



GLOBALLY RESPONSIBLE LEADERSHIP
INITIATIVE

Reflections

An occasional series of thought leadership



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**Developing Responsible Leaders:
Who is Responsible?
Henri-Claude de Bettignies**

REFLECTIONS

An occasional series of thought leadership papers

Reflections is designed to fill the gap between the (relative) inaccessibility of traditional academic papers and the sound-bite logic of media articles.

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Reflections is always about an agenda of deep change.

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Developing Responsible Leaders: Who is Responsible?



About the Author

Henri-Claude de BETTIGNIES, the Aviva Chair Emeritus Professor of Leadership and Responsibility and Emeritus Professor of Asian Business and Comparative Management at INSEAD is also Distinguished Emeritus Professor of Globally Responsible Leadership at the China Europe International Business School (CEIBS). He was (until 2011) Director of the Euro-China Centre for Leadership and Responsibility (ECCLAR) that he created in Shanghai, at CEIBS, in 2006. Between 1988 and 2005, with a joint appointment at Stanford University (Graduate School of Business), he shared his time equally between Europe, California and the Asia Pacific region (particularly with the INSEAD campus in Asia). He was educated at the Sorbonne (Licence ès Lettres), at the Catholic University of Paris (EPP), then at the Harvard Business School (ITP). He worked in Africa (MIFERMA, Mauritania), at the University of California (IIR, Berkeley), in New York (for IBM), and then in Tokyo for 5 years.

Professor de Bettignies joined INSEAD in 1967 as Assistant Professor and initiated the development of the Organizational Behavior department. Professor since 1975, he started and developed INSEAD's activities in Japan and the Asia Pacific region which led, in 1980, to the creation of the Euro-Asia Centre, of which he was Director General until 1988. Professor de Bettignies started the development of the Ethics initiative at INSEAD, and pioneered a new approach (AVIRA) to enlighten business leaders. Over a 16 years period the AVIRA programme brought together - in Fontainebleau, California and Singapore – 900 Chairmen and CEOs from 60 countries, keen to enrich their vision and enhance their “responsible” leadership competence.

Among the books published under his name are: *The Management of Change* (Edit. d'Organisation), *Business Transformation in China* (Thompson Business Press, 1996), *The Changing Business Environment in the Asia Pacific Region* (Thompson Business Press, 1997), *Trade & Investment in the Asia Pacific Region* (TPB, 1997). He has co-authored *Le Japon* (Flammarion, 1998), *Business Ethics: Policies and Persons* (McGraw Hill, 2005), and (with F. Lepineux) two books: *Business, globalization and the Common Good* (Peter Lang, Oxford, 2009) and *Finance for a better world: the shift toward sustainability* (Palgrave, 2009). His latest book (with M. Thompson) is *Leadership, Spirituality and the Common Good* (Garant, 2010). He was the lead editor of *Practical Wisdom for Management from the Chinese classical Tradition* (JMD, Vol. 30, N° 7/8, 2011). He is on the editorial Board of 7 academic journals and on a number of Boards, (including the one of the GRL).

Recent surveys in a number of countries demonstrate that confidence in business has steeply decreased. In past days, a shift of this sort was usually balanced out by an increased trust in government. But this is no longer so, as a wise business leader Dr. K. M. Leisinger observes¹:

"The analysis of global surveys such as the Edelman Trust Barometer² or GlobeScan³ reveals that throughout the world today people have less trust than ever. This is so with regard to governments' ability to effectively manage economic, social and environmental problems and with regard to the trustworthiness of the media... Business is also suffering from a pronounced low level of trust. The Edelman Trust Barometer 2012 finds on average less than 50% of the population trusting that business is "doing what is right" – that is, that corporations are working in the best interests of society⁴. In some countries trust in "business" is at historic lows – for example, in France (28%), Spain (32%), Germany (34%) and the United Kingdom (38%) – while the United States is at 50%."⁵

What's going on? Who can be trusted to care for the Common Good? If business leaders fail the test, can we entrust this concern to politicians and government? The answer is paradoxical: polls show that although trust in political leaders has waned, half the respondents still want greater government regulation of business. In our society trust seems to be a vanishing commodity. It is becoming ever clearer today that this generalized mistrust of others is closing individuals off into shells of self-interest, shrinking communication and developing attitudes that turn individualism into egoism. Naturally there are differences from country to country, and – as it should be obvious to everyone – the business-led globalization process has produced both positive and negative impacts, but the over-arching picture is one of citizens pushed into a binge of needless consumption. And today the hangover has arrived: fewer and fewer of these citizens trust business anymore to care for the planet or for those who have been excluded from society. As a last resort, then, people are beginning to turn to government to do something about the excesses and negative externalities of business, about the greed and moral lapses of its leaders, and the inept, frequently cavalier handling of the casualties and calamities that have been caused.

