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**Responsible Leadership in Global Business:
A Contingency Approach**

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RESPONSIBLE LEADERSHIP IN GLOBAL BUSINESS:

A CONTINGENCY APPROACH

Abstract

The paper advances an understanding of responsible leadership as a political conception and offers an agenda for future research in this field. Our conceptualization of responsible leadership draws on deliberative practices and discursive conflict resolution, combining the macro-view of the business firm as a political actor with the micro-view of leadership. We discuss the concept in relation to existing leadership concepts (e.g. authentic, ethical, transformational, servant leadership). Further, we propose antecedents, outcomes and moderators that can affect or are affected by such an understanding of responsible leadership.

INTRODUCTION

Amidst the various reports on the financial crisis, corporate scandals and managerial misconduct that have been prevalent for more than a year in media headlines, a common denominator seems to be the concern in attributing the failures to the challenges of global business. In a time where it has become increasingly difficult, if not impossible, to delineate systemic outcomes and individual responsibilities, ethics and morality have once again become the front page news. As a consequence theory and practice are struggling with the task of re-conceptualizing the role of business and its corporations (Scherer & Palazzo, 2008b) and leaders (Doh & Stumpf, 2005a; Maak & Pless, 2006a; Waldman & Siegel, 2008) in society, in order to address the surge of public concerns.

So far leadership ethics as the overarching term for the inclusion of ethical aspects in leadership has remained an underdeveloped field (Ciulla, 1995; Ciulla, 2005; Doh & Stumpf, 2005b). Besides traditional leadership concepts like transformational leadership (Bass, 1985; Bass & Avolio, 1994; Bass & Steidlmeier, 1999; Burns, 1978), authentic leadership (Avolio et al., 2004b; Avolio & Gardner, 2005; Walumbwa et al., 2008) or servant leadership (Greenleaf, 1977; Liden et al., 2008) that did at least acknowledge the moral dimension of the research phenomena, several concepts have been forwarded in recent years that promise to establish leadership ethics as an ongoing academic discourse. Most prominent among these is the work done on the concepts of *ethical leadership* and *responsible leadership*. Whereas the former tries to analyze the conditions that explain ethical leadership (Brown et al., 2005; Brown, 2007; Brown & Trevino, 2006; Trevino et al., 2000; Trevino et al., 2003), the latter is understood by its proponents as an emerging concept at the overlap of studies in ethics, leadership and corporate social responsibility (CSR) (Ciulla, 2005; De Hoogh & Den Hartog, 2008; Doh & Stumpf, 2005a; Doh & Stumpf, 2005b; Maak, 2007; Maak & Pless, 2006a; Waldman & Galvin, 2008; Waldman & Siegel, 2008).

Though undoubtedly these efforts have made vital contributions to the field, we argue that they are limited, due to conceptual constrains, because they do not adequately encompass the causes and implications of present leadership challenges. As we outline below we see these challenges rooted in the economic and moral implications of globalization (Patzer, 2009; Scherer & Palazzo, 2008a). An appropriately extended understanding of responsible leadership has to take these into account with regard to the individual's actions as well as their organizational and societal embeddedness. The inclusion of the latter poses a significant research gap as present leadership theory remains primarily focused on the micro level perspective of internal organizational behavior (House & Aditya, 1997, pp. 445f; Osborn et al., 2002; Waldman et al., 2006, p. 1705). Yet it is our understanding that only by bridging the organizational level of *corporate* responsibility and the individual level of *leadership* responsibility does one do justice to the pluralistic and multifaceted tasks present leaders have to attend to (see also Bies et al., 2007; Doh & Stumpf, 2005b; Palazzo & Scherer, 2008, pp. 583f; Waldman et al., 2006; Waldman & Siegel, 2008, p. 117). Furthermore, leadership ethics can benefit from the discussions on the responsibility of the firm, with concepts like CSR, Corporate Citizenship or Business Ethics (e.g. Garriga & Melé, 2004; Matten & Crane, 2005; Scherer & Palazzo, 2008b; Windsor, 2006) that have addressed some of the present challenges of globalization and global public goods problems.

This paper acknowledges these challenges and the indications offered by the CSR discourse. It draws upon a political conception of leadership responsibility (see Patzer, 2009), that reconsiders the role of leaders in a globalizing society in the context of Habermas's thoughts on deliberative democracy (Habermas, 1999; Habermas, 2001b). Building on this normative conception of leadership responsibility the paper suggests a model for responsible leadership, which provides the premise for future empirical testing.

Accordingly the paper *first* recapitulates our argumentation for a political understanding of leadership responsibility, depicting it as our explicitly normative cornerstone with respect to the understanding and integration of present leadership challenges. We transform these philosophical foundations into a definition that is the starting-point in modeling responsible leadership. *Second*, we discuss responsible leadership in relation to existing leadership concepts, such as ethical leadership, transformational leadership and others that overlap to some extent with our conception. *Third*, we present a model of responsible leadership, pointing to antecedents that foster responsible leadership and highlighting outcomes of responsible leadership conduct. The outcomes that will be discussed connect to the arising problems of organizations due to the process of globalization. The presented model of responsible leadership thereby connects the micro perspective of leadership with the macro perspective of CSR, corporate legitimacy and other important future business challenges. The aim is to provide a research agenda for responsible leadership in order to stimulate future efforts in this field, and to advance the understanding of responsible leadership and its future empirical testing.

THE CONCEPT OF RESPONSIBLE LEADERSHIP: A POLITICAL CONCEPTION

In accordance with Scherer and Palazzo as well as others we argue, that globalization, understood as an increased integration of value creation transcending national boundaries, impedes the capability of the nation state system to moderate the outcomes of the economical, political and social systems in such a way that the public interest is served ((Scherer, 2003; Scherer et al., 2006; Scherer et al., 2009; Scherer & Palazzo, 2007; Scherer & Palazzo, 2008a), see also (Beck, 2000; Habermas, 2001c; Patzer, 2009)). The regulatory power of democratic rule of law states is territorially bound and international organizations cannot intervene into the public policy of sovereign nation states. As a result many externalities and global public goods problems such as protecting human rights, enforcing labor standards,

saving the natural environment, or fighting corruption, remain unaddressed (Kaul et al., 2003). In order to fill the apparent gaps in global governance, many corporations and their leaders voluntarily engage in self-regulation and the production of global public goods (see e.g., Young, 2006). This is a widespread phenomenon as can be seen in the growing membership of companies in the UN Global Compact, or booming CSR initiatives like the Global Reporting Initiative, the Forest Stewardship Council, or the Social Accounting 8000. This political engagement, as well as prominent cases misconduct or negligence by leaders that have affected all stakeholders alike: one might think of cases like Enron or Siemens, which have put corporate leaders in the spotlight of public interests (e.g., Kellerman, 2004; Lipman-Blumen, 2005). It seems that the negative side effects of globalization and the increasing number of corporate scandals lead to an erosion of corporate legitimacy (Palazzo & Scherer, 2006), a loss of public trust in leaders and corporations, and to a degradation of social capital.

The globalization of business has far reaching implications for the constitutional elements of leadership: the persons involved, their interaction and the exerted influence as well as their common goal ((Patzer, 2009), see also exemplary (Bennis, 2007; Drath et al., 2008; Yukl, 2006)). Leaders (and followers alike) are increasingly confronted with heterogeneous cultural contexts, devoid of shared moral orientations or legal frameworks. As moral or ethical conflicts arise in the process of economic activities business leaders are left without any orientation in regard to morally adequate action. In this situation the idea of value maximization often becomes the sole surrogate for moral principles. This problem is aggravated in an analysis that transcends the traditional, internally bound focus of leadership theory. As leaders increasingly interact with external stakeholders the notion of influence as based on hierarchical power has to be reconsidered. It needs to be explained what form legitimate influence takes in this context. Lastly, CSR has become a strategic impetus on the

organizational agenda representing the companies' struggles to maintain legitimacy as a vital resource of business conduct (Palazzo & Scherer, 2006; Suchman, 1995). Hence corporate leaders have to mediate social and financial goals without divulging the one or the other in the process of maintaining corporate legitimacy, building trust, and producing social capital.

In order to address these challenges Patzer (2009) proposed a political concept of responsible leadership that puts deliberative practice at the heart of leadership. He connects to the upcoming research stream on responsible leadership as forwarded by Maak and Pless (Maak, 2007; Maak & Pless, 2006a; Pless, 2007). They also draw on the recent effects of globalization and acknowledge the need to open up the leader-follower view to a broader leader-stakeholder interaction. Our understanding, in accordance with Patzer (2009), departs form their conception, in that we emphasize the political side of responsible leadership in the sense of deliberative processes[1]. Our procedural conception of leadership ethics is based upon Habermas's thoughts on deliberative democracy (e.g., Habermas, 1998; Habermas, 1999; Habermas, 2001b) that refers to the idea of legitimate lawmaking issuing from public deliberation. It represents an ideal of political autonomy based on the practical reasoning of citizens. The systemic means of coordination, money and power are supplemented with solidarity as the premises of societal integration and coordination (Habermas, 1999; Patzer, 2009).

