stakeholders of the business. (iii) From this

dissertation, strategic CSR also emerges as an important construct with leaders exploring how they can advance and contribute to the community without compromising on business results. (iv) To a marginal extent, RL behaviours also draw from the Triple Bottom Line from Elkington (1997) as People Planet and Profit as the sub dimensions of RL behaviour focuses on Stakeholder, Relational and External Community.

#### 4.4.2 Practical Implications

On the practical front, given the fact that the Twenty first century leaders have to lead in an inter connected and globalised world, the findings from this study has implications on how leaders conduct themselves when dealing with multiple stakeholders by demonstrating the three behaviours of including, engaging and advancing business and society. The results from this study provides a psychometrically valid approach for gauging the extent to which an individual leader exhibits behaviours that are identified as responsible leader behaviours. Though not a part of this study, examples of leader behaviours that demonstrate responsible leadership behaviours help the organisations of such leaders to project themselves as good corporate citizens and create a reputation for stakeholders to want to be associated with such organisation. There is a growing awareness to train & build the corporate leaders at various levels in attitude & behaviour modification so as to enhance their knowledge & skills in leadership skills. It is important to also include behavioural training to senior leaders on how they can build responsible leadership behaviours based on this study. In the current times, technology and system based process will force leaders to shirk responsibility and disown accountability and force leadership style to change. Therefore, corporate leaders from now on needs intensive training to become psychologically close managers

with the ability & skills to shoulder total responsibility to lead the corporate world. At a time when leadership behaviours and actions are under increased public scrutiny, there is a dire need for leaders to make decisions and implements 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 RL behaviours.

While considerable progress has been stimulated in the area of RL, these discussions can be supported with further academic knowledge and frameworks for adding gravitas to the RL discourse.

#### 4.4.3 Future Research

As an emerging and growing body of literature, future research would benefit from this dissertation to advance the knowledge in the field. First, future research could explore RL as a stand-alone construct by establishing the Convergent and Discriminant Validity of RL with other established scales not used in this study. This could include other leadership dimensions with established scale like authentic leadership or ethical leadership to explore the convergent validity with RL. For establishing the discriminant validity with RL, established scale from leadership construct such as autocratic leadership could be explored. Second, having identified the three critical behaviours in this study, there is merit in investigating if there are other components that add to responsible leader behaviour. Third, as scholars advance the literature on RL, it would also be worthwhile to conduct a longitudinal study of such leaders and the impact their organisations have as a responsible corporate citizen. Fourth, since this study only focussed on corporate leaders it would also be interesting to explore if the behaviours observed in responsible corporate leaders are exhibited by leaders in Public Service and Non-Governmental

organisations. Finally, it would help to understand the transformation of leaders to becoming Responsible leaders and the process of this transformation.

In summary, this dissertation advances the conceptual understanding on RL behaviours and develops an empirical scale for the same. The current generation lives in an era where disruptions like the gig economy, artificial intelligence and IOT (Internet of Things) are going to impact every individual's personal and corporate life. The impact of RL at such a time is more pronounced and public's expectations of responsible leader behaviours are paramount. The hope is that more and more leaders step up and contribute towards business and community and become worthy of being called "Responsible Leaders". The following quote, to a great extent sums up the various aspects presented in this dissertation.

*"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"* —Douglas MacArthur

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## Appendices

### Annexure A: Structured Questionnaire Used for Interviews

Interviewer gives an introduction of the topic and her study first as opening remarks:

Responsible Leadership is a relatively new dimension of leadership. This construct has emerged as a result of corporate ills and ethical misconduct and erosion of trust on the conduct of business by the general public. This has led to the conclusion that responsible organization need not always throw up responsible leadership. Closely tied to CSR and stakeholder management, we have evidence where some leaders exhibit responsible leadership moving away from their organization and primary stakeholders to impact extended stakeholders and society. For Ex: Tatas, Body Shop, Unilever. There are also instances where we see a lack of responsible leadership. For Example: Union Carbide, Satyam, BP.

Q1. What are the key behavioral characteristics of Responsible Leaders?

Let them list it – Interviewer to write it down and then ask them for specific BEHAVIORS for each one. To bear in mind not to be general but to be very specific.

Q2. What kind of actions (e.g. decision making processes) of a leader can mark/define them as Responsible Leaders?

To be very specific

Q3. Based on our discussion, how would you define Responsible Leadership?

