



**UNIVERSITÉ CATHOLIQUE DE LOUVAIN**  
**LOUVAIN SCHOOL OF MANAGEMENT**

**Responsible leadership in post-communist countries**  
**The case of the Slovak Republic**

**Supervisor:**  
Prof. Ina EHNERT

**Research Master Thesis submitted by:**  
Michaela NOVOTNA

With a view of getting the degree  
Master in Management

ACADEMIC YEAR 2014-2015

## **Acknowledgements**

In undertaking this master thesis, the author wishes to thank several individuals and groups of people who have guided and supported me through my graduate studies and especially through this thesis writing process.

Professor Ina Ehnert for her directions and valuable comments during the course of this research.

Company representatives who gave their time and shared their valuable experience during the qualitative interviews.

My family for their continued support and patience throughout the writing of this document, as well as my studies in general.

My fellow students and friends for providing suggestions for research and analysis, as well as encouragement along the way.

## Table of contents

|                                                                                         |           |
|-----------------------------------------------------------------------------------------|-----------|
| <b>Introduction.....</b>                                                                | <b>7</b>  |
| Context of the research and problem statement.....                                      | 8         |
| Research motives .....                                                                  | 9         |
| Research questions and scope of the research .....                                      | 10        |
| Research approach .....                                                                 | 10        |
| <b>1 Responsible leadership theories and definitions .....</b>                          | <b>12</b> |
| 1.1 Defining responsible leadership.....                                                | 12        |
| 1.2 Responsible leadership in relation to other leadership theories.....                | 16        |
| 1.3 Defining the role of a responsible leader .....                                     | 21        |
| 1.4 Defining global responsible leadership.....                                         | 24        |
| <b>2 Challenges of responsible leadership.....</b>                                      | <b>27</b> |
| 2.1 Challenges of global responsible leadership.....                                    | 27        |
| 2.2 Challenges of the environment .....                                                 | 29        |
| <b>3 Responsible leadership in post-communist countries .....</b>                       | <b>33</b> |
| 3.1 Introduction to post-communist countries .....                                      | 33        |
| 3.2 Analysis of the business environment of the Slovak Republic.....                    | 35        |
| <b>4 Analysis of the responsible leadership in the context of Slovak Republic .....</b> | <b>38</b> |
| 4.1 Research design and methodology.....                                                | 38        |
| 4.2 Data analysis and findings .....                                                    | 42        |
| 4.2.1 Current practices of leaders in post-communist countries.....                     | 42        |
| 4.2.2 Understanding of responsible leadership .....                                     | 47        |
| 4.2.3 Challenges of business environment.....                                           | 52        |

|     |                                                                  |    |
|-----|------------------------------------------------------------------|----|
| 5   | Discussion .....                                                 | 57 |
| 5.1 | Role of responsible leadership in post-communist countries ..... | 57 |
| 5.2 | The impact of the environment on responsible leadership .....    | 59 |
|     | Conclusions .....                                                | 62 |
|     | Theoretical implications.....                                    | 63 |
|     | Practical implications.....                                      | 65 |
|     | Limitations of the research.....                                 | 66 |
|     | Possibilities of future research .....                           | 67 |
|     | Bibliography .....                                               | 68 |
|     | Appendices.....                                                  | 74 |
|     | Appendix 1: Interview protocol guide .....                       | 74 |

## List of pictures

|                                                                               |    |
|-------------------------------------------------------------------------------|----|
| Picture 1: CSR trade-offs between social and economic performance.....        | 13 |
| Picture 2: The roles model of responsible leadership .....                    | 22 |
| Picture 3: Outcomes of responsible leadership across levels of analysis ..... | 26 |
| Picture 4: Model of antecedents of responsible leadership.....                | 30 |
| Picture 5: Adjusted model of responsible leadership.....                      | 63 |

## List of tables

|                                                                       |    |
|-----------------------------------------------------------------------|----|
| Table 1: Responsible leadership compared to leadership theories ..... | 17 |
| Table 2: Description of the studied leaders.....                      | 40 |
| Table 3: Prevalent leadership styles identification .....             | 43 |
| Table 4: Drivers of leadership.....                                   | 45 |
| Table 5: Understanding of responsible leadership.....                 | 47 |
| Table 6: Leaders' responsibilities.....                               | 49 |
| Table 7: Challenges of Slovak business environment .....              | 52 |
| Table 8: Challenging situations .....                                 | 55 |



## **Introduction**

In the past few decades, globalisation has had a big impact on business organisations, management and leadership. The financial crisis has revealed that globalisation and liberalisation of markets have restricted the regulatory power of national governments for the benefit of international corporations (Rodrik, 2011). While global challenges could partially be addressed with a better balance between markets and their supporting institutions, businesses also need to accept part of the accountability and face the new demands for more corporate responsibility in the global marketplace.

As the result of corporate failures, such as Enron and Parmalat, businesses started to be viewed as entities benefiting at the expense of society, causing social, environmental and economic problems (Porter & Kramer, 2011). Consequently, there has been an increasing global pressure from governments, local communities, NGOs and consumers on business organisations to be socially responsible (Siegel, 2014). Expectations of the stakeholders have pushed companies to actively participate in responsible behaviour, within and outside the organisation (Pless & Maak, 2011). This, in turn implies a greater influence on business leaders, that are not only expected to optimise organisational performance, but also to care for the environment, human rights, transparency and dialogue with stakeholders and thus pursue the triple bottom line, which simultaneously considers social, environmental and economic sustainability (Stahl & de Luque, 2014).

Leadership is viewed as a key driver in responsible business practices. Consequently, responsible leadership has evolved into a discussed topic among researchers, as well as managers. The field of responsible leadership extends the research of corporate social responsibility on the organisational level and addresses the responsibility of individuals (Voegtlin, 2011). This topic not only analyses the decision-making process of organisations, but also the behaviour and actions of individuals (e.g. business leaders).

Globalisation has also resulted in a high degree of interconnectedness in today's business environment and created a highly dynamic, complex, borderless and multicultural context, within which leaders must learn to operate (Terrell & Rosenbusch, 2013). In particular, emerging and developing markets involve significant complexity and uncertainty that pose several challenges for the decision-making process of business leaders, who are often lacking

complete and accurate understanding of the local operating activities (Ehnert & Claes, 2014). These challenges are more demanding than those faced in the domestic context, which impact the business practice of executives in the foreign setting (Pless, Maak & Stahl, 2011, Donaldson, 1996). In particular, post-communist countries, struggling with inefficient state administration and bureaucracy, pose several challenges for managerial decision-making, such as corruption and bribery. Furthermore, lack of appropriate legislation, as well as its weak enforcement create institutionally weak environment that may encourage business leaders to behave irresponsibly.

### **Context of the research and problem statement**

Several research papers have already defined the role of responsible leadership and its link to corporate social responsibility. However, the question still remains, how does the environment within developing economies, such as post-communist countries, influence the decision-making process of business leaders? How does this environment promote or constrain responsible leadership? This master thesis aims to address these questions, first by analysing and evaluating the importance of responsible leadership in a post-communist country – the Slovak Republic. Secondly, it considers business leaders' perspectives and analyses challenges and various drivers of the developing market on responsible leadership.

Despite the fact that it has been more than 20 years since the collapse of the Soviet Union, the post-communist countries, in general, are still on the road of transition, making significant advances towards the standards of Western Europe. Consequently, major economic and political transformation has resulted in a change of managerial thinking. Businesses, especially multinational organisations, have obtained an enormous power and can now influence ongoing institutional changes when making strategic decisions, for instance choosing the location of production, organising distribution and foreign direct investments. Leadership is therefore considered as an essential factor in fighting contextual challenges. It is important to identify committed responsible leaders, not only in the political, but also in the business context, who can pro-actively bring more transparency and responsibility to the business environment.

For the purpose of this master thesis, the Slovak Republic – the former member of the Soviet block, serves as the source market for the qualitative analysis. Established on 1<sup>st</sup> January

1993, the country is a young market, where one can observe responsible leadership from the very beginning of its development, under the organisational and societal complexities connected to the economic transformation process from socialism to capitalism. Business leaders are identified within this environment and their leadership practices are analysed within the framework of responsible leadership.

### **Research motives**

The research of this master thesis focuses on understanding the influence a developing environment can have on responsible decision-making of leaders. There are two reasons why this specific topic and environment were chosen for the research of this master thesis.

Firstly, responsible leadership is becoming more and more popular phenomenon in the global corporate environment and has been therefore discussed by several scholars. However, while research in Western Europe and other developed countries extensively cover the area of CSR and responsible leadership, there is only scarce evidence of this topic in the former communist countries in Eastern Europe.

The second reason for choosing this research topic emerges from the personal interest and experience of the author. In the author's achievement of a bachelor degree in the Slovak Republic, the topic of responsibility has never been mentioned within the course of these studies, despite several cases of irresponsible leadership in the Slovak business environment. In contrast, during the author's master studies abroad, responsibility was a major topic in each lecture as a path to the future success of corporations. This is how the research opportunity was identified.

The Slovak Republic provides a rich context for the study of responsible leadership, because of its rapidly transitioning environment, which has brought many organisational and societal complexities. This makes the country an interesting point of study, as it allows for the observation of responsible leadership from its early stages of development.

## **Research questions and scope of the research**

The objective of this master thesis is to examine how responsible leadership practices have spread under the influence of an emerging environment in a post-communist country – the Slovak Republic.

This thesis aims to elaborate on 2 main research questions:

1. **What is the role of responsible leadership in post-communist countries?** Under this question, the behaviour of business leaders is analysed, in order to understand what the drivers are for responsible leadership, as well as potential outcomes of responsible behaviour. The purpose of this question is also to gain a deeper understanding on how the concept of responsible leadership is perceived by leaders and thus the role it plays in the business environment.
2. **How does the business environment impact responsible decision-making?** The focus of this question is in identifying challenges stemming from an emerging environment and the extent to which these challenges promote or hinder responsible leadership. Furthermore, the way responsible leadership can address these challenges is discussed and practical implications to managerial decision-making are proposed. Additionally, this master thesis also contributes to the cross-cultural understanding of responsible leadership, by incorporating perspectives from the Slovak Republic.

## **Research approach**

The research questions are approached through integrating business leaders' personal experience with the theoretical background from the literature review. In order to address the research questions, the qualitative research approach was used. Analysis of existing theoretical research on the topic of responsible leadership was conducted, in order to understand the subject topic and develop a research design.