Within this societal deliberation process, business leaders as exponents of powerful and resource-commanding organizations become central actors, who can secure the quality and (moral) legitimacy of decisions through proactive engagement in the process of societal self-determination, and the inclusion and mobilization of stakeholders. This idea of business leaders involved in the deliberative democratic processes as the premise of an understanding of responsible leadership provides normative orientation as well as a pragmatic approach to the problems of globally engaged leaders. It does the former through an understanding of

practical reason anchored in the conditions of communicative exchange that approaches culturally alien contexts via an open and reciprocal learning process, in which conflicting interests are evaluated (and settled) through rational discourse (Habermas, 1993; Habermas, 2001a; as well as Patzer, 2009; Scherer, 2003; Steinmann & Scherer, 1998; Wohlrapp, 1998). Such a politically enlarged concept of leadership implies, for the latter, the inclusion of all affected stakeholders in the leadership process in a fair and balanced manner (Waldman & Galvin, 2008, pp. 330ff). For leaders this means that they should think of the consequences of their conduct for all constituencies that could be affected, that they recognize the legitimate claims of the affected stakeholders, and that they use their influence to initiate active stakeholder dialogues where the involved parties can come to balanced and fair decisions. The inclusion of all (relevant) stakeholders guarantees a legitimate process, while the weighing and balancing of the legitimate claims secures a fair outcome.

With regard to this, responsible leadership as deliberation and discursive conflict resolution forwards a pragmatic approach to the daily practice of leadership that centres on a communicative engagement with its followers (Patzer, 2009). In the context of this paper we therefore understand responsible leadership as the *awareness and consideration of the consequences of one's actions for all stakeholders, as well as the exertion of influence by enabling the involvement of all affected stakeholders and by engaging in an active stakeholder dialogue. Therein responsible leaders strive to weigh and balance the interests of all forwarded claims.*

Leading responsibly according to the definition, means for leaders to open up to a broader target group (the stakeholders) with the goal of securing the legitimacy of the organization in a given society and establishing and maintaining mutually beneficial stakeholder relations. The definition comprises the steps of discursive conflict resolution. Leaders are thereby seen as the exposed persons in an organization who should be able to

recognize (moral) problems in their decision making processes (*by being aware of and considering the consequences of one's actions for all stakeholders*). They use their influence to provide the arenas for discursive conflict resolution (*by enabling the involvement of all affected stakeholders*) and invite the affected stakeholder-groups to join the discourse (*by engaging in an active stakeholder dialogue*). During the discursive decision process, the task of the responsible leader is to try to achieve a consensus among the participants (*by weighing and balancing the interests of all stakeholder claims*). This allows for leaders to influence through cooperation and to aim for consensual solutions, as they interact not through a supervisor-subordinate relationship but eventually with equally powerful or resource commanding entities. Responsible leaders thereby represent the position and the interest of their organization by joining the discourse with arguments that emphasize their point of view.

This definition represents an *ideal of responsible leadership* that can encounter restrictions in the organizational day-to-day business (see e.g., Stansbury, 2009). We therefore assume that the conceptualization of responsible leadership represents a continuum, ranging from the non-responsible leader to the ideal responsible leader. The end of the continuum representing the non-responsible leader could be characterized as self-interested, egoistic leadership behavior acting solely on a strategic rationale. The other end representing the fully responsible leader would be based on ideal discourse ethics and deliberation as proposed in our political conception of responsible leadership.

RESPONSIBLE LEADERSHIP IN RELATION TO PREVALENT LEADERSHIP CONCEPTUALIZATIONS

In studying the literature one will find that aspects of an enhanced responsibility of leaders that go beyond the narrow scope of earning profit are scant (Brown & Trevino, 2006;

Ciulla, 1995; Doh & Stumpf, 2005b; Maak & Pless, 2006b), despite the early recognition of an enlarged leadership role in Barnard's work (Barnard, 1960).

In this part we review leadership theories in relation to our approach. As the field of leadership is very broad and fragmented, we cannot discuss all leadership concepts in relation to our proposed concept of responsible leadership in this article. Rather, we try to highlight the commonalities and differences between important current leadership concepts with an emphasis on ethics or social responsibility (see Table 1 to 5). The differences appear most prominently in the limitations of current concepts in addressing the problems of globalization.

We acknowledge that this is not a comprehensive review, but we think that the main differences highlighted here may apply to most of the existing leadership conceptualizations.

For the review a closer look will be taken at the leadership theories of transformational leadership theories (Bass, 1985; Bass & Avolio, 1994) and authentic leadership (Avolio & Gardner, 2005; Walumbwa et al., 2008), at ethical leadership (Brown et al., 2005; Brown & Trevino, 2006), as well as servant leadership (Greenleaf, 1977; Liden et al., 2008).

Before we examine the relations between those leadership conceptualizations and responsible leadership in detail, we will highlight the main similarities and differences. Responsible leadership overlaps with transformational, authentic, ethical and servant leadership in that all encompass the care about others, the consideration of ethical consequences and in that those leaders can be perceived by their followers as ethical role models (cf. also Brown & Trevino, 2006, p. 599).

The points where our concept of responsible leadership differs from almost all leadership conceptualizations are that (1) responsible leadership is based on an explicit normative framework of discourse ethics and deliberative democracy that goes beyond ethical concepts based on values or deontological monologism that have been susceptible to critique

(Habermas, 1996; for a similar critique on concepts of CSR, see Scherer & Palazzo, 2007); (2) responsible leadership is conceptualized as a process model of leadership that is not explicitly related to ethical characteristics of the leader (like most of the other leadership theories concerned with ethics), as these characteristics (e.g., good virtues) pose problems with regard to their intercultural justification. Rather those ethical characteristics are conceptualized as antecedents of responsible leadership conduct (see Figure 1); (3) responsible leadership transcends the internal view of leadership as leader-follower interaction to a view of leadership as leader-stakeholder interaction, which seems to be an important necessity for leadership in a globalized world (see Liden et al., 2008; Maak, 2007; Maak & Pless, 2006b; Schneider, 2002); (4) responsible leadership does not conceptualize leader effectiveness in the sense of performance as the main driver of leadership behavior, but the effectiveness in establishing consensual solutions that are accepted as legitimate by all affected parties (for a discussion about what is "good" leadership, see e.g., Ciulla, 1995). This is at the heart of the responsibility towards stakeholders and to a certain extent it implies mediating social and economic goals.

Table 1
Comparison of prevalent leadership theories

Characteristics (of leadership concept)	Transformational, authentic, ethical and servant leadership	Responsible leadership
Differences		
Philosophical foundation	no explicit philosophical foundation	based on discourse ethics and deliberative democracy
	monological conceptions	discursive concept
	focus on ethical characteristics of the leader	process model focused on leadership conduct that establishes consensual solutions in discursive decision situations
Level of interaction	main focus on followers (except servant leadership)	inclusion of all affected stakeholders
Leader success	effectiveness in the sense of being a positive role model; emphasis on performance	effectiveness in establishing consensual solutions and addressing globalization challenges
Similarities	concern for others; consideration of (ethical) consequences; leaders are perceived as role models	

Transformational leadership

One of the first to raise questions of ethics in leadership was James MacGregor Burns (1978) with his theory of transformational leadership. Transformational leadership as defined by Burns is inherently moral. He described it as a process in which "leaders and followers raise one another to higher levels of morality and motivation" (Burns, 1978, p. 20). According to Burns, transformational leaders have to operate at higher levels of needs and values. They live up to their values and thus challenge their followers to do the same. The transformational leaders are engaged in dialogue about values with their followers. Subsequently, they elevate followers to become leaders themselves. Burns argues that transformational leaders act according to end-values like justice and equality (Rokeach, 1973) and instill them in their followers. Bass and Avolio (Avolio, 1999; Bass, 1985; Bass & Avolio, 2004) built upon Burns's work and relate transformational leadership to the business environment. They developed a measurable construct (Bass & Avolio, 2004), which comprises four dimensions: *inspirational motivation, idealized influence, intellectual stimulation and individual consideration*. As such, transformational leadership has a moral component, in that transformational leaders inspire their followers to look beyond self-interest (Brown & Trevino, 2006, p. 598). In relation to new ecological, societal and business obligations, empirical research found a positive effect of CEO transformational leadership behavior on corporate social responsibility (Waldman et al., 2006). Yet there is a debate about the "right" motivation of the leader. A leader has to be perceived as charismatic in order to be able to "transform" his or her followers. The aspect of charisma is also the main point of dispute about the moral integrity of a transformational business leader, since charisma can be used to different ends. This led scholars to differentiate between authentic transformational leaders and pseudo-transformational leaders (see the discussion around the dark side of charisma, e.g., Bass & Steidlmeier, 1999; Conger & Kanungo, 1988a).

We think that responsible leaders also transform the "morality and motivation" of their followers (and not only the followers, but also other stakeholders) to a certain extent in that they act as role models (Bandura, 1986; Bandura, 1977) in solving (ethical) dilemmas and in producing legitimate solutions. Further, responsible leadership has a strong component of *individual consideration* as responsible leaders recognize the interests of others, care for their point of view and consider the consequences of their actions or decisions in relation to those who could be affected.

