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Responsible Leadership and the Political Role of Global Business

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RESPONSIBLE LEADERSHIP AND THE POLITICAL ROLE OF GLOBAL BUSINESS

ABSTRACT

Globally responsible leadership is conceived as the normatively appropriate conduct of business leaders in response to the ethical challenges that multinational corporations have to deal with in the context of their global business operations. The paper argues that existing approaches to responsible leadership research neglect the ethical implications of globalization and the conditions of the current 'post-national constellation' (Habermas) in international relations. We review critically the existing concepts of responsible leadership and point to the normative vacuity, justification gaps, and the implementation challenges regarding these concepts. In order to address these issues, we propose a new approach to responsible leadership in global business based on Habermas's idea of democratic deliberation. This concept provides leadership with a normative orientation when facing complex and heterogeneous business and stakeholder demands. Finally, we discuss how responsible leaders can remain capable of producing morally legitimate decisions within the factual constraints of global business.

INTRODUCTION

In recent years, there has been a marked change in the public perception of corporations and their leaders. Business organizations and their representatives are confronted with heterogeneous legal environments and growing societal expectations that transcend mere economic performance and extend to a growing concern for social and environmental issues. In the course of globalization a significant share of the world's production is shifted to offshore locations or to developing and emerging economies whose social and environmental conditions are problematic due to weak or failing state institutions and the absence of the rule of law. Human rights abuses, discrimination, exploitation, and the destruction of the natural environment are concomitant phenomena of globalization in many parts of the world (Kobrin, 2009; Scherer & Palazzo, 2011).

Many business firms respond to this issue by going beyond the legal minimum requirements to address issues of public concern and compensate, to varying degrees, for the deficits in public policy. Students of business ethics and corporate social responsibility (CSR) who address the new political mandate of business firms have focused predominantly on the macro-level of analysis (see e.g., Kobrin, 2009; Matten & Crane, 2005; Santoro, 2010; Scherer & Palazzo, 2007). Recently they also address the organizational meso-level and discuss the implications for organizational policies, structures and processes (see e.g., Baumann-Pauly & Scherer, 2012; Gilbert & Rasche, 2008; Thompson, 2008).

In contrast to the extensive research on structures and procedures, the implications of the globalizing economy for the micro-level of analysis, i.e. for individual behavior and leadership, have been rarely explored (Bies, Bartunek, Fort, & Zald, 2007; Pless & Maak, 2011; Waldman, 2011), with the exception of some promising studies in the evolving literature on leadership and responsibility (Doh, Stumpf, & Tymon, 2011; Pless, Maak, &

Waldman, 2012; Waldman & Siegel, 2008). This lack of relevant research is surprising, considering that present leaders are expected to act 'responsibly' in a globalised world. Unlawful or ethically unacceptable leadership behavior can have severe or even existential ramifications for organizations.

While structures and procedures play an important role in corporate efforts to guarantee compliance with legal obligations and moral expectations, they are relatively inflexible and therefore not easy to change. Moreover, formal structures may be decoupled from the actual way of doing business, i.e. in practice the prevailing organizational culture may often negate changes in structures and procedures (Behnam & MacLean, 2011; Stansbury & Barry, 2007). This inflexibility becomes especially relevant in the context of global business, where corporations are confronted with competing legal and moral norms, a multitude of stakeholder expectations, and unforeseen environmental pressures. In view of that, leadership can be seen as an essential component of securing corporate responsibility. Leaders can foster collective action to promote change and act as role models for employees who need guidance (Brown & Trevino, 2006); consequently, they have a fairly strong influence on organizational culture and the actual organizational practices.

The topic of leadership in general is an established field with a long-standing tradition (Bass, 1990; Yukl, 2012). However, 'global leadership responsibility' in particular is a rather underdeveloped topic with respect to the recent challenges of globalization, as it is not sufficiently addressed either in leadership theory or in CSR theory (see e.g., Bies et al., 2007; Waldman, 2011). In our view, existing studies on leadership are limited by their failure to acknowledge the implications of the processes subsumed under the label of 'globalization' (Beck, 2000) and to provide pragmatic moral orientation for leadership in what the German philosopher Habermas has described as the emerging 'post-national constellation' (Habermas,

2001b). Our aim is therefore to lay the ground for a new (political) concept of responsible leadership. According to this concept, political responsibility is a proactive means of remedying the negative societal consequences of corporate business, based on communicative processes with a corporation's stakeholders (Young, 2004).

The study's contribution is manifold: first, we contribute to a theory of globally responsible leadership in that we (1) systematically depict the globalization challenges for the constitutional elements of leadership (task, interaction, person), (2) expand recent conceptualizations on responsible leadership by offering a coherent normative theory for responsible leadership and an extended political understanding of responsibility for leaders, (3) and discuss how responsible leadership can contribute to morally legitimate solutions by considering factual conditions of global business. Second, the article extends theoretical considerations on the leadership–CSR relationship in that it, on the one hand, discusses the application of political CSR for the micro-level of leadership and, on the other hand, shows the influence of leadership in contributing to CSR and organizational legitimacy on the macro level of analysis.

These contributions are reflected in the structure of the article: In the first section, we highlight the relation between leadership and responsibility in the context of a globalizing society. We begin by laying out our argument with the help of an illustrative case study that shows the involvement of leadership in and its responsibility for corrupt practices at Siemens, a multinational manufacturing company headquartered in Germany.

In the second major section we propose a concept of responsible leadership that emphasizes the political dimension of leadership. Our approach extends recent research on responsible leadership (Maak & Pless, 2006; Voegtlin, Patzer, & Scherer, 2012; Waldman & Galvin, 2008). We develop an understanding of globally responsible leadership that draws on

Habermas's theory of deliberative democracy (Habermas, 1998, 2001a). This concept of political leadership responsibility offers a normative orientation for leaders who need to develop morally acceptable solutions to ethical problems under conditions of heterogenous stakeholder demands and competing norms and regulations. In addition, our concept entails a proactive responsibility to contribute to rule and norm building processes, in order to fill gaps in global business regulation.

Finally, we discuss situational constraints like time, financial performance pressure, or irreconcilable stakeholder demands that further complicate leadership and highlight how leaders remain capable of acting responsibly. In this regard, the paper addresses the importance of identifying moral questions, the relationship between compliance with rules and regulations and personal responsibility, and individual characteristics favorable for responsible leadership as ways to overcome these constraints. The paper concludes with reconsidering the Siemens corruption case in the light of the propositions of responsible leadership, a résumé of our analysis and an outline of suggestions for future research.

LEADERSHIP AND RESPONSIBILITY IN A GLOBALIZING SOCIETY

An Illustrative Case: Corruption at Siemens and the Involvement of Leadership

A recent example that illustrates the implications of globalization, the decoupling of organizational practices and compliance mechanisms, and the impact of leadership on responsible business conduct is the case of Siemens and the role of its former CEO, Heinrich von Pierer, and the successor to his post, Klaus Kleinfeld, who have both been criticized for tolerating corrupt practices within the company's global operations (see e.g., Dahlkamp, Deckstein, & Schmitt, 2008; Gebhardt & Müller-Seitz, 2011; The New York Times, 2008b).

