# Responsible Leadership: Inspiring CSR

## Main topics

<table>
<thead>
<tr>
<th>Topic</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR and the role of leadership</td>
<td>214</td>
</tr>
<tr>
<td>Sustainable, responsible and ethical leadership</td>
<td>216</td>
</tr>
<tr>
<td>Leading with a ‘why’: Purpose-driven leadership</td>
<td>220</td>
</tr>
<tr>
<td>The importance of vision and transformational leadership</td>
<td>222</td>
</tr>
<tr>
<td>The leader as a servant</td>
<td>225</td>
</tr>
<tr>
<td>Being true to self: Authentic leadership</td>
<td>228</td>
</tr>
<tr>
<td>Shared leadership</td>
<td>229</td>
</tr>
<tr>
<td>Conscious leadership</td>
<td>230</td>
</tr>
<tr>
<td>The holistic approach to CSR leadership</td>
<td>231</td>
</tr>
</tbody>
</table>

## Case study

<table>
<thead>
<tr>
<th>Case study</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paul Polman</td>
<td>209</td>
</tr>
</tbody>
</table>
Learning outcomes

By the end of this chapter, students should be able to:

- explain the importance of leadership for strategic CSR
- describe the various leadership styles that are most applicable to strategic CSR
- define each leadership style and list its components, principles and aspects
- discover which leadership styles appeal to them the most
- use a holistic CSR leadership approach to achieve strategic CSR.

CASE STUDY  Paul Polman: Leading with purpose, from Unilever to Imagine

The world we want is an enormous responsibility. (Paul Polman)

Paul Polman is an internationally renowned example of responsible leadership. He grew up as one of seven children in a city in the eastern Netherlands, where the culture is for people to remain modest. Their father was a hard-working man, juggling two jobs his whole life to ensure that his children could attend university. Polman admits this taught him ‘not to be lazy’ and made him stay humble.

Between 2009 and 2019, Polman was the CEO of Unilever, a multinational consumer goods company co-headquartered in Rotterdam and London. With 400 brands sold in 190 countries, 2.5 billion people around the world use a Unilever product on any given day, including brands such as Dove, Omo and Lipton, and consequently, the firm’s potential to make a difference was enormous.

Polman led the Unilever Sustainable Living Plan (USLP) (Unilever, 2021), setting an ambitious goal to halve Unilever’s overall environmental footprint by 2030 while growing its business at the same time. The USLP now has three distinguished goals: improving health and wellbeing for more than 1 billion people; reducing its environmental impact by half; and enhancing the livelihoods of millions. In a recent interview with Forbes (Aziz, 2020), Polman explained the rationale behind the USLP:

What you realize is that a lot of the violence in the world is driven by poverty and by exclusion, [and] that helped me when we did the Unilever Sustainable Living plan. So many companies with purpose are on the side of the environment which

(Continued)
was very narrowly defined as trees and water and conservation. But it runs much deeper. We need to fight for addressing these issues of exclusion and poverty [...]. And so, if you don’t understand that human dimension, and that the crisis we face is one of humanity more so than anything else, you can’t really properly solve it.

Polman sees business opportunities in creating a sustainable global society because it is the only way society can exist in the long run (Mirvis, 2008, 2011). This includes issues such as food security, sanitation, poverty, employment and climate change. While he stepped down as Unilever’s CEO in 2019, he is still the Chair of the International Chamber of Commerce (ICC), The B Team, Said Business School, and Vice Chair of the UN Global Compact. In July 2019, Polman announced the formation of a new group, called Imagine, to help combat poverty and climate change and assist companies in meeting the SDGs. Over the years, Polman has received many awards and acknowledgements for his contribution to sustainability.

In 2014, Polman was asked by the former UN Secretary General Ban Ki-moon to be part of the panel for developing the SDGs adopted in 2015, aiming to irreversibly eradicate poverty in a sustainable and equitable way. He helped to launch the SDGs in the UN General Assembly in 2015 with an inspirational speech, an excerpt of which follows here:

Every day that we continue to abide poverty, thousands of children under the age of five die and with them, their dreams and our dignity. Every day that we continue to treat the atmosphere as an open sewer, we are irretrievably pushing our planet beyond its limits. And every day that business as usual continues, we
delay the opportunities that we know await us in the New Climate Economy. It’s not about doing less harm. It’s about moving to positive contributions. [...] We are doing what we can, but not what we must and all this time, we are running out of time. (UN Global Compact, 2015)

Polman often emphasises the need to balance sustainability and profitability: ‘We cannot choose between [economic] growth and sustainability – they are mutually dependent’. He consistently delivers the message that businesses cannot ignore their contribution to climate change because the impact of climate change will affect their business, whatever it is. To achieve both responsibilities, Polman focuses on long-term goals and did away with the practice of quarterly profit reporting at Unilever to encourage long-term thinking and investment (Cunningham, 2015):

The issues we are trying to attack with our business model and that need to be solved in the world today – food security, sanitation, unemployment, climate change – cannot be solved just by quarterly reporting. They require longer-term solutions and not 90-day pressures.

Unlike many CEOs worldwide, whose pay packages make headlines for their increases, Polman chose not to take a pay increase when he joined Unilever in 2009. As a purpose-driven CEO of Unilever, he continued to conduct selection interviews for employees at all job levels, looking for values and purpose alignment:

If you want to have a purpose-driven business, it’s very important that you have people who are purpose-driven. And to be a good leader, driven by purpose, you first and foremost have to be a good human being and understand yourself as well. What we were looking for was people that I call ‘whole people’ instead of ‘half people’.

As a servant leader, Polman is usually focused on others – employees, society and the environment. This is what led him to do his work at Unilever, Imagine and in many other endeavours.

The moment you discover in life that it’s not about yourself, that it is about investing in others, I think you’re on the way to becoming a great leader.

In 2020, Polman asserted that the COVID-19 pandemic is a litmus test for the emerging concept of stakeholder capitalism, where companies no longer focus on shareholders
alone, but on all their stakeholders. As part of his work at the ICC, Polman is encouraging national chambers of commerce to work closely with UN country teams in order to support the 45 million business members around the world so that they can take immediate and effective action to protect their workers, customers and local communities during this crisis (Slavin, 2020):

This is a moment we all need to rally together, and there are many different ways we can do that by providing sick leave or health care, or minimum benefits, relief from payments, or paying smaller companies [in supply chains] faster. If you are a landlord now, don’t tell me you need two or three months’ rent. If you’re someone who isn’t getting paid.