The other three dimensions of transformational leadership are not that strongly related to responsible leadership. *Inspirational motivation, idealized influence,* and *intellectual stimulation* could be affected in the form of positive role modeling that would stimulate followers to engage in discursive conflict resolution. But transformational leaders lead by advocating a powerful vision of the future, by stetting challenging tasks or by proposing intellectually stimulating ideas, whereas responsible leaders lead by setting up arenas where all affected can join for mutually beneficial dialogues. Responsible leaders thereby address the growing need to balance the interests of different stakeholder besides the leader-follower relationship and set goals in dialogue with the affected constituencies.

Table 2
Transformational and responsible leadership

	Transformational leadership	Responsible leadership
Differences		
Inspirational motivation, idealized influence, intellectual stimulation	influence followers through advocating a vision, setting tasks or proposing stimulating ideas	influence followers and other stakeholders by engaging in an active dialogue and by fostering consensual solutions
Similarities		
Transformation	both should be able to transform morality and motivation of followers	
Individual consideration	both share a strong concern for others	

Authentic leadership

An upcoming stream of research partly evolving from transformational leadership is the research on authentic leadership behavior (Avolio et al., 2004a; Avolio & Gardner, 2005; Walumbwa et al., 2008). Avolio and colleagues define authentic leadership as being true to oneself (Avolio & Gardner, 2005, pp. 319ff). Authentic leaders are "those who are deeply aware of how they think and behave and are perceived by others as being aware of their own and others' values/moral perspectives, knowledge, and strengths; aware of the context in which they operate; and who are confident, hopeful, optimistic, resilient, and of high moral character" (Avolio et al., 2004b, p. 4; as cited in Avolio & Gardner, 2005, p. 321). The authors conceptualize authentic leadership as a root concept on which other leadership theories can build (Avolio & Gardner, 2005, p. 316). The core of this concept is the self-awareness of the leader. From this point on they developed an empirical measure to capture those aspects. The empirical measure comprises the four dimensions *self-awareness, relational transparency, internalized moral perspective* and *balanced processing*. Self-awareness reflects the understanding of one's self in the way of understanding one's strengths and weaknesses and the impact on other people. Relational transparency means that leaders show their authentic self to others, e.g., through sharing information and expressing their true thoughts and emotions. Through balanced processing leaders come to decisions that consider all relevant data, thereby recognizing the arguments of others and other points of view. Internalized moral perspective refers to a high degree of self-regulation in terms of following an internal moral standard and adhering to internalized values (Walumbwa et al., 2008, pp. 95f).

Responsible leaders are also true to themselves and to their moral principles, with the difference that they act true to the specific moral principle of discourse ethics (even without explicit awareness on behalf of the leaders themselves). Thus, there is a certain overlap

between responsible leadership conduct and the *internalized moral perspective* of authentic leadership. But the main point of overlap between responsible and authentic leadership can be found in the *balanced processing* dimension. Both authentic leaders and responsible leaders think about the consequences of their decisions or actions and they weigh and balance the different perspectives in a specific decision situation. The crucial difference is that it is a central concept of responsible leadership that such leaders use their influence to try to solve decisions through dialogue with all affected parties, whereas authentic leadership remains mainly a monological conception. Another difference between the constructs lies in the concept of *self-awareness* that is central to authentic leadership, whereas responsible leadership builds around the "other" awareness of different stakeholder concerns (cf. also Brown & Trevino, 2006, p. 598). Also the *relational transparency* of authentic leaders differs from the relational aspect of a growing responsibility towards stakeholders. Relational transparency means presenting one's authentic self to others. Responsible leadership are insofar transparent as they present their point of view and their information when engaging in an active stakeholder dialogue, but not necessarily their feelings.

As suggested by the authors (cf. e.g., Avolio & Gardner, 2005), authentic leadership could be seen as a root concept of responsible leadership, as it could be hypothesized that authentic leaders will also have a positive influence on responsible leadership conduct.

Table 3
Authentic and responsible leadership

	Authentic leadership	**Responsible leadership**
Differences		
Self-awareness	self-awareness	other-awareness
Relational transparency	presenting one's authentic self to others	establish transparent relations with stakeholders by providing information and arguments, and by considering different points of view
Similarities		
Internalized moral perspective	both share a moral perspective (in the case of responsible leadership based upon, an implicit or explicit, understanding of discourse ethics)	
Balanced processing	both think about consequences of decisions and balance different perspectives	

Ethical leadership

Brown, Trevino and colleagues developed a concept of ethical leadership (Brown et al., 2005; Brown, 2007; Brown & Trevino, 2006; Trevino et al., 2000; Trevino et al., 2003). The authors argue for a more descriptive and predictive social scientific approach and developed such a descriptive model of ethical leadership that makes it possible to empirically measure ethical leadership behavior (Brown et al., 2005; Brown & Trevino, 2006). They define ethical leadership as demonstrating normatively appropriate conduct and acting as a role model for the followers by showing and reinforcing such conduct (Brown et al., 2005, p. 120). They distinguish between the moral person and the moral manager (Trevino et al., 2000). Whereas the leader as a moral person is characterized by honesty and trustworthiness, as a fair decision-maker and as someone who cares about people, the leader as a moral manager is conceptualized as a role model who proactively influences follower's ethical behavior (Brown & Trevino, 2006, p. 597). The authors draw upon Bandura's (1986; 1977) social learning theory to explain the influence process between leader and followers.

Responsible leaders can be seen as role models for their followers. They are a positive example with regard to ethical conduct in that they show through their behavior that it is important to think about consequences, to solicit other views, to weigh and balance other arguments, and in that they emphasize the importance of dialogue. This leads to morally legitimate decisions from a discourse ethical point of view (Habermas, 1993). There is also a conceptual overlap between the moral manager dimension of ethical leadership and responsible leadership. Ethical leaders are considered to be moral managers in that they reward ethical behavior and punish unethical behavior (Brown et al., 2005; Trevino et al., 2000). Responsible leaders act as moral managers when they use their influence to foster ethical outcomes. The difference between the two leadership conceptualizations lies in the emphasis of the transactional component of the ethical leadership construct. Responsible

leaders encourage ethical behavior through positive role modeling, but they do not reward ethical behavior or punish unethical behavior directly.

There are similarities and differences with respect to the moral person-perspective. Responsible leaders are moral persons as they are acting according to a discourse ethical rational. They acknowledge the arguments of others in a non-coercive decision situation, balancing those arguments against their own arguments from a moral point of view. The difference here is that ethical leadership is placed on no specific ethical philosophy, asking only the employees to rate their supervisor according to what they think is ethical, while we place our concept on an explicit normative concept. Thus we are not concerned with specific ethical characteristics of the leader but rather we treat those characteristics as presuppositions (see Figure 1).

Table 4
Ethical and responsible leadership

	Ethical leadership	Responsible leadership
Differences		
Moral Person	moral person as perceived by ethical standards of followers	moral person from a discourse ethical point of view
Moral Manager	transactional component of rewarding and sanctioning	use their influence to engage in dialogue; but no explicit transactional component
Similarities		
Role Model	can be perceived as positive (ethical) role models by their followers	

Servant leadership

The view of servant leadership changes the emphasis from followers serving the leader to the leader serving followers (Greenleaf, 1977; Liden et al., 2008). Such leaders are defined as "place[ing] the needs of their subordinates before their own needs and center their efforts on helping subordinates grow to reach their maximum potential and achieve optimal organizational and career success" (Liden et al., 2008, p. 163). Servant leaders understand themselves as helping and aiding their followers to become "healthier, wiser, freer, more

autonomous, more likely themselves to become servants" (Greenleaf, 1977, pp. 13f). By serving, a leader evokes trust among followers. The practice of servant leadership thereby extends beyond the boundaries of the organization and includes e.g., serving the community or the broader society (Liden et al., 2008). Liden and colleagues developed an empirical construct of servant leadership that consists of the seven dimensions *emotional healing, creating value for the community, conceptual skill, empowering, helping subordinates grow and succeed, putting subordinates first* and *behaving ethically* (Liden et al., 2008).

There is a clear overlap between responsible and servant leadership in relation to stakeholder engagement. Both concepts move beyond the leader-follower relationship to a broader leader-stakeholder conceptualization of leadership. Servant leaders have been described in this context as the "socially oriented transformational leader" who are "sensitive to the needs of numerous stakeholders" (Liden et al., 2008, p. 163) and who also care for the community beyond the immediate interest of the organization they are working in.

Responsible and servant leadership differ mainly in the way of how the leader includes others. Whereas servant leadership builds around the serving of others and putting the own need behind the need of others (maybe even sacrificing it), responsible leadership emphasizes a rational discourse where all are equal proponents of their point of view. Responsible leaders do not necessarily understand themselves as *serving* others. They respond to the need of others in a rational manner in that they weigh and balance the arguments of those affected, thereby also advocating their own arguments. The needs of all affected parties are then (ideally) settled in a consensual solution.