In Germany up until the late 1990s companies could not be legally prosecuted for corrupt practices carried out in other countries. It was even possible for a company to record bribes to foreign officials or representatives of foreign corporations as useful business expenses (referred to in German as "*nützliche Aufwendungen*") that could actually be included as deductions in the company's tax statement. The law was changed in 1999, making such payments a criminal offence. However, in 2006 it emerged that Siemens had not changed its corrupt practices outside Germany (Dahlkamp et al., 2008; Gebhardt & Müller-Seitz, 2011; The New York Times, 2008a). Although Siemens has had a clear anti-corruption policy in place and has also been involved in various CSR initiatives for over a decade, investigations in Italy, Greece, and Germany since 2006 have revealed that many of the company's divisions did not abandon their practices but continued attracting customers and facilitating business transactions by offering bribes to representatives of their business partners or to state officials abroad. These payments were transferred by Siemens middle managers through black money accounts held in Liechtenstein and other off-shore locations (The New York Times, 2008a). The head of the Securities and Exchange Commission enforcement division came to the conclusion that an estimated 1.4 billion USD accounted for bribes paid to government officials in a number of countries (The New York Times, 2008c). Siemens settled the case with US and German authorities by paying over 1.6 billion USD in fines (The New York Times, 2008c). Nevertheless, it is still not entirely clear whether or to what extent the Siemens top-managers were aware of these practices, whether they willingly supported or just ignored them, or whether the executives had no clue about what was actually going on in the corporation.

This case exemplifies some of the challenges of the globalization process for multinational corporations and their leaders. On the one hand, the liberalization of markets

within and across national borders engenders growing global competition, often accompanied by the privatization of former state monopolies (for instance telecommunications, energy or public transport in Germany; all of which are industry sectors in which Siemens is involved). This creates the need to (re)finance business activities via international capital and stock markets, which in turn increases the pressure on return on investments. Siemens, as a company that operates in 190 regions across the globe, faces precisely this kind of increasingly competitive environment and performance pressure. In response, its former CEO, Heinrich von Pierer, made shareholder value the top priority.

On the other hand, global corporations operate within a multitude of legal regulations and societal expectations: for instance, in some countries practices such as kickbacks are regarded as an essential part of negotiating business opportunities or contracts. In the absence of global jurisdiction (Benvenisti & Downs, 2007; Fischer-Lescano & Teubner, 2004), each company must decide on its policy on the basis of both local responsiveness and the application of global standards (Buller & McEvoy, 1999; Donaldson, 1996). Such decisions can be challenging for the responsible manager, who has to respond both to growing economic pressure to compete in a global market and to the expectations of different stakeholder groups. In the case of Siemens, the middle management was confronted with increasing economic pressure on the one hand and a loss of ethical or moral orientation on the other hand. These conditions bred a system of corruption that was regarded as 'business as usual'.

The case of Siemens illustrates that structures and procedures are not sufficient to prevent unethical business behavior. Such standardized compliance mechanisms and structural solutions were in place both at the organizational level (e.g., code of conduct, anti-corruption practices, an extensive compliance department) and at the societal level (German

anti-corruption law). Yet, these structures and procedures were either circumvented or ignored. This suggests that, apart from structures and procedures, individual agency is important for preventing unethical conduct. In view of that, we will examine the role of leadership and its responsibilities in global business in greater detail. We will refer to back to the case at the end of the paper, reporting about what happened after the scandal and discussing the role of responsible leadership in this case.

The Emerging Post-National Constellation and Its Consequences for Corporate Leaders

Leadership as a cross-cultural social phenomenon has been the object of extensive reflection both in academic literature and in popular writings. Currently, leadership theory encompasses a broad range of research interests (Bass, 1990; Yukl, 2012). As a result, it is a highly heterogeneous and, lamentably, fragmented field with relation to its paradigmatic assumptions (see e.g., Rost, 1991, 1995). These points notwithstanding, according to a fairly representative definition, leadership 'involves a process whereby intentional influence is exerted by one person over other people to guide, structure, and facilitate activities and relationships in a group or organization' (Yukl, 2012: 6; for similar working definitions, see e.g., Bass 1990).

The above definition comprises three constitutional elements of the leadership phenomenon: the element of the leadership task, the element of interaction, and the personal dimension. Despite objections that these three elements do not depict leadership comprehensively, it can be assumed that they grasp the focal points on which leadership theory is founded (Bennis, 2007; critically, Drath et al., 2008). The dimension of the *leadership task* refers to goal achievement, which has to be understood as embedded in the process of organizational strategy formation and implementation. The concept of *interaction* centers on the leader–follower relationship and the resources and conditions that underlie the

exercise of influence. Lastly, the *personal dimension* relates to the individual properties of leaders and followers, their cognitive aptitudes, their socialization and their decision-making (see Patzer, 2009). We will structure our argumentation in the following alongside these elements.

The challenges of globalization. In our view, the content of these elements is subject to changes that result from global transformation processes. In this regard, recent studies on business ethics and CSR have stressed the significance of 'the end of modernity' and of Habermas's account on the emerging 'post-national constellation' for the relationship between business and society (Kobrin, 2009; Santoro, 2010; Scherer & Palazzo, 2007). Modern society is challenged by three parallel, mutually reinforcing processes (Beck, 2000; Habermas, 1994): the upcoming postmodernist philosophy, increasing individualization, and economic globalization. *Postmodernist philosophy* stresses the plurality of reason and rationality, rejecting the scientific belief in universal meta-narratives and objective knowledge (Loytard, 1984). This makes it difficult to find justified orientations in a world that is characterized by a pluralisms of norms, values, and life-styles (Rorty, 1991a). The process of increasing *individualization* describes the fragmentation and erosion of shared social identities and solidarity within communities (Beck-Gernsheim & Beck, 2002). Lastly, *economic globalization* refers to the increasing tendency of value creation through cross-border collaboration, which extends beyond the reach of regulation and control mechanisms implemented by nation states (Beck, 2000; Scherer & Palazzo, 2008).

This emerging 'post-national constellation' (Habermas, 2001b), especially the economic transformations, has several implications for nation state institutions and business organizations (summarized in Table 1): first, these developments place a great strain on nation

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states that try to moderate the outcomes of the economical, political and social systems. This is because each nation state's enforcement powers are territorially bound, while corporations expand their activities beyond these borders. Consequently, the regulation capability of nation states vis-à-vis the economic system is in decline (Chandler & Mazlish, 2005; Scherer & Palazzo, 2008). As institutions that oversee transnational regulation, legislation and enforcement are comparatively weak, and legal and democratic control mechanisms are simply non-existent in many failed or failing states, many stakeholders address their several concerns about the behavior of multinational corporations (MNCs) to the MNCs themselves, challenging their legitimacy (den Hond & de Bakker, 2007; Palazzo & Scherer, 2006).

While, on the one hand, the liberalization of markets has increased economic competition among MNCs, on the other hand, corporate legitimacy has become an important issue as corporate actions are increasingly scrutinized by global NGOs or dedicated customers (Spar & La Mure, 2003). Apart from financial performance, legitimacy is another main concern for corporations, as it is the precondition for securing the sustained support of corporate activities by a corporation's constituencies. Legitimacy is socially ascribed on the basis of the perception that a corporation performs and acts in a way that is desirable, proper or appropriate according to societal expectations (Suchman, 1995: 574). Gaining and maintaining legitimacy is essential for the survival of a corporation because it guarantees acceptance in an institutional field, as well as access to the resources an organization depends on (Oliver, 1991; Pfeffer & Salancik, 1978). With regard to legitimacy, we particularly focus on aspects of moral legitimacy becoming increasingly relevant in the complex business environment, as the heterogeneous demands of stakeholders increase the need to justify organizational conduct (Palazzo & Scherer, 2006). In the following, we will refer to the procedural dimension of moral legitimacy, as we build our concept of responsible leadership

on the procedural ethic of Habermas' discourse theory, guaranteeing morally legitimate solutions by adhering to a process of argumentation under undistorted conditions.