Interviewer to ensure that the following aspects have been touched on:



- a. Find out more on the relational aspects of RLs and how they engage with the various stakeholders
  - i. Who are the stakeholders you are engaged with? (have them LIST), ask how they build trust with each type of stakeholders, and HOW they engage them.
  - ii. Only if TRUST comes up in the conversation, then elaborate on what they meant by trust and how they build it.
- b. How do they align the shareholder interests with stakeholder interests?
  - i. Alignment can be done differently depending on the type of stakeholder-so you can be specific and focus on each type of stakeholder. Make sure they don't speak in general terms, be specific.
  - ii. Probe for how they deliver the returns and how they view CSR efforts for the organization – CSR is directed largely towards external stakeholders, hence ask for specific alignment.
- c. Discuss the specific personal leadership behaviors of the leader with examples
  - i. Also ask them how they make decisions – probe for specific examples and situations.
  - ii. If time permits, probe for moral values, the legacy they want to leave behind, where they derive the courage and conviction and the kind of values that matter – these are OUTCOMES of RL- we are interested in RL – what they do etc.

- d. Discuss how instrumental the organization 's culture is to groom responsible leaders

## Annexure B: Transcript content analysis

No	Theme	Good leadership Behavior	Responsible Leadership Behavior	Comparisons and Contrasts with Lit Review
1	Order of Stakeholder Management  ( Employees first, customers second and then the other stakeholders)	The principles of an effective leader have always been built on sound financials for the organisation and how a leader is able to achieve this by doing good and not doing harm. The business of business was business as propounded by Michel Friedman. This led to a focus on ensuring that the shareholders of the organisation received their due returns due to a healthy and profitable business. All	For those leaders who are RLs, the focus has always been to <b>build a strong employee focus</b> followed by <b>customer loyalty</b> . RLs believe that the <b>‘house has to be in order first’</b> before they embark on servicing other stakeholders. While RLs ensure to create a healthy financial status for the organization, they ensure that the interests of all stakeholders are aligned with the business objectives. They achieve this by developing strategic CSR activities that can contribute to the well-being of the business and	Literature mentions the economic view and extended stakeholder view and compared RL with the latter. During the interviews while leaders alluded to be aligned with the extended stakeholder view, it also brought to light the primary focus on employees as the foundation in stakeholder relationships followed by customers, and then the other stakeholders.  RL also is closely linked to strategic CSR for getting the financial returns through CSR activities. RLs are not just motivated by social CSR activities but explore strategic

No	Theme	Good leadership Behavior	Responsible Leadership Behavior	Comparisons and Contrasts with Lit Review
		<p>other stakeholders ranked after the shareholders.</p>	<p>create a mark of a responsible corporate citizen.</p> <p>Limiting the focus to only financials is not what responsible leader behaviours are about. RLs demonstrate a high degree of people, planet and profit behaviour that distinguishes them from other leaders.</p> <p>RLs also ensure that all stakeholders of the business are given their due respect and consideration. At times when there is conflict of interest among the stakeholders, the RLs <b>seek dialogue</b> to come up with</p>	<p>CSR activities that can include a larger number of stakeholders.</p> <p><i>Ref:</i></p> <p><i>RL Outcomes Via Stakeholder CSR Values: Testing a Values –Centered Model of Transformational Leadership. Kevin S Groves . Michael Rocca (2011)</i></p>

No	Theme	Good leadership Behavior	Responsible Leadership Behavior	Comparisons and Contrasts with Lit Review
			<p>solutions that are aligned amongst the various stakeholders.</p> <p>In summary there are <b>varying levels of stakeholder relationships</b> that are practised by RLs with employees of the business being given the top consideration.</p>	
2	<p>Decision Making</p> <p>(Sustainable and aligns various</p>	<p>Good leaders do have the capability to make decisions. It could either be driven very objectively, based on current trends or focused on the impact the decisions have on business. Decisions of these leaders do not imply they can</p>	<p>When RLs take a decision, they are <b>accepted at face value</b> and the public would know that they don't have a hidden agenda. This is because of the high degree of <b>credibility</b> and <b>integrity</b> that the leader embodies and the stakeholders are aware that the</p>	<p>This compares with existing literature on how values of a person have an impact on the decisions they make.</p>