Table 5
Servant and responsible leadership

	Servant leadership	Responsible leadership
Differences	serving others by putting own needs behind the need of others	engage in a rational discourse with others to solve problems by achieving a consensus
Similarities	both share a common emphasis on stakeholder engagement and a concern for the broader community or society	

A RESEARCH AGENDA OF RESPONSIBLE LEADERSHIP

The understanding of responsible leadership as presented above offers the possibility to derive a model of responsible leadership. In this section we will deduce formal propositions of causal relationships between responsible leadership behavior and important organizational variables in order to advance future research (this approach has similarly been applied for the advancement of other leadership conceptualizations, see e.g., ethical leadership, (Brown & Trevino, 2006), or authentic leadership, (Avolio et al., 2004a)). We propose a model of responsible leadership (see Figure 1) which includes antecedents and outcomes of responsible leadership, as well as hypothesized moderators.

For each of the relationships anticipated in Figure 1, we theoretically derive formal propositions in order to advance future research in the field of responsible leadership. Those relationships highlight potential causal effects in relation to responsible leadership that are designed for further empirical investigation. This is not meant to be an exhaustive list of all the possible influences effecting responsible leadership or being affected by responsible leadership. It rather presents proposals that advance the conceptualization of the political concept of responsible leadership. Yet, the focus was laid especially on future business challenges caused by an ongoing globalization process, which we think can be best addressed by responsible leadership conduct. The globalization with its consequences of a growing cultural heterogeneity, devoid of shared moral orientation, widening governance gaps and a growing public awareness of critical company conduct, puts business firms in a ever greater need to build and secure their (moral) *legitimacy*, to maintain *trustful relations* with stakeholders, to *motivate* and *satisfy* their employees by encouraging them at the same time to engage in *citizenship behaviors*. The increasing global competition forces companies additionally to *innovate* faster and to wage new *(social) entrepreneurial ventures*. Those consequences will be discussed in the contingency model of responsible leadership.
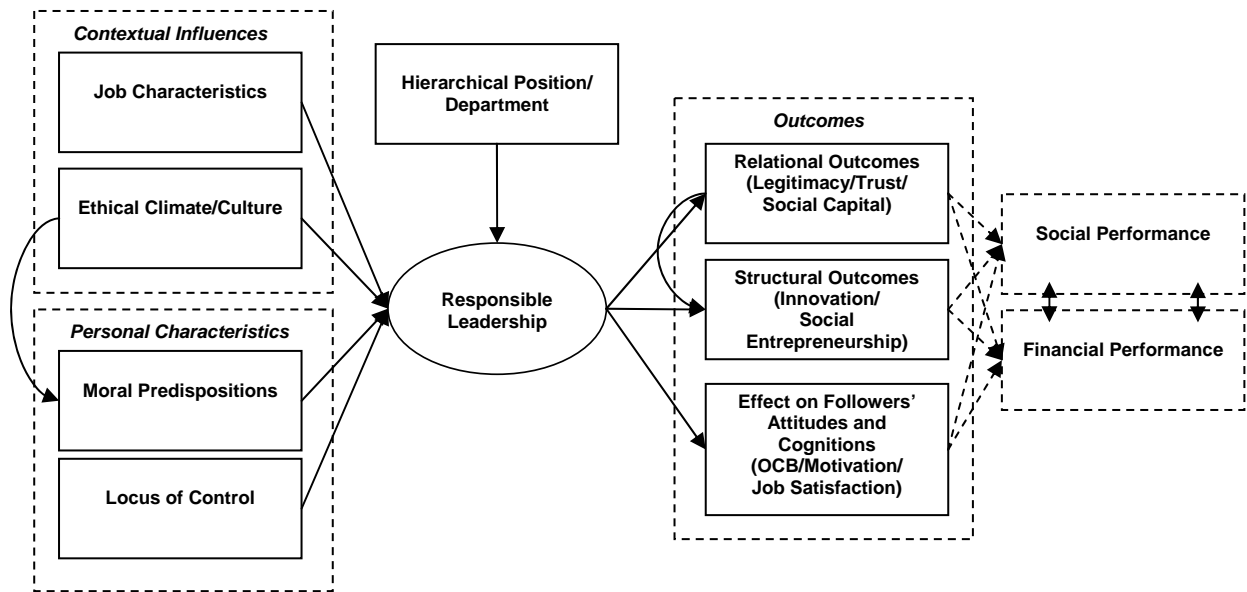
Figure 1. The contingency model of responsible leadership

Antecedents of responsible leadership

The model of responsible leadership advances the understanding of responsible leadership in the way that it first looks at antecedents of responsible leadership. These antecedents can be contextual influences or personal characteristics that positively or negatively affect responsible leadership behavior. In the following section we identify contextual influences in the form of job characteristics and cultural influences that can affect responsible leadership behavior. As personal characteristics enhancing responsible leadership, we propose the moral predisposition and the locus of control of the respective leader.

Contextual influences

The contextual influences are divided into structural constraints imposed by the constitution of hierarchical organizations (here reflected by the respective job characteristics), and into the prevalent culture within an organization in terms of ethics and perceived CSR.

Job characteristics

The structural characteristics of organizations impose constraints on the alternatives for action (i.e., the way how people in organizations conduct and experience their work and act in their respective work environment). If one thinks, for example, of the job characteristics offered by the Tayloristic Model (Taylor, 1911), the alternatives for self-determined actions are very limited. A centralized and bureaucratic organization and highly specialized tasks with low autonomy and decision responsibility do not offer many possibilities for responsible decisions and active involvement of internal and external stakeholders[2]. On the other hand, job characteristics can offer possibilities for high involvement and active engagement (with one's work). A broader scope of job responsibility, challenging tasks and participation in important decisions also enable leaders further down the hierarchical line to bring in their full engagement in terms of responsible action. Examples of enabling work environments and job characteristics are structural empowerment and high involvement practices (Lawler, 1992; Wellins et al., 1991). Structural empowerment and high involvement practices provide employees with a greater autonomy and responsibility. Structural empowerment is related to a bundle of organization wide structural arrangements that shall enable employees to participate more actively in their work environment. "To empower" is understood in its original sense which means that it involves the delegation of responsibility, power and authority to employees of all hierarchical levels (Conger & Kanungo, 1988b, pp. 471ff; Wellins et al., 1991). Empowering job characteristics include e.g., instruments such as "job enrichment", or "job enlargement" (Mathieu et al., 2006, p. 97). High-involvement practices (Lawler, 1992) are used to achieve an intensified involvement of employees with their job and the organization by providing them with more information, knowledge, power and responsibility, supported by participative practices (Lawler, 1992, pp. 51ff; pp. 101ff).

We propose that structural empowerment (e.g. in the form of job enrichment or job enlargement) and high involvement practices positively relate to responsible leadership.

Responsible leadership, as defined above, relies heavily on participation (in deliberative processes) and the involvement of affected constituencies (stakeholders). In order to act responsibly, leaders need to have the freedom to involve the affected stakeholders in given decision situations and to engage in an active dialogue. A participative work environment guarantees a culture of inclusion and can foster active stakeholder involvement on behalf of the leader. Further, by weighing and balancing different stakeholder interests, responsible leaders aim for consensual solutions, or at least for some form of compromise that leads to mutually beneficial relationships with the affected stakeholders. In order to realize such solutions, leaders need the scope of decision responsibility that structural empowerment and high involvement practices can offer (this also applies for leaders further down the hierarchical line).

> *Proposition 1: Structural empowerment and high involvement practices have a positive effect on responsible leadership.*

Ethical environment and perceived corporate social responsibility

Apart from the structure of an organization, the environment, which we refer to as the culture or climate in organization, plays an important part in shaping people's behavior (Schein, 1996; Schneider, 1975)[3]. In relation to responsible leadership, the prevalent ethical culture or climate and the importance of corporate social responsibility as perceived by the employees in an organization should affect the way leaders perceive themselves as being responsible and to act accordingly. We will look here at the ethical climate construct developed by Victor and Cullen (1988) and the ethical culture as proposed first by Trevino and colleagues (Trevino, 1986; Trevino et al., 1998) and expanded by Kaptein (2008).

The concept of *ethical climate* was advanced by Victor and Cullen (Victor & Cullen, 1988). Ethical climate encompasses organizational norms, procedures and practices that constitute what is perceived as right or wrong (Martin & Cullen, 2006, p. 177). The ethical climate theory is based on philosophies of egoism, utilitarianism and deontological ethics and draws on Kohlberg's (1981) moral development theory (Martin & Cullen, 2006, p. 177; Victor & Cullen, 1988, pp. 104f). The authors developed and validated a measure of ethical climate, proposing different climate types along the two dimensions of "ethical criterion" and "locus of analysis". The ethical criterion dimension is divided into egoism, benevolence and principle, representing the philosophical foundations of egoism, utilitarianism and deontology (Martin & Cullen, 2006). The locus of analysis represents the individual, the local and the cosmopolitan level, reflecting the loci of analysis of the reference group of moral reasoning (Victor & Cullen, 1988, pp. 105ff). Both dimensions form a typology consisting of nine climate types. The extent and direction of influence of an ethical climate on responsible leadership will depend on the prevailing ethical climate within the organization. If we follow the proposed climate types of Victor and Cullen (1988), the *egoism* dimension, concerned with maximizing self-interest, will have no influence or even a negative influence on responsible leadership on all levels of analysis, as this contradicts what we conceptualized as responsible leadership, i.e., thinking beyond one's own self-interest and regarding the arguments of other affected parties. The *benevolence* dimension, however, will have a positive influence as this dimension refers to what was labeled as caring for others (Martin & Cullen, 2006). The concern for others will foster participative practices and leaders will be more likely to listen to the arguments of others (ideally in discursive decision situations). This effect will be enhanced by the level of analysis. If the respective referent group one cares for are other individuals it will not have as strong an effect on responsible leadership behavior as when the climate promotes caring on a cosmopolitan level where stakeholders become relevant (this climate type is labeled "social responsibility" by Victor & Cullen (1988, p.