Questions

1. In your opinion, is Polman an example of responsible leadership? Why?
2. How does Polman create and communicate his vision?
3. What do you think will happen to the USLP now that Polman has stepped down? What does it tell you about Polman and Unilever?
4. How would you expect Polman’s leadership to affect the way other businesses operate? Describe possible mechanisms affecting individuals and organisations.

References


Introduction: The role of responsible leadership in CSR

Leadership is one of the most researched, and possibly the most complex, topics in management. Great leaders, whether political, social or business leaders, inspire people and bring out the best in others and in the organisations/societies/countries that they lead. But what is leadership and what is its role in helping corporations become more sustainable and responsible?

One well-accepted definition of business leadership sees it as ‘influencing, motivating and enabling others to contribute to the effectiveness and success of the organisations of which they are members’ (House et al., 2004: 56). Subsequently, leaders apply various forms of influence to motivate people and achieve a great vision that brings everyone to higher levels of success. Nevertheless, the most admired leaders are usually the purpose-driven ones, who aim to serve others, contribute to society and create a positive social impact. However, the discussion on leadership in the context of CSR is still limited.

Waldman et al. (2006b) argued that empirical studies of CSR have largely ignored the place of corporate leaders in CSR. An examination of many existing CSR textbooks shows that none had a chapter on leadership. We still lack knowledge on the leadership styles, values and ethics that create socially responsible companies. And yet, the best examples of socially responsible companies (some of which are featured in the case studies of this book) are usually based on strong leadership that genuinely believes in the responsibility of a business to do good for the world.

Being a responsible leader in today’s business world can be very challenging. On the one hand, there is pressure to perform well financially and to show loyalty to shareholders. On the other hand, business leaders are held accountable for (un)ethical behaviour at unprecedented levels. Leaders are expected to demonstrate...
strong values and work with all stakeholders to lead sustainable organisations. In a fast-paced era of globalisation, technology and social media, the business leadership challenges are greater than ever and yet there are insufficient guidelines and tools to show leaders how to balance the different (and sometimes contradicting) expectations.

There are numerous leadership concepts and frameworks that can assist existing and potential leaders in finding the leadership style that suits both them and their organisation. These styles range from sustainable, responsible and ethical leadership, through purpose-driven and value-based leadership, to visionary, servant, authentic and shared leadership. Some are used more broadly in business management, whereas others are more specific to the issues raised in CSR and in this book. It can be confusing to dissect the similarities and differences between all these leadership concepts, frameworks, theories and styles, and it is vital to explain each of them in relation to CSR.

The ever-growing discourse on business leadership is currently adopting a new perspective, in the form of responsible leadership. While this conversation is only in its early days, there are useful definitions and principles that can assist women and men who want to make a difference and create a business that is not just best in the world, but also best for the world. Adopting such a leadership style should increase the level of CSR and the positive impact of the organisation on society and the environment, as well as creating a long-lasting and successful organisation in which employees, consumers and shareholders are all satisfied.

Leading responsibly implies opening up to a broader set of stakeholders, with the goal of securing the legitimacy of the organisation in a given society and establishing and maintaining mutually beneficial stakeholder relations. This denotes that such leaders need to balance different and sometimes contradictory expectations, be involved in conflict resolution and offer a vision that heralds a positive impact on society.

It is therefore the aim of this chapter to discuss responsible leadership, what role such leaders play in advancing CSR and how to use the existing knowledge and frameworks of leadership to achieve this. It will examine the aforementioned concepts and frameworks in an attempt to organise the current understanding on these leadership styles and approaches. The chapter will then offer two new ideas – conscious leadership and a holistic approach to CSR leadership.

**CSR and the role of leadership**

The social issues that humanity is facing require a new kind of leadership – a responsible and compassionate leadership that is guided by long-term thinking. From poverty and food insecurity to pandemics and the climate crisis, the world desperately and urgently demands leaders who adopt a different way of leading.
It is particularly important in the context of strategic CSR that more such leaders emerge and change business for good. As strategic CSR is based on a holistic and long-term approach, it requires a strong relationship with all stakeholders, ethical conduct and a shift of the entire company so it can become a force for good and help to address the prevalent social and environmental issues of our time. To achieve these mammoth goals, three kinds of leaders are needed.

The first type is the organisational leader – a CEO or managing director who oversees the entire company and helps it achieve its goals. Although in the past such CEOs and formal leaders focused mainly on the financial bottom line, there is an increasing pressure on these executive officers to consider other aspects of the business. These include the company’s impact on the environment, stakeholder pressure and modern slavery in the supply chain, to name a few. As such, an increasing number of CEOs are now deeply involved in the company’s CSR, which is no longer a sideshow, but an integral part of the company and its leadership. CSR leadership in this sense relates to the commitment of the CEO to the company’s agenda to do less harm and create a positive impact on society and the planet.

The second type of leadership related to CSR is manifested in those people who are formally in charge of sustainability and social responsibility within the company. If in the past people who wanted to do something interesting landed on such jobs, CSR leadership is currently undergoing a professionalisation process as it is becoming a knowledge- and skill-based role. With undergraduate and postgraduate degrees that are primarily focused on CSR or sustainable development, numerous people now possess the required education, knowledge, capabilities and competencies to work in this field. Individuals with leading CSR roles, and sometimes even an entire CSR department, are an essential part to play in leading the company into a more sustainable future. There are currently many interesting positions to assist companies in doing this – from chief sustainability officer (CSO) and manager of climate action to director of positive change (all real job titles!) – giving people who want to work in the field an immense opportunity to lead with impact.