Taken together, the challenges of modernity translate into challenges for the business organization and its leaders: the growing economic competition and pressure to maximize profits together with the increasing complexity and plurality of social demands and legal requirements often result in competing stakeholder demands and an increasing need to legitimize corporate behavior, for instance by engaging in CSR projects or in dialogue with stakeholders.

The implications for leadership. The developments described above affect the constitutional dimensions of leadership and thus have far-reaching implications for business leaders. The growing public discourse on the responsibility of business organizations and the expectation that MNCs should act according to CSR standards has led to changes in the perception of the *leadership task*. 'Corporate Social Responsibility' means that companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders (European Commission, 2012). The concept of CSR and its social and environmental sub-dimensions now feature regularly on the corporate agenda, regardless of the exact relation between CSR and shareholder-value orientation – be it an additional or restrictive one (Diermeier, 2006; Galan, 2006). As a result, these developments shape the corporate leaders' tasks, since now leaders have to mediate between complex, often contradictory environmental demands due to their exposure to a multitude of politically, economically or institutionally conflicting rationalities. The idea of a stable leadership context that has so far been prevalent in modern society is defined by economic imperatives, as well as legal sanctions and social demands. In this case, the task of a leader is to maximize profits.

By contrast, in the post-national order it is defined by the complexity and dynamic of institutional and societal constraints and the resulting rapid changes of the leader–stakeholder relationship, wherein the leader constantly has to reassess situations, corporate goals and strategies. Flexibility in handling different rationalities and settings has now become a key challenge for corporations and their leaders (Schreyögg & Sydow, 2010). While the organizational responses to institutional complexity have been addressed in the literature, the implications for leadership have yet to be explored (Child & Rodrigues, 2011; Greenwood, Raynard, Kodeih, Micoletta, & Loundbury, 2011).

Looking at the dimension of *interaction*, which is understood as the relationship between leader and follower (leader–follower exchange), it becomes clear that corporations can no longer afford to pay attention merely to employee and shareholder concerns. They also have to acknowledge the concerns of wider stakeholder groups, including internal interest groups, as well as the media and non-governmental organizations (NGOs). All these societal actors increasingly take on the role of global watchdogs, which was previously limited to the nation state in modern societies (Spar & La Mure, 2003; Teegen, Doh, & Vachani, 2004). Consequently, in an emerging post-national constellation, leadership must take into account these new stakeholders and adjust the company's stakeholder orientation accordingly. This, however, changes the conditions of the influence process. Normally, leadership theory focuses on superior–subordinate relations, which are determined by the organizational hierarchy. This raises the question of potential and legitimate means of influence in the relationship between leaders and stakeholders. The introduction of new interaction partners means that the established sources of options for coordination mechanisms and actions must be supplemented with new ones that are more adequate for dealing with external actors.

With regard to the *personal* dimension, globalization causes the transition to ever more flexible biographies, i.e., it has an impact on the private lives and personal choices of corporate leaders (Sennett, 1998). Global capitalism has a significant impact on employment conditions. In many cases, it is expected of individuals to show a willingness to tolerate constant change in terms of job, residence, social situation as well as family planning. Increased mobility and exposure to culturally heterogeneous contexts mean that the homogenous 'lifeworld' of modern society, which is the source of competences, social practices, and cultural rules, is fragmented by the challenges of the post-national constellation (Habermas, 2001b). Leadership theory has to take the resulting normative disorientation of leaders (as well as followers) in the emerging melting pot of diverse cultures and life-styles into account and needs to provide ethical guidance that unfolds sufficient validity without being dogmatic.

These developments show that the public call for socially responsible conduct on the part of corporations, together with the processes that have initiated 'modernity's end' have far-reaching consequences for leaders and our understanding of the leadership phenomenon. The challenges for leadership can be roughly summarized as (1) the need to take into account complex and heterogeneous institutional demands, such as e.g. financial as well as social imperatives, (2) the need to interact with internal and external stakeholders and (3) the loss of normative orientation in heterogeneous cultural, moral and legal environments, which forces leaders ever more often to step into the role of moderators between different interests, value orientations or economic and social expectations (see Table 1). While these issues have always been a concern of business people, the process of globalization raises their significance and leads to increased challenges for leaders.

Well known leadership approaches incorporating ethical or moral aspects, such as ethical leadership (Brown & Trevino, 2006), authentic leadership (Walumbwa, Avolio, Gardner, Wernsing, & Peterson, 2008), or transformational leadership (Bass & Steidlmeier, 1999), do not sufficiently reflect these challenges in their considerations: (1) organizational legitimacy is not considered as an outcome of the leadership process, nor do theories address the mediation between financial and social imperatives sufficiently; (2) leadership still remains mainly focused on the supervisor-employee relationship; (3) and there is no coherent moral orientation provided for leadership faced with the global challenges we identified, rather, approaches often remain vague when defining the ethical components of leadership (e.g. defining ethical leadership as 'normatively appropriate conduct'; Brown et al., 2005: 120).

One approach that focuses more decidedly on the challenges of globalization is the research on responsible leadership. Our summary of leadership challenges provides the backcloth for the review of the existing literature within this research stream in the following.

Insert Table 1 about here

Recent Research on Responsible Leadership

Research in leadership ethics with regard to the challenges of globalization, which is our primary research interest, is clustered around notions of 'responsible leadership'. The concept recently gained attention in a number of publications that campaigned for its establishment (see e.g., Doh & Stumpf, 2005; Pless & Maak, 2011; Voegtlin et al., 2012; Waldman & Galvin, 2008). This approach is less concerned with the answer to the question 'what is leadership', which it perceives as subordinate to the question 'what is good leadership?' (as repeatedly stressed in Ciulla, 1998, 2005). Good leadership has a managerial as well as a

moral dimension: it is understood as not only effective, but also ethical. The idea that ethics lies within every human interaction leads to the argument that ethics is 'at the heart of leadership' (Ciulla, 1998). Thus, the concept of responsible leadership is expected to successfully integrate the, to date, parallel but separated thoughts on leadership, ethics and CSR (Waldman, 2011).

Maak and Pless suggest that responsible leadership as 'a social-relational and ethical phenomenon, which occurs in social processes of interaction' (Maak & Pless, 2006: 99) can address the challenges of competing stakeholder demands that we described earlier. The authors acknowledge the implications of the global transformation processes and try to account for them in their conceptualization, defining responsible leadership 'as a values-based and through ethical principles driven relationship between leaders and stakeholders who are connected through a shared sense of meaning and purpose through which they raise one another to higher levels of motivation and commitment for achieving sustainable values creation and social change' (Pless, 2007: 438).

Within the concept of responsible leadership, reaching ethical, social and environmental goals have become an integrative part of the corporate and *leadership tasks*. One aspect of these tasks is the need to mediate the existing and potentially conflicting goals of various stakeholders. In that respect, Maak and Pless acknowledge the existence of possible dilemmas. However, with reference to the facticity of existing options for actions, they stress the general primacy of ethics over economics (see e.g., Maak & Ulrich, 2007).

As to the *leader–follower relationship* authors become increasingly aware of the fact that responsible conduct by organizational leaders must take into account internal and external stakeholders. Scholars stress the need to expand the focus of classical leadership research (Schneider, 2002; Waldman & Galvin, 2008). Indeed, this expansion is crucial for the concept

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of responsible leadership, which regards leadership as the management of stakeholder relations. Leaders should treat their stakeholders as equals, thereby weaving a web of inclusion (Pless, 2007). Consequently the influence process must be understood as a process of dialogical interaction that is based on an ethics of mutual recognition. In this view, the means of exercising influence are limited to those that are legitimized by free assent.