¹ Leisinger, K. M., Corporate Leadership in Times of Public Distrust, Keynote Speech, Fifth World Congress of the International Society of Business, Economics and Ethics, Warsaw., July 13, 2012

² www.edelman.com/trust/2011/

³ [www.bsr.org/reports/BSR/Globescan State of Sustainable Business Poll 2011 Report Final.pdf](http://www.bsr.org/reports/BSR/Globescan%20State%20of%20Sustainable%20Business%20Poll%202011%20Report%20Final.pdf)

⁴ Edelman: Trust Barometer Executive Summary, Annual Global Study, 2012, p. 3.

⁵ Leisinger, K. M., Op; Cit. p.1

The dominant paradigm and a question of "trust"

Persistent scenarios depict a society hemorrhaging trust, practically to the point of disappearance. The apocalypse of today's dominant forms of capitalism self-destructing⁶ no longer seems to be an unthinkable fantasy. Maybe it could happen, after all. In January 2012, the Financial Times published a collection of articles entitled "Capitalism in Crisis."⁷ It gave readers from the business community some sobering food for thought. The articles challenged the comfortable theory that wealth is "trickling down", labeled economic growth as "meaningless" if it occurred without a broad, positive social impact, diagnosed "business's license to operate" as eroding, and underlined John Maynard Keynes's observation that the businessman is "only tolerable as long as his gains can be held to bear some relation to what, roughly and in some sense, their activities have contributed to society"⁸

Giving the lie to the current obsession with pursuing economic growth, we can observe, every day, truths that should be obvious: the trickle-down effect does not occur; growth does not lift all the boats; nor can growth be pursued forever. The sky is not the limit. History teaches us that growth without equity can be lethal. It is also, by nature, greedy and a devourer of natural resources that are available in finite quantity and often non-renewable. Leisinger (2012) quotes The Economist to remind us that "the era of free market triumphalism" that began with Ronald Reagan and Margaret Thatcher "has come to a juddering halt". Professor Jeffrey Sachs (2012) has diagnosed a "value crisis" behind the economic crisis: "self-interest, without morals, leads to capitalism's self-destruction". He adds that if capitalism is no longer imbued with moral values, "consumerism constitutes self-interest detached from the common good and will result in unacceptable inequality and environmental unsustainability."⁹ This is a long, deep matter for concern. Two and a half centuries ago, the French political philosopher Montesquieu anticipated Keynes, Sachs and Leisinger with an even more far-reaching and disturbing conclusion: democracy itself, he wrote, would be destroyed by selfish, factional interests if it were not guided by virtue. The concept of "virtue" (though now slowly regaining attention among management scholars) may strike many as quaint in today's disenchanted world, but it is a deadly serious matter. Reading the Financial Times today gives us an eerie echo of Montesquieu's thoughts with its descriptions of civil society's growing distrust of the men and women sitting in the corporate world's leadership positions.

The consequences are huge. Trust is the indispensable basis of human relationships and the cornerstone upon which societies are built and function. Corporations that lose the

⁶ jeffsachs.com/2012/01/self-interest-without-morals-lead-to-capitalisms-self-destruction

⁷ [Aboutus.ft.com/2012/01/09/financial-times-launches-capitalism-in_crisis_series/#axzz1rG3SYmcx](http://aboutus.ft.com/2012/01/09/financial-times-launches-capitalism-in_crisis_series/#axzz1rG3SYmcx)

⁸ Leisinger, K. M., Op cit, p. 2.

⁹ Ibid, p. 2.

trust of their stakeholders – customers, suppliers, employees or shareholders – are doomed to quickly lose competitive advantage. Long-term, they cannot thrive.