In a study published in the *Harvard Business Review* (Wickert and de Bakker, 2019), it was demonstrated that CSR managers are critical change agents in increasing social and environmental responsibility, but their role needs to be recognised and strengthened if firms want to become leaders in sustainability. Having interviewed 54 CSR managers in German multinational corporations, these researchers found that it often fell on the CSR manager to ‘nudge’ other middle managers (for example, in marketing, procurement, production and sales) to consider sustainability and participate in new initiatives. Wickert and de Bakker identified four strategies that were effective in engaging others in CSR: building a network of internal allies; making sustainability resonate; identifying adequate initiatives; and using external and internal benchmarking to indicate success.

In addition to the above two formal leadership roles, there is a third type, which is informal CSR leadership. Strategic CSR and responsible organisations do not
have to be led from the top down and there is an increasingly important role for everyone in the organisation to play in order to enhance CSR. Employees and other stakeholders can lead a company towards higher levels of CSR by pushing the organisation bottom-up and inside-out. For example, employees can lead CSR initiatives, create green teams and offices, be involved in social intrapreneurship (see Chapter 8) and change the culture, policies and practices of the employing company. Consumers can lead a change through boycotting, advocacy, pressure and partnership to change a company they buy from. This is also true for all the other stakeholders, from shareholder activism to community pressure, all of which will be discussed in the next chapter.

It should be noted that when a CEO of a company strongly believes in sustainability or CSR and holds dear the values that help to achieve higher levels of CSR, as was the case with Paul Polman, the organisation is more likely to achieve these results. This does not imply that a lack of responsible leadership will always lead to irresponsible organisations (as there are other mechanisms that can be used to achieve this goal). However, it is definitely more challenging to achieve high levels of CSR without the full support of the formal leadership.

Consequently, the most effective way of reaching strategic CSR is when it is embedded throughout the company and the vision for it is shared both by formal leaders of the organisation (e.g. CEOs, founders, or CSR directors) and informal leaders, who can be found among us employees and other stakeholders. When all three levels of leaders work in alignment, a strategic CSR that is embedded in every part of the organisation is more likely and more effective.

**Sustainable, responsible and ethical leadership**

Within the leadership literature and frameworks, three aspects stand out as being particularly relevant to strategic CSR: sustainable, responsible and ethical. This is because they touch at the core of what strategic CSR is – broad responsibility, long-term sustainability and ethical conduct. While there are similarities between them, each element was explored by different scholars who offered a variety of definitions and lists of traits or behaviours, which are associated with this leadership approach.

**Sustainable leadership**

A leader is someone who crafts a vision and inspires people to act collectively to make it happen, responding to whatever changes and challenges arise along the way. A sustainability leader is someone who inspires and supports action towards a better world. (Polly Courtice, Director, Cambridge Institute for Sustainable Leadership)
Just as there are many definitions of sustainability and of leadership, there are many definitions of sustainable leadership. The *Financial Times* Business Lexicon (2017b) defines sustainable leadership in environmental terms, emphasising the role that business leaders play in addressing urgent issues that human society faces, such as climate change. It also explains that sustainable leadership cannot be a one-person show and that many change agents are required to achieve this goal (this will be discussed further in the section on shared leadership below).

The Cambridge Institute for Sustainable Leadership lists the following seven key character traits and styles as important in distinguishing the leadership approach taken by individuals tackling sustainability issues (Fistis et al., 2014):

- systemic, interdisciplinary understanding
- emotional intelligence and a caring attitude
- a values orientation that shapes culture
- a strong vision for making a significant difference
- an inclusive style that engenders trust
- a willingness to innovate and be radical
- a long-term perspective on impacts.

This list emphasises the importance of purpose and values and focuses on making a difference. It includes both the natural environment and society at large.

Avery and Bergsteiner (2010) used the metaphor of honeybees to describe sustainable leadership and of locusts to portray unsustainable business and leadership. While the honeybees create something that is long-lasting and can be sustained for many years, the locusts create nothing but destruction. The main difference between the two groups lies within their answer to an important question: ‘Who is this business for and what is our purpose?’ The authors define sustainable leadership as taking a long-term perspective in making decisions; fostering systemic innovation aimed at increasing customer value; developing a skilled, loyal and highly engaged workforce; and offering quality products, services and solutions.

Szekely and Knirsch (2005) argued that firms only become truly sustainable when there is an active leader/manager who champions this approach. Their research showed that it takes a strong leader to transform a company into a sustainable and socially responsible one. Sustainable leadership starts by carefully examining all the factors that determine the sustainability performance of the company and its suppliers. These factors can be internal (mainly managerial and organisational) or external (stakeholder demands), which can be challenging. However, it should be noted that the approach of this book is that CSR can also be created bottom-up, through the leadership of employees who do not necessarily hold executive positions in the company.

Yvon Chouinard, Patagonia’s founder, is a well-known example of sustainable leadership. Chouinard believes that people have turned from citizens of the world
to consumers of the world, and that until humanity acknowledges its obsession with consumption and addiction, it will not be possible to save the planet. He does not like the word ‘sustainability’ because the actions that are attached to it are not enough. Chouinard is dedicated to constantly improving Patagonia so it can become the most sustainable company possible (see the opening case study in Chapter 6).

**Responsible leadership**

Very similar to the concept of sustainable leadership is the notion of responsible leadership. According to the *Financial Times* Business Lexicon (2017a), responsible leadership is about making business decisions that, alongside the interests of the shareholders, also take into account all the other stakeholders, such as workers, clients, suppliers, the environment, the community and future generations. Responsible leaders consider whether their business activities are sustainable and are not polluting the surrounding environment. Such leaders identify the systemic risks that business activities might contribute to, instead of taking short-term risks for quick profits that could endanger the reputation of the company. Responsible leaders care about the welfare of the people in their workforce and ensure sustainability throughout the entire supply chain.

Maak (2007: 331) offered a more captivating definition of responsible leadership, portraying it as ‘the art and ability involved in building, cultivating and sustaining trustful relationships to different stakeholders, both inside and outside the organisation, and in co-ordinating responsible action to achieve a meaningful, commonly shared business vision’. This definition does not only specify what responsible leaders do but also defines the impact of such a leadership style on the relationship with all stakeholders and on achieving a *meaningful* vision.

Another definition of responsible leadership was suggested by the UN Global Compact in 2008. As an organisation that aims to create a compact between business and society for sustainable development, it refers to responsible leadership as the art of motivating, communicating, empowering and convincing people to engage in a new vision of sustainable development and the necessary change (GRLI Foundation, 2008: 11). The first part of the definition examines the actions that are required of responsible leaders, while the second part examines the goal of such leadership, which is sustainable development for the world.