104)). An ethical climate that builds on *principle* at the individual level was labeled "personal morality" by Victor & Cullen. This will only have a positive impact on responsible leadership when the moral development level of the leader is high, as the leader acts according to his or her moral principles (we refer to this moderation in the section on moral predispositions). The local and cosmopolitan level of the *principle* dimension establishes a climate that is oriented on company rules and procedures (local) or laws and professional codes (cosmopolitan). This will have a positive impact if those rules, procedures or laws aim at discursive decision situations and deliberative practices.

A parallel research stream focused on the concept of *ethical culture* in an organization as proposed by Trevino (Trevino, 1986; Trevino et al., 1998). Ethical culture was conceptualized as being part of the overall culture of an organization. It was later advanced by Trevino and colleagues to encompass "the formal and informal behavioral control systems […] that can support either ethical or unethical conduct in an organization" (Brown & Trevino, 2006, p. 601)[4]. The conception of Trevino et al. aims at discovering what is generally perceived as ethics within an organization. The normative implications of the ethical culture conception are not specified. In terms of responsible leadership conduct, it will have an impact if the ethical culture is a discursive culture of participation and stakeholder involvement, where different legitimate arguments are acknowledged and weighed accordingly. In this case it will enhance responsible leadership conduct within the organization.

Kaptein (2008) has refined the construct of ethical culture by drawing on a corporate ethics virtues model which proposes seven virtues that prevent employees from acting unethically and stimulate them to act ethically. Those virtues were derived from qualitative interviews and Kaptein drew on them to develop an expanded measure of ethical culture. The virtues comprise the virtue of clarity, congruency, feasibility, supportability, transparency,

discussability, and sanctionability (Kaptein, 2008, pp. 924ff). These are also virtues that can positively affect responsible leadership. If e.g., there are clear ethical standards (in terms of discourse ethical conflict resolution) (clarity) and if those standards are a visible guidance for action (congruency), if the employees have the discretion to act upon them (feasibility), if the ethical standards are supported and transparent, open to discussion and if employees are sanctioned when they violate them, these virtues should all encourage responsible leadership behavior.

Taken together, the more the ethical culture or climate approximates a culture of discursive conflict resolution and deliberative practices, the more likely it is that leaders will act responsible.

Proposition 2: The more the ethical culture or climate in an organization approximates a culture of discursive conflict resolution and deliberative practices, the more likely it is that leaders will act responsible.

Another part of the prevalent culture in an organization that could influence responsible leadership is the *perceived importance of corporate social responsibility (CSR)* within the organizational setting. CSR is often used as an umbrella term for concepts dealing with social issues and has been used in many different ways (Scherer & Palazzo, 2007). It was often defined in terms of what organizations do in relation to social responsibility (e.g. doing more than what is expected by the law) (see e.g., Waddock, 2008). Basu and Palazzo (2008) argued that this content-driven understanding is not sufficient when it comes to examining how managers think, discuss and act in relation to CSR. They propose a process model of sensemaking and defined "CSR as the process by which managers within an organization think about and discuss relationships with stakeholders as well as their roles in relation to the common good, along with their behavioral disposition with respect to the fulfillment and

achievement of these roles and relationships" (Basu & Palazzo, 2008, p. 124). According to this understanding, the importance of CSR in an organization can be perceived by leaders through sensemaking processes. Basu and Palazzo advance their model of CSR-sensemaking along the dimensions of cognitive, linguistic and conative dimensions through which managers make sense of CSR-related activities. Those dimensions form the "CSR-character" of an organization.

The perceived importance of CSR, i.e., the perceived "CSR-character" of an organization, adds to responsible leadership in that it can emphasize the importance of stakeholder engagement and involvement as part of the leadership task, and in that it underlines the recognition of stakeholders from the wider social and political environment. If leaders perceive that CSR is an important topic in their organization, they will more readily engage in active stakeholder dialogues and include particular interests also from outside the organizational environment in their decision making (procedure). If leaders can make sense of the CSR-activities of their organization, they will more readily incorporate it as part of their leadership practice and engage themselves in CSR-related actions.

Proposition 3: The level of perceived CSR has a positive effect on responsible leadership.

Taken together, the CSR-perception and ethical environment in an organization can affect responsible leadership behavior by positive reinforcement of desirable CSR activities and ethical behavior. But the relationship between ethical culture or climate, perceived CSR, and responsible leadership may not be unidirectional, i.e., not only does the prevalent environment in an organization impose its imprint on leaders but responsible leaders will also be able to shape the culture of an organization through proactive behavior. A mutually reinforcing relationship could also be hypothesized. Yet, the influence of leaders on the

culture will be a much longer process than the other way around. The environment will generally have a more powerful influence on the individuals than vice versa (Gomez, 2009; Spreitzer, 1996, p. 486).

Individual characteristics

Apart from the prevailing culture in an organization, the individual characteristics of leaders will have an effect on the subsequent responsible leadership behavior. In the following we discuss the moral predispositions and the locus of control of leaders and the relation of those individual characteristics to responsible leadership.

Moral predispositions

Under the term "moral predispositions" we subsume personal characteristics and cognitive abilities that encourage moral decision making. There is a great deal of research that has dealt with morality or ethical questions in the business sphere, addressing the numerous steps in coming to an ethical or moral decision from a psychological or cognitive perspective (see e.g., Kohlberg, 1969; Reynolds & Ceranic, 2007; Trevino et al., 2006). If leaders are cognizant of these steps of moral decision making, if they can reason on a high moral development level (Kohlberg, 1984; Rest, 1986), and have a strong moral identity (Aquino & Reed, 2002; Reynolds & Ceranic, 2007), they will be much more able to act responsibly as understood in our conception of responsible leadership. We will highlight the steps in moral decision making, the conception of moral development and moral identity, and relate them to responsible leadership.

Moral decision making begins with an *awareness* of a moral issue or dilemma on behalf of a leader. A moral or ethical dilemma is thereby characterized as a situation that

always offers more than one solution, and the leader has to decide which is the "right" or "good" one. If the leader is aware of the moral dilemma, he or she makes a *moral judgment*, where he or she evaluates the situation according to his or her moral norms and beliefs. Not every judgment, however, results in a corresponding behavior. Thus, further steps in order to come to a decision include the *intention to act morally* and the actual *moral behavior* (Rest, 1986). The moral development levels developed by Kohlberg (Kohlberg, 1969; Kohlberg, 1981; Kohlberg, 1984) deal with the critical step in this process, the moral judgment. According to the often cited work of Kohlberg, moral judgment is dependent on the moral development level of a person. Kohlberg identified hierarchical stages of cognitive moral development that individuals pass through. Those stages encompass three broad levels, each composed of two stages, resulting in 6 stages of moral development. At the first, the preconventional level, an individual acts morally out of fear for punishment or hope of external rewards (stage 1) and is concerned with his or her own immediate interests, letting others pursue their interests (stage 2). At the second, the conventional level, the moral judgment is made according to the expectations of good behavior of some referential social group (e.g., the family) (stage 3) or the larger society (stage 4) and entails conforming to rules or the law. At the third level, labeled the postconventional level, individuals come to their own moral judgment by arguing from an (external) moral point of view. They judge what is right or wrong according to prior 'rights', the idea of a social contract or utility (stage 5), or by referring to universal values or principles that all humanity should follow (stage 6) (see Habermas, 1996, pp. 123ff). According to Kohlberg, most adults' moral judgment level is the conventional level (and here stage 4). Kohlberg ordered his stages according to the extent to which individuals are able to make decisions based on the principle of „role taking", i.e. taking the role of others when thinking about the consequences of decisions. Ideal role taking is based on judgments made from a (fictive) "moral point of view" which allows for making moral decisions that are fully reversible and that can claim universal validity (Apel, 1990, pp.

317ff). This corresponds with Kohlberg's highest stage of moral development (stage 6) (Apel, 1990, pp. 323ff). Discourse ethics, as the underlying normative postulate of responsible leadership, can be regarded as complementary to the decision principle of an ideal role taking, and thus complementary to the highest stage of moral development (see Apel, 1990, pp. 340ff; Habermas, 1996, pp. 116ff; 166). Yet, responsible leadership conduct can also be seen as a continuum with an ideal of responsible leadership behavior that promotes discursive decision situations and deliberative practices forming the upper end of the continuum. Therefore we argue, the higher the moral development level of the leader, the more closely will the leader's decision making come to an ideal role taking and thus to an acknowledgement of the legitimate claims of others in discursive decision situation.