Virtue – like wisdom - must start at the top. Leaders must be trustworthy if they wish to have followers.

Whether at governmental or enterprise level, our societies today seem incapable of producing the kinds of responsible leaders who provide direction, meaning, and the clarity of vision to rally and assemble their followers around a shared project. In spite of our flourishing "industry" of leadership training and development, we remain bereft of the imagination to propose and implement an alternative to the dominant neoliberal model. What we must generate today is a new model, one that relies on a holistic approach, one that places the "person" at the center and contributes to the common good of society, and this in a global perspective.

Today we find ourselves stuck in the worst economic downturn in 70 years. And our problems – environmental degradation, high energy and food prices, a crumbling financial system and rising income inequality¹⁰, a staggering unemployment -- are to a large extent the fruit of years of bad policies by our leaders. By relying upon the dominant paradigm of efficient financial markets and defining growth as simply a matter of increasing GDP, successive leaders in power have taken us to a wall. "Growth based on environmental degradation, a debt-financed consumption binge or the exploitation of scarce natural resources, without reinvesting the proceeds, is not sustainable. Growth must be inclusive; a majority of citizens must benefit"¹¹. While unemployment is hovering close to 10 % in the US and some European countries, the figures are even more dramatic in others. On the average, 22.6% of the young generation (ages 15 to 24) are unable to find employment in the Euro zone – but the figures climb to 23.4% in France, 30.7% in Ireland, 35.3 in Italy, 36.4% in Portugal, 52.9% in Spain, and fully 53.8% in Greece¹². When such a large proportion of the youth cannot get jobs, how much can they trust their elders, and how can they avoid seeing their future as grim? The social fabric becomes increasingly frail when youth violence is on the rise not only in urban ghettos but throughout the wider city as well. Along with the cancer of unemployment, income distribution contributes to fueling tension in society. Referring to the US situation, the Nobel Prize economist Joseph Stiglitz recently rephrased Lincoln's famous definition of democracy as "government of the 1%, by the 1%, for the 1%."¹³

¹⁰ In the US, "the richest 1% of Americans now take home almost 24% of income, up from almost 9% in 1976... CEO's of the largest American companies earned an average of 42 times as much as the average worker in 1980, but 531 times in 2001... From 1980 to 2005, more than four fifths of the total increase in American incomes went to the richest 1%..." Kristof, N.D., Another banana republic, IHT, November 10, 2010

¹¹ Stiglitz, J.E., Turn Left for growth, FT, August 13, 2008

¹² Guélaud, C., Jeunes et senior: le plan Sapin contre le chômage (using EUROSTAT/DARES Data, Le Monde, 6 Septembre 2012

¹³ Favilla, La double leçon du Pr Stiglitz, Le Monde, 27628 Juillet 2012, p. 12.

The simple fact is that government and business leaders have not acted for the common good. Their failure to promote solidarity and to balance growth with social justice, coupled with their refusal to accept that markets are not self-correcting – certainly not in the short term – has caused the dramatic socio-political consequences that are starkly evident today. This failure explains why confidence in leaders is increasingly eroded and why the backlash against globalization has gathered such momentum, particularly in Europe. With trust in business hitting historically low levels, we see a growing threat of trade protectionism and dangerously populist sloganizing in response to "mercantilist" policies. While budget deficits spiral dangerously, the backlash against immigration is turning ugly, religious tensions are growing more visible and urban violence erupts almost daily in one zone or another where the socially excluded have been parked. This is a time of crying need to coordinate for global recovery, but the 27 countries of Europe have not been able to find leaders of sufficient vision and strategic courage to force the indispensable cooperation. Confused and depressed, citizens seek refuge in the immediate satisfaction of the moment instead of taking the time to reflect on where they are heading. With our interpersonal relations embedded and digitalized in electronics, we live in immediacy. Strategic thinking is in short supply. Lacking strategy, the political class has substituted ideology.