The topic of this master thesis is approached through 5 chapters. First chapter presents an overview of the responsible leadership literature and defines responsible leadership as an emerging concept from the corporate social responsibility theory and existing leadership theories, as well as the role of a leader within the responsibility framework. Furthermore, a new phenomenon of global responsibility is discussed. Second chapter details the global

challenges and responsibilities of leaders in emerging markets and proposes the “Model of antecedents of responsible leadership” by Stahl and Sully de Luque (2014) that focuses on the analysis of an environment and its impact on responsible decision-making. Third chapter analyses the business environment of post-communist countries, as well as the Slovak Republic, in order to provide contextual background for the empirical research. In the fourth chapter, qualitative empirical research is undertaken, in order to find a link between the existing theory and business leaders’ practices in post-communist economies. Semi-structured interviews were conducted with 10 business leaders operating in the Slovak Republic. Their experience, views and perspectives on responsible leadership served for the analytical part, which results are discussed in chapter 5. Finally, the conclusion summarises the results and outlines the theoretical and practical implications of the research, as well as discusses the limitations of the study.

## 1 Responsible leadership theories and definitions

This chapter provides insights into the definition of responsible leadership as a new phenomenon emerging from the corporate social responsibility (CSR) study. The concept of responsible leadership is analysed and compared to other leadership theories, while the role of a responsible leader as a key influencer of responsibility in an organisation is discussed. Furthermore, global responsible leadership concept is presented.

### 1.1 Defining responsible leadership

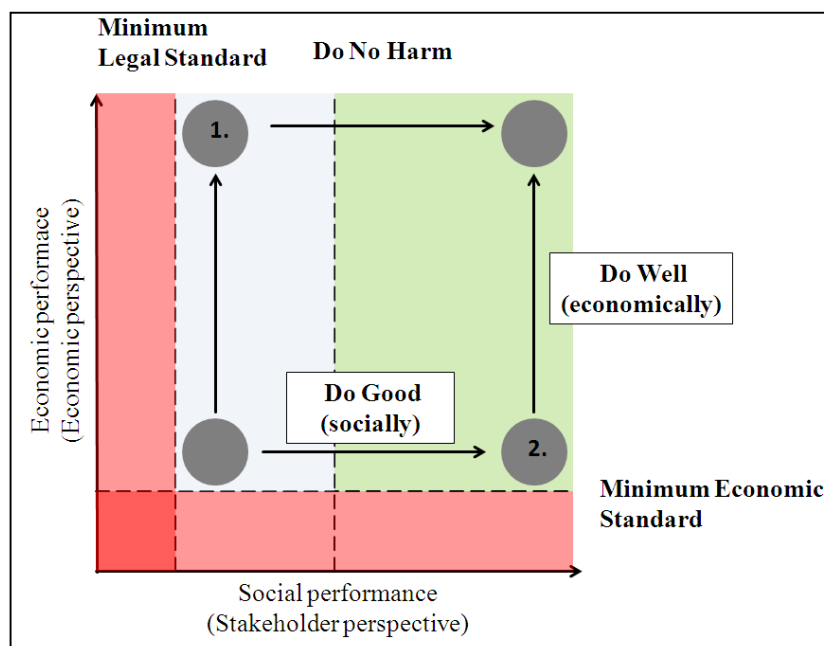
Corporate social responsibility represents a growing organisational phenomenon that provides context to responsible leadership (Christensen et.al. 2014). The business environment is increasingly expecting companies to resolve all global problems. However, it is not possible to demand of companies to be responsible for all arising issues. Therefore, it is the role of a leader to identify the challenges that can be solved by the company most effectively and which can be embedded not only in the corporate strategy, but also in the organisation's culture (Miska et.al, 2013).

There are two general perspectives of CSR that also impact the expectations from a leader in the organisation:

1. ***The economic perspective:*** This view stems from Milton Friedman (1970), who poses that there is only one social responsibility for businesses – to use company's resources and engage in activities that increase profits, thus safeguarding economic returns (Stahl & Sully de Luque, 2014). The profit generation helps the company pay taxes, create jobs and sustain itself in the future, which in turn makes the company responsible to those stakeholder groups that depend on company's profitability. These stakeholders are for example employees, investors, shareholders and the government. Additionally, under this perspective, CSR is seen as an investment opportunity and leaders need to be focused on profit maximisation in their decision-making. This approach is more short-term oriented as the profitability strongly depends on short-term performance indicators, such as growth sales, cost control and gross margin (Groves & LaRocca, 2011).

2. **The stakeholder perspective:** Scholars argue that organisations and their leaders have also other social responsibilities than profit maximisation (Stahl & de Luque, 2014). The stakeholder perspective on CSR requires a close collaboration of broader set of stakeholders that hold their interest in the organisation or are affected by its actions. The most important stakeholders are customers, employees, shareholders, suppliers, investors, government institutions, work unions, media and the larger society. They have the power to withdraw the organisation's licence to operate or affect its profitability, if the leader is unable to meet their growing demands (Voegtlin, 2011). It is the role of the leader to manage the relationships with stakeholders, to balance their needs and demands and to ensure that the company will continue its operations in the future.

While the economic perspective and extended stakeholder perspective seem to be opposing each other, responsible leadership is proposed as the right approach to reconcile these two perspectives (Stahl & Sully de Luque, 2014). The role of a responsible leader is not only to balance the needs of different stakeholders, but also to balance the trade-offs between economic responsibility (profit maximisation), societal and environmental responsibilities (stakeholder approach). These trade-offs are summarised in Picture 1.



**Picture 1: CSR trade-offs between social and economic performance (based on Matta, 2014)**

The prerequisite for socially responsible behaviour is to respect applicable legislation and to generate at least a minimum level of profitability that would cover for the company's operations, as well as the company's future social actions. As depicted in Picture 1, red areas are therefore either illegal or not economically viable. The blue zone indicates practices of the corporation that extend beyond immediate profit maximisation. However, while this action increases social benefits of one group of external stakeholders, it also creates a new social problem (harm) for other groups. The green zone finally defines corporate social responsibility, which arises from the "do no harm" concept. If a business is not successful in satisfying this pre-requisite, company's practices will only account for corporate social action.

Additionally, Picture 1 also indicates two paths a leader can follow when turning a company towards social responsibility. Firstly, "do good by doing well" describes a company that first focuses on its economic performance in order to support its social activities. Secondly, "do well by doing good" is a more recent approach to sustainability that suggests that companies earn their profit through social actions. Such approach requires the alignment of a company's core strategy and business capabilities, which results in effective CSR and contributes to the competitive advantage of the company (Doh & Quigley, 2014).

A socially responsible company can be defined as an organisation that is responsible to its stakeholders and accountable for the effects of its business activities. A responsible company aims for transparency in all aspects of its business operations within the creation of shareholder, societal and environmental values (Karp, 2003). Consequently, responsible leadership complements this CSR approach, defines the role of an individual (business leader) and offers process models and explanatory mechanisms. It is a company leader (CEO) who defines CSR policies in the organisation and articulates and implements these policies in lower organisational levels. Responsible leadership can be therefore considered as a missing link between macro-level CSR policies and micro-level outcomes (Esper & Boies). Furthermore, through influencing corporate culture, responsible leaders have the power to enhance the importance of CSR within the organisation and encourage employees towards more engagement in active stakeholder dialogues in dealing with social and environmental issues. The role of responsible leaders is also to provide a sense of purpose and meaning to the CSR activities so the employees can engage themselves in such activities and recognise CSR as part of their daily practice. This way, responsible leadership supports and encourages

the awareness of CSR in an organisation and thus secures the legitimacy for the organisational actions (Voegtlin, Patzer & Scherer, 2012).

The link between responsibility and leadership is natural, as the CSR policies and their effective implementation cannot occur without the influence of a leader (Waldman & Balven, 2014). Voegtlin argues (2011) that responsible leadership is an influence process, in which responsible leaders first consider the impacts of their decisions on possibly affected stakeholders and then use their influence to involve those stakeholders in the decision-making process, in order to find a consensus that would be accepted by all parties. In other words, responsible leadership can be defined as intentional actions taken by leaders to benefit the stakeholders of the company and to avoid any harmful consequences from their behaviour (Waldman & Balven, 2014). However, responsible leadership refers not only to the actions of leaders, but also to processes, strategies and culture that leaders pursue in order to support and encourage responsible behaviour within the organisation (Cameron, 2011). Furthermore, responsible leadership exceeds boundaries of individual leadership and emerges from actions and interactions of individuals within and outside the organisation. Hence, responsible behaviour requires leadership at all levels of the organisation rather than simply at the top (D'Amato et. al., 2010).

Pless (2007, p.438) broadens the definition of responsible leadership as “*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*”. Following this definition, the purpose of responsible leadership is to build and cultivate a network of ethically sound and sustainable relationships with different stakeholders and manage these relationships, in order to integrate stakeholders' demands with the company's operations (Pless & Maak, 2006). From this perspective, Pless (2007) states that a responsible leader can be seen as a relationship builder and networker, who instead of leading from the top, leads from the middle by being connected to others.

## **1.2 Responsible leadership in relation to other leadership theories**

Responsible leadership is an emerging phenomenon that combines two fields of study: corporate social responsibility and leadership (Waldman & Balven, 2014). Further definitions of responsible leadership therefore depend to a great extent on the different foundations of leadership theories from which they emerged.

Most leadership theories are based on the so-called tripod of leadership, which assumes that leadership involves leaders, followers and shared goals (D'Amato et. al., 2010). Leadership as a concept emphasises the role of a leader who influences and enhances motivation of individuals, in order to positively impact organisational outcomes. However, only responsible leadership defines followers in a broader sense as stakeholders that are internal, as well as external to the company. It also enhances leader's commitment to reach such outcomes, from which all stakeholders will benefit (Pless & Maak, 2011).

Responsible leadership as a concept is quite difficult to define due to its dynamic nature. It can be seen as an effective combination of several dimensions under the ethical, servant, authentic and transformational leadership styles. The following table (Table 1) summarises these main leadership theories and analyses the extent to which they overlap with and differ from responsible leadership. Detailed description of each concept is provided after the table.