A good summary of the above can be found in a list offered by Northouse (2012), which contains five principles of responsible leadership:

1. *Respect*: Respect others to allow them to be themselves, with creative wants and desires.
2. *Service*: Place followers’ welfare foremost in one’s plans.
Ethical leadership

A third, related leadership term that has been used in the context of CSR is ethical leadership. Ethical leaders display behaviours that indicate they seek to do the right thing, are consistent in the pursuit of their ethical standards and do not compromise even when others pressurise them. Ethical leaders are characterised by honesty, openness and integrity as well as by a desire to do what is right (Brown and Treviño, 2006). Based on their qualitative study, Brown et al. (2005: 120) defined ethical leadership as ‘the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making’. The first part of this definition relates to the ‘moral person’ and the second part to the ‘moral manager’.

The 4-V model: Values, Vision, Voice and Virtue, offers a summary of the characteristics that help create a strong ethical leader. Accordingly, ethical leadership helps align the person’s internal beliefs and values with their external behaviours and actions for the purpose of the common good (Villanova University, 2018). Such leaders do not only hold ethical values and norms, but also constantly and consistently model them in their behaviour, creating a true sense of integrity and authenticity.

Ethical leadership is critical to a leader’s credibility and their potential to exert meaningful influence and generate trust. Such people lead with integrity, which refers to adherence to moral principles, captures the essence of ethical values and therefore can be seen as an important driver of ethical leadership (Engelbrecht et al., 2017). Ethical leadership can lead to employee engagement, organisational citizenship behaviour and a positive reputation for the brand. Unethical leadership, on the other hand, as was seen with the case of Enron and other scandals, can have catastrophic results. Even if the firm survives, the damage to employee morale, organisational culture and consumer trust can be very difficult to repair.

Question for reflection and discussion

Re-read the case study of Paul Polman. How does he demonstrate in his philosophy and actions responsible, sustainable and ethical leadership?
Leading with a ‘why’: Purpose-driven leadership

In 2009, Simon Sinek delivered a TED talk on how great leaders inspire action. This video has become one of the most viewed TED talks of all time, with approximately 30 million views to date. His books on leadership (Sinek, 2011, 2014) are on the best-selling lists. What was the idea he presented that became so popular? As Sinek himself says, it was the simplest idea and all he did was codify it. This groundbreaking idea was that all inspirational and successful leaders (and organisations) work in the same way, which is the complete opposite of everyone else.

Using what he calls ‘the golden circle’ (Figure 7.1), Sinek (2011) presents three levels of analysis: why, how and what. Every organisation in the world knows what they do – what they produce, sell and deliver. They also usually know how they do it – designing, manufacturing, marketing, and so on. However, only great organisations and leaders know why they do what they do. Sinek illustrates this with Apple, who used its marketing campaigns to feature concepts and innovation instead of products. While Apple has not always been a great example of a socially responsible company, it is often used as an outstanding case of innovation, leadership and a purpose-driven organisation. Sinek demonstrates that decision making is emotional, not rational, and that ‘people don’t buy what you do, they buy why you do it’. Having a purpose that is aligned with making a significant positive impact on the world should therefore create emotional commitment in employees, consumers and other stakeholders.

![Figure 7.1 The golden circle (based on Sinek, 2011)](image-url)
A purpose is a reason for which something exists or is done, made or used. For example, the purpose of a chair is to help people sit comfortably. The purpose of this book is to help students and managers lead responsible organisations in a holistic way. The purpose of a person’s life and an organisation is more complicated. However, it is still crucial to discover and articulate this because when people and organisations have, and act with, a strong purpose, they inspire action, create trust and perform better than others. That is because people are not just profit-driven creatures; instead, they are purpose-driven humans.

Similarly, Pink (2009) details three imperative motivators at work – autonomy, mastery and purpose. He defines purpose as a sense that what a person does produces something transcendent or serves something meaningful beyond themselves. Similarly, the aforementioned concept of ‘conscious capitalism’ has three tenets with an overarching higher purpose. Mackey and Sisodia (2014) asserted that a purpose is a definitive statement about the difference that a person is trying to make. It is not what a person does (a job), but what they stand for. Therefore, a purpose is most powerful when it taps into a universal truth, aligning with the higher aspect of what it means to be human. One of the tenets, conscious leadership, will be discussed below.

In a study conducted by Ernst & Young (EY) (2015), organisational purpose was described as ‘an aspirational reason for being which inspires and provides a call to action for an organization and its partners and stakeholders and provides benefit to local and global society’. This definition is important because it shows how an organisational purpose is, yet again, about impact, benefiting others and working with others to achieve it.

Subsequently, purpose-driven leaders can articulate the ‘why’ of their organisation as well as their own purpose, lead the organisation to achieve this purpose and cultivate a sense of purpose in others. They do so to make a difference, create a positive impact and serve society. If CSR is about addressing social and environmental issues through the power of business, then purpose-driven leaders are essential to achieving these goals. A purpose-driven leader sees both their personal life and organisational power as an opportunity to serve and make a difference in other people’s lives. Such leaders are not only driven by purpose but also lead in an inclusive way. It enables others to find and pursue their own purpose. Such leadership leads to a shared sense of meaningfulness, wellbeing and resilience (Haski-Leventhal, 2020).

Mark Zuckerberg, the founder and CEO of Facebook, is emerging as a purpose-driven leader. While Facebook has been criticised for privacy violation and other issues in the last few years, it also strives to clarify its meaningful purpose. In his commencement speech at Harvard University in May 2017, Zuckerberg said:

Today I want to talk about purpose. But I’m not here to give you the standard commencement about finding your purpose. We’re millennials. We’ll try to do that instinctively. Instead, I’m here to tell you finding your purpose isn’t enough. The challenge
for our generation is creating a world where everyone has a sense of purpose. [...] Purpose is that sense that we are part of something bigger than ourselves, that we are needed, that we have something better ahead to work for. Purpose is what creates true happiness. [...] But it's not enough to have purpose yourself. You have to create a sense of purpose for others. I found that out the hard way. You see, my hope was never to build a company, but to make an impact. And as all these people started joining us, I just assumed that's what they cared about too, so I never explained what I hoped we'd build.