In order to achieve this on the *personal* level leaders must possess a moral compass configured by moral imagination, moral consciousness, reflexivity and a number of specific virtues (Thompson, 2010). Such a moral compass would guide them in the situational application of the roles[1] and obligations of responsible leadership and would guarantee that their conduct is based on integrity. In addition, the inclusion of stakeholders should 'facilitate a legitimating discourse' (Maak, 2007: 330).

The above overview shows that research in the concept of responsible leadership has started to convincingly tackle the new challenges that globalization poses to corporate leadership. Admittedly, the concept of responsible leadership has advanced significantly; nevertheless, there are still some points that need further conceptualization and specification, especially in light of the global transformation processes we have highlighted in the beginning.

The first point is reflected in the lack of clarity in the way the mediation of economic and social goals are discussed. Second, responsible leadership approaches are characterized by a rather eclectic use of elements of discourse ethics, deontological conceptions and teleological virtues[2], and a great emphasis on the general primacy of ethics and the universality of human rights (Maak & Pless, 2008, 2009). This bears the threat of cognitive overload with relation to the numerous leadership roles, virtues and principles and inevitably leads to problems of philosophical justification (Scherer & Patzer, 2011). The questions that

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arise here are, for example, which philosophical approach applies when, or is there a universal approach that can be applied to all situations? Obviously, there is a need for a normative background theory for responsible leadership that can address the challenges of globalization without being eclectic. In addition, questions need to be addressed about how conflicting stakeholder interests can be integrated and reconciled.

Finally, the definition and scope of responsibility remains limited or unclear (e.g., limited to stakeholder accountability or unclear in terms of how to bring together all the demands proposed for instance by a cosmopolitan approach for responsible leadership; Maak & Pless, 2009; Waldman & Galvin, 2008). We suggest that in order to address regulatory gaps in global governance and to foster a social responsible role of business in society, leadership responsibility needs to include a more proactive political understanding of responsibility that addresses the societal consequences of business behavior and how it is embedded in its institutional environment. Our aim in this paper is therefore, to build on the current research on responsible leadership and extend it to include a political dimension, based on the argumentation of deliberative democracy.

A POLITICAL CONCEPTION OF LEADERSHIP RESPONSIBILITY

The problems of a philosophical conception of ethically legitimate actions can be accounted for through a shift towards the 'primacy of democracy to philosophy' (Rorty, 1991b) that stresses deliberation in political discourse, in contrast to justification in philosophical discourse as the foundation of social and political theory (Scherer & Patzer, 2011). This means that the starting point for the justification of normative conceptions of the business and society relationships does not lie in a priori philosophical assumptions, but in the analysis of given (political) conditions in a globalized world, as far as these can be experienced and

therefore be accounted for, as successful and peaceful forms of coordination (Scherer & Palazzo, 2007: 1088). We suggest that Habermas's theory of deliberative democracy (1998, 2001a) is a promising approach to grasping leadership responsibility in a globalizing society and propose a political conception of leadership responsibility based on that approach.

This political conception must not be confused with the idea of politics as power struggles (Pfeffer, 1992) or with the notion of political strategies as lobbying for business interests (Hillman, Keim, & Schuler, 2004). In leadership research 'political' primarily connotes the idea of power struggles that spring from the efforts of different groups to enforce their interests, even against the interests of others. Approaches either focus on an understanding of politics in terms of the successful use of resources or tactics that leaders apply to pursue the corporation's interests, or in that they criticize power politics for reinforcing the status quo or the dominance of an elite, or highlight the ethical implications of the abuse of power (Ciulla, 1998; Yukl, 2012).

By contrast, the terms 'political' and 'responsibility', as we understand them, suggest that business organizations and their leaders have an active political role and take responsibility in contributing to global regulation and providing public goods (Scherer & Palazzo, 2011; Young, 2004). Seen from this perspective, business organizations do not merely engage in power politics and lobbying to pursue their egoistic economic interests. Rather they (also) engage with the political system in order to address issues of public concern, to fill governance gaps, provide public goods, and thus further the public interest. The leader is regarded as an enabler and moderator of argumentation processes that involve global stakeholders and address business externalities in communication with those involved. The goal is to help remedy the negative impact of global business externalities on society that corporations contribute to or benefit from (Young, 2004). This view considers politics a

process 'in which people organize collectively to regulate or transform some aspects of their shared social conditions, along with the communicative activities in which they try to persuade one another to join such collective actions or decide what direction they wish to take' (Young, 2004: 377). In the following we will elaborate on this understanding of politics, drawing on the concept of deliberative democracy.

Deliberative Democracy and Political CSR

To determine the scope of responsibility and show the possibilities for a proactive political engagement of business leaders we need a political theory that can offer us an understanding of political processes that lead to legitimate solutions while it at the same time offers the potential to accommodate for different rationalities, heterogeneous norms and cultural values, all identified as challenges of globalization. We propose that the theory of deliberative democracy offers such an understanding. Especially in contexts that are characterized by regulatory voids or the absence of acceptable norms (like e.g. in some 'failed states', but also in developed countries where it is still unclear in many instances how to treat employees responsibly), deliberation offers solutions for addressing such governance gaps. Additionally, the theory leaves room for conceptualizing the role of individuals and their active contribution to the political agenda.

The basic idea of the concept of deliberative democracy is 'that legitimate government should embody the "will of the people"' (Bohmann & Rehg, 1997: ix). Deliberative democracy (Habermas, 1998, 2001a) rests on the assumptions that 'the political process

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involves more than self-interested competition governed by bargaining and aggregative mechanisms' and that deliberation improves decision-making (Bohmann & Rehg, 1997: xiii, xvi). To achieve this, it focuses on the conditions and practices of communication, which endow the institutionalizing processes of will-formation with legitimacy (Habermas, 2001a). This procedural practice and its legitimizing force are central to the concept of deliberative democracy, which campaigns for an understanding of society that relies on de-centralistic processes of public communication and deliberation as part of the political will-formation process. These processes are not exclusively focused on consensus but include strategic actions and compromises as means of the practice of politics. The democratic processes through which will and opinion are formed are expressed not only through elections and parliamentary processes but also through the broader political engagement of an informed and engaged public society (Habermas, 1998).

Overall, the idea of deliberative democracy 'refers to a certain attitude toward social cooperation, namely, that of openness to persuasion by reason referring to the claims of others as well as one's own. The deliberative medium is a good faith exchange of views – including participant's reports of their own understanding of their respective vital interests – […] in which a vote, if any vote is taken, represents a pooling of judgments' (Michelman, 1989: 293).

This democratic conception re-establishes the use of public reason within the mode of communication and thus addresses the plurality of rationalities in globalizing societies, as it extends the process through which public will is formed to all actors and allows them to bring in their own beliefs and arguments. According to this approach, public discourse offers a platform to pluralistic interests and tries to ensure that the best arguments for the society take effect.

The concept of deliberative democracy has also been incorporated in the management theory and business ethics literature through writings on corporate legitimacy and political CSR (Moon, Crane, & Matten, 2005; Scherer & Palazzo, 2007). These works are especially concerned with the moral legitimacy of corporations, which is ascribed according to the moral evaluation of a company's actions and in each case can be negotiated through deliberative processes (Palazzo & Scherer, 2006; Suchman, 1995). The concept of political CSR emphasizes the embeddedness of corporations in the processes of democratic will-formation. Corporations are perceived as actors in the process of will-formation in civil society (Scherer & Palazzo, 2007), which involves, e.g., questions of a company's responsibility for the global externalities of its conduct, in areas like environmental pollution or climate change. Business organizations are important actors in the political process of global regulations, be it by helping set self-regulatory industry standards or through participating in transnational policy-networks.