In this situation we march blindly forward under the socio-economic banner of "growth", but give little serious thought to climate change, because climate change is perceived as distant and certain to cost money. But few see it for what it can be – an opportunity for innovation and job creation. A serious attack on climate change requires an entirely different approach, one that is based on redefining the purpose of the firm and that integrates the price of such negative externalities as CO₂ from human activities, and its impact on consumers. The issue of climate change keenly illustrates the current absence of responsible leadership, lack of vision and shortage of strategic courage. Woefully unable to agree on a concerted range of actions in Copenhagen and Rio, our political leaders have shown themselves to be just as ineffective as their peers in the world of business.

Business leaders with a long view seem to be one of today's endangered species. All too rare is the much-needed breed of social entrepreneurs who integrate all stakeholders in defining the purpose of their firm, and who provide meaning and sense-making for their teams. Where is the sense in blindly accepting the dominant neo-liberal model that brought the near-meltdown of the financial system and with it the deterioration – the possible rupture – of the contract between the capitalist system and society? The drama has not yet played itself out, and unpredictable consequences still lie ahead. If unemployment is the cancer of our society, we should be reminded that cancer dies with the system it has invaded.

Possible action and some tools

So what should we do? Should we wait for a new environmental, economic, or financial earthquake to create the crisis that finally obliges us to change, willy-nilly and in panic mode? For calamity and crisis do force change. The Bhopal accident in India (1984) changed the whole chemical industry. The Exxon-Valdez spill in Alaska (1989) changed the oil-shipping industry. The Enron debacle (2002) brought new rules of corporate governance (SOX). The closing of Arthur Andersen (2003) changed the practices of the entire audit industry. The fall of Lehman Brothers (2009) brought the 2010 Dodd-Frank Wall Street Act as an attempt to at least try improving accountability and transparency in the financial system. Fukushima (March 2011) shook the nuclear industry's self-confidence and ratcheted up concern for safety standards. So must we then wait for a new crisis – or to somehow engineer a crisis – that will change the mindset and behavior of leaders in business and government? Blowing the whistle in Seattle or occupying Wall Street are not enough. But it is not pleasant to speculate on the dimension of the future crisis that finally leaves us no choice but to accept the profound change of a paradigm shift. We have been slow to learn, in spite of the fact that misbehavior at the corporate level has been abundantly observed and discussed. From the old cases of Enron or WorldCom to Bear Stearns, AIG and Madoff and the more recent Libor scandal, we see a whole rogues' gallery of business captains who seem to have never heard of "responsible leadership," and have learned nothing from history.

Malfeasance of this sort goes on and on, in spite of all the approaches, methods, tools and practices that have been developed over the years in an attempt to prevent abuse of power in business and to reduce corporate misbehavior. But are those mechanisms and approaches aimed at encouraging responsible leadership really effective? It depends! *The philosophy of CSR* -- Corporate Social Responsibility -- is now spread widely around the world as an attempt to inducing more responsible behavior and leadership in managing corporate transactions with multiple stakeholders. CSR has certainly focused attention on the issue of responsibility, even if many continue to view it in the old terms of "corporate philanthropy", rather than as a genuine philosophy embedded in the corporate culture, one that percolates throughout the corporation all the way from strategy to implementation¹⁴. *Regulations like SOX* and the Dodd-Frank WS Act oblige firms to rethink transparency and to limit (if not eliminate) certain practices, through rules and laws. But legislation cannot establish a moral compass. Laws have loopholes, can quickly become obsolete and often are not applied (e.g. in China). Furthermore, corporations demonstrate great creativity stretching and going around laws. Even so, legislation remains a categorical imperative, for the rule of law is usually better than the rule of man and it contributes to developing a level playing field. *Codes of conduct* can help make corporate values explicit, by giving guidelines for action,

¹⁴ de Bettignies, H.C. & Lepineux, F., Can multinational corporations afford to ignore the global Common Good?, *Business and Society Review*, Summer 2009, 114:2, pp. 153-182

guidance for conflicts of interest and enhancing a sense of belonging to a corporate culture. On the other hand, they are often difficult to translate accurately and to harmonize across different cultures. Further, the quality of these codes, and their length and complexity, often affect their relevance and effectiveness.