No	Theme	Good leadership Behavior	Responsible Leadership Behavior	Comparisons and Contrasts with Lit Review
	stakeholder interests)	lead by example or walk the talk. Even a quick fix decision made by the leader can be lauded as the leader being an effective decision maker.	<p>leader will <b>walk the talk</b>. Their decisions are well thought of and <b>never impulsive</b>.</p> <p>Decisions are taken by RLs keeping a <b>consultative and collaborative approach</b> where all stakeholder interests are aligned.</p> <p>The decisions taken by RLs therefore have a <b>sustainable impact</b> since these leaders are focused on the long term results rather than the short term or quick fix solution to a problem. RLs are not impulsive in their decision making ability.</p>	<p>There is no existing literature to explore how RLs make decisions or what are the aspects that guide them in decision making.</p> <p>Therefore the researcher has rested on anecdotal data collected from the interviews to come up with the basis of Responsible Decision Making.</p> <p>Two distinct pathways ( psychological and knowledge based ) have been mentioned as the basis for stakeholder management and organisational outcomes. The paper while alluding to some basics in decisions making does not give the details on how decisions are made.</p>

No	Theme	Good leadership Behavior	Responsible Leadership Behavior	Comparisons and Contrasts with Lit Review
			<p>The decisions that RLs make generally focused on a <b>common good and the need to do good even better while avoiding harm.</b></p>	<p><i>Ref:</i>  <i>Values, Authenticity and Responsible Leadership Freeman &amp; Auster (2011)</i>  <i>Responsible Leadership and Stakeholder Management: Influence Pathways and Organisational Outcomes Doh &amp; Quigley (2014)</i></p>
3	Moral Courage	A mark of a leader stands out when an organisation is gripped in a crisis situation. Some leaders step down by accepting the failure while some others tend to manage the situation but not	Crises and adversities in business shows the true test of an RL. During such times the RL goes <b>beyond the call of duty</b> to display exemplary leadership driven by a moral courage to face	An element of corporate citizenship is seen here which includes - Family friendly policies, safe work place, training & advancement opportunities, policies to avoid layoffs etc.

No	Theme	Good leadership Behavior	Responsible Leadership Behavior	Comparisons and Contrasts with Lit Review
		necessarily show exemplary leadership in such situations.	<p>the adversities and steer the organisation.</p> <p>RLs will never abandon their leadership positions but will <b>strive to lead from the top and from within</b> to ensure that their employees are aware of the situation on the ground.</p> <p>The RL will display exemplary leadership during such times and will take tough decisions that will be for the general good and not focused on any single stakeholder groups.</p>	<p>The above practices are questioned or challenged during a crisis and how the leadership stands up and becomes a role model during times of adversity is an important mark of an RL.</p> <p>Conscience and Action are critical to RL and opposite of RL is not Irresponsible Leadership but inaction. Thus RLs rise to the occasion when needed and display exemplary leadership</p> <p><i>Ref:</i> <i>The Four Faces of Corporate Citizenship</i></p>



No	Theme	Good leadership Behavior	Responsible Leadership Behavior	Comparisons and Contrasts with Lit Review
			<p>RLs are equipped with a <b>moral compass</b> within the leader that drives their responsible behaviours. RLs are driven by their deep rooted values that provide them with a courage to exhibit behaviours both in the public and private domain.</p>	<p><i>Archie Carroll (1998)</i></p> <p><i>Responsible Leadership Graham Braodbelt</i></p>
4	Relational Approach	<p>Not all leaders tend to build a relational approach as they deal with their stakeholders. There are times when a leader is far removed from</p>	<p>The RLs <b>invest in relationships</b> to strengthen them. Therefore, there is a higher degree of <b>humane and emotional relationships</b> that are developed</p>	<p>Leadership by example is an effective way to improve ethics.</p>

No	Theme	Good leadership Behavior	Responsible Leadership Behavior	Comparisons and Contrasts with Lit Review
		<p>the reality and is unable to assess the real sentiments on the ground.</p> <p>Good leaders tend to be objective and may not get down to the softer aspects of human relationships involved during business decisions.</p>	<p>among the stake stakeholders especially the employees.</p> <p>RLs wear <b>their heart on their sleeves</b> and dialogue is a critical part of an RL's scope in their pursuit of stakeholder engagement to align varying stakeholder interests. Ensuring the <b>safety of the employees and looking after their well-being</b> is a priority area for RLs</p> <p>RLs do <b>not seek publicity</b> for the work they do and hence it is not image management but a genuine</p>	<p>Literature is scant on the existence of the emotional element in RL.</p> <p>However, from the literature on Transformational Leadership, one can infer that</p>

<b>No</b>	<b>Theme</b>	<b>Good leadership Behavior</b>	<b>Responsible Leadership Behavior</b>	<b>Comparisons and Contrasts with Lit Review</b>
			concern for the good of all that drives the behaviours in their approach to building relationships.	