It is our conviction that the ideas of deliberative democracy also apply to the phenomenon of leadership. This is particularly relevant to the importance of leadership in securing organizational legitimacy and in fostering the political responsibility of corporations. Leaders can actively participate in or even initiate processes of societal deliberation as they are the primary addressees of the representatives of the diverse stakeholder groups and can actively engage in direct communication with them.

In our view, which concurs with that of deliberative democracy, leadership and its responsibilities must be understood as politically and culturally embedded in society. Leaders have to acquire and sustain 'the ability […] to adapt to different cultures, be culturally sensitive, be willing to explore the world and build relationships internally and externally' (Danon-Leva, 2005: 21). An understanding of leadership responsibility that embraces these

characteristics must rest on the procedural practice of deliberative democracy, which includes e.g., being open to conducting dialogues with stakeholders, considering the legitimate concerns of stakeholders when making decisions and participating in public discourses (Voegtlin et al., 2012). This procedural practice, which is based on communicative exchanges, serves simultaneously as a source of legitimacy and a mode of interaction. One of the core elements of responsible leadership, we suggest, is deliberation.

Responsible Leadership as Deliberation

The notion of leadership as deliberation represents a break with the classical notion of exercising influence in order to achieve a goal, which derives from central strategic planning. With regard to the *leadership task*, leaders are perceived as the moderators of the strategy formation process. The goal is to guarantee that companies survive in competitive environments by making a profit, and to ensure that they are at the same time open to democratic control and deliberation whenever the corporation's strategy is questioned and its legitimacy is at stake (Steinmann & Scherer, 2000). The leadership task involves, first, managing the process of strategy formulation and implementation, with an emphasis on achieving efficiency and profit-making, and second, engaging in dialogue with stakeholders and engaging in public will-formation through deliberative processes, both with an emphasis on achieving corporate legitimacy. In all these cases the leader acts on behalf of the corporation and additionally tries to balance the interests of the corporate constituencies with the social demands of various stakeholders in the corporate environment (Blair & Stout, 1999; 2001).

In capitalist societies, the market and the price mechanisms have been proven empirically to be most efficient in solving problems of economic coordination and allocating

resources. However, situational characteristics, such as market failures, externalities or the absence of regulations that protect the rights of citizens may necessitate changes to the principle of prioritizing market coordination, depending on the extent to which the claims of the participants in the deliberation process are legitimate (Steinmann & Scherer, 2000). The legitimacy of a claim, however, can only be determined in open discourse and not by the power of the claimant or the urgency of the matter alone. As valid can be regarded those (ethical or moral) claims endowed with the force of the better argument (Habermas, 1996) in terms of societal well-being, sustainability or peace. For instance, if an appeal were made to a company to change a process that increases profits through the inhuman exploitation of employees, these changes would have to be made in so far as the claims of the employees with regard to their health and the sustainability of the workforce are considered valid. This holds especially for cases where there are no laws to protect employee rights or where there are laws, but these are not sufficiently enforced by state authorities. In these cases the responsibility to remedy the working conditions falls back upon the company and becomes a task for its leadership as state institutions fail to protect employee rights.

According to our deliberative understanding of leadership, the *leader–follower interaction* is inclusive; that is to say, it takes into consideration legitimate issues that might otherwise be lost among more urgent ones or among those of powerful stakeholders (Mitchell, Agle, & Wood, 1997). The leader's proactive engagement in dialogue with the stakeholders and general sensitivity towards those concerned – both demanded by the deliberative decision process – provide all affected stakeholders with fair access to dialogue. A leader's efforts to engage in, initiate and sustain deliberative processes are but one aspect of deliberative leadership behavior. The interaction, and thereby the process of influence, are also subject to change. Within the deliberative process responsible leaders acknowledge apart from a

strategic action orientation also an additional *communicative* orientation (Habermas, 1984). The first of these represents a goal orientation that can be enforced by power or money, whereas the second embraces the notion of consensual problem solving. This is especially true in cases of interaction with external stakeholders, over whom leaders have no formal authority. It also tends to apply more and more to contractually bound internal followers, since the legitimacy of leaders and their scope of action rely increasingly on their being socially accepted, also within their company's social networks.

This communicative orientation provides the grounds both for efficiency and ethics in leadership decisions. Dialogic interaction is helpful, as central strategic planning is too inflexible to cope with continuous change and unable to stimulate innovation in a global business environment characterized by growing uncertainty and complexity (Schreyögg & Steinmann, 1987; Steinmann & Scherer, 2000). Communication with external stakeholders exposes the planning and innovation process to new ideas and developments. It also creates opportunities for gathering information, expanding the company's knowledge base and perceiving risks in due time, and therefore provides possibilities for innovation and profit. The dialogue with internal stakeholders in turn facilitates the dispersion of ideas within the organization and encourages participation (Voegtlin et al., 2012). What's more, the communicative processes in which leaders act as moderators allow for legitimate solutions, as the participants in the dialogue can evaluate and discuss the means and rationales of given strategies.

Finally, in a deliberative conception, authenticity and integrity of a leader do not emerge from virtue ethics but rather from the leader's commitment concerning the procedural practice of communication and dialogue, thereby restoring a *personal* normative orientation. Deliberative democracy represents a rollout of Habermas's discourse theory, which is

founded on communicative reason (Habermas, 1996). Habermas postulates that individuals coordinate their actions in their social life through communicative exchange processes or communicative action. Communication is a form of purposive interaction which aims to foster understanding among participants. Habermas's idea of communicative rationality implies that the participants in a discourse can justify their position by referring to normative contexts (Habermas, 1996), that is, they can give good reasons that convince the other participants. The solution of an ideal discourse should be consensus among all affected parties, as all parties would have to agree with the argument that has been evaluated by each participant as the most convincing of all from a moral point of view. In the case of Habermasian discourse ethics, ideal role-taking is not based on the mere cognitive anticipation of all other positions and arguments, but is reflected in the impartial evaluation of the arguments of all other participants as they unfold in actual discourse. Moral argumentation thus becomes a public, inter-subjective activity between all parties involved (Habermas, 1996).

Since deliberative democracy builds on the idea of procedural practices of public will-formation aligned with the law as institutionalized morals, it retains throughout its pragmatic inclusion of empirical democratic processes the normative core of discourse ethics as the legitimizing communicative practice. It can be regarded as a procedural ethics, where the procedural conditions of a rational discourse enable consensus through the exchange of arguments and thus lead to ethically legitimate solutions. Building on this and in the context of enhanced political responsibility, leaders regain a favorable and justified normative rule.

Establishing a notion of proactive, inclusive and equal communication and its preconditions promises to offer guidance to global leaders overburdened by ethical issues. In that setting, leaders assume the role of moderators who interact with the different stakeholder groups and try to mediate between different interests. Furthermore, they act as enablers who

encourage employees and other stakeholders to participate in communicative problem-solving processes. Thus, responsible leaders 'contribute to financial performance under the caveat of only implementing means that are morally legitimate to reach their goals' (Voegtlin et al., 2012: 11). The legitimacy of these means is evaluated in deliberative processes.

The political concept of leadership responsibility translates into the idea of *responsible* leadership as *political* leadership in a deliberative democracy, stressing the prominence of procedural practice and the idea of the leader's political embeddedness in civic dialogue. This is the premise that endows the leader's actions with moral legitimacy and superior information quality in the mediation of economic, political, social and environmental interests. Although it does not avoid conflict and dilemmas, it provides the leader with the means to engage in pragmatic problem-solving and opens the corporation's decision-making process to critical reflection. The inclusive nature of the concept thereby fulfills the requirements of responsible conduct and provides the grounds for corporate efficiency, legitimacy and organizational integrity. The implications of the globally political responsibility orientation for the constitutional elements of leadership are summarized in Table 2.