Norms and standards - e.g. ISO 8000 or ISO 26000 – can play a useful role in drawing attention to important dimensions of safety and responsibility, while also standardizing practices. Global Compact, OECD, Caux Roundtable, etc. are laudable efforts at promoting universal sets of principles for worldwide application, but can they create a level playing field across the planet? Some serious doubt is permitted here, because compliance to them is voluntary, and the absence of auditing makes them often little better than useful PR exercises, toothless and soon forgotten under global strategic development, competition and bottom line pressures.

Attempts to recruit "*ethical*" managers through newly developed instruments and tests for assessing integrity and measuring expected ethical behavior might be a promising path. Integrity-measuring instruments need to gain in reliability, and in any case the manager's behavior is very much influenced by situational factors.

Reward and punishment systems for expected behavior can act as motivation drivers and deterrents against ethical lapses, but at the same time compensation schemes can encourage greed and hubris, as recent cases have illustrated.

Training courses in business ethics (e-learning ethics modules) are often installed more in view of protecting the firm in case of future problems than to strengthen employees' moral fiber. Experience suggests that education and training can play a useful role in helping employees to handle unavoidable conflicts of interest, but this approach is effective only with the full support and commitment of the hierarchy, from the top right down the line.

If *whistle blowing* is encouraged, it should be handled with great care, for it can easily be misused and generate dysfunctional managerial behavior. Measures must be in place to protect whistle blowers, particularly in countries where (for historical reasons) whistle blowing is a very sensitive issue. When it is NGOs or media that blow the whistle, their impact on corporate behavior is often very visible and may act as a powerful reminder of civil society's reaction to and expectations from corporate behavior. But if an NGO is labeled as "a bunch of terrorists" there is no hope for a possible dialogue.

Learning from the past to build the future we want

The bottom line is that responsibility for creating and developing a corporation's ethical compass lies squarely on the shoulders of its leaders. They are the role models; the ones who set the tone, project and make sense of organization values, and pull the others along with them. These values are non-negotiable. They are the core to the corporate culture, and responsible leaders know and constantly reaffirm the value of values. They walk the talk, and each step they take brings us closer to preventing further failures of leadership. These men and women know that we need values to discipline purpose.

To make use of valuable lessons from the past, business schools can play a critical function. For instance, they should include courses in history in the curriculum. They don't. Though much has been written lately about the global financial crisis, it is quite astonishing to observe that Wall Street and the City are not only lobbying against new regulations but edging right back to "business as usual", by creatively interpreting the new regulatory constraints (e.g. Dodd-Frank WS Act, Basel 3).

Let us take a reality check here: the present situation is untenable. It cannot continue in its present track. The crisis that started in the West is spreading East, becoming global; the complex and often explosive political situation in the Middle East has ramifications far beyond that region. From point to point around the world, civil society is increasingly viewing globalization – now in an unstoppable dialectic – as the villain, a useful scapegoat. A world driven by money and competition for resources, market share growth, short term, mimetic desire, or search for instant gratification, can only widen the gaps that lead to confrontation and violence, making the "living together" on our shrinking planet an increasingly problematic challenge.

What is required is nothing less than a paradigm shift. We need to rewire the mindset behind the way we conceive corporations, govern them and manage them. To create and lead a "shared value" strategy, we need to rethink the purpose of the firm, the *finalité de l'entreprise*, as Professor de Woot¹⁵ has termed it. We have ample evidence that financial markets left on their own are not self-behaved and do not self-correct: the invisible hand does not serve the Common Good. How are we to build a realistic future if we do not leverage history? From the dot-com stock market boom and bust we should have learned that ongoing returns several times the underlying economic growth rate are an unsustainable fiction. We should remember that in an environment of irrational exuberance, transparency and concern for underlying risks quickly go out the door. Risk signals are ignored as the exuberant lead the blind in a climate of greed and excess. Regulators do not understand the labyrinth of complex and opaque financial structures any better than investors can. Greed and narrow self-interest run amok.

Ask business leaders what went wrong over the last few years, and many will say it's not their fault. It was the global competitive pressure, the tyranny of shareholders, and financial analysts obsessed by quarterly earnings, that drove them to take shortcuts that often sacrificed long-term vision and led them to turn a blind eye to some of the negative externalities of their decisions. The regulators didn't do their job effectively, these leaders will insist – but they keep quiet about how their extravagant, sometimes obscene compensation packages shielded them from appropriate liability for their decisions. The free-market fundamentalism and social Darwinism of their "survival of the fittest" mantra nurtured greed and self-interest as prime core values. Their market fundamentalism was in reality a catechism of amorality with no chapter on the Common Good.