> *Proposition 4: A high moral development level of leaders will have a positive effect on their responsible leadership behavior.*

If we examine the levels of moral development more closely, there will be additional (contextual) premises that affect the relation between the moral development level and responsible leadership conduct. If leaders act according to the first two levels of moral judgment, the ethical culture and climate will be a *moderator* between the moral judgment level and responsible leadership. Leaders residing at the preconventional level will only act responsibly if the ethical culture of the organization punishes unethical behavior and rewards ethical behavior that is built on an underlying foundation of discourse ethics, as they act out of fear for punishment or external rewards. Leaders evaluating moral problems according to the conventional level of moral judgment will engage more actively in responsible leadership action if the organizational norms and codes promote such action, e.g. through peer-pressure or implicit organizational norms (stage 4 of moral development), by an official code of conduct, or by incorporating the law (stage 5). Leaders that make moral judgments on the

third, the postconventional level of moral development will not be affected (very strongly) by the ethical climate or culture within an organization, as they will decide what is right or wrong in a given situation from an external "moral point of view" under the premise of ideal role taking.

Proposition 5: The ethical climate or culture in an organization will moderate the relationship between the moral development level and responsible leadership.

Besides moral judgment, scholars have argued that the *moral identity* of a person plays an important role in reaching a moral decision, as the identity influences the judgment process (see e.g., Aquino & Reed, 2002; Reynolds & Ceranic, 2007). An identity is a self-definition or self-conception that is rooted in the core of one's being (Erikson, 1964). One's moral identity creates a need to act true to one's self and subsequently motivates action that is consistent with a set of moral traits that constitute the moral self (Aquino & Reed, 2002). Aquino & Reed (2002) identified a set of nine traits associated with a strong moral identity. Those traits are: being caring, compassionate, fair, friendly, generous, helpful, hardworking, honest, and kind. Leaders with a strong moral identity perceive themselves as moral persons, they try to act true to themselves and engage more often in moral action then leaders with a low moral identity. This is important if the awareness of a moral problem and the moral judgment shall result in subsequent (responsible leadership) action. Traits such as e.g. acting fair and friendly, caring for others, being honest and helpful will positively affect responsible leadership conduct as those traits will help to establish trustful relationships with stakeholders (e.g., by being honest and helpful), as leaders will more readily engage in discursive decision situations (e.g., by caring for the interests of others), listening to and weighing the (fair) arguments of others.

Taken together, highly developed moral predispositions as a personal characteristic of leaders should foster their responsible leadership.

Proposition 6: A strong moral identity of leaders will have a positive effect on their responsible leadership behavior.

Locus of control

Locus of control (Rotter, 1966) is the degree to which people believe that they themselves decide what determines their lives, rather than external forces. A person with an internal locus of control sees him- or herself as the primary source of influence in his or her (work) life, while people with an external locus of control feel that chance or fate determines their actions (Rotter, 1966; Wolfle & Robertshaw, 1982). Forte draws the connection between locus of control and ethical behavior in an organization (see Forte, 2005), and hypothesizes that managers who have an internal locus of control decide for themselves what is appropriate (i.e. ethical) behavior, whereas managers with an external locus of control look for others for guidance. This indicates that leaders with an internal locus of control would more actively engage in responsible leadership conduct as they (can) act without looking for external guidance. Further, as leaders with an internal locus of control see themselves as the primary source of their actions and decisions, they will, first, more likely perceive that there is a link between their responsible behavior and the outcomes produced by that behavior and that their decisions and their conduct will result in (far reaching) consequences (see Trevino, 1986); second, relate the consequences to those actions and decisions that they initiated; and third, they will more likely conceive that their engagement in an active stakeholder dialogue will have a (far reaching) effect. This should, in turn have a positive effect on the perceived extent of their respective responsible leadership behavior. Further, if they think that they can achieve results by using their influence to engage in an active stakeholder dialogue, they will more

likely try to bring together the different parties and use their influence to weigh and balance the different interests.

> *Proposition 7: Leaders with an internal locus of control will demonstrate stronger responsible leadership behavior than leaders with an external locus of control.*

Outcomes of responsible leadership

The research agenda of responsible leadership can also be extended to possible outcomes of responsible leadership. Responsible leaders are leaders that exert influence by fostering an active stakeholder dialogue. They estimate consequences of their actions and try to weigh and balance different stakeholder claims to come to mutual beneficial solutions for all involved parties. Such leadership behavior can have an effect on the quality (and quantity) of stakeholder relations as well as on follower attitudes and other important organizational factors. In the following, we propose positive effects of responsible leadership on stakeholder relations (in the form of legitimacy, trust and social capital), on innovation and social entrepreneurship, and on follower attitudes and cognitions.

Relational outcomes

Responsible leadership conduct will have a positive effect on the relationships with the stakeholders they interact with. We propose that responsible leadership behavior will help to maintain corporate legitimacy, to build trustful relationships with stakeholders, and to enhance the social capital inherent in those relations.

Legitimacy

The new challenges of globalization for the corporation and subsequently for its leaders result eventually in the problem of building up and securing the (moral) legitimacy in a given society (Palazzo & Scherer, 2006). The post-national constellation of eroding national latitude in terms of controlling multinational organizations leads to a politicization of organizations and thus to higher demands for building up or maintaining their legitimacy (Palazzo & Scherer, 2006; Scherer & Palazzo, 2007).

Suchman (1995, p. 574) defines legitimacy as "a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions". The ascribed legitimacy of an organization is important for its long-term survival. It guarantees a license to operate in a given society and is "a precondition for the continuous flow of resources and the sustained support by the organization's constituents (Palazzo & Scherer, 2006, p. 71). Suchman (1995) distinguishes three types of legitimacy: pragmatic, moral and cognitive legitimacy. Pragmatic legitimacy is ascribed when an organization can satisfy the self-interested expectations of the organizations immediate audiences, i.e. its main stakeholders. Cognitive legitimacy rests on the taken-for-granted assumptions of an organizations role and behavior in a society. And moral legitimacy is based on conscious moral judgments and normative evaluation of the organizations activities.

Palazzo and Scherer (2006) argued that the process of globalization, which is also the starting point for our considerations, puts forward an enhanced emphasis on moral legitimacy, as the pluralisation of modern society and its resulting cultural heterogeneity erodes the taken-for granted assumptions (of cognitive legitimacy) and cannot be secured solely by changing (exchange-)coalitions with stakeholders (pragmatic legitimacy).

We, therefore, propose responsible leadership as a precondition for securing the moral legitimacy of an organization. Responsible leadership rests on deliberative practices and discursive conflict resolution. Moral legitimacy is built and maintained through communication and participation in public discourses, justifying organizational actions in an active stakeholder discourse with relevant societal actors (Palazzo & Scherer, 2006; Suchman, 1995). The incorporation of stakeholders in the decision making process and the acknowledgement of their arguments secures legitimate decisions in terms of a faire access (input legitimacy) and in terms of accepted outcomes (output legitimacy).

Taken together, we hold that responsible leadership produces legitimate decisions and thus helps to secure the legitimacy of the organization. It closes the gap with corporate social responsibility in that it guarantees legitimacy for the organizational actions, which could be regarded as the main goal of an extended social responsibility of organizations (see e.g., Palazzo & Scherer, 2006, p. 73).

Proposition 8: Responsible leadership helps to build and maintain the legitimacy of an organization.

Trustful stakeholder relations

Trust has received a lot of attention in scholarly research (see McAllister, 1995; Rousseau et al., 1998), also in the field of leadership (e.g., Burke et al., 2007; Dirks & Ferrin, 2002). Trust seen as a relational process between individuals (e.g., between leaders and followers) has been defined as "a psychological state [comprised] of the intention to accept vulnerability based upon positive expectations of the intentions or behaviors of another" (Rousseau et al., 1998, p. 395). Dirks and Ferrin have distinguished two qualitatively different perspectives of trust in leadership research, a *relation-based* perspective and a *character-*

based perspective (Dirks & Ferrin, 2002, p. 612). The relation-based perspective emphasizes the social exchange process and relates trust to relationships of mutual obligation that inherit goodwill. In relationships that build trust, issues of care and consideration are central. From a character-based perspective, the employees place trust in the leader depending on the leader's positive characteristics like e.g., integrity, fairness, or ability.[5]

We propose that responsible leadership conduct evokes trust among those stakeholders a leader interacts with more frequently (not only his or her direct employees or followers) and helps to build mutually beneficial stakeholder relationships. From this point of view, the relation-based perspective will play a more central role than the character-based perspective, as we do not align responsible leadership with certain characteristics of the leader (which does not mean that responsible leaders will not have those characteristics that promote trust; it could maybe even be hypothesized that they will be more prone to have them). Trust as a relational construct presupposes positive expectations of the intentions or behaviors of leaders from the side of the stakeholders. Preconditions of trustful stakeholder relationships that have been identified are e.g., transparency, open communication, inclusion and involvement of the stakeholders in the decision making process, coming to accepted and traceable outcomes (see Burke et al., 2007, pp. 610ff; Dirks & Ferrin, 2002, pp. 612ff). Those preconditions are addressed by responsible leadership conduct. Responsible leaders are more likely to build up such trustful stakeholder relationships, as they estimate the (negative) consequences of their decisions, use their influence to engage stakeholders in an active dialogue and weigh and balance the different interests, thereby coming to accepted and mutually beneficial solutions. Being aware of and considering the consequences of decisions helps leaders to avoid negative consequences and enables them to justify the decisions afterwards if being held accountable by stakeholders. This can lead to more transparent, traceable and also acceptable outcomes, which in turn are promoters of trustful relationships (Burke et al., 2007; Dirks & Ferrin,

2002). Further, by engaging in an active dialogue responsible leaders establish arenas for open communication and foster the inclusion and involvement of the stakeholders, and by aiming for discursive communication situations they create opportunities for acceptable and traceable solutions for all affected parties. Thus, through their frequent engagement in fair and balanced stakeholder dialogues, responsible leaders are able to establish lasting and trustful relationships. Stakeholders who experience a leader as being responsible will generate positive expectations of the intentions or behaviors of this person. This will increase the trustworthiness of the leader and the trust in the relationship to this leader.