**Table 1: Responsible leadership compared to leadership theories**

|                                    | <b>Main concept idea</b>                                                                                                                                                                           | <b>Similarities to Responsible Leadership</b>                                                                                 | <b>Differences from Responsible Leadership</b>                                                                                                                                                                                               |
|------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Ethical Leadership</b>          | <ul style="list-style-type: none"> <li>- individual level phenomenon</li> <li>- leadership influence through ethical conduct</li> </ul>                                                            | <ul style="list-style-type: none"> <li>- leader = moral person</li> <li>- leader = role model</li> </ul>                      | <ul style="list-style-type: none"> <li>- does not address cultural context</li> <li>- considers only leader-employees (subordinates) relationship</li> <li>- focuses on individual level outcomes (leadership effectiveness) only</li> </ul> |
| <b>Servant Leadership</b>          | <ul style="list-style-type: none"> <li>- individual level phenomenon</li> <li>- focus on followers rather than on leaders</li> <li>- how followers develop under the leader's influence</li> </ul> | <ul style="list-style-type: none"> <li>- it is one of a leader's role to serve and care for followers</li> </ul>              | <ul style="list-style-type: none"> <li>- no self-sacrificial servanthood</li> <li>- responsible leaders use their influence to engage others in serving the common goal</li> <li>- focuses on individual level outcomes</li> </ul>           |
| <b>Authentic Leadership</b>        | <ul style="list-style-type: none"> <li>- focus on self-awareness of leaders towards others' emotions, values and norms</li> </ul>                                                                  | <ul style="list-style-type: none"> <li>- leadership positively influences organisational performance</li> </ul>               | <ul style="list-style-type: none"> <li>- focuses on individual level outcomes</li> </ul>                                                                                                                                                     |
| <b>Transformational Leadership</b> | <ul style="list-style-type: none"> <li>- focus on leader's ability to transform follower's personal values</li> <li>- individualised consideration and appreciation of followers</li> </ul>        | <ul style="list-style-type: none"> <li>- positive change process within social structures and individual behaviour</li> </ul> | <ul style="list-style-type: none"> <li>- ethical aspect dependent on leader's motivation</li> <li>- leader-follower relationship</li> <li>- focus on economic performance</li> <li>- focus on individual's characteristics</li> </ul>        |

*Source: Based on own interpretation of Pless and Maak (2011)*

## **Ethical leadership**

Ethics studies a set of moral principles and values that define what is good and bad conduct, right and wrong outcome (Nnabuike, 2010). As defined by Brown and Treviño (2006), ethical leadership is *“the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement and decision-making.”* Following the definition, ethical leadership is an individual level phenomenon in which the leader positively influences the employees through ethical conduct and serves as a role model for the behaviour of its followers.

Ethical leadership is similar to responsible leadership in that ethical leadership also sees the leader as an honest, trustworthy and moral person, who cares for his employees and thinks about the consequences of her/his actions on followers and the broader society. Furthermore, responsible leaders, as well as ethical leaders will be perceived as role models by their followers (Voegtlin, 2011). Finally, leaders who support ethical practices may benefit the society by developing an organisation that is more socially responsible (Hassan et. al., 2013). In contrast to ethical leadership, responsible leadership develops beyond ethical principles and addresses cultural context that influences leader’s decision-making. Another difference lies in the view of leader-follower relationship. While responsible leadership sees this relationship as a full range leader-stakeholder relationship, ethical leadership restricts its scope to leader-subordinate (employee) relationship only. Additionally, ethical leadership seeks to predict individual-level outcomes such as leader effectiveness or employee job satisfaction, compared to responsible leadership that focuses on multi-level organisational outcomes, such as the contribution to social change (Pless & Maak, 2011).

## **Servant Leadership**

According to Pless and Maak (2011), servant leadership represents an individual-level phenomenon that focuses rather on followers than on leaders. Servant leadership’s focus is thus on serving others, while organisational objectives are subordinate. Servant leaders demonstrate ethical behaviour and a sense of moral responsibility (Schneider & George, 2011). The leader is in a role of a servant, which means that leader’s primary objective is to meet the interests of followers, develop them and help them grow and succeed both

personally and professionally, thanks to successful and effective leadership (Stone et. al., 2004).

The shared point of interest between servant leadership and responsible leadership is that in both approaches, the leader's task is to serve and care for both followers and stakeholders. On the other hand, a responsible leader does not sacrifice individual self-interest in order to serve the stakeholders. A responsible leader rather responds to the needs of stakeholders and influences others to serve and engage in common objectives that lead to a desirable social benefit. Furthermore, responsible leadership is not limited to individual outcomes (to grow personally) only, but also addresses multilevel organisational outcomes such as sustainable value creation and social change (Pless & Maak, 2011).

### **Authentic leadership**

Authentic leadership is a multi-level phenomenon that stems from both, the positive psychological capacity of a leader to be true to the inherent moral values (being true to oneself) and a highly developed organisational context (Voegtlin, Patzer, & Scherer, 2012). Freeman and Auster (2011) argue that authentic leadership means being true to one's values and then having the will, character and integrity to act on those values. Authentic leaders show consistency between their ethical reasoning and act on moral values and principles, even when facing uncertain and challenging situations in the global environment (Pless & Maak, 2006). Luthans and Avolio (2003) further state that authentic leadership positively influences organisational performance by helping people find meaning at work and therefore positively impacts long-term value creation for shareholders. It is assumed that authentic leadership will lead to trust and engagement and thus to leadership effectiveness.

Responsible leaders share some similarities with authentic leaders, in respect to their self-awareness towards others' emotions, values and norms. Sarros et al. (2006) further state that authentic leaders act as the "moral standard keepers" for the organisation and influence their followers via serving as a role model by demonstrating high standards of ethical conduct. Additionally, responsible leadership also strives for positive organisational outcomes. In contrast to responsible leadership, despite being a multi-level phenomenon, authentic leadership focuses on processes on an individual level (self-awareness) (Pless & Maak, 2011).

### **Transformational leadership**

Among all leadership styles, transformational leadership is the most prevalent approach in the literature. Transformational leadership directs its focus towards enhanced performance by building commitment and empowering the followers, in order to accomplish organisational objectives (Stone et. al., 2004). Furthermore, Pless and Maak (2011) state that the concept of transformational leadership draws on a leader's moral values and exploits leader's ability to transform followers' personal values that imply a positive change process within social structures and individual's behaviour (transformation). Transformational leadership is a multi-level approach to leadership that considers both, not only enhanced follower and organisational performance, but also contextual factors such as country and organisational culture.

Transformational leaders strive to move followers to go beyond their self-interests for the good of the organisation, as well as the society (Parolini, Patterson & Winston, 2009). Transformational leadership hence provides the foundation for linking CSR and leadership, therefore responsible leadership is very close to transformational perspective of leadership (Christensen et.al., 2014). Both types of leadership include the notion of change during which leaders provide individualised support by recognising needs of others and including them in the decision-making process (Pless & Maak, 2011).

Yet, there are differences. Transformational leadership's ethical influence depends on the leader's motivation, while ethical influence is essential for responsible leadership. Secondly, responsible leaders engage in multiple dialogues with stakeholders, in order to balance their needs, while transformational leadership emphasises individual leader-follower relationship, in which leader raises followers to higher levels of morality and motivation (Voegtlin, 2011). Thirdly, in contrast to transformational leadership, responsible leadership considers broader scope of followers – stakeholders that are internal as well as external to the organisation. While transformational leadership focuses on enhancing organisational economic performance, responsible leadership supports organisational outcomes linked to higher social purpose. Finally, responsible leaders focus less on individual characteristics and aim at managing network of relationships with stakeholders (Pless & Maak, 2011).

### 1.3 Defining the role of a responsible leader

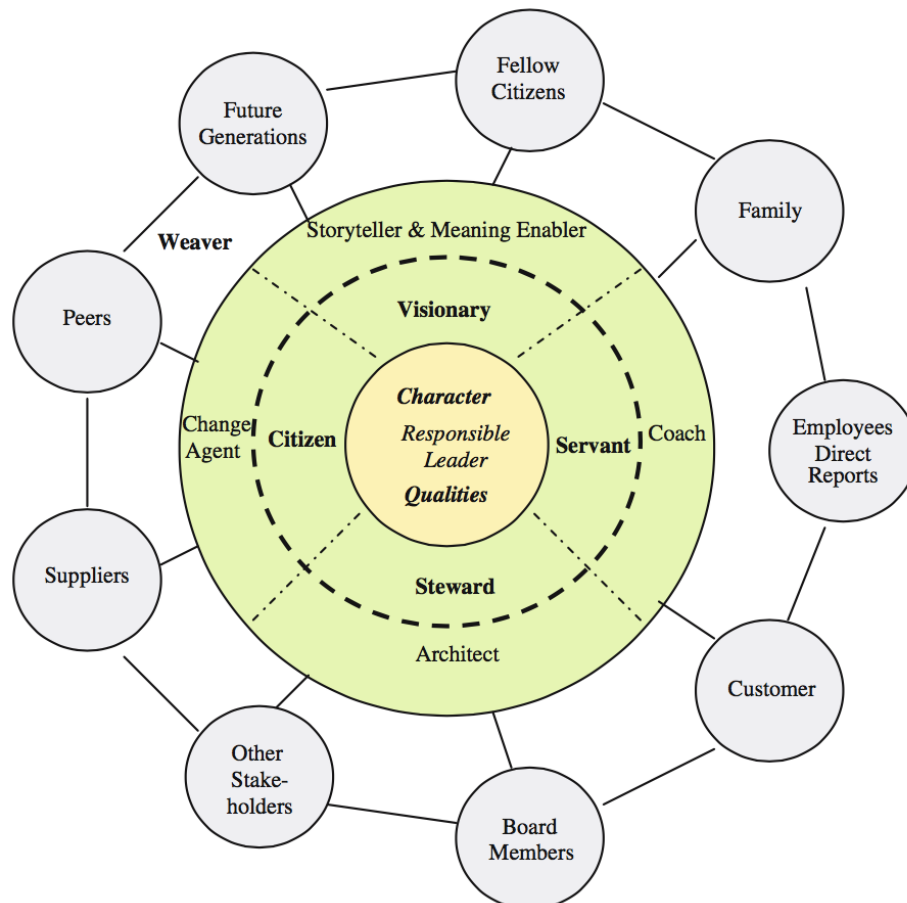
A responsible leader can be defined as an individual who balances the organisational effectiveness with the idea of corporate responsibility, by building and sustaining social and moral relationships with different stakeholders and promoting active citizenship inside and outside of the organisation (Pless & Maak, 2011). Hence, a responsible leader engages in an active stakeholder dialogue and balances the different interests of numerous stakeholders, as well as considers the consequences of her/his decisions for all affected constituencies (Voegtlin, Patzer, & Scherer, 2012).