¹⁵ de Woot, P., The corporation of the 21st century, Global Responsibility, Summer 2009, pp. 7-9

Regulation alone cannot fully repair the market's immune system and stave off future attacks. Certainly we need the restraining hand of government oversight, and on their side governments must respect market realities and aspirations. But to eliminate the cancer of irrational exuberance, greed and narrow self-interest, something deeper is required: leadership with a moral compass strong enough to unite responsible stewardship, enlightened corporate governance and sound risk management. Truly responsible leadership will be able to govern complex systems, and the glue holding them together will be the intangible quality called "trust".

A polycrisis, a civilization crisis

Before anything like trust is restored, though, we have to face a distressing fact about the societies we have created: the truth is that the recent crisis has only held a magnifying glass to a wider, systemic breakdown. The financial crisis and the ecological, social, geopolitical, and civilizational crises are all interdependent. The fall of Lehman Brothers is one striking symbol for the failure of the ultra-capitalism of the last 30 years, but the excesses of this capitalist fundamentalism were far more broadly spread than this one investment bank. They were everywhere.

- a) In their impact on climate change, biodiversity and the depletion of natural resources.
- b) In our unwillingness to acknowledge the gravity of the vast chasm between incomes, juxtaposing huge wealth side by side with extreme poverty, reducing to a cruel joke the ideal of "living together" on this planet.
- c) In our blindness to the gap between the real and the speculative economies, at a time when civilization is entirely concentrated in and organized around economics.

There is a yin and yang balance in the human experience, but their interdependence seems to have been forgotten. Excess and hubris have deeply invaded our society, flooding us with advertisements to promote desire and possession - desire "**to be**" beautiful, healthy, happy, and "**to have**" and always have more... It is a cultivation of the "mimetic desire" so well identified by the Stanford philosopher René Girard)¹⁶. The more we live under the pressure of competition, the faster we run; the more we live under stress, the more we need the promise of beauty, serenity, friendship, peace and maybe wealth. We have created a world of hyper-consumption that is cheek by jowl with a world short of water, of hygiene and decent housing – not to mention jobs. With our exploding population (soon we'll be 9 billion) and our gobbling of energy and natural resources we are exhausting our planet. And there's no backup (no planet B!) – it's the only one we've got.

All this is to say we need to enhance our leaders' awareness of the essential reality that the *financial crisis* - with its consequences of slow economic growth, recessionary risks

¹⁶ Girard, R., (1986), *The Scapegoat*, The Johns Hopkins University Press, 216p. Barberi, M. S., (2001) *La Spirale Mimétique: Dix-huit leçons sur René Girard*, Desclée de Brouwer, 368p

and unemployment - is just one of the components of a global, civilizational crisis. We need an alternative model, one that will value solidarity over egoism, frugality over excess, more cooperation than competition. Only a globally responsible leader is likely to make this possible.

A small path toward globally responsible leaders

Over many years of listening to and working with business leaders around the world, we have learned that five dimensions have to be developed if we are to develop this much-needed pool of responsible leaders. These dimensions are: Awareness, Vision, Imagination, Responsibility and Action. Each of them must be explored by the leader at three levels:

- a) The Person: with my different roles in the human experience.
- b) The Firm: the complex organizational system where I work.
- c) The Society: in which I live, or of which I am citizen.

Let's briefly qualify each of these five dimensions.

Enhancing Awareness

As a person, as a citizen, as a leader, as a manager, my most important management tool is myself. How can I know myself better; how become more aware of my strengths and weaknesses, more insightful about my leadership style? At the organizational level, how can I enhance my awareness of what is happening in my firm, at all levels (particularly at the middle or lower levels)? How can I enhance transparency in the organization to boost awareness? At the societal level, how can I increase my awareness of the dynamics of the society in which I live? How can I enhance my capacity to perceive "weak signals"?

By enhancing awareness at these three levels, leaders become more aware of the multicausality behind the problems they face. They become better able "to make sense" of complexity, "to give meaning". In turn this leads them to realize that if they wish to be part of the solution they should acknowledge that they are also part of the problem.