Proposition 9: Responsible leadership has a positive effect on building trustful stakeholder relations.

Social capital

Social capital reflects the goodwill inherent in social relationships and is a resource in social networks that can be used to facilitate collective action (Adler & Kwon, 2002, p. 17). Social capital was used in the literature as an umbrella term for resources that can be accumulated through social relations (e.g. trust was equated with social capital) (Adler & Kwon, 2002; Fulkerson & Thompson, 2008). What distinguishes the notion of social capital from what we referred to as trust in the last section is that it is framed as capital that can be mobilized to facilitate collective action. Social capital is built through social exchange processes that rely on exchanges of favors and gifts in contrast to exchanges that rely primarily on market or hierarchical modes of interaction (Adler & Kwon, 2002). The extent of social capital is dependent on the formal structure of the network ties and the content or quality of those ties.

Maak and Pless conceptualized social capital as an essential part of their responsible leadership model (see e.g., Maak, 2007; Maak & Pless, 2006b). Maak argues that responsible leadership conduct which places an emphasis on stakeholder interaction, contributes to building social capital (Maak, 2007). Responsible leadership behavior builds social capital in that it facilitates the building of a formal stakeholder network by engaging in frequent stakeholder interaction and an active stakeholder dialogue. Additionally, responsible leadership behavior should help to accumulate social capital by positively affecting the quality of the stakeholder network, as responsible leaders engage in fair and balanced stakeholder dialogues, aiming for discursive decision situations. This signals to stakeholders that their interests are considered and taken into account and that those relations with responsible leaders go beyond a pure market orientation (in interaction with external stakeholder), or hierarchical exchange processes (in dealing with employees).

The goodwill inherent in social capital could then, in turn, be mobilized to create innovation and to facilitate entrepreneurship (Chong & Gibbons, 1997, cited in Adler & Kwon, 2002, p. 17), themes we will address in the next section.

Proposition 10: Responsible leadership behavior enhances the social capital inherent in stakeholder relations.

Structural outcomes

Under the term "structural outcomes" we propose effects of responsible leadership conduct that change the structure or status quo of an organization and/or the institutional field. A look will be taken at the impact of responsible leadership on innovation and on the relation between responsible leadership behavior and social entrepreneurship.

Innovation

Innovation is an important driver of organizational change and was related to organizational success and competitive advantages (Gumusluoglu & Ilsev, 2009). Innovation can be defined as "the generation, acceptance and implementation of new processes, products, or services for the first time within an organizational setting" (Pierce & Delbecq, 1977, p. 29). The definition implies that innovation is a process of developing something new within an organization. It encompasses the steps of initiation, adoption and implementation (Pierce & Delbecq, 1977) (see the complementary steps of generation, development and implementation identified by Damanpour (1991, p. 556)) of new ideas or behaviors. Organizational determinants that have been identified to foster innovation (Damanpour, 1991) should be directly linked to responsible leadership behavior. For example, expanding the knowledgebase and the technical knowledge resources was considered to foster innovation. Responsible leadership behavior helps to expand the knowledgebase by fostering an active stakeholder dialogue where all participants can contribute their knowledge and expertise to solve problems. The same holds for internal and external communication. Both were related to a positive effect on innovation[6]. Responsible leaders engage in communications with external as well as internal stakeholders. This creates opportunities for exchanging information, for bringing up innovative ideas from external sources, as well as facilitating the dispersion of ideas within the organization and creating a favorable internal environment for innovation. A responsible leader, e.g. in charge of supplier relations, could foster innovation through frequent interactions with those suppliers. If both sides come together in open communication situations, considering the arguments and interests of one another and build up transparent and reliable relationships, this stakeholder relation will be more likely to produce mutually beneficial solutions that could result e.g., in product innovation or a leaner or faster supply chain management.

Innovation can also be viewed as a social process that emerges in the context of interactions (Surie & Hazy, 2006, p. 18). Responsible leadership adds to the social process of innovation in that it relies on interaction as a primary source of responsible conduct, i.e., responsible leaders facilitate stakeholder dialogues in order to estimate consequences of their actions and in order to weigh and balance the different claims. This interaction can foster innovation, as different needs of multiple constituencies are considered in order to come to both satisfying and new solutions (Surie & Hazy, 2006).

Proposition 11: Responsible leadership has a positive effect on innovation.

Social entrepreneurship

Responsible leaders will not only foster general innovation (including e.g. product or process innovation), but we propose that they will also be able to foster *social* innovation. The argumentation here follows the same lines as the ones presented on innovation as such, only that the focus is here on the interrelation between responsible leaders and stakeholders from the social and political environment, e.g. NGOs or social movements. Responsible leaders fostering social innovation can be regarded as what an evolving stream in the literature calls social entrepreneurs (Nicholls & Cho, 2006). Social entrepreneurship can be understood as pursuing ventures that bring together a social mission, an emphasis on innovation and a market orientation (Nicholls & Cho, 2006, p. 115). Social entrepreneurs thereby play the role of change agents in the social sector (Bloom, 2009, p. 128). The change of the institutional systems that social entrepreneurs can achieve depends on the influence they can exert[7]. We propose that responsible leaders, especially in top level management positions, can advance social entrepreneurial ventures that can achieve considerable changes (De Hoogh & Den Hartog, 2008; Ling et al., 2008; Waldman et al., 2006), as responsible leadership addresses the balance between a market orientation and recognizing the interests of stakeholders

pursuing a social mission, and as responsible leadership conduct brings with it an enhanced possibility for innovation (see Proposition 10).

Proposition 12: Responsible leaders are more likely to act as social entrepreneurs than non-responsible leaders.

Effects on followers' attitudes and cognitions

Apart from the proposed outcomes, responsible leaders will also have a direct and considerable effect on their immediate followers. Leaders in organizations occupy an exposed position and as such are often regarded as role models (Brown et al., 2005; Trevino et al., 2000). Bandura's social learning theory (Bandura, 1986) emphasizes the importance of positive role models that help individuals to learn and reinforce what they have learned. Brown et al. (Brown et al., 2005; Brown & Trevino, 2006) build their concept of ethical leadership around the reinforcing effect of leaders as positive ethical role models in organizations.

Responsible leaders will have a two-fold effect on follower attitudes and cognitions. First, we propose a positive effect of responsible leaders as role models (Bandura, 1986; Brown et al., 2005). If followers see that their supervisor incorporates the affected parties in the decision making process and that he or she looks for balanced decisions, ideally resolving decision situations in a consensus, they may perceive their leader as an attractive and legitimate role model from whom they can learn the importance of involving others and engaging in discursive practices. An example of how responsible leaders as role models could have a positive effect on follower behavior would be an enhanced organizational citizenship behavior of followers (OCB) (Konovsky & Pugh, 1994; Podsakoff et al., 2000). OCB is defined as behavior that shows engagement beyond what is requested from the organization, or what would be an enforceable part of the job description or employment contract

(Podsakoff et al., 2000, p. 513). Responsible leaders will be positive role models in relation to citizenship behavior, as they think about consequences for stakeholders from the social and political environment and incorporate them in decision situations. This helps to solve needs of both sides and shows engagement with societal interest groups that moves beyond what is requested from the immediate job description. Employees may learn from such appealing leadership behavior.

Second, there will be a direct effect of responsible leadership on followers, since engaging in an active stakeholder dialogue means that responsible leaders also incorporate the immediate followers in far reaching decision-making processes if those decisions would affect them. Participative practices and involving followers in the decision making process was shown to enhance work related attitudes (e.g. empowerment, see Spreitzer, 1996). If employees feel that they can actively contribute to decision situations, and if they feel they are regarded as important by their supervisor, this may be hypothesized to affect their attitude towards satisfaction with their job (Spector, 1997), their motivation (Locke & Latham, 2004), or their commitment to the organization they are working for (Mathieu & Zajac, 1990b).