**Exercise**

1. Apply the golden circle to a company you work(ed) for or a company that you know. What is the 'what', 'how' and 'why' of this company?
2. Is the 'why' clear and known by all stakeholders?
3. Does the company work from the centre of the circle out, or vice versa? How might it improve its work based on this framework?

**The importance of vision and transformational leadership**

Leaders hold the power to enhance a company's social responsibility by expressing its ultimate goals and aspirations (Shamir et al., 1993). Having a strong vision infers the ability to see an alternative future so vividly that the leader can make others see it and desire it as well. It is called a 'vision' because people need to mentally 'see' it before they can begin to jointly work towards achieving this vision. A strong vision is inspirational in the sense that it transcends everyday issues and connects us to something bigger than ourselves. As such, maximizing profits or outperforming the competitors is not a compelling vision. Instead, being the first company in the industry to eliminate modern slavery or becoming a warrior for the planet is. The Unilever Sustainable Living Plan is a good vision insofar as it transcends immediate performance goals and connects to humanity as a whole.

Leaders of responsible companies can portray a vision in which the business is used to address climate change, poverty and hunger, conflict and war. Instead of asking what the firm should achieve in the next quarter, such leaders ask – what might the country or the world look like in five years and how can the firm contribute to this vision? As noted, such a vision does not have to originate from formal
leaders only, it may also derive from employees, or even clients, suppliers and other stakeholders. A shared strategic vision plays an important role in organisational effectiveness.

One of the most well-known leadership models that discusses the importance of vision is *transformational leadership*. While transformational leadership has been well used to create effective organisations in general, some of its components can be applied to CSR and to leaders who make a genuine difference in the world (Groves and LaRocca, 2011).

Transformational leadership explains how leaders change organisations by creating, communicating and modelling a vision for the organisation and inspiring employees to strive and make strides towards this vision (Bass, 1985; Burns, 1978), all of which can be translated into CSR. Transformational leaders work by appealing into and inspiring the higher motivations of followers, not by offering monetary rewards and other resource exchanges, but by understanding that people are also purpose- and vision-driven. In addition, transformational leadership can be defined in terms of how such leaders stress self-sacrifice for the long-term good of the larger group or collective.

Transformational leadership is associated with being a moral agent and raising followers to higher levels of moral consciousness, which makes it highly relevant to the context of responsibility and sustainability. Transformational leaders are perceived as agents of change and if the change is a more responsible organisation, a more sustainable company or a better world, transformational leadership provides a pathway to achieve these goals. Although such leaders are not necessarily described as being ethical or socially responsible, transformational leadership theory requires that such leaders are trusted, which indicates a potential link to integrity through congruous behaviours (Angus-Leppan et al., 2010).

Notably, it is essential to differentiate between transformational leadership and transactional leadership. Burns (1978), who coined both terms in the 1970s, defined transactional leaders as people in positions of power who gain compliance by using rewards and penalties. Transformational leadership, on the other hand, engages employees by appealing to their values and aspirations via a meaningful vision. This difference is similar to the one often made between managers and leaders.

Several descriptions and models of transformational leadership exist and most include the following four elements: creating a strategic vision, communicating the vision, modelling the vision and building commitment towards the vision (Burns, 1978). For the purpose of this book, I adapted these elements in order to apply them to the CSR context. These are shown in Figure 7.2 and are described next:
Develop a vision to benefit society

Communicate the CSR vision

Create commitment towards the vision among all stakeholders

Walk the talk and model the CSR vision

Figure 7.2  The CSR transformational leadership model (Based on Bass, 1985)

1. **Develop a vision to benefit society**: transformational leadership establishes a vision that engages employees with objectives they did not think possible. These leaders outline a strategic vision of a realistic and attractive future that bonds employees together and focuses their energy on achieving this future. Strategic vision creates a ‘higher purpose’ that energises and unifies employees, such as in the goal of a more just society or a world in which the environment is well looked after.

2. **Communicate the CSR vision**: if vision is at the core of transformational leadership, communicating that vision is the process through which it is manifested and achieved. Transformational leaders communicate meaning and frame messages around a higher-level purpose with an emotional appeal that captivates employees and other corporate stakeholders. The vision is brought to life through metaphors, stories and other vehicles that engage people’s emotions. When Martin Luther King made his famous speech, ‘I have a dream’, he managed to do it so clearly that everyone could share the same dream, by using metaphors and visualisation of the future of equality he aspired to.

3. **Create a commitment to the vision among all stakeholders**: transformational leaders do not only communicate a vision; they enact it. They ‘walk the talk’ and lead by example. Such behaviour builds trust in the leader and shows people what needs to be done to achieve the vision. Ben Cohen and Jerry Greenfield used to walk out of their offices and march with their employees for causes that
were important to them (they still do it today, although they are no longer in the Ben & Jerry’s CEO position). John Mackey, the CEO of Whole Foods Market, is vegan and promotes animal rights. These responsible transformational leaders and many others walk the talk and thus create trust and commitment.

4. **Walk the talk and model the CSR vision:** to transform the vision into reality, transformational leaders create employee commitment towards it. They do so by using their rhetoric talent and charisma and by building a contagious enthusiasm that revitalises people to adopt the vision and work hard to achieve it. They use positive psychology to achieve this, focusing on what can be instead of focusing on problems. In the case of CSR, transformational leaders involve employees in creating the vision of a more sustainable future and involve them through volunteering and contribution.

Research shows that transformational leadership can help generate an impact, lead change, motivate employees and create an emotional attachment to the organisation that is led by such a leader. According to Waldman et al. (2006a, 2006b), transformational leaders engage people by shifting the focus from the individual to the collective, thus inspiring employees through a vision for a greater purpose. The authors’ research examined the role of CEOs in determining the extent to which their firms engage in CSR, and showed that CEO intellectual stimulation (but not CEO charismatic leadership) is significantly associated with the propensity of the firm to engage in strategic CSR.