Developing a Vision

A vision helps to pull people together, gives meaning to action and builds confidence in leaders who "make" sense and "give" sense. If the present is the offspring of the past, it should not be used as an alibi for escaping responsibility to the future. In fact it may be said that the present is the *consequence* of the future. We behave in a certain manner *today* because we have a *vision of tomorrow*: we anticipate what our objective for tomorrow implies for us to do today (e.g. because I want to be CEO tomorrow, then I need to do XYZ today). We humans are future-driven animals, and it is critically important for us – given the speed of change and the uncertainty - to define a vision of

what that future should and might be. The responsible leader's action is shaped by the vision of tomorrow that he/she has today. At the individual level, I need to have a vision of what I, myself, would like to be - or what I think I will be - in five years from now. At my workplace, how do I see my organization in five or ten years? Where is society heading? What is my vision of our planet in five to ten years from now? And beyond?

Cultivating Imagination

Man kind is never short of imagination, as our race has demonstrated again and again, for better or for worse. However, most organizations (unlike Apple or Google) tend to freeze imagination through rules, regulations and norms that shape employee behavior. Most often, corporate cultures tend to create homogeneous environments where individual behavior is subsumed into values that rarely encourage dreaming. Leaders need to balance dreams with reality and lessons from history with visions of the future. We've got to imagine beyond the here and now.

At the individual level: could I see myself being a different person, a different manager, a different leader? Could my organization be a different corporate animal with different values and another corporate culture? What kind of society do we want to leave to the grandchildren of our grandchildren? Could I conjure up ideas for an alternative society? Are we prisoners in a 9-dots situation from which only imagination and abandonment of established models can spring us free?

Strengthening Responsibility

Ominous noises are rising up from society. People are expecting more transparency from corporations, more accountability and responsibility from their leaders. Less double talk, less influence peddling, more truth in advertising, more openness in management, both within the company and toward the world at large. Satisfying these expectations can go a long way to overcoming civil society's distrust of business and its leaders. People today demand responsibility toward all stakeholders, including those without the voice to call for it themselves (Jonas, 1990). True responsibility is planetary, and it stretches into the distant future, out to the grandchildren of our grandchildren – and this is not even to speak of Mother Nature who is sorely suffering from our abuse. Though I cannot be nannie to the world, I need to know the extent and limit of my responsibility in each of my several roles in society. As a leader, not only do I need to maintain and strengthen my own sense of responsibility; I need to promote it in fostering teamwork at each level of my organization (subsidiarity principle) and in the society where I live.

Taking Action

Responsible leaders maintain a clear vision of the future, but their course of action is in the present – right now. As they seek to create value through entrepreneurship and innovation, and as they imagine creative ways to deal responsibly with the multiple challenges that lie on the road to implementation, they must have courage to take action. The responsible leaders of tomorrow will be men and women imbued with the skill and determination to make the most difficult choices without flinching. They will have cultivated the strength of character that will inspire trust. Only then can they be said to be truly worthy of the power invested in them. Power obliges!

In today's fast changing and uncertain environment, leaders at every level of an organization, not just the top, need courage to take action while giving voice to their values. How else can they develop a corporate culture or a societal environment where no one cops out, passes the buck or dreads the risk of action?

Conclusion

If our current shortage of "responsible leaders" is a threat to our future, how might we go beyond standard organizational practices and regulatory inducements to reach the goal of integrating the Common Good into the organization and its practices? This is an all-encompassing undertaking and – like acquiring wisdom - it continues for a lifetime. Learning responsibility starts in the family. The seeds planted by parents are then to be cultivated and refined in school, but no course in moral or civic education will substitute for the role models of parents and teachers. The bottom line and foundation of the parental-educational experience is the internalization of a golden rule: "to care for the other".

At university level, business schools have a vital function in developing the leaders of today and tomorrow. As they prepare future leaders through their MBA programs, as they groom managers in their executive education programs, and as they try to enlighten top-level executives in their forums, workshops, conferences, and roundtables, business schools play a major role in building a pool of leadership talent for all organizational levels. By their knowledge production (research) and their knowledge sharing (education) they format the mindset and worldview of the managers and leaders who have the power to significantly influence and shape society.