> *Proposition 13: Responsible leadership will have a positive effect on followers' attitudes and cognitions (e.g., job satisfaction, motivation, commitment or organizational citizenship behavior).*

Moderators of responsible leadership

Finally, we present moderating influences between responsible leadership and its outcomes. We propose that the extent of responsible leadership conduct will be dependent on the hierarchical position of the leader and the department the leader works in.

Hierarchical position

A moderator between responsible leadership and possible outcomes could be the hierarchical position of the leader within the organization. The hierarchical position of the leader should make a difference in terms of the scope and possibilities of responsible leadership conduct. Other research in leadership studies acknowledges the need for a closer examination of the effect the hierarchical position has on leadership and its interrelating variables. Brown and Trevino (2006, pp. 611f) e.g. point out that the effect of the hierarchical level of leaders requires future research in the field of their ethical leadership construct. There are also growing research streams focusing on specific levels of the hierarchy, for example research focusing on top-management teams and CEOs in connection to (responsible) leadership (see e.g., De Hoogh & Den Hartog, 2008; Waldman et al., 2006).

In the case of responsible leadership, it should make a difference if one looks at the top management team or leaders further down the hierarchical line. The hierarchical position of leaders has an impact in terms of the scope of the leaders' authority and their access to resources, the frequency of their interactions with stakeholders, the kind of stakeholder engagement, or the scope of their decisions. That is not to say that middle managers or lower level supervisors do not play a role in terms of responsible leadership, but the focus will be different. For example, middle managers do not have such frequent interaction with stakeholders from the social and political arena. Their primary stakeholder groups will be their employees, their supervisors and maybe the customers or suppliers they have to deal with in their respective function. They will also be restricted in terms of their authority in setting up arenas for discursive conflict resolution and in their ability to account for consensual decisions with stakeholders that may to some extent be against the interest of the organization (in the short run). Additionally to the differences in access to resources and power, it was proposed that senior managers and lower-level employees also have different

role definitions and different perceptions of the relating organizational identity. Their organizational identity (in relation to ethics) is stronger than that of leaders further down the hierarchical line, while among lower-level-employees cynicism is more prevalent (e.g., Trevino et al., 2008, pp. 235ff). "Senior managers play a key role in building the organization's reputation and they serve as agents representing the interests of multiple organizational constituents" (Trevino et al., 2008, p. 236). Thus the positive impact of responsible leadership conduct for the stakeholders and for the organization will be stronger in senior management positions than for lower-level employees.

If we adapt those arguments for the moderation between responsible leadership and specific outcome variables, it can e.g., be hypothesized that the hierarchical level moderates the impact of responsible leaders on the maintenance of corporate legitimacy (see Proposition 8), the social capital leaders can build through their stakeholder networks (see Proposition 10), and the potential for far reaching innovations (see Proposition 11). Responsible leaders further up the hierarchical line can engage more frequently with stakeholders, they may more strongly promote the organizational advantages (due to a higher level of identification and a lower level of cynicism), and they can build a greater network of stakeholder relations (especially with external stakeholders).

> *Proposition 14: The hierarchical position moderates the relation between responsible leadership and possible outcomes. The higher the hierarchical position of the leader, the higher will be the impact of responsible leadership conduct on possible (positive) outcome variables.*

Departments in organizations

The type of department a leader works in should affect responsible leadership behavior. The ethical climate literature argued for different ethical climate perception

according to the department. It was hypothesized that the department should make a difference in terms of tasks and stakeholder accountability (Trevino et al., 1998, p. 449). This should hold also for the possibilities of responsible leadership behavior. Working in specific departments may restrict the possibilities of leaders to engage in an active stakeholder dialogue. Responsible leadership as based upon an increased and active stakeholder interaction will be restricted by the mere fact that leaders in some departments will have less frequent stakeholder interaction than others. Examples would be on the one hand a supervisor working in a highly specialized and formalized production facility (department), where interaction with stakeholder, even with subordinates, in discursive decision situations is highly restricted, and on the other hand, leaders working in departments with frequent stakeholder interactions, e.g. leaders working in supplier relations or in CSR-departments (if leaders working in a CSR-Department act as responsible leaders they may have a great impact in promoting social entrepreneurship by setting up projects through frequent interaction with stakeholders from the social and political arena).

> *Proposition 15: The department's leaders work in moderates the relation between responsible leadership and possible outcomes. The higher the possibilities of frequent stakeholder interaction, the higher the impact of responsible leadership conduct will be on possible (positive) outcome variables.*

CONCLUSION AND FUTURE RESEARCH DIRECTIONS

This article has advanced a model of responsible leadership that embeds the leader's responsibility in the process of globalization and the societal efforts of self-regulation in the light of regulative deficits of the nation state and the new quality of global problems. As leadership is increasingly confronted with problems of cultural heterogeneity, moral dilemma and ethical conflicts, our understanding of responsible leadership places deliberative and

discursive practices at the heart of leadership thereby aiming for a legitimate and peaceful mode of conflict resolution. In pragmatic terms, this means that responsible leaders should think about the consequences of decisions for all affected parties and engage in an active stakeholder dialogue, weighing and balancing the differing interests. Based on this understanding of responsible leadership, we proposed antecedents and outcomes of responsible leadership in order to advance the understanding of responsible leadership and to place responsible leadership behavior in an organizational context. The outcome variables addressed focused especially on future business challenges for companies due to the globalization process. We proposed responsible leadership as a lever to handle these globalization challenges by highlighting how responsible leadership conduct could positively affect them. We also suggest that responsible leadership as active stakeholder engagement and discursive conflict resolution should be better able to address those challenges than existing leadership conceptions.

In the following we will highlight two main directions for *future research* that directly connect to the model of responsible leadership. The first direction would be to empirically test those propositions set up in the article. Therefore, responsible leadership would have to be operationalized. Thoughts could be given on the advancement of an empirical measure of responsible leadership (Hinkin, 1998). Second, we acknowledge that the presented model of responsible leadership is not final and does not encompass all possible factors that can affect or are affected by responsible leadership. Further research could advance the concept by offering additional factors that relate to responsible leadership. We suggested two additional outcome variables that could be hypothesized to relate to responsible leadership (dashed relations in Figure 1). Mediated by the outcome variables in Figure 1, responsible leadership could have a positive effect on social and financial performance of the organization. Responsible leadership was hypothesized to build up trustful relationships and social capital,

to foster innovation and effect followers' attitudes and cognitions. Trust was shown to have a positive effect on performance (Burke et al., 2007; Dirks & Ferrin, 2002). The accumulated social capital in stakeholder relations built up by responsible leaders can be used to facilitate collective action (Adler & Kwon, 2002), with the aim of enhancing either the financial or social performance of an organization. Innovation was related to competitive advantage of organizations (Gumusluoglu & Ilsev, 2009), and social innovation can be hypothesized to enhance the social performance of an organization. Finally, follower attitudes like job satisfaction, motivation or commitment have been identified as performance drives (Locke & Latham, 2004; Mathieu & Zajac, 1990a). Thus, taken together, it could be hypothesized that responsible leadership has an effect on the financial and social performance of an organization. Yet, there is an ongoing debate in the CSR literature (Margolis & Walsh, 2003; Orlitzky et al., 2003), and also in the field of leadership (Waldman & Siegel, 2008) on the relationship between social and financial performance. It is still not clarified if there is a mutually beneficial relationship, or if one crowds out the other. A further investigate of this relationship, also in connection with responsible leadership, would offer an interesting field for additional future research.

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Notes:

[1] A more thorough discussion on the differences between the approach of Maak and Pless and the conception forwarded by Patzer and colleagues will be presented elsewhere (Patzer & Scherer, 2010).

[2] An exception would be the top-management team or the CEO where all decisions would come together in highly centralized organizations. But in this case, this would overburden those responsible for the decisions on the top, and even more so, if they would engage in responsible leadership conduct, setting up many arenas for discursive conflict resolution.

[3] The terms culture and climate are sometimes used interchanging and with overlapping content. We make this distinction here, because authors in this field referred to both terms when developing their different empirical constructs (Trevino et al., 1998; Victor & Cullen, 1988) which both will play a role in relation to responsible leadership.

[4] The informal and formal (social) control systems encompass to a certain extent what is debated in the CSR literature as compliance and integrity approaches, referring to formal rules and laws as well as to informal values (see critically Stansbury & Barry, 2007; Weaver & Trevino, 1999).

[5] Trust in leadership studies is conceptualized and measured in the form of a perception of followers, attributing trust to the respective leader, and is not based e.g. on measuring the quality of the relationship directly (Dirks & Ferrin, 2002, p. 612).

[6] For further literature on the determinants of innovation see the meta-analysis of Damanpour (1991). The relationships between the determinants and innovation were based on theoretical reasoning and empirical findings (Damanpour, 1991, p. 557).

[7] This can be theorized as a problem of structure versus agency (Gomez, 2009; Whittington, 2009). We only point to this discussion here, and will not dig deeper into conflicting rationalities of different theoretical approaches, as this is not the primary focus here and as it would be beyond the scope of this paper.