## Annexure C: Items generated for Study 2 to conduct EFA

*Below are a series of statements that describes the possible behaviors that a leader may demonstrate toward their stakeholders. On a scale of 1-5, with 1 being “Not at all Characteristic” to 5 being “Extremely characteristic”, indicate the extent to which you would characterize the following as behaviors of Responsible Leadership.*

1. focuses on the interests of the employees first.
2. strives to advance the quality of life in the country the organization operates in along with its business interests.
3. explores with various stakeholders on social actions that can be done collectively to advance the community at large
4. ensures business results are more important than social concerns and initiatives.
5. strives to work with different stakeholders on issues that impact their business.
6. ensures that the organisation is financially stable before embarking on social projects
7. creates social activities that can add value to the organisation
8. ensures that business activities do not harm the environment
9. ensures that business activities do not harm the society
10. creates a safe work environment within the organisation
11. works cooperatively with different stakeholders
12. demonstrates awareness of the relevant stakeholder claims

13. balances stakeholder interests
14. engages in dialogues among various stakeholders
15. undertakes socially responsible activities that add to the bottom line of the company
16. undertakes activities that create value for the community

**Decision Making:**

17. aligns work processes with the ethical framework of the organisation
18. makes decisions that are aligned with organizational values
19. makes decisions that go beyond doing good for the various stakeholders
20. consults with various stakeholders before making decisions that impact them
21. follows through with decisions that are made
22. implements decisions that are made
23. focuses on long term impact of the decisions on the organisation
24. is not impulsive with his decisions
25. makes decisions that are ethical
26. executes promises made into actions
27. weighs different stakeholder claims while making a decision
28. tries to achieve a consensus among the affected stakeholders
29. considers the consequence of the decision on affected stakeholders
30. involves the affected stakeholders in the decision making process
31. would not compromise ethical principles in order to achieve success
32. emphasizes doing what is right rather than looking good

## **Relational Approach**

1. is genuinely interested in employees as people
2. is willing to make sacrifices to help others
3. seeks to instill trust rather than fear or insecurity
4. leads by personal example
5. sees serving as a mission of responsibility to others
6. aspires not to be served but to serve others
7. models behaviors to inspire the people around them
8. is genuinely interested in understanding the needs of the stakeholders
9. shares honest feedback even if the feedback is negative
10. communicates in a consistent manner across various stakeholders
11. is a role model and always walks the talk
12. goes beyond the call of duty in engaging with stakeholders
13. takes charge and guides the organisation during bad times
14. takes pride in the people in the organisation
15. gives due credit to the people
16. considers the impact when breaking a bad news

## **Source**

\* Voegtlin.C (2011). Development of a Scale Measuring Discursive Responsible Leadership. *Journal of Business Ethics* 98:57-73 DOI 10.1007/s10551-011-1020-9

\*\* Winston.B & Fields.D (2015). Seeking and measuring the essential behaviors of servant leadership. *Leadership & Organisational*

Development Journal. Vol 36. No.4:413-434. DOI 10.1108/LODJ-10-2013-0315

## Annexure D: Items launched for Study 3 to conduct EFA

### On order of Stakeholder Relationships:

1. strives to advance the quality of life in the country the organization operates in along with its business interests.
2. explores with various stakeholders on social actions that can be done collectively to advance the community at large
3. Strives to work with different stakeholders on issues that impact the business
4. ensures that business activities do not harm the environment
5. ensures that business activities do not harm the society
6. creates a safe work environment within the organisation
7. works cooperatively with different stakeholders
8. demonstrates awareness of the relevant stakeholder claims
9. balances stakeholder interests
10. engages in dialogues among various stakeholders

### On Decision Making

1. consults with various stakeholders before making decisions that impact them
2. follows through with decisions that are made
3. implements decisions that are made



4. is not impulsive with his decisions
5. weighs different stakeholder claims while making a decision
6. tries to achieve a consensus among the affected stakeholders
9. considers the consequence of the decision on affected stakeholders
10. involves the affected stakeholders in the decision making process

#### On Relational Approach

1. is willing to make sacrifices to help others
2. seeks to instill trust
3. leads by personal example
4. sees serving as a mission of responsibility to others
5. aspires not to be served but to serve others
6. models behaviors to inspire the people around them
7. shares honest feedback even if the feedback is negative
8. communicates in a consistent manner across various stakeholders
9. takes charge and guides the organisation during bad times
10. takes pride in the people in the organisation
11. gives due credit to the people