**The leader as a servant**

Leaders are the ones who are willing to give up something of their own for us. Their time, their energy, their money, maybe even the food off their plate. When it matters, leaders choose to eat last. (Sinek, 2014: 66)

Another leadership style that is closely related to CSR is servant leadership. It has been gaining popularity in the last few decades, although the idea of servant leadership is rooted in ancient Chinese philosophy, religious scriptures and other sources. Being both a philosophy and a practice, servant leadership focuses on serving others due to a sense of calling and higher purpose.

Robert Greenleaf (1970) coined the phrase ‘servant leadership’ in his book *The Servant as Leader*, in which he explains:

The servant-leader is servant first ... It begins with the natural feeling that one wants to serve, to serve first. Then conscious choice brings one to aspire to lead. That person is sharply different from one who is leader first, perhaps because of the need to assuage an unusual power drive or to acquire material possessions. The leader-first and the servant-first are two extreme types. Between them, there are shadings and blends that are part of the infinite variety of human nature. (Greenleaf, 1970: 7)
Servant leadership is based on the view that leaders serve followers, rather than vice versa: leaders help employees fulfil their needs. In doing so, leaders become coaches, stewards and facilitators of employee development. Traditional leadership generally involves the accumulation and exercise of power by one at the ‘top of the pyramid’. In contrast, the servant-leader shares power, puts the needs of others first and helps people develop and perform as well as possible.

Larry Spears, CEO of the Greenleaf Center for Servant Leadership, identified 12 characteristics of servant leadership (Spears, 2017):

1. **Calling**: servant leaders have a strong sense of purpose and are willing to sacrifice themselves for the good of others. This calling to serve is deeply rooted and values-based, and these leaders desire to make a difference for others and will pursue opportunities to make a difference and to impact the lives of employees, the organisation and the community, and never for their own gain.
2. **Listening**: servant leaders use active listening skills to understand the feelings and the will of others. They listen with empathy to other people’s ideas and value them.
3. **Empathy**: with high emotional intelligence, servant leaders are able to identify other people’s emotions and relate to them.
4. **Healing**: one of the great strengths of servant leadership is the potential for healing oneself and others. The positive relationship between servant leaders and the people around them has a healing effect.
5. **Awareness**: general awareness, and especially self-awareness, strengthens the servant leader. Such leaders know what is going on and do not ignore reality and other people’s perspectives.
6. **Persuasion**: persuasion is considered a ‘soft’ influence tactic rather than a hard one, resulting in commitment rather than in compliance or resistance. Servant leaders seek to convince others, rather than coerce them.
7. **Conceptualisation**: servant leaders seek to nurture their abilities to ‘dream great dreams’. They can conceptualise and communicate a great vision while finding a balance with everyday operations.
8. **Foresight**: foresight enables servant leaders to understand lessons from the past, the realities of the present and the likely consequences of a decision in the future.
9. **Stewardship**: servant leaders are responsible for and are capable of preparing the organisation for its destiny, usually for the betterment of society. Stewardship is the desire to prepare the organisation to contribute to the greater good of society.
10. **Growth**: servant leaders are committed to helping employees develop and grow.
11. **Building community**: servant leaders have a strong sense of community spirit and work hard to foster it in their organisation so that it is shared by all employees.
12. *Nurturing the spirit (joy)*: working in an organisation led by a servant leader will lead to employee happiness and meaningfulness, which is constantly nurtured and celebrated. The servant leader reminds employees to reflect on the importance of both their struggles and successes and to learn from both.

**EXERCISE**

Go back to this chapter's opening case study of Paul Polman. Which of the 12 aspects of servant leadership are demonstrated in the case? Can you find examples of the other aspects using additional sources?

Research shows (Greenleaf and Spears, 2002) that servant leadership can help create positive workplace outcomes such as employee engagement, trust in the leader, performance and commitment. Servant leaders are likely to engage individuals to be more motivated, empowered and action-oriented within environments that sustain hope and trust. Showing concern and making the needs and interests of others a priority demonstrate empathy and elicit trust. As Sendjaya and Pekerti (2010: 647) state:

> When servant leaders put followers' needs and interests above those of themselves, maintain consistency between words and deeds, engage in moral dialogue with followers, and instil a sense of purpose and meaning in followers, they accumulate the trust of their followers.

While there are some similarities between transformational leadership and servant leadership, they are quite different, particularly around the focus of the leader (Stone et al., 2004). The transformational leader's focus is directed towards the organisation and building commitment for organisational objectives, while the servant leader's focus is on their followers with the organisation coming second. However, both transformational leadership and servant leadership offer a conceptual framework for dynamic leadership that can be applied well to the context of CSR and hyper goals; and when serving for a CSR purpose, these leadership styles become more alike.

The framework of servant leadership is very relevant to CSR and it is often used in this context. The sense of a calling to serve society and the environment is vital for leading a sustainable and responsible organisation. The state of mind of a CEO that is there to serve others instead of being self-serving is essential for genuine concern about all stakeholders. Such servant leaders are not there for the power and the money but see their role as an opportunity to serve.
Moreover, empathy and listening skills are crucial for those leaders who, as required in strategic CSR, want to work with a broad set of stakeholders, listen to their opinion and try to find a balance between them all. However, while the existing literature on servant leadership often focuses on serving employees, in the context of CSR, it transcends to focus more broadly on society, the environment and all stakeholders.

**Being true to self: Authentic leadership**

Authentic leadership is defined as leadership that displays leader behaviour true to the inherent moral values of the leader (Avolio and Gardner, 2005) and, as such, it is related to value-based, ethical and responsible leadership. The basic assumption underlying the authentic leadership approach is that the more people learn about themselves, the greater the understanding they gain of their inner purpose, and the better leader they become. Putting it simply, authentic leaders know who they are and behave in full alignment with their true self. As such, authentic leadership is often seen as a journey in which the leader constantly discovers who they are and finds ways to lead their life and their organisation accordingly.

Authentic leaders demonstrate a passion for their purpose, practise their values consistently and lead with their hearts as well as their heads. The leader’s behaviour keeps its integrity with the leader’s personal values. Such leaders establish long-term, meaningful relationships and have the self-discipline to get results.