The flood of criticism that has accused business schools of producing a significant proportion of moral morons for whom the ends justify the means, is at last inciting schools to rethink their function, re-design their curricula and to innovate in their teaching methods. A number of original initiatives are promising (e.g. GRLI, 50+20, Exeter; Zermatt Summit, Core Leadership Development,...) The goal, of course, is to enhance and leverage the accumulated learning experience available around the world, so as to contribute to the development of the five components of responsible leadership mentioned earlier:

The production of responsible leaders, however, requires a much more significant change: a shift in the dominant paradigm being taught in most business schools. We need to rethink the neoliberal model we teach.

The voice of civil society is accusing the neoliberal model that still dominates management education today. Nobel Prize winner Milton Friedman posited that the purpose of the firm was to concentrate on the promotion of shareholder value. A few enlightened leaders - like Franck Riboud (CEO of Danone) - explicitly state that the current neoliberal model is taking us to the wall¹⁷. But beyond the cloister of the business academy, civil society is contesting Friedman and calling for something else: a multi-stakeholder approach that teaches shared value for multiple stakeholders. It obliges us to rethink, to come up with a new concept of the enterprise that redefines the very purpose of the firm and brings significant change to strategies and practices taught in business schools and then put into practice by leaders and managers. This new management education will place much greater emphasis on the internalization of responsibility, accountability and sustainability. This is a significant and difficult step, as it relies upon a willingness to challenge the dominant models and redesign business schools' curriculum. Deans and faculties will have to be persuaded to adopt a new paradigm and to adapt to the practices it implies. But if the result is that enterprises are shown to be at the service of man and not the other way around, then we will have made a significant step on the road toward internalizing the Common Good along with everything that this implies for leaders. A step as dramatic as this will have to be initiated by enlightened Deans or small faculty groups within existing schools, or perhaps by founders of new educational institutions brave enough to ignore media rankings. Whoever they are, though, these pioneers will be driven by a passion for the long term benefit of society, and the development of responsible leaders who are aware of and value the spiritual dimension of leadership and want to be respectful of our global environment.

Who knows? Perhaps the multiform crisis we are experiencing today will serve as the ignition, the spark that will begin developing this new breed of leaders – men and women deeply concerned for society and future generations, all of them fully in possession of the five dimensions I mentioned earlier. These responsible leaders will articulate their behavior on three simple principles that education and experience will have rooted in their minds: **know yourself, care for the other, create your future**. "Know yourself", for you are your own best resource for making your life what you would like it to be. "Care for the other", for from the very day of your birth you have been dependent on others – society will remind you of this interdependence all your life. "Create your future", because this earth of ours is the place where you will be living for the short time allotted to you – and maybe, just maybe, in that time you can make a difference to the world.

¹⁷ Riboud, F., in *Le Monde*, March 3, 2009

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Text

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Author

Henri - Claude de Bettignies

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Eline Loux

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GRLI Foundation

Rue Gachard 88 – box 5,

1050 Brussels, Belgium

www.grli.org

info@grli.org

The Globally Responsible Leadership Initiative (GRLI)

GRLI is a worldwide partnership of companies and business schools/learning organisations working together in a laboratory of change to develop a next generation of globally responsible leaders. The GRLI engages in thought leadership, advocacy and projects to achieve measurable impact. Founded in 2004 by EFMD and the UN Global Compact, today it comprises partner (member) organisations who join based on their commitment to transforming leadership development. It is a member organization, a foundation, an advanced laboratory and a movement. Over the past years the GRLI has developed the concept of global responsibility as a higher order of responsibility beyond CSR and catalysed the creation of two new academic journals (Journal of Global Responsibility and The Sustainability, Accounting, Management and Policy Journal). It's current work includes a framework to measure global responsibility (The GRID) which has been successfully tested in a number of organisations. Current projects and activities include faculty development, the establishment of a worldwide network of local Councils for Leadership, Business Summits, Academic Conferences, research into the Corporation of the 21st Century, a young ambassadors programme, blueprinting the business school of the 21st century (50 + 20 Management Education for the World). The GRLI meets twice per year in General Assemblies hosted by a member partner.

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