Corporate social responsibility is mostly a leadership challenge that requires leaders who care, who are morally conscious, open towards the diversity of stakeholders and who understand the responsibilities of business in society (Pless, 2007). There are certain qualities that can be found in responsible leaders and can help them to cultivate the relationships with stakeholders and lead organisations towards more responsibility (D'Amato et. al., 2010). These characteristics and competences can be developed or can be a natural part of a leader's personality.

Maak and Pless (2006, p. 105) argue that *“good character and being a moral person are at the core of being responsible leader who is led by desirable virtues and principles such as respect, care, honesty, accountability, humility, trust and active citizenship.”* Good character is revealed in the moral and ethical decisions of leaders and is considered as an essential attribute of responsible leadership, as it impacts the development of a socially responsible corporate culture (Sarros, Cooper & Hartican, 2006). Additionally, while it is difficult to define universal leadership competences, characteristics such as integrity, humility, courage, the ability to manage risk, balance global and local perspectives, emotional intelligence, effective communication and networking skills contribute to the list of responsible leader's qualities (D'Amato et. al., 2010).

Given the relational leadership approach, based on which a leader becomes a coordinator of relationships with different stakeholders, Pless and Maak (2006) have defined a responsible leader through the identification of 4 qualitative roles or value based roles (steward, citizen, visionary, servant) and 4 operational roles (architect, change agent, storyteller and meaning enabler, coach). Effective responsible leaders know how to navigate across these roles and to balance the contradictory demands of diverse constituencies (Belasen & Frank 2008).

Moreover, these roles are interconnected and integrated, which means that they are neither isolated from each other, nor do they oppose each other as can be seen in Picture 2 (Maritz, Pretorius, & Plant, 2011).



**Picture 2: The roles model of responsible leadership (Pless & Maak, 2006, p. 107)**

**The leader as a steward:** Within this role, leaders navigate the organisation in a global world of complexity, uncertainty and change (Pless & Maak, 2006). The challenge for responsible leadership stems from balancing the conflicting stakeholders needs and ethical dilemmas, especially when business is performed across borders of countries and cultures. Stewards act as “guardians of values”, which means that they maintain their personal and professional integrity in order to protect, preserve and even enrich the business for which they are accountable (Pless, 2007).

**The leader as citizen:** According to Pless and Maak (2006), the leader as a citizen acknowledges that the business world is connected to society and is therefore committed to pursue common good for this community. Furthermore, the stakeholders are integrated and equal members of the community. Responsible leaders feel a strong sense of this community, which broadens their focus on other stakeholders (e.g. environment and future generations).

**The leader as visionary:** It is one of the leader's key role to provide vision to the organisation and keep the followers motivated through trust-based relationships. Vision, as a tool for showing the direction of a responsible organisation, should be based on ethical principles and values and thus lead to sustainable business, which balances both – the economic success as well as the well-being of the society. Hence, responsible leaders pursue a vision that is shared by the followers and which is compatible with the needs and interests of all relevant stakeholders (Morand & Rayman-Bacchus, 2006). The goal of a responsible leader is then to develop a corporate culture around this vision and to motivate followers to unite around the shared purpose of the organisation (Allio, 2012).

**The leader as servant:** The role of a leader as a servant is to “serve” the followers and care for their interests, needs and well-being through for instance, supporting employees' work-life balance and creating a working environment based on meaningful work and fair treatment. Serving others requires an attentive and modest leader who is able to listen to the needs of followers, as well as stakeholders and thus achieve a common and “good” purpose (Pless, 2007). The servant leadership theory discussed in this chapter defines the concept of a leader as a servant in more detail.

**The leader as architect:** As an architect, the responsible leader designs and builds processes and systems that implement and support infrastructure (e.g. policies and guidelines) based on moral values such as respect, honesty, tolerance and fairness (Maritz, Pretorius, Plant, 2011). Additionally, leader as an architect makes sure that these processes are integrated in the corporate strategy and builds ethically sound relationships with stakeholders that contribute to the achievement of strategic vision and objectives (Pless & Maak, 2006).

**The leader as change agent:** Considering the complexity and uncertainty of the business environment, in which business leaders operate, it is necessary that leaders are able to build sustaining commitment among followers, as well as sustaining relationships with stakeholders

in the context of a constant change (Maritz, Pretorius, Plant, 2011). The role of a change agent is also supported by the discussion of transformational leadership.

**The leader as storyteller and meaning enabler:** Responsible leaders act as communicators of a story that involves moral experience, as well as shared systems of meaning that have been established in an organisation and have thus become a part of corporate culture. Stories help to illustrate core values of the company and hence encourage the sense of common purpose, by connecting different stakeholders in a business network and creating a value-based sense of identity among followers (Pless, 2007).

**The leader as coach:** The role of a coach requires a leader to encourage the development and training of followers and thus contribute to their highest potential. Leaders provide coaching to their followers to help them develop and grow professionally, as well as personally.

These roles contribute to the understanding of characteristics of responsible leaders (Pless, 2007) and the responsibilities that leaders have in regard to managing the relationships with various stakeholder groups. However, as a consequence of intensely globalised, competitive and dynamic business environment, leaders are facing major changes in their roles and are transforming their leadership towards responsibility.

Pless, Maak and Stahl (2011, p. 238) define responsible global leaders as *“individuals who effect significant positive change in organisations by building communities through the development of trust and the arrangement of organisational structures and processes in a context involving multiple cross-boundary authority, and multiple cultures under conditions of temporal, geographical and cultural complexity.”* Leaders that operate in different geographic areas and cultures, require a set of global competences in order to be effective responsible leaders. Within these competencies are cultural awareness and sensitivity, global mindset, curiosity and desire to learn, openness to experience, ability to develop and maintain relationships and communication skills (Terrell & Rosenbusch, 2013).

#### **1.4 Defining global responsible leadership**

Globalisation has increased the complexity of responsible leadership, as leaders need to manage relationships with stakeholders all around the world. Today it is very difficult for a company to stay competitive without global access to technology, suppliers and customers.

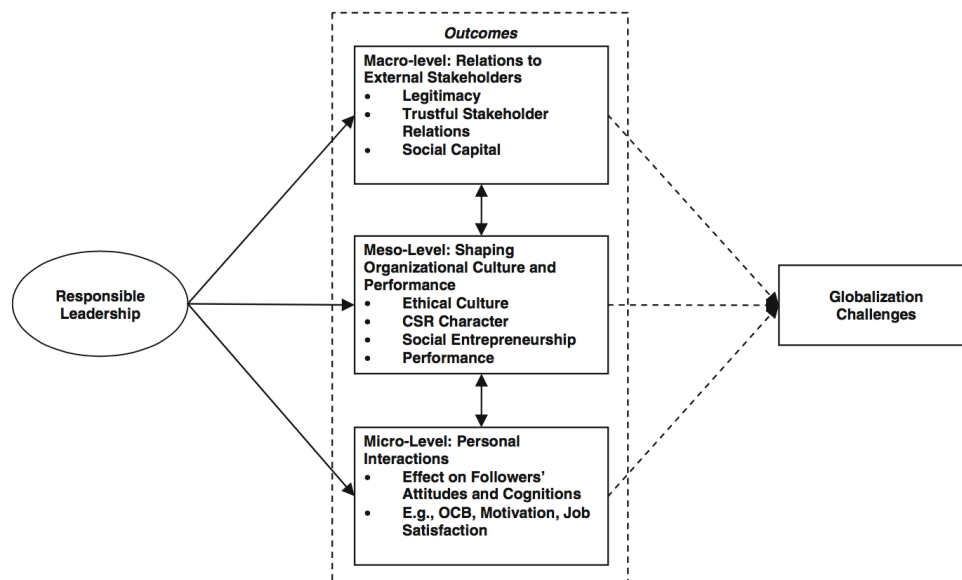
Global market represents a complex, uncertain and interconnected business environment that confronts leaders with numerous challenges stemming from different value sets, mindsets and interaction styles, when solving multicultural problems and reconciling ethical dilemmas (Pless & Maak, 2006). The global context has thus transformed the way businesses compete and has led to the emergence of global leadership (Morisson, 2000).

Global leadership can be defined as “*the process of influencing the thinking, attitudes and behaviours of a global community to work together synergistically toward a common vision and common goal*” (Bird et. al., 2010, p. 811). Hence, Pless, Maak and Stahl (2011) argue that in general, responsible leadership in global context differs from leadership practices in a domestic context, due to the increased intensity and complexity of the global environment. Leaders operating in global environment need to deal with wider ranging diversity and need to possess broader knowledge that can be applied over several functions (cross-functional knowledge), as well as over several countries (cross-cultural knowledge). Global market also represents more competition and greater volatility that pushes leaders to strive for continuous change efforts and innovation. Moreover, responsible leaders are dealing with a greater number of stakeholders, which puts more pressure on leaders due to their conflicting interests and needs.

Differences in national cultures also increase the ambiguity of the environment and create challenging ethical dilemmas that responsible leaders have to face (Pless, Maak & Stahl, 2011). Morrison (2001) discusses that these differences represent obstacles in creating global corporate standards (e.g. code of conduct). Therefore, when operating in heterogeneous cultural context, responsible global leaders should be able to integrate culturally distinct individuals and groups to work together effectively (Voegtlin, Patzer & Scherer, 2012). In other words, they need to understand their interests and values and with this knowledge, facilitate dialogue among them, so the common goals can be achieved (Pless & Maak, 2006).

Voegtlin, Patzer and Scherer (2012) define a model of responsible leadership and its influences on organisational multi-level (macro-, meso- and micro-level) outcomes in global business (as depicted in Picture 3). The macro-level outcomes refer to the organisational relations to external stakeholders focusing on securing the organisational legitimacy by maintaining trustful relations with a broader (global) range of stakeholders and leveraging the social capital from these relations. The meso-level outcomes are linked to shaping

organisational culture and performance that evolved over time and are socially embedded across all organisational levels. Leaders can foster an ethical organisational culture by serving as a role model, providing followers with a purpose of meaning of the socially responsible practices and activities of the organisation. Additionally, leaders should support social entrepreneurship, which enhances innovation and thus better organisational performance. Finally, the micro-level outcomes of responsible leadership can be achieved through personal interactions with followers (especially employees), and their motivation to pro-actively engage in citizenship behaviour (Voegtlin, Patzer & Scherer, 2012).