Walumbwa et al. (2008) found that authentic leadership has strong correlations with specific job outcomes. These authors referred to authentic leadership as a pattern of leader behaviour that draws upon and promotes both positive psychological capacities and a positive ethical climate in order to foster self-awareness, an internalised moral perspective and a transparent relationship with followers. Their research found authentic leadership to correlate positively with job performance, job satisfaction and organisational climate. Similarly, Thomas et al. (2004) found that authentic leadership is associated with several positive business outcomes, including revenue.

According to *Forbes Magazine*, ‘doing good requires authentic leadership’ and there is a growing expectation of authentic leadership from stakeholders, socially conscious consumers and purpose-driven employees who want to work for companies that have a greater mission (Sinha, 2013). Let us state it clearly: the positive outcomes of strategic CSR that are detailed throughout this book will only emerge when the leadership and the company are authentic about their desire to contribute to humanity. Being a responsible and ethical leader demands a strong self-concept and values that can be aligned with taking such a direction for the firm. As such, authentic leadership is an essential part of strategic CSR.
Shared leadership

While the previous sections of this chapter emphasised the role and leadership style of people in formal positions, it was stated in the introduction that leadership, particularly CSR leadership, can emerge from people at all levels of the organisation, and sometimes from people outside the organisation as well, thus creating a ‘leaderful organisation’. Shared leadership is based on the notion that nearly every person is capable of sharing the burden and responsibility of leading, at least to some extent, in nearly all types of organisational circumstances (Pearce and Conger, 2003).

Shared leadership entails the serial emergence of both formal and informal leaders as part of a simultaneous, ongoing and mutual influence process. According to Pearce et al. (2014), all leadership is shared leadership; it is simply a matter of degree – sometimes it is shared completely while at other times it is not shared at all. At its most extreme, shared leadership is just what it sounds like: all social actors in an organisation or a team are involved in the process of leading one another towards a productive goal.

Shared leadership suggests that leadership is plural, not singular: any organisation, department or team may have several leaders at the same time, with each person leading in a different area. Shared leadership thrives in organisations where the formal leaders are willing to delegate power and encourage employees to take initiative and risks without fear of failure. It calls for a collaborative rather than an internally competitive culture because employees best take on shared leadership roles when co-workers support them in their initiative (Pearce et al., 2014).

Shared leadership is based on the idea that leadership is a role, not a job, and does not belong to any one individual in the organisation. Dennis Donovan was such a leader at Home Depot and the recipient of the HR Executive of the Year Award in 2003. He stated his shared leadership view: ‘I start with the premise that the function of leadership is to produce more leaders, not more followers. You get a more intelligent, responsible followership if the followers themselves have experience with leadership’ (Mackey and Sisodia, 2014).

Employees are leaders when they envision (or share someone else’s vision of) a better future for the organisation and work bottom-up to make this vision come true; they become powerful change agents and help lead and facilitate this change by working with all stakeholders to achieve the vision and goals. This includes a CSR vision of better humanity, the community or the environment. Also related to CSR, shared leadership exists when employees engage in organisational citizenship behaviours that improve the performance and wellbeing of their peers, such as through mentoring and volunteering.

In organisations with both strategic CSR and shared leadership, any employee can have a vision of how to use the company’s resources, core operations and competencies to create a positive social impact. This might be aligned with the overall mission and vision of the organisation and may strengthen them. Shared
CSR approaches and implementation

CSR leadership is the essence of employee-led CSR, which will be discussed in the next chapter. It means that employees can choose which charity organisations to support, initiate CSR programmes or even start a social enterprise that is supported by their employer. Furthermore, employees play an active part in socially responsible companies that support shared leadership, champion their company’s CSR and become a change agent to enhance it.

Conscious leadership

In addition to leading with purpose and vision for the service of others, CSR leaders act with a high level of consciousness. Consciousness relates to a person’s state of awareness of the self, others and the world around them. Conscious leadership brings an innovative approach to the leadership literature, as it integrates the best from authentic, transformational and servant leadership theories with the need for personal change. Business leaders can become more conscious by developing both their emotional intelligence (EQ) and their spiritual intelligence (SQ). Both EQ and SQ can help leaders to become more empathetically aware of the world and of the ways universities may serve it.

As was mentioned earlier, conscious leadership is one of the three tenets of a conscious business, which is a business galvanised by higher purposes that serve and align the interests of all major stakeholders. As can be seen in Figure 7.3, the three tenets are: stakeholder integration (which has already been discussed in Chapter 3); conscious culture and values; and conscious leadership, which is the focus of this section. However, all three tenets are important for conscious leadership, as it is purpose- and value-driven, focused on a broad set of stakeholders.

![Figure 7.3](image_url)

**Figure 7.3** Conscious leadership as one of the three tenets of conscious capitalism (based on Mackey and Sisodia, 2014)

According to Mackey and Sisodia, conscious leaders seek to make a positive impact on the world through their organisations. Such leaders serve a higher purpose and inspire a vision, and are self-aware and introspective. As such, conscious leadership can be seen as an integration of transformational leadership, responsible leadership, purpose-driven leadership, servant leadership and authentic leadership.
Similar to servant leaders, conscious leaders transcend their ego for the greater good of the organisation and of humanity. Furthermore, conscious leaders have a genuine curiosity to understand others and create a deeper connection. They lead and create organisational cultures in which everyone can flourish, feel empowered and realise their potential, because they lead with an emphasis on what the ‘whole’ needs – employees, customers, stakeholders and the organisation. Connecting with the whole and aligning purposes create win–win–win scenarios, sustained results and better futures.

In examining the traits and virtues of conscious leaders, we find that they are confident, compassionate, courageous and can make tough decisions while taking full responsibility for those decisions. They practise humility and authentic power. This is power from within rather than an external power based on the trappings of titles and prestige. Such leaders live their lives from a place of integrity and wholeness, and are grounded in values, family, community and work.

Figure 7.4 summarises the seven components of conscious leadership. It shows how this approach incorporates ideas from other leadership perspectives that have been discussed in this chapter and how applying it can assist in developing strategic CSR.

