

Editorial

Responsible Leadership

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Research in corporate responsibility today looks back on a tradition spanning several decades. Interest in corporate responsibility has accelerated at an unprecedented pace, especially in recent years. Yet actions often lag behind words. In serious situations, when responsible leadership is needed, there may not be anyone to take charge and turn the words of responsibility into action. This problem is evident in many environmental responsibility issues, such as climate change; economic responsibility issues, such as the bank crises; and socio-cultural responsibility issues, such as the rights of indigenous peoples. The root of this problem lies in the values of individuals, corporations and other organizations, and societies. Humankind at large is still at a low, egoistic level of moral development (Kohlberg, 1981; Ketola, 2008).

Fortunately, some individuals, organizations and even societies exist at higher levels of moral development who are willing to accept leadership by taking responsible actions that oppose current unethical behavior patterns, thereby setting ethical examples for others to follow.

This special issue introduces some responsible leaders in contemporary business. The papers illustrate the interplay between responsible individuals, organizations and societies. It is easier for a company to act responsibly if the individuals within the company and those connected to it, the organizations it cooperates with and society surrounding it act responsibly – but they are not prerequisites for corporate responsibility. A leader can behave responsibly even under irresponsible circumstances. Responsibility springs from internal values that may belong to entrepreneurs of small and medium enterprises (SMEs), industrial clusters of SMEs, large companies or multinational corporations, either in developed or developing countries.

Cheryl Rodgers portrays three environmentally responsible entrepreneurs in her paper *Sustainable entrepreneurship in SMEs: a case study analysis*, and explains the motivation and rationale behind their ecopreneurship (Rodgers, 2010). These responsible leaders are: Carry Somers and her Fair Trade clothes business Pachacuti; Kate Grub and her environmental holiday business EcoCabin; and Trudy Thompson and her sustainable building organization Bricks and Bread. The in-depth analyses of their interviews suggest that for these responsible leaders monetary measures are very strongly conditioned by the eco-conscious nature of their business and sustainability remains paramount in every situation.

Massimo Battaglia, Fabio Iraldo, Marco Frey and Lara Bianchi present the findings of an EU co-funded project in their paper *An innovative model to promote CSR among SMEs operating in industrial clusters* (Battaglia et al., 2010). The paper analyses three industrial clusters in Tuscany, Italy. Industrial SME clusters are usually established in order to compete on global markets dominated by multinational companies, but they can, at the same time, be recruited for advancing corporate social responsibility (CSR) among the member companies, their stakeholders, and intermediary institutions. Trust built between the actors of an industrial cluster is a firm foundation for formalizing shared CSR values, policies and practices. The paper highlights the role of intermediary institutions, such as trade unions, local authorities and business consortia, as CSR drivers in the clusters.

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Pasi Heikkurinen investigates how a company can differentiate from competitors with an environmentally responsible image. His paper, *Image differentiation with corporate environmental responsibility*, reports the findings of semi-structured interviews in the Nordic hotel chain, Scandic, which aims to be known as *the* environmentally responsible hotel chain (Heikkurinen, 2010). The company has understood that a sustainably responsible image derives from a sustainably responsible identity. It has adopted an environmentally responsible identity through shared values with its key stakeholders. This leads the company to reflect an environmentally responsible image, which can enhance its strategic position, as it becomes a preferred employer, partner and supplier.

Martin Lehmann, ImnLin Toh, Per Christensen and Rufe Ma report results of a case study, *Responsible leadership? Development of CSR at Danfoss, Denmark*, which positions an industrial corporation, Danfoss Group, in the matrix of CSR waves and CSR modes (Lehmann *et al.*, 2010). They find that because of its learning capacity, this multinational mechanical and electronic components company is at an advanced stage of CSR development, engaging in the CSR waves of products and processes and employee relations and using foundation and volunteering as CSR modes. Its CSR development has been a gradual progression influenced by environmental and labor market issues, climate change and commitment to the UN Global Compact. Although its CSR policy focus on employee relations attracts talented personnel and retains staff, the policy was not drafted for utilitarian reasons but because Danfoss felt it was the right thing to do.

It is not only companies in developed countries that can demonstrate responsible leadership. *M. Kanchan* introduces a case study of South India Paper Mills (SIPM) in her paper *Weaving social responsibility with business strategy* (Kanchan, 2010). This medium-sized family business, manufacturing recycled paper, has gone a step further than Danfoss, by integrating responsibility into its strategy. Instead of expensive CSR investments, it has utilized the ingenuity of its people to solve its environmental and social problems and simultaneously help its employees and local people. SIPM has solved its wastewater problem by giving free treated water to the local farmers; it has solved its migration problem by paying for the training of and guaranteeing employment for the children of retired employees; and it has solved its power shortage problem by generating its own power from biomass bought from local farmers.

Tarja Ketola pulls the experiences learnt from the papers in this special issue together in her model *Responsible leadership: building blocks of individual, organizational and societal behavior* (Ketola, 2010). The model presents six building blocks of responsible leadership: value basis, self-image in line with external image, time perspective, role experimentation, anticipation of achievement, and leader-follower relation. Case examples show how individuals, organizations and societies boost or repress responsible behavior, inspiring leaders pull others to higher ethical levels of behavior while greedy leaders push others back to lower levels of behavior. Ketola argues that, although responsible leadership achieves best results when high levels of individual, organizational and societal leadership responsibility coincide, even in our mostly irresponsible world anyone can become a responsible leader by caring and daring.

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