**Picture 3: Outcomes of responsible leadership across levels of analysis (Voegtlin, Patzer & Scherer, 2012)**

To conclude, the model embeds leader's responsibility in the globalisation process and proposes that future global business challenges can be approached through responsible leadership practices. Leaders have the possibilities and power to positively influence the global environment and influence the change process towards responsible organisational outcomes.

## 2 Challenges of responsible leadership

Global business environment brings new challenges that leaders need to deal with when making responsible choices. This chapter presents the challenges leaders face when operating in a global context. Furthermore, the influence of the environment on responsible leadership is analysed based on the “Model of antecedents of responsible leadership” by Stahl and Sully de Luque (2014).

### 2.1 Challenges of global responsible leadership

Managers in multinational corporations are facing unique challenges when making decisions in a global context, because of pressures to adapt to potentially different standards such as cultural views on bribery (Siegel, 2014). Ehnert and Claes (2014) add that managers are often lacking complete and accurate understanding of the local business environment when dealing with the diversity of stakeholder groups. Furthermore, managers increasingly need to lead in a developing environment which is undergoing structural changes (e.g. political, economic, institutional, etc.), as well as facing general crisis of legitimacy and trust. The complexity of such an environment and these changes call for responsible leaders that acknowledge the shared responsibility of businesses in tackling global problems and challenges (Pless & Maak, 2006).

Global context creates a cultural gap between the leader and the followers. Additionally, leaders more frequently need to lead their followers remotely (e.g. e-mail, video conference), which emphasises the necessity for leaders to adapt their leadership approach to a given situation (Terrell & Rosenbusch, 2013). The interaction of leaders with a diversity of stakeholders (local vs. global, internal vs. external to the organisation), confronts them with several demanding challenges (Pless & Maak, 2006). Stahl et al. (2013) identified 4 key challenges that global leaders face: sustainability, ethics, citizenship and diversity. These challenges can never be fully overcome and solving one problem can often cause another.

The **sustainability challenge** sees the global leader as an implementer of ecological and social progress. According to Porter and Kramer (2011) businesses need to reconnect company's success with social progress by creating shared value, that involves building economic value in a way that creates value for society, while addressing its needs and

challenges. Global leaders need to balance the key tensions that can be expected between short-term and long-term effects of decision-making (Ehnert & Claes, 2014) by creating sustainable relationships with different stakeholders based on trust (Pless & Maak, 2006).

Pless and Maak (2006) further discuss the **ethical challenge** of global leaders that need to act as “architects of corporate conscience”, in order to respond effectively to complex ethical issues and moral dilemmas, stemming from different interests, views and values of stakeholders. As an architect of corporate conscience, it is the leader’s role to create a shared sense of meaning and purpose for followers that raises their motivation and commitment for achieving sustainable value creation (Ehnert & Claes, 2014).

Leadership is highly contextual and views of leadership vary among different cultures. Culture especially determines norms and values in organisations and thus impacts the perception of what is considered to be ethical or unethical. Therefore, leaders need to address the dilemma of whether they should adapt to the local culture or try to change it according to the standards of their home country (Terrell & Rosenbusch, 2013). Through adaptation to the local cultural values, leaders can get involved in unethical decision-making. On the other hand, applying universal guidelines from the home country in dealing with issues abroad can be viewed as inappropriate or unwelcome. Both approaches can lead to irresponsible leadership behaviour, which creates challenges for responsible global leadership (Donaldson, 1996).

Ehnert and Claes (2014) discuss that leaders may have to experience paradoxes, tensions, ambiguities and ethical dilemmas, especially in countries that have lower ethical standards than the leader’s home country (Donaldson, 1996). An ethical dilemma creates “*a situation, in which a choice between two equally (un-) desirable and contradictory alternatives is required and cannot be avoided*” (Ehnert and Claes, 2014, p.158). Dealing with ethical dilemmas when operating in culturally diverse environments results in another challenge for business leaders, due to their inability to reconcile the conflicting ethical values, which might hinder developing trustful cross-cultural relationships.

Thirdly, **citizenship challenge** refers to the political co-responsibility of multinational companies for socio-political issues such as human rights, social justice and environmental protection that helps to earn companies the licence to operate. The way to approach this challenge is for the global leader to behave as a statesman, that accepts and debates with

various stakeholders whenever their actions have major social consequences. Leaders are not waiting for political actors to set the right institutional frameworks, instead they participate pro-actively in preparing and implementing new global rules that create social benefits. The key tension is between the decision to only comply with the local legal obligations or whether to pro-actively work towards global co-responsibility (Ehnert & Claes, 2014).

Finally, the **diversity challenge** defines the global leader as a cosmopolitan, who is able to effectively bridge cross-cultural differences in leadership styles and roles and possesses a global mindset, which refers to the ability to view the world from different angles. Pless and Maak (2006) state that the leader's role is to lead and collaborate with diverse people across distance and reconcile global versus local tensions, through willingness to be open to and to learn from other cultural systems. Integrating global consistency with local responsiveness requires leaders that are globally responsible.

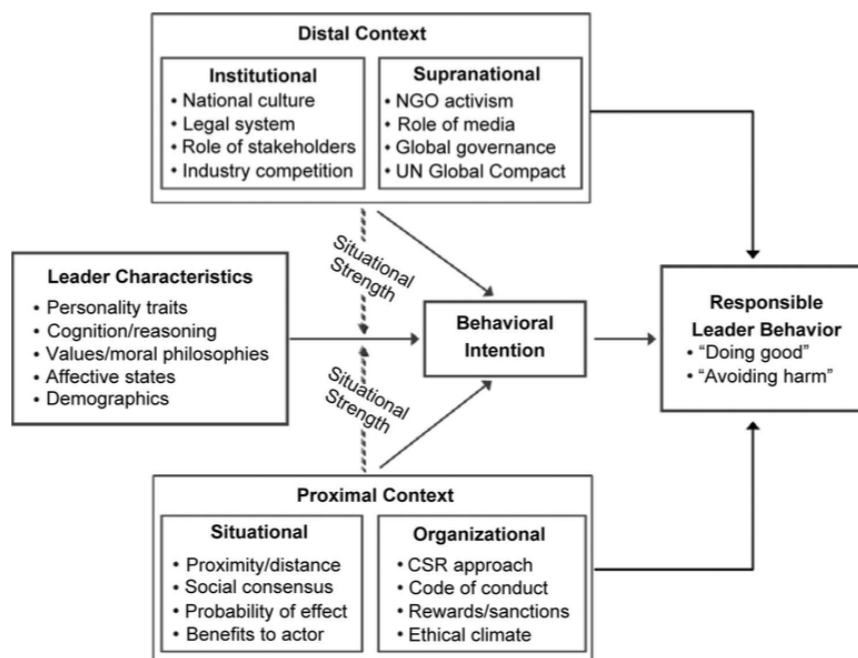
To conclude, it is essential that a leader is able to find a compromise solution among these challenges, since many cultural and political differences and practices are irreconcilable (Morand & Rayman-Bacchus, 2006).

## 2.2 Challenges of the environment

Responsible leadership does not occur in a vacuum and the environment in which leaders operate may promote or constrain responsible behaviour. The nature of responsible leadership depends greatly on the contextual setting and can be expected to differ by country and culture (Jones & Millar, 2010).

Stahl and Sully de Luque (2014) proposed a theoretical model of antecedents of responsible leadership (Picture 4) that indicates situational, organisational, institutional and supranational influences on responsible leader behaviour. The model builds on the contingency theory of leadership that states that leadership requirements are contingent on contextual factors (Wang, Li & Mobley, 2015). Furthermore, the model points out that responsible leader behaviour is contingent not only on leader's personality characteristics (character traits, roles and values) and the ability to align interests of various stakeholders, but also on the environment, in which ethical decision-making takes place (Stahl & Sully de Luque, 2014). Hence, leaders should be able to align their decisions and practices according to the environment, which is defined by

the economic and market situation, stakeholders' demands and organisational, as well as national culture (Wang, Li & Mobley, 2015).



Picture 4: Model of antecedents of responsible leadership (Stahl & Sully de Luque, 2014)

Individual **leader characteristics** (individual-level influences on responsible managerial behaviour) were identified as factors impacting the leader's ability to lead organisations towards global responsibility (D'Amato et. al., 2010). Managers with personality traits and values that emphasise pursuit of greater common good are more likely to engage in activities that benefit society. Several studies have identified leader's qualities as charisma, openness, empathy, global mindset and other abilities such as risk management and emotional intelligence. However, responsible leader behaviour is the function of not only the person, but also of the environment, in which that behaviour takes place (Stahl & Sully de Luque, 2014).

**Aspects of the proximal context** include situational factors and organisational factors. Stahl and Sully de Luque (2014) further state that one of the most influential situational factors that impact responsible decision-making of leaders is the moral intensity of the situation, which determines individual-level ethical choices. The distinction between ethically right and wrong course of action is defined by the social agreement, which adds more complexity to the ethical

challenge of global leaders, as the decision is rather a collective one. In addition to situational factors, organisational factors also influence leader's ability to engage in responsible behaviour. Within these factors, the most important are organisational culture, ethical climate, formal CSR guidelines (e.g. code of conduct and reward system that promotes responsible behaviour) and CEO role modelling.

On the other hand, there are the **aspects of the distal context** that include institutional and supranational factors. Institutional and cultural contexts are dependent on the national systems, thus the extent to which internal and external pressures impact the corporate responsibility of organisations is likely to vary across countries. These pressures stem from differences in cultural values and beliefs that motivate leaders to behave in a certain way. Additionally, differences in business systems, legal context, the nature of regulation and their enforcement systems shape the expectations of what is considered as ethical conduct and good governance. The supranational context impacts global, as well as local governance problems that leaders are dealing with. The most influential factors are the enactment of UN Global Compact and NGO activism, as they both have the power to impact the interaction between corporations and the government (Stahl & Sully de Luque, 2014).

Stahl and Sully de Luque (2014) propose that the situational, organisational, institutional and supranational factors can promote or hinder responsible leader behaviour by increasing the **psychological strength** of the situations that leaders face in their work environment. The role of the situational strength is to moderate the relationship between the characteristics of a leader and leader's willingness to behave responsibly. Furthermore, proximal and distal context can also create psychologically strong or weak situation.