Insert Table 2 about here

HOW RESPONSIBLE LEADERSHIP CAN CONTRIBUTE TO MORALLY LEGITIMATE SOLUTIONS BY CONSIDERING THE FACTUAL CONDITIONS OF GLOBAL BUSINESS

After forwarding a normative theory of responsible leadership that builds on deliberative democracy and emphasizes the political responsibility of leaders in multinational corporations, we want to further elaborate on the concept by considering the factual

conditions of global business decisions. Business leaders face constraints like time pressure, performance pressure, or irreconcilable interests of stakeholders. This leads to questions like: How can leaders remain capable of making responsible decisions, that is, engage in deliberation and discourse, when faced with these constraints? What do we expect of leaders when confronted with persistent disagreement, despite an orientation toward consensus building? What does it mean for a leader to moderate different stakeholder groups? Are there individual characteristics possessed by leaders that facilitate communicative interaction?

In the following, we discuss three aspects that allow responsible leadership to pragmatically contribute to morally legitimate solutions: first, the relationship between compliance with rules and regulations, and personal responsibility; second, the identification of business decisions that relate to moral issues and how these can be geared towards accepted solutions; and finally, individual characteristics favorable to demonstrating responsible leadership behavior.

First, and going back to Habermas, there is no need for constant deliberation (Habermas, 1998). Responsible leadership starts with considering applicable law. Existing rules and regulations relieve individuals of an ongoing discourse. If these rules were established by acknowledging the interests of those who fall within their jurisdiction (ideally in a democratic process), there is no need to constantly question their relevance. These rules can guide responsible leadership decisions. Additionally, responsible leadership contributes to establishing such rules or compliance guidelines through its political engagement (e.g., by initiating and moderating discourses to establish codes of conduct, employment agreements, or industry standards). If contested issues can be successfully regulated, leaders can draw on these established standards when making decisions in the future. Once a regulation is in place, the more time consuming process of standard setting will outweigh the costs in the long run in

that future business decisions can be made faster and with less risk of negative consequences for the organization.

Thus, rules and regulations can be a great relief and guidance for responsible business decisions. Still, compliance guidelines are never enough to guarantee legitimate business decisions (Stansbury & Barry, 2007). There is still a need for individual responsible leadership, especially in global business when there are often no or insufficient rules and regulations in place. Not everything can be regulated or controlled, as we have seen for instance in the Siemens case. This leads to the second point, the importance of identifying moral questions. Not every decision is a moral decision, in fact, among the myriad of decisions managers will make every day, only a very few are actually moral decisions. Responsible leadership is primarily concerned with the original purpose of the business organization, i.e. making profit. Only if the pursuit of profit conflicts with moral norms or ethical considerations, the profit motive should be subject to these considerations. To find acceptable solutions in this case needs a discourse with those possibly affected.

Overall, this leads to several steps important for responsible leadership behavior in a concrete decision situation: Responsible leadership implies first of all to analyze the factual conditions and possible consequences (this includes identifying the empirical facts, searching for applicable rules and regulations, thinking of possibly affected stakeholders, and developing sensitivity for the context) (Bleisch & Huppenbauer, 2011; Tenbrunsel & Smith-Crowe, 2008). After gathering the facts the remaining moral questions and conflicts that cannot be solved by referring to existing rules and regulations need to be extracted. These conflicts should be subject to a stakeholder discourse. Responsible leadership means in this case to initiate and moderate the discourse with those potentially affected by the decision. Thereby, the concern of moderating the stakeholder dialogue is to make sure that all voices

are heard, all arguments are considered, and that the discussion is lead towards solutions that can be accepted by all, whereby the responsible leader accommodates for the position of the organization within the discourse. The goal is to achieve a consensus, or at least a satisfying solution that can be accepted by the discourse participants. Subsequently, responsible leadership means also to facilitate the implementation of decisions reached. This involves justifying the decision internally in the organization, being a role model in supporting the decision, and initiating the processes necessary for the implementation.

However, these steps will not prevent every dialogue from failing to achieve an agreed upon decision. In the last resort, if leaders are faced with irreconcilable interests and persistent disagreement, making responsible leadership successful rests on the individual assessment of those making the decisions. In this regard, it needs moral courage, which is the ability to pursue what is considered as right despite potential personal consequences that leaders may face (Sekerka & Bagozzi, 2007).

Thirdly, political responsible leadership behavior can be facilitated by personal characteristics. Besides widely discussed moral competencies (e.g., the ability to recognize a moral issue, to engage in moral reasoning, to establish a moral intent and make moral decisions) (Jones, 1991; Tenbrunsel & Smith-Crowe, 2008), the ability for moral imagination and the already mentioned moral courage, which we all deem important levers for responsible leadership, we propose that especially communicative abilities and civic capacity are essential for engaging successfully in political responsible leadership behavior.

Communicative abilities comprise rhetorical skills, the ability to critique and accept critique, cultural sensitivity when engaging with others, as well as the willingness to solicit other points of view. These abilities will enable persons assuming responsible leadership roles

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to better moderate discourses, to mediate between different interests, and provide them with the eloquence to engage in broader public deliberation.

Finally, civic capacity can be a precondition for successful responsible leadership. Civic capacity was defined by Sun and Anderson (Sun & Anderson, 2012: 317) as 'the combination of interest and motivation to be engaged in public service and the ability to foster collaborations through the use of one's social connections and through the pragmatic use of processes and structures'. This capacity comprises the components of civic drive, civic connections, and civic pragmatism (Sun & Anderson, 2012). Civic drive is the desire and motivation to engage in social issues or issues of public concern. As such it can be seen as the personal drive of leaders to assume political roles. Civic connections refer to the social capital a leader is able to mobilize in order to make collaborations successful, which is an important component of making stakeholder interactions work. Finally, civic pragmatism is the ability of 'pragmatically leveraging structures and mechanisms for collaboration' (Sun & Anderson, 2012: 317). This is closely related to the initiation of stakeholder discourses or public deliberation as it refers to the ability to set up arenas for collaboration (e.g., forums or workshops), to guarantee a fair process, and to establish the necessary governance and accountability structures.

Summarizing this discussion, we have argued that even as responsible leadership is built upon the legitimizing processes of deliberation and discourse, there is no need for constant deliberation and stakeholder-discourses, as first, not every decision is a moral decision, and second, rules and regulations relieve leaders from ongoing discourses. Yet, an essential part of responsible leadership remains the initiating and moderating of discourses. In this case, individual characteristics of those assuming leadership roles can facilitate successful outcomes. Favorable characteristics are personal moral competencies, communicative abilities

and civic capacities. In this regard, responsible leadership also entails a strong component of proactively contributing to rule and norm building processes, where these are missing in global business (see Figure 1).

Insert Figure 1 about here

The Siemens Case Reconsidered: How Responsible Leadership Can Help Remedy Corruption

In this section, we want to re-evaluate the Siemens case alongside the idea of responsible leadership we have developed so far. We propose that responsible leadership as it was forwarded in this article can successfully help with remedying corruption at the individual, the intra-organizational and the inter-organizational level in that it assists in establishing corruption control mechanisms and reintegrating corrupt organizations after a scandal. We will highlight the theoretical rationale and exemplify it along the Siemens case.

Corruption can be defined as the 'misuse of an organizational position or authority for personal gain or organizational (or sub-unit) gain, where misuse in turn refers to departures from accepted norms' (Anand, Ashforth, & Joshi, 2005: 40). The deliberative and discursive practices of responsible leadership behavior can help establish agreed upon norms that prevent such misuse. Such leaders, in turn, will be regarded as role models for responsible use of authority and organizational resources.