12. considers the impact when breaking a bad news

Source

\* Voegtlin.C (2011). Development of a Scale Measuring Discursive Responsible Leadership. *Journal of Business Ethics* 98:57-73 DOI 10.1007/s10551-011-1020-9

\*\* Winston.B & Fields.D (2015). Seeking and measuring the essential behaviors of servant leadership. *Leadership & Organisational Development Journal*. Vol 36. No.4:413-434. DOI 10.1108/LODJ-10-2013-0315

## Annexure E: Items launched to conduct CFA and Validity Analysis

Dear Respondents,

Given below are a series of statements that describe behaviours that a leader may demonstrate. You are requested to keep in mind the Chief Executive Officer of your organization and answer the following questions as to how you would relate him/ her as per the scale below. The scale ranges from 1-5, with 1 being “Strongly Disagree” to 5 being “Strongly Agree” to indicate the extent to which you would associate the following as behaviours of the leader you have in mind.

1. The leader strives to work with different stakeholders on issues that impact the business
2. The leader demonstrates awareness of the relevant stakeholder claims
3. The leader balances stakeholder interests
4. The leader weighs different stakeholder claims while making a decision
5. The leader tries to achieve a consensus among the affected stakeholders
6. The leader involves the affected stakeholders in the decision making process
7. The leader leads by personal example
8. The leader models behaviours to inspire the people around them
9. The leader takes charge and guides the organisation during bad times
10. The leader takes pride in the people in the organisation

11. The leader gives due credit to the people
12. The leader considers the impact when breaking a bad news
13. The leader strives to advance the quality of life in the country the organization operates in along with its business interests
14. The leader explores with various stakeholders on social actions that can be done collectively to advance the community at large
15. The leader has the complete confidence of their employees
16. The leader stands out as a symbol of success and accomplishment
17. The leader engages in words and deeds which enhances his/her image of competence
18. The leader serves as a role model for his followers
19. The leader instils a pride in being associated with him/her
20. The leader displays extraordinary talent and competence in whatever he/she decides
21. The leader is ready to be trusted so as to overcome any obstacle
22. The leader listens to the concerns of his/her primary stakeholders
23. The leader makes the employee aware of strongly held values, ideals and aspirations which are shared in common
24. The leader mobilizes a collective sense of mission

25. The leader projects a powerful, dynamic and magnetic presence
26. The leader shows how to look at problems from new angles
27. The leader makes the employee back up their opinion with strong reasoning
28. The leader articulates a vision of future opportunities
29. The leader provides advice when it is needed
30. The leader introduces new projects and new challenges
31. The leader treats the follower as an individual rather than as a member of the group
32. The leader talks optimistically about the future
33. The leader always gives me positive feedback when I perform well
34. The leader gives me special recognition when my work is very good
35. The leader commends me when I do a better than average job
36. The leader personally compliments me when I do outstanding work
37. The leader frequently does not acknowledge my good performance (R)

Keeping the leader, you have in mind, please attempt the following questions with respect to your organisation.

38. My organization is more successful when compared to the competitors
39. My leader has managed greater market share for our organization

40. My organization is growing faster when compared to our competitors
41. My organization is more profitable when compared to our competitors
42. My organization is more innovative when compared to our competitors
43. My organization is of larger size when compared to our competitors.

Sources:

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## Annexure F: Overview of Scale Development Studies

Study	Scale of Development Addressed	Sample	Results
Study 1	Development of a preliminary pool of items starting from the interviews	Interviews with C Suite Leaders n = 15; M= 93%F=7% Average Age – 52 years	Preliminary item generation. 54 items
	Item Generation & Content Validity as an iterative process with experts	Expert advice on items generated n = 4; M=50%F=50% Average Age – 43 years	Rewriting of items 48 items finalised
Study 2	Exploratory Factor Analysis (EFA)	Survey launched with 48 items n= 110; M=68% F=32% Average Age – 41 years Corporate experience = min 8 years	Emergence of 3 factor solution

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Study	Scale of Development Addressed	Sample	Results
Study 3	Exploratory Factor Analysis (EFA)	Survey launched with 30 items n = 104;m= 65%F=35% Average Age – 35 years Corporate experience = min 5 years	Emergence of 3 Factor Solution
Study 4	Confirmatory Factor Analysis (CFA)	Survey launched with 30 items n=171;M=73%F=27% Corporate experience = min 15 years Leadership experience – min 8 years	Final Scale on RL

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