As an example, clear standards for ethical conduct (organisational, as well as legal) and their enforcement and control encourage the strong psychological situation, in which leaders are more motivated to behave responsibly. On the other hand, global leaders are increasingly operating in environment that is missing regulations, policies and guidelines for ethical conduct, where stakeholder rights are not legislated and law enforcement is lax. Such business environment creates a psychologically weak situation, in which leaders need to follow their own values and ethical principles. Paradoxically, according to Stahl and Sully de Luque (2014), psychologically strong situations not only reduce the propensity of leaders to behave irresponsibly, but also create less opportunity for leaders to be pro-active in pursuing

responsible practices. Psychologically strong situations through formalised and clear policies, norms and standards create less need for responsible leaders and can thus function as a substitute for responsible leadership.

### 3 Responsible leadership in post-communist countries

Following the analysis of the current literature on the topic of responsible leadership, this chapter provides the contextual understanding of post-communist countries and the Slovak Republic in particular, from the perspective of institutional context, as defined in the “Model of antecedents of responsible leadership” by Stahl and Sully de Luque (2014). The model approaches the environmental impact on responsible leadership by addressing national culture, legal system, role of stakeholders and industry competition.

#### 3.1 Introduction to post-communist countries

Despite the significant amount of time since the collapse of the Soviet Union, the post-communist countries in general are still in the process of transition, making substantial advances towards the standards of Western Europe (Apostol et. al., 2008). Apostole et. al (2008, p.2) further state that the transition period is considered still as a “*contemporary process, without clear understanding, when transition is supposed to end.*” While the majority of Central and Eastern European countries have joined the European Union, Central Asian countries are still strongly connected (economically and politically) to Russia.

To understand how the environment has changed and evolved, it is necessary to describe the state of the countries before 1990. The economies were centrally controlled, with the state government owning most or all of the property. Furthermore, the central authorities were considerably involved in the companies’ decision-making (Apostol et. al., 2008) and were therefore the only keepers of responsibility. The prices of products and services were planned, instead of following the market trends, which resulted in major subsidies by the government. Customer satisfaction was not a priority, which resulted in lower quality of products and services (Shleifer & Treisman, 2014). After the fall of the system, the transformation into a new economic regime was connected with privatisation – the redistribution of public ownership among private entities. This process was accompanied with low transparency of information from the state representatives, who redistributed the state assets among themselves, at prices considerably lower than market value. Many companies were also created at the time, however the main purpose of these businesses was to earn high profits in the short-term instead of long-term sustainability of the business. The instability of this

environment thus resulted in unfair and irresponsible practices of businesses (Apostol et. al., 2008).

Such transforming environments have impacted the development of **national culture** in the countries. The inefficiency of the state bureaucracy has resulted in a common frustration of the population and an alienation of citizens from the government. Furthermore, due to the persistent tradition of patronage (of only one political party), the state was considered as the main actor in the business environment. Additionally, most people have adopted an attitude of passive observation rather than that of active opposition to issues related to institutional challenges (Kotchegura, 2015).

To greater or lesser extent, all post-communist countries enacted reforms of their state administration after the fall of the system. Low respect for the rule of law undermined attempts to create effective **legal systems** and safeguards against long-term departure from ethical standards of good governance, responsibility and transparency. The government was unable to design an appropriate legislation and its enforcement. Kotchegura (2015, p. 328) further states that *“legal reforms fail to meet rapidly expanding and evolving demand for rules to support and regulate the emerging market economies and civil societies,”* which might promote irresponsible behaviour of all members of the society. While appropriate legislation control was in principle absent and resource allocation was in the hands of the government representatives, state bureaucrats, as well as political insiders used this institutional gap for their own financial benefits.

**Stakeholders**, especially customers and employees have low expectations from organisations and are tolerant to corporate unethical behaviour. Low societal expectations allow companies to continue unfair practices. However, a clearly emerging trend of corporate responsibility in the business environment is visible. Major economic and political changes are transforming not only the public mentality, but also the managerial thinking (Kotchegura, 2015). Businesses, especially multinational organisations, have obtained an enormous power and can now influence ongoing institutional changes, when making strategic decisions (Apostol et. al., 2008).

The state of **industry competition** has changed from small local economy to global market from one day to another. Opening the economies to more international trade and globalisation resulted in rapid economic growth. However, the transition from communism to capitalism

and democracy has turned out to be difficult to manage and has been accompanied with several risks and obstacles, such as corruption and bribery (Kotchegura, 2015). It can be argued that corruption exists in all countries of the world, however, according to the Corruption Perception Index of Transparency International, post-communist countries lag far behind the Western European countries.

To conclude, the change towards more responsibility is rather the result of an influence of international companies that drive the positive development of business social practices. International companies serve as role models of adequate behaviour for their local competitors and also positively impact the expectations of the society towards corporate actions. A new trend shows that despite consumers still considering price as the most important factor influencing their buying decision, they are also becoming more interested in the quality of the products they buy and the consequences on their health, safety and the type of relationship established with the seller. Similar trends can also be observed in relation to other stakeholders, such as employees, suppliers, etc. (Apostol et. al., 2008).

### 3.2 Analysis of the business environment of the Slovak Republic

The analysis of this thesis focuses on the Slovak Republic, a country in Central and Eastern Europe. The country was established on 1<sup>st</sup> January 1993 after the split of Czechoslovakia. The first five years after gaining independence, the country witnessed non-democratic leadership practices from the prime minister Vladimir Meciar, which resulted in poor relationships with international organisations and hindered the inflow of foreign investors (BBC, accessed online). In 1998, the new government in place, lead by Mikulas Dzurinda, completely changed the direction of the country. Economic reforms boosted foreign direct investments (FDI) and contributed to Slovakia joining the EU and NATO in 2004, as well as the Eurozone in 2009. Nowadays, Slovakia is viewed as one of the fastest growing economies in the EU, achieving high economic growth due to its economic reforms, inflow of FDI and high exports/imports (Lucintel, accessed online).

Cultural dimensions defined by Geert Hofstede are used for the analysis of the **national culture**. Slovakia scores very high in the dimension of power distance, which means that the individuals of the society are not equal and they accept that power is distributed unequally. This also implies the organisational context, in which it is expected that a leader will be a

highly visible and powerful “great man” who creates clarity and structure around followers and tells them what to do. Visibility and showing results is the key in winning followers’ respect and acceptance. Additionally, Stahl and Sully de Luque (2014) state that high power distance values may impede leader’s concern for stakeholders such as employees and customers. Slovakia further scores in the middle of the dimension individualism/collectivism, which means no clear preference to the degree of interdependence a society maintains among its members. According to Stahl and Sully de Luque (2014), collectivist cultures motivate leaders to consider the impacts of their decision-making on a wider range of stakeholders.

Slovak national culture is highly masculine society, which means that the society is driven by competition and achievement. Social status, reflected through symbols like expensive cars, houses and clothes, is regarded as success. In order to achieve higher social status, employees are dedicated and work hard to achieve this goal. Slovakia also shows no clear preference in case of the dimension of uncertainty avoidance. This means that the members of the society feel comfortable in structured and clear situations, as well as in ambiguous or unknown situations. Furthermore, Slovakia has a very pragmatic culture. In other words, Slovak people believe that truth depends very much on situation, context and time. They believe that traditions can easily change according to the situation. The results also show that Slovak culture has tendency to cynicism and pessimism; people in these cultures have the perception that their actions are restrained by social norms (Geert Hofstede, accessed online).

Differences in **legal systems**, regulation and its enforcement also play a role in shaping the business ethics in a country. These conditions pose several constraints and opportunities that can either promote or hinder responsible leadership (Stahl and Sully de Luque, 2014). In 2004, Slovakia was accepted as a member of the European Union. The membership put the country under pressure to speed up improvements of the administrative capacities to meet EU standards. However, as in all post-communist countries, law enforcement is particularly problematic. It is a very bureaucratic, lengthy process due to frequently changing legislation, that does not consider the impact on the business environment. It also results in a very complex and demanding administrative mechanisms and thus leads to an inefficient public sector. This impacts the cost of business and threatens the competitiveness of especially small and medium sized companies (Coface, accessed online).

The research of the Slovak University of Technology in Bratislava (Drienikova & Sakal, 2012) indicates that the **role of stakeholders** is becoming more important for the business organisations in Slovakia. The study points out that shareholders/owners of the company are the only stakeholder group that is considered in decision-making of leaders. However, according to this research, especially smaller companies (e.g. start-ups) value their employees as a very important stakeholder group, because they see their employees as the only asset they have. Furthermore, customer centric organisations that operate in very competitive industry segments consider the impact on wider stakeholder groups, such as customers, suppliers and the wider society.

**Industry competition** is largely influenced by the government. The state owns the majority stake in strategic industry segments (e.g. energy, oil and gas, telecommunications) and thus has a great influence on those business environments. Additionally, the government also provides investment incentives to foreign investors, which might discourage local producers that do not receive the same benefits. Industry competition is also influenced by the corrupt practices in the Slovak business environment. According to the findings of Kotchegura (2015), Slovakia is the country with the highest proportion of citizens among the post-communist countries who consider corruption as absolutely necessary when doing business.

To conclude, this chapter provides contextual background for understanding the specificities of the post-communist countries, as well as the contemporary institutional context of the Slovak Republic. Slovakia provides a rich context for the study of responsible leadership, because of its rapidly changing environment, which has brought many societal and organisational complexities. Additionally, the concept of responsible leadership is very new in the Slovak business environment and can be therefore researched from its emergence.

## **4 Analysis of the responsible leadership in the context of Slovak Republic**

First chapters of this thesis presented valuable insights about responsible leadership and addressed the research questions from the theoretical perspective. Following the analysis of the current literature on the topic of responsible leadership, this chapter contains the empirical study, searching for the links between the theory and its practical implications in a responsible leaders' behaviour. We begin this chapter by presenting the methodology used to collect and analyse the data. This is followed by a comprehensive analysis of the collected data and discussion of the main findings related to the research questions.