Additionally, responsible leadership can help to establish mechanisms for corruption control in organizations (Lange, 2008), to cope with corruption in international business (Doh, Rodriguez, Uhlenbruck, Collins, & Eden, 2003; O'Higgins, 2006) and to rebuild trust and legitimacy after a corruption scandal (Pfarrer, DeCelles, Smith, & Taylor, 2008). Lange (2008) identified mechanisms for corruption control, including controls based on intrinsic

motivation and compliance oriented controls. Responsible leaders can encourage intrinsic motivations through open and informed dialogues with employees, fostering thereby a climate of stronger self-control as well as concertive controls, i.e. group norms based on voluntary and 'negotiated consensus' (Lange, 2008: 721). Responsible leaders will also more likely help establishing agreed upon company-wide regulations or codes of conduct by initiating deliberative processes.

Pfarrer et al. argue that it is essential for a successful reintegration of a formerly corrupt organization to engage with the stakeholders of the organization, 'because recovery from a transgression requires a number of complex and sequential actions that are designed to address changing stakeholder questions and concerns' (Pfarrer et al., 2008: 731). They propose stakeholder discourses to re-build organizational legitimacy alongside different stages of re-integration after scandals. Responsible leadership conceptualized as leader-stakeholder interaction offers such a possibility for establishing legitimacy and trust among stakeholders by initiating and maintaining fair and open stakeholder discourses.

Finally, responsible leadership can play an important part in taking anti-corruption initiatives beyond the organizational boundaries, for example by helping to engage with setting standards for the industry-wide guidelines (Misangyi, Weaver, & Elms, 2008). Responsible leaders that follow a proactive political agenda, foster dialogue and stakeholder exchanges, display civic capacities and are persuasive in their arguments are more likely to take over the role of social entrepreneurs, opting for institutional change (Misangyi et al., 2008).

Before we exemplify these points alongside the Siemens case, we briefly describe what happened to the responsible persons at Siemens and highlight the steps taken in the aftermath of the scandal to prevent future corruption.

The former Siemens CEO, and head of the supervisory board when the corruption scandal broke out, Heinrich von Pierer had to resign from his post as a consequence of the investigation into the scandal, which also damaged his reputation. The civil procedure was settled out-of-court between Siemens and six top managers, leading to payments by von Pierer, his successor on the CEO post Kleinfeld, and other top managers. Prosecutions did not lead to a criminal trial against von Pierer and Kleinfeld. Only few of Siemens top management have faced criminal trials but were found guilty of minor offences only; namely, having neglected their duty of supervision. Their criminal cases have been settled with the payment of moderate fines (Frankfurter Allgemeine Zeitung, 2011). Some of the Siemens middle managers that were more directly involved in the corrupt practices have faced criminal trials and prison sentences (The New York Times, 2008a, 2011). The general conclusion was that Siemens top management demonstrated a lack of responsible leadership in that it neglected its duty of supervision and failed to make sufficient provisions to fight corruption or to investigate suspicions of corruption. Consequently, a culture of giving bribes to public authorities or private partners in international business could to flourish (The New York Times, 2008a).

After the scandal, Siemens took extensive measures to prevent future corruption. The company appointed a new head of the supervisory board, Gerhard Cromme, as well as a new CEO, Peter Löscher. Löscher was the first CEO from outside the company. He made the fight against corruption one of its top priorities and started by replacing '80% of the top level executives, 70% of the next level down and 40% on the level below that' (Moosmayer & Winter, 2011: 40). Full time positions in compliance were expanded considerably from 60 to 600, top management positions responsible for compliance were created, and a new overall

compliance system was introduced, with the aim of preventing, detecting and responding to illegal or moral breaches (Moosmayer & Winter, 2011).

We propose that this broad scale compliance initiative launched by Siemens can help to remedy companywide, organized corrupt practices in the future, like preventing the emergence of black money accounts, bogus firms or an internal network of persons involved in corrupt practices. This initiative will relieve many employees in leadership positions from constantly facing moral dilemmas about the right course for the organization when being confronted with corruption.

Yet, 'a formal ethics infrastructure does not guarantee a corruption-free organization' (Ashforth, Gioia, Robinson, & Trevino, 2008: 674). Siemens also needs to encourage intrinsic motivations to avoid corruption, to foster self-control and concertive control among employees (Lange, 2008). As we have argued, responsible leadership can help to encourage such motivation. Siemens' leadership shows such aspects of responsible leadership behavior in that top managers are regularly sent to discuss the problem of corruption and the meaning of compliance with employees in high-risk countries. The company further trains employees and yearly asks them about their opinion on the compliance system (Moosmayer & Winter, 2011). Thus, leadership engages in deliberation about how best to engage with the problem of corruption by considering the view of its employees.

Further, one trigger for corruption identified in the literature was intensified performance pressure or 'setting unrealistic financial goals' (Ashforth et al., 2008: 673). This was what happened at Siemens before the turnaround, when the former CEO made profit maximization the top priority. Responsible leadership can help to prevent setting such goals, as responsible leaders acknowledge the importance of pursuing financial *and* social goals. In this case, it would mean that leadership makes clear that employees who step away from a

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deal because they were confronted with corrupt practices will not face negative consequences. That is, responsible leadership means to communicate that ethical considerations can lead to amendments of the unconditional search for profit, and that decisions made in light of such considerations will not result in negative personal consequences.

Finally, the turnaround of Siemens also highlights the political role of responsible leadership we have discussed. A political engagement implies that leadership engages in deliberative processes with its stakeholders in order to help remedy the negative externalities to which it had contributed (Young, 2004), and not to reinforce them by ignoring them, which was the case at Siemens before the scandal.

Siemens is now in a position to aim for industry wide global standards. The company's leadership could play an important and convincing role in global governance initiatives on corruption. Even though there are already voluntary guidelines (e.g., the UN Global Compact) and also hard laws (e.g., the Foreign Corrupt Practices Act applicable to all companies listed on the US stock exchanges) that regulate corruption, additionally, an agreement would be helpful – especially within an industry – to the effect that deals which can only be secured by engaging in corrupt practices will not be accepted. This would help to avoid the prisoners' dilemma of competitors making the first move and securing contracts. Such an agreement would need transparency among the industry leaders, at least, and an ongoing discourse among the competitors. The Siemens leadership would be in a good position to act as responsible leaders and to initiate such a self-regulation within its fields of business.

CONCLUSION

Multinational corporations and their leaders are confronted with stakeholder concerns that reflect a value change from a traditional shareholder orientation towards an attitude that requests political and social responsibility, as well as ecological and cultural sensitivity. The idea of leaders' political involvement that we put forward in response to the challenges of globalization takes a deliberative form, in contrast to the form of politics as power struggles. Through the deliberative inclusion of stakeholders the leader initiates and maintains a process that provides normative legitimacy (Palazzo & Scherer, 2006).

This idea rests on the leader's ability to comprehend the increased complexities of a globalized environment, which require the acknowledgement and involvement of different rationalities in a communicative manner. The suggested changes to the constitutive elements of leadership are reflected in its politicization. The leader as the nexus of evolving leadership tasks and organizational goals brings together the participants of diverse interest groups. Thus, the leader serves as a role model campaigning for a deliberative approach to problem solving, thereby contributing to the ethics and efficiency of corporate actions, but also providing opportunities for mutual beneficial relationships, innovation, and profit.