**Figure 7.4** The seven components of conscious leadership (based on Mackey and Sisodia, 2014)

**The holistic approach to CSR leadership**

This chapter has detailed several approaches to leadership that can be applied and implemented in the context of CSR. The obvious ones are sustainable, responsible and ethical leadership, but other leadership styles can be applied here as well. Transformational leadership offers four stages of creating a vision, communicating and modelling it to create an overall commitment to this vision. It is easy to apply to the
CSR approaches and implementation

CSR context – as long as the vision concerns a courageous contribution to humanity. Servant leadership is also highly relevant for organisations and leaders who want to serve society instead of just utilise society to maximise profits. It is essential that CSR leadership be authentic, and as such, authentic leadership is essential. And yet, CSR leadership is never about the one person at the top – it needs to be shared with all employees in order to be as holistic as strategic CSR requires it to be. Finally, conscious leadership adopts almost all of these approaches to offer a leadership style that is responsible, sustainable, purpose-based, value-based, servant-led and authentic.

It is perhaps overwhelming to consider so many leadership frameworks and styles, each one with a long list of traits and behaviours that may seem unachievable. However, the goal of this chapter was not to overwhelm but rather to offer a range of leadership styles that may serve strategic CSR, and to shed light on the meaning of each, so that CSR leaders can apply those they see as pertinent to their personal and organisational purposes. Eventually, CSR leadership needs to be authentic about adopting one’s values, purpose and personality to embed CSR in the organisation one leads, be it in a formal position or not.

To end this chapter, I would like to offer a holistic CSR leadership approach. Based on the definition of strategic CSR used throughout this book, CSR leaders can be seen as people (in any position) with a strong purpose and a vision to better humanity, who incorporate a holistic and long-term approach to the broad responsibilities of business, and work ethically towards stakeholder integration, all while utilising the firm’s resources and brand to address societal and environmental issues. They do so on the basis of strong purpose and values, while being true to the self and with the aim to serve others.

Summary

Strategic CSR refers to tying the company’s strategy to a holistic CSR approach that is embedded within the entire organisation. As such, there is a vital role for the formal and informal leaders throughout the organisation in manifesting this approach. However, existing knowledge of CSR leadership, and of which leadership styles pertain to CSR, is still limited. It was therefore the aim of this chapter to shed light on CSR leadership, detail several leadership approaches and show how they might be applied in the context of strategic CSR.

The leadership styles that are naturally related to CSR are sustainable, responsible and ethical leadership. Such leaders inspire and support action towards a better world and work with all stakeholders in order to achieve a meaningful and commonly shared business vision. Ethical leaders are also deeply engaged in doing the right thing and making business decisions that are moral.

Similarly, using the concept of purpose can assist us in shaping a leadership style that is relevant to CSR. Purpose-driven leadership is about starting with a
Responsible leadership

strong ‘why’, and when this ‘why’ is about making a positive impact on society and the environment, it becomes a CSR leadership style. This purpose may be a vision for a better future for humanity, and transformational leadership can therefore become CSR leadership if the vision that such a leader creates, communicates, models and builds a commitment towards, is focused on being ‘best for the world’.

Additionally, servant leadership is strongly focused on serving others. While servant leadership is often about serving employees, it can be applied to serving other stakeholders and society at large and, as such, to strategic CSR. Further, authentic leadership implies that the leader is true to themselves and to their values and purpose. It can be argued that authentic CSR leadership is the only way to achieve trust in and commitment to the CSR vision.

It is important to note that CSR leadership does not have to derive from the CEO of the company. In fact, CSR may be more effective if its leadership is more shared throughout the organisation. Shared leadership suggests that any employee can lead a CSR vision (be it their vision or another person’s) and create a commitment around it.

The concept of conscious leadership offers a combination of all the aforementioned leadership styles. Conscious leaders serve from a higher purpose and values, inspire a vision and are self-aware, authentic and introspective. Their goal is to make a positive impact on the world instead of gaining power.

These leadership styles and approaches demonstrate that when the leader of a company is authentically passionate about making a difference and develops a vision that is about higher purpose, people will be more inspired to follow it. It does not really matter which leadership style is adopted. What is important is the focus of the leadership and how it is used to serve. As such, the holistic approach to CSR leadership asks that leaders approach this great challenge by embedding responsibility in everything they do and in every aspect of the company they lead.

**Key definitions**

- A sustainable leader is someone who inspires and supports action towards a better world (Fistis et al., 2014).
- Responsible leadership is about making business decisions that, alongside the interests of shareholders, also take into account all other stakeholders, such as workers, clients, suppliers, the environment, the community and future generations (Financial Times, 2017a).
- Responsible leadership is the art of and ability involved in building, cultivating and sustaining trustful relationships to different stakeholders, both inside and outside the organisation, and in co-ordinating responsible action to achieve a meaningful, commonly shared business vision (Maak, 2007).
- Ethical leadership is the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion...
of such conduct to followers through two-way communication, reinforcement and decision making (Brown et al., 2005).

- Transformational leaders work by tapping into and inspiring the higher motivations of followers as well as by understanding that people are also purpose-and vision-driven. They create a strategic vision, communicate the vision, model the vision and build commitment towards the vision (Bass, 1985; Burns, 1978).

- Servant leadership is defined as leadership that focuses on serving others, mainly employees, due to a sense of calling and higher purpose (Greenleaf and Spears, 2002).

- Authentic leaders display behaviour true to the inherent moral values of the leader. Such leaders know who they are and are true to self (Avolio and Gardner, 2005).

- Shared leadership is the view that leadership is plural, not singular: any person can be a leader of certain aspects in any organisation, group or team. It is based on the idea that leadership is a role, not a job, and does not belong to any one individual in the organisation (Pearce et al., 2014).

- Conscious leadership seeks to make a positive impact on the world through companies and organisations. Such leaders serve from a higher purpose and inspire a vision, and are self-aware and introspective (Mackey and Sisodia, 2014).

- Strategic CSR leaders can be seen as people (in any position) with a strong purpose and a vision to better humanity, who incorporate a holistic and long-term approach to the broad responsibilities of business and work ethically towards stakeholder integration, while utilising the firm’s resources and brand to address societal and environmental issues. They do so on the basis of strong purpose and values, while being true to self and with the aim to serve others.

**References**


Responsible leadership


### Further reading and links