### **4.1 Research design and methodology**

The main objective of this thesis is to examine how responsible leadership practices have spread under the influence of an emerging environment in a post-communist country – the Slovak Republic. In order to approach this objective, two questions are posed:

1. What is the role of responsible leadership in post-communist countries and how can it address challenges linked to the emerging environment?
2. What are the implications of the environment of developing economies, such as post-communist countries, on the decision-making process of business leaders? How does this environment promote or constrain responsible leadership?

Cooper et. al (2005) state that qualitative approach is appropriate for understanding social phenomena, such as responsible leadership. Therefore, a qualitative research design was adopted in this thesis. Denzin and Lincoln (2005) also argue that qualitative methods are more flexible and sensitive to context than quantitative approaches and thus better serve the understanding of the key drivers and the context of responsibility. For the purpose of collecting qualitative data from business leaders, purposeful sampling was used in order to identify and select the companies and business leaders that would enable to approach the research questions and meet the research objectives in the best possible way (Saunders et al, 2009). Semi-structured interviews were conducted, because they have the advantage of collecting large amounts of data about participants' perspectives and enable opportunities for answer clarification to be made.

The need for greater emphasis on social responsibility in business leaders exists whether or not they occupy top positions in their organisations. Leadership can manifest itself in many places within an organisation and is not limited to a single position or a single person. Therefore, two types of leaders were approached in the qualitative data collection:

1. **Top executives** (CEOs, country managers): This thesis considers the viewpoint of front-line actors who are responsible for defining the strategic orientation of the company (organisational vision). CEOs, as well as the country managers are the top representatives, responsible for leading the development and execution of the company's long-term strategy and thus have the power to impact an organisation towards more responsibility or irresponsibility.
2. **Middle management executives**: Middle managers form the backbone of an organisation, as they are responsible for executing goals and objectives set on the top executive management level. They are also included in the research, as they communicate the vision of the top executives to the employees and thus directly impact the execution of the organisational strategy.

Involving top executives, as well as middle management executives from the same organisation provides more insights for the study, given the importance of the leaders-followers relationship for responsible leadership. This way, it is possible not only to capture leaders' views and perspectives on responsible leadership, but also to understand the influence that leaders have on their followers' perceptions and behaviour.

Empirical data was gathered from 10 semi-structured interviews with top executives, as well as middle-line managers in 5 companies operating in Slovakia. The study sample consisted of 10 participants, from which 5 were top executives of the companies (CEOs and country managers) and 5 were middle line managers. All of the participants believe that they are accountable for their company's success and failures and hence have an impact on the company's responsibility. 8 participants come from Slovakia, 1 from France (Leader 6) and 1 from The Netherlands (Leader 5). Additionally, all participants had global experience from education and training. Hence, the sample was quite diverse in its composition and representation. Only 1 woman participated in this study, but this is in line with the state of leadership in Slovakia where female representation is low.

The leaders' companies operate in different industry segments, such as energy, IT, construction and services. Within these companies, 3 were local companies and 2 were international. This way, it was possible to investigate the motivation of local managers to encourage responsibility within the local organisation, as well as the impact of the local environment on foreign manager's decision-making. Following table (Table 2) summarises the final sample of business leaders that participated in the interviews. In order to ensure the confidentiality of respondents, codes (Leader ID: Leader 1, Leader 2...) were applied instead of the names of leaders.

**Table 2: Description of the studied leaders**

| <b>Leader ID</b> | <b>Sex</b> | <b>Executive level</b> | <b>Industry sector</b> | <b>Type of organisation</b>                  |
|------------------|------------|------------------------|------------------------|----------------------------------------------|
| L1               | Male       | Country manager        | Energy                 | Multinational                                |
| L2               | Female     | Middle management      | Energy                 | Multinational                                |
| L3               | Male       | CEO                    | Building construction  | Local supplier to international organisation |
| L4               | Male       | Middle management      | Building construction  | Local supplier to international organisation |
| L5               | Male       | Country manager        | IT                     | Multinational                                |
| L6               | Male       | Middle management      | IT                     | Multinational                                |
| L7               | Male       | CEO                    | Marketing services     | Local                                        |
| L8               | Male       | Middle management      | Marketing services     | Local                                        |
| L9               | Male       | CEO                    | IT                     | Local                                        |
| L10              | Male       | Middle management      | IT                     | Local                                        |

One-on-one interviews followed the interview protocol in Appendix 1, which was prepared based on an extensive review of responsible leadership literature. The interview protocol

consisted of 15 questions (with several sub-questions), all open-ended, allowing the participants to share their experience and knowledge of responsible leadership. The interview questions were elicited from previous studies on responsible leadership such as Khilji et. al. (2015) on authentic leadership from organisational, contextual and cross-cultural view and McDermott et. al. (2011) on understanding leaders' practices. The purpose of the interviews was to obtain understanding of responsible leadership in the Slovak Republic and to explore current leadership practices in these organisations that fit within the framework of responsibility. The interest lay in whether leaders are facing any challenges related to responsible leadership within their role and the way leaders deal with such challenging situations. Participants were asked questions face to face in 30-45 minute interviews, which constituted sufficient time for leaders to share their understanding of responsible leadership and describe their practices. The interview protocol has the following structure:

1. **Introduction:** Each interview began with an introduction about the data collection on responsible leadership in the Slovak Republic. The term responsible leadership was also explained and defined, since this topic has only been introduced recently in the Slovak business environment. Finally, respondents were assured that their answers would stay confidential and anonymous and would be used only for the purpose of this thesis.
2. **Current practices of leaders:** The purpose of this part was to investigate what is the most prevalent current leadership style among leaders and to what extent it includes the elements of responsibility, especially in dealing with ambiguous situations or when pursuing a change in an organisation.
3. **Understanding of responsible leadership:** The questions were aimed at leaders' understanding of responsible leadership and the role it plays or can play for the leader in achieving organisational outcomes within the business environment.
4. **Challenges of the business environment:** The focus of these questions was on understanding the kind of challenging situations leaders face in their decision-making process and what influence does the environment have on their leadership style.

All of the interviews were recorded with participants' permission and consequently transcribed for the use in the qualitative analysis. The interviews were conducted in English, as well as in Slovak language, which were then translated into English.

## **4.2 Data analysis and findings**

A thematic analysis of the data was conducted. Then, comparative method was used to analyse the data, which enabled a categorisation of ideas in order to generate themes. Particular attention was paid to commonalities and differences in responses to same questions between CEOs and middle line managers. As the next step, all of the recurring themes were merged into theoretically relevant clusters. Finally, these clusters were organised and on that basis, findings were developed (Khilji et. al. 2015). Saunders (2009) states that categories evolve to conclusive states over iterative verification and can be thus grouped for the purpose of the comparison of the problem overviews. The themes were then organised according to the structure of the interview protocol.

### **4.2.1 Current practices of leaders in post-communist countries**

The first part of questions such as “Define your leadership style” and “What drives your leadership style”, focused on the investigation of current practices of leaders in the Slovak environment. The purpose of these questions was to analyse how close the current leadership practices are to the concept of responsibility. Based on the interviews, some commonalities among business leaders in their leadership practices were identified.

#### **Prevalent leadership styles among leaders**

All of interviewed leaders indicate that they often apply a collaborative leadership style when leading their followers. They relate their leadership style towards employees, as this is the only stakeholder group that they can influence. The following table (Table 3) provides an overview of leader’s statements and the main concepts Slovak business leaders mentioned during the interviews.

**Table 3: Prevalent leadership styles identification**

| <b>Leader ID</b> | <b>Leadership practice</b>                                                                                                  | <b>Comment</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|------------------|-----------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| L1               | - collaboration and support<br>- independence of followers                                                                  | “To get the best results out of people, collaboration, support and help is more efficient than giving specific directions. I try to lead people towards their independence from me. I work as their advisor and they can approach me, if they need to discuss their progress.”                                                                                                                                                                                                                                                                                                      |
| L2               | - result orientated<br>- leader = supervisor<br>- independence of followers                                                 | “Leadership to me means to lead a team of people by achieving a common goal. Hence, I define the goal I want to see in the final results, not the steps in between. If necessary, my subordinates can always consult with me if they are facing any issues.”                                                                                                                                                                                                                                                                                                                        |
| L3               | - leading through discussion<br>- leader = creator of shared culture                                                        | “When we are about to work on some task, I always discuss this with my subordinates, in order to see their perspectives on the issue. I always ask about their opinion, because that way we can come to better and more effective solutions. Therefore, from my perspective, a leader should not consider himself as the great man who directive gives orders. Instead a leader should be open to everyone and enhance a shared culture of decision-making.”                                                                                                                        |
| L4               | - constant dialogue with stakeholders                                                                                       | “In construction, I say what is my idea, but then the suppliers tell me what is possible to realise and what not. They give me a completely different idea from what I had. Therefore, from my experience when I lead, my ultimate goal is to achieve fast and high quality results, which I can achieve through a constant dialogue with all people working around me. It must be a two-way dialogue, in which I listen, but also provide feedback, and the same is done by the suppliers. This process leads us to better final results.”                                         |
| L5               | - leading through vision creation<br>- leading towards higher satisfaction<br>- leading from the middle of the organisation | “Leader is supposed to drive the status of the company by articulating and communicating leader’s views and opinions and so expressing a vision that everyone can follow. My objective is to do this by creating a more relaxed atmosphere with friendly working environment. I believe that happy employees are more productive than unhappy employees. Therefore, I try to be a leader who leads from the middle than from the top. I think this collaborative culture can motivate others to work beyond their work responsibilities and thus lead the company towards success.” |
| L6               | - leading in diversity – adjusting to situations                                                                            | “As I operate in international environment and lead a diverse set of people, for me it is important to understand how things are done in different countries. I adjust my leadership style accordingly to the situation and culture of the people I am working with. Only this way can I make sure that we reach the desired results.”                                                                                                                                                                                                                                              |

|     |                                                        |                                                                                                                                                                                                                                                                                                                                                                                                     |
|-----|--------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| L7  | - situational leadership style                         | “It’s difficult to define my leadership style, as I am leading more than 200 people. You never lead the same person twice. People change and behave differently according to the situation. Some people some time prefer directive style and another time they need more freedom. Therefore, communication with employees is very important for understanding the needs of your people.”            |
| L8  | - leadership enhancing creativity                      | “My leadership is about showing the path, towards the goal and not indicating it. I want people to think and not only blindly follow my orders. I believe that this way, I enhance creativity in people.”                                                                                                                                                                                           |
| L9  | - collective leadership<br>- independence of followers | “As a we created the company as a start-up, we are here as a big family, despite that we are more than 50 working here. I still prefer to do the decisions collectively. Then I offer autonomy to everyone in executing the objectives. I want to create the feeling of company ownership in everyone which leads to passion and joy at work.”                                                      |
| L10 | - consensus based leadership                           | “From my experience, my leadership style is consensus based. It’s probably because we all know each other here. Then I tend to focus on identifying an objective (e.g. an innovation as we are an IT company) and then I consider several scenarios how we can go around this. Afterwards I discuss all possible scenarios with those I consider can provide the most contribution to the project.” |

To sum up the evidence from the leaders, the majority of them prefer collective and collaborative style of leadership instead of authoritarian/directive leadership style. As Leader 1 points out, collaboration, support and help are more efficient than giving precise set of directives. Through constant dialogue and discussion, this leadership style serves as a source for checks and balances of the organisational outcomes and leads to better results. Leader 4 adds that the dialogue must be a two-way discussion, in which one side listens and the other side provides constructive feedback.