With the forwarded concept of globally responsible leadership, the article contributes (1) to leadership theory with focus on global and ethical considerations and (2) to the micro-/macro-level discussion of CSR. (1) The political conception of responsible leadership expands current theories on ethical and responsible leadership by forwarding a comprehensive understanding of responsible leadership alongside the constitutional elements of leadership, by offering a moral orientation for business leaders based on the philosophical theory of deliberation and discourse, and by defining the scope of responsibility as a proactive political responsibility that helps remedy the negative societal consequences corporations are

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contributing to. Our paper demonstrates how leaders can engage responsibly with stakeholders in a process of responsible decision making that accommodates for economic and social considerations in global business.

(2) The understanding of the relation between leadership and CSR is advanced first, by showing how the challenges of globalization and the new agenda for CSR in organizations affect the constitutional elements of leadership. Second, the impact of the politically enriched understanding of responsible leadership on CSR was highlighted by discussing the interplay between structures and rules and the individual responsibility of leaders, showing how responsible leadership can contribute to corporate legitimacy and to a wider social and political agenda of the organization by participating in rule and norm setting processes. This was exemplified alongside the positive impact of responsible leadership on remedying and preventing corruption in the Siemens case.

Future research will have to strengthen the conception of leadership that this paper has put forward and to integrate it into the business ethics literature. The former could be achieved through the development of leadership roles as a substantiation of the concept and its integration into the strategic management process. For the latter, we see a good starting point in examining the impact of leadership behavior on the concepts of corporate legitimacy and integrity.

Further areas for future research would include discussing antecedents and outcomes of responsible leadership, as well as contingencies that may constrain or enable such leadership behavior. We started with highlighting favorable personal characteristics of responsible leaders and contingencies on the demand for deliberation and discourse. Yet, these are not an exhaustive list and more research in this direction is needed. With regard to outcomes of the proactive political agenda of responsible leadership, we pointed out its

contribution to morally legitimate decisions and the role of leaders in norm setting processes. Interesting in this regard would be to analyze the role of global governance institutions or the impact of powerful states like the US or the PR China on how they constrain or enable the political engagement of responsible leadership and how business representatives can successfully engage in public deliberation. There is also a connection to social entrepreneurship that could provide interesting further considerations on the display and the impact of responsible leadership.

Finally, an important future step would be to empirically investigate the phenomenon of responsible leadership, either by qualitatively identifying challenges and contingencies of responsible leadership, or by quantitatively testing the relation between responsible leadership and outcomes like organizational legitimacy or CSR, or the influence of structural, procedural, or personal characteristics on the display and success of responsible leadership.

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TABLE 1

Societal Challenges in the Modern and Global Societies

|	**Modern society**	**Global society (post-national constellation)**
Main source of political authority	Economic and communicative reason (rationality)	Pluralism of rationalities
Main political actor	Nation state institutions	Nation state, international institutions, NGOs, media
Relation of business to society	Separation of politics and economics; differentiation of societal subsystems (liberal model)	Partial reintegration of politics and economics (republican or deliberative model)
Main societal challenges	Emancipation, individualization, economic globalization	Erosion of state authority Heterogeneity of social norms and life-styles Gaining and maintaining social legitimacy
Understanding of leadership	Rests on legal, and increasingly also on charismatic authority Business leaders and economic imperatives dominate Rests on incentives and sanctions	Erosion of authority Business leaders versus social stakeholder-groups
Role of leaders	Executor	Moderator
Constitutional elements of leadership		
Task	Economic goals Profit maximization	Mediating financial and social imperatives Addressing legitimacy pressures of external and internal stakeholders
Interaction	Supervisor–employee relationship Influence is based on formal, bureaucratic authority	Leader–stakeholder interaction becomes important Means of influence shift from authority to communication and dialogue Influence is based on the 'better argument'
Person	Orientation on moral norms and legal rules in a (closed) society	Loss of ethical orientation due to moral and cultural pluralism as well as pluralism of legal rules and jurisdictions Increased exposure to public critique

TABLE 2

Globally Responsible Leadership

Constituting elements of leadership	Globally responsible leadership
Task	• Emphasis on local goal- and norm-building processes to mediate economic and social goals • Democratic opening of the organizational management system and the decision-making processes • Activation of different modes of interaction to build and secure organizational legitimacy
Interaction	• Critical-reflective interaction processes that critically reassess the modes of behavior • Critical-innovative interaction processes that allow for legitimate decision processes and the inclusion of all affected actors • Legitimacy of the influence process and its outcomes through deliberative practices
Person	• Moral orientation through deliberative processes and discourses • Validity of ethical norms established through the acknowledgement of the 'better argument' • Emphasis is placed on an orientation towards fostering understanding and the proactive engagement in processes of deliberative self-determination

FIGURE 1

The Political Responsible Leadership Process

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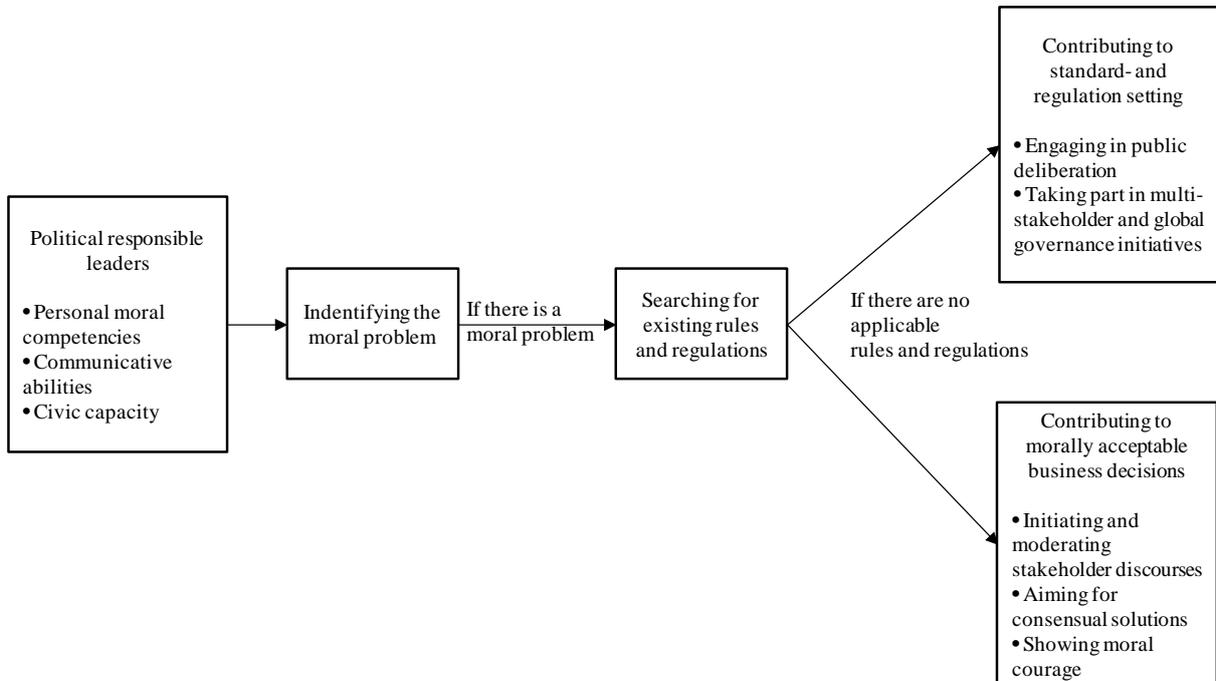
[1] Maak and Pless develop for their concept of responsible leadership a number of roles the leader fulfills. These are the roles of steward, citizen, servant, visionary, as well as architect, change agent, coach, storyteller and meaning-enabler (see, Maak, 2007; Pless, 2007).

[2] The deontological perspective focuses on intentions as the grounds for the moral evaluation of an act; the teleological perspective judges the morality of actions on the basis of their outcomes.