Leadership based on collaboration also enhances greater transparency, since leaders share all relevant information with their employees, suppliers and customers. Open communication is essential and helps leaders to balance the different and often opposing needs and interests of stakeholders, through creation of a shared culture of decision-making as expressed by Leader 3. Additionally, Leader 5 states that collaborative style of leadership also results in higher satisfaction in employees, which contributes to their higher motivation and thus results in better organisational outcomes.

Furthermore, according to Leader 2, a leader's role is to act as a supervisor, who enhances the independence of employees and is more interested in the results than in the way of achieving it. Leader 9 argues that collaboration, as well as more independence give the employees a sense of ownership, which leads to higher motivation and according to Leader 8 to more creativity and innovation.

Leader 6 and 7 define their leadership style as situational, which means that their leadership style is adjusted to the situation, context and people. As Leader 7 says, a leader never leads the same person twice. It is therefore the leader's task to understand the needs of followers and adjust the leadership, so that the best outcomes can be achieved.

### Drivers of leadership

The analysis of the collected data shows that values and principles are the key drivers of leadership, especially in implementing a change or novelty in an organisation. As Table 4 indicates, the inherent moral values and principles help leaders in leading their followers, especially in building relationships based on trust.

**Table 4: Drivers of leadership**

| <b>Leader ID</b> | <b>Main drivers</b>                                    | <b>Comment</b>                                                                                                                                                                                                                                                                                                                                     |
|------------------|--------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| L1               | - values as a way to win the respect and achieve goals | "Ethical and moral values influence the way I lead to great extent. I believe that my employees appreciate the empathy and fair/equal approach I have towards them. My personal values and integrity helped me win the respect of everyone when I was appointed the country manager."                                                              |
| L2               | - values reflecting in a leader's vision               | "Leadership to me means to create a vision – the image of the future that gives a picture to everyone which way the company will go. This vision should bring some value to employees. I believe that if employees see this value, they will be willing to participate in achieving this vision with value."                                       |
| L3               | - integrity                                            | "Values and integrity are very important to me, as I want the employees, customers and suppliers to know that I'll do what I say I'll do. I think that it helps to create relationships based, which is essential for the business."                                                                                                               |
| L4               | - to do the right thing in the right situation         | "My main principle is to do things right. I always do maximum for achieving the results. In construction, you often deal with situations when you don't know how the final result will look like. Therefore, for me it is essential, to always do the maximum I can and when I cannot do anything more, then I can only hope for the best result." |

|     |                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|-----|------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| L5  | - creating purpose and meaning at work               | “I follow through on my commitment so people can always count on me. I want everyone to know in the company, that if they need something that I can help them with, they can rely on my support. Values give to everyone a feeling of purpose or a meaning. You can create a “relationship” with the company.”                                                                                                                      |
| L6  | - honesty to others and to one’s self                | “I think that in leading people, you need to be honest to others, but also to one’s self. You also have to follow certain moral principles based on which you distinguish what is right and what is wrong. I am convinced that principles inside you will help you in any situation, even those culturally confusing.”                                                                                                              |
| L7  | - values enhancing trust in stakeholders             | “In many situations in an organisation, you need to have the trust of the people around you. This is not only when you implement a new process among the employees, but also for example when we market a completely new product to the market. Values and moral principles help you to become trustworthy among the community, which is necessary for achieving your results, as it’s impossible to achieve things alone anymore.” |
| L8  | - values = soul of an organisation                   | “I think it is good to demonstrate the values and principles in a company. I believe that it gives a “soul” to the organisation, which in turn positively influences the external and also internal opinions about the company.”                                                                                                                                                                                                    |
| L9  | - acting on personal values leads to trustworthiness | “I always decide according to my personal values. In my personal as well as a professional life. I believe that if I dealt with different people in a different way, they would not consider me as a trusted partner who I want to be.”                                                                                                                                                                                             |
| L10 | - serving as a role model                            | “From my position, I see how values and principles are important. For example, our CEO, is a great leader, who is not only a good boss but also a great man, who does the right thing in any situation. His values serve as a role model for me and it impacts me in a way, that I also want to offer the same to my employees. In my opinion, this is what distinguishes us from other companies.”                                 |

As Leader 1 states, values and integrity are very influential factors of the leadership, as they impact the respect of followers towards their leader, and thus define the leader-follower relationship (Leader 3). Furthermore, Leader 10 argues, that a leader should serve as a role model by setting examples and communicating goals to encourage positive change within an individual’s behaviour, in order to positively influence organisational outcomes. By behaving as a role model, leaders can inspire their followers, aligning their own personal values with those of the whole organisation. Additionally, the perspective of Leader 2 is that leader’s values contribute to the role of a visionary, when a leader creates an image of better future and then navigates the organisation towards that vision.

According to Leader 7, integrity and moral values also help to build sound relationships based on trust with all relevant stakeholders, which has become very important in an interconnected global world. Leader 8 adds that values can also create the “soul” of an organisation, which creates a feeling of purpose and meaning at work for the employees and therefore enhances their satisfaction and loyalty towards the company (Leader 5).

Furthermore, Leader 4 expressed a strong belief, that his own personal values help him to do the right decision in any given situation, which can be of contribution, especially in ambiguous situations. Leader 6 further states that it is necessary to be honest, not only to others, but also to one’s self, which resembles the characteristics of authentic leadership.

#### **4.2.2 Understanding of responsible leadership**

In this analysis, the discussion about leaders’ understanding of responsible leadership links to questions such as “What is your understanding of responsible leadership” and “What do you think is the leader’s responsibility.” The purpose of these questions was to find out what the leaders’ understanding of responsible leadership is and what its role is in achieving organisational outcomes.

#### **Role of responsible leadership**

While every leader must achieve short-term goals, they are becoming more aware of the fact that some short-term goals can destroy the long-term health of the organisation. Responsibility is becoming a more discussed topic among Slovak business leaders in all industry segments as presented in Table 5.

**Table 5: Understanding of responsible leadership**

| <b>Leader ID</b> | <b>Role of responsible leadership</b>                 | <b>Comment</b>                                                                                                                                                                                                                                                                                                                                                    |
|------------------|-------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| L1               | - consideration of internal and external stakeholders | “I understand it as the role of a leader towards internal and external environment of an organisation. The decisions should be made in a way that considers all of the players in internal as well as external environment. I believe that responsibility, e.g. through transparency can increase satisfaction of customers, employees as well as our suppliers.” |

|     |                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                               |
|-----|-------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| L2  | - doing the right thing, without causing any harm                                                     | “Deciding responsibly means to me that I try to do the right thing, which wouldn’t cause any harm to anyone. Usually my feelings tell me what is right, even if it’s not a written standard. Therefore, I think that my responsibility comes from weighing all possible impacts of my decisions on different individuals.”                                                                    |
| L3  | - motivating others to do more<br>- enhancing loyalty                                                 | “Responsible leader to me is someone, who does the right thing, is a fair and honest person. Through these personal characteristics, one is able to motivate others to do more than just their formal tasks written in their job contract.”                                                                                                                                                   |
| L4  | - transparency and fair practices                                                                     | “I think that responsibility is about a personal setting. Me personally, I would not stand it, if I knew that something is done improperly e.g. lacking transparency or based on unfair practices.”                                                                                                                                                                                           |
| L5  | - considering the impacts of the decision-making<br>- responsibility towards increasing profitability | “The role of a responsible leader is to take into account the effects of his decisions on the people he is responsible for. In my opinion, the main responsibility of companies is to make money to shareholders. If a company wants to be successful and prosper financially, it should then be consequently responsible for a wider range of stakeholders.”                                 |
| L6  | - creating a community feeling within an organisation                                                 | “In my view, the role of a responsible leader is to create a community feeling within the organisation, based on leaders’ individual values and principles that are also reflected in the corporate culture. “                                                                                                                                                                                |
| L7  | - caring for customers’ needs                                                                         | “Responsibility is becoming more and more important in the business. Today, people can more than ever share their experience with the company via social networks. People are also becoming more concerned about the environment, health and transparency. If the company cares about the same values as the customers, it is easier for them to identify with the company and its products.” |
| L8  | - being a reliable and trustworthy leader                                                             | “From my experience, responsible leadership is to lead people in a way that they can always rely on you. This can be done through incorporating the trust concept in leadership.”                                                                                                                                                                                                             |
| L9  | - addressing problems of society and making it a competitive advantage                                | “As the responsibility is now being discussed in all business related forums and discussions, it certainly plays a very important role. I think that businesses are able and have the power and resources to address long-term problems of the society. Some companies are even able to benefit from these institutional problems and base their whole business plan on it.”                  |
| L10 | - being ethical and doing the right thing                                                             | “Responsible to me is very similar to ethical. That means to do the right thing, even if it’s not a written standard.”                                                                                                                                                                                                                                                                        |

Majority of the interviewed leaders have a good understanding of responsible leadership. As Leader 7 states, people are becoming more informed, thanks to internet and social media, which creates pressure on companies to behave more responsibly. Leader 1 defines the role of

responsible leadership as the necessity to consider the impacts of decision-making on people internal, as well as external to the organisation. Similarly, Leader 2 sees responsible leadership as doing the right thing that does not cause any harm to anyone. According to Leader 3, such leadership practices enhance the satisfaction of customers, employees and suppliers and contributes to their loyalty towards the organisation. Consequently, responsible leadership can serve as a tool for sustaining organisation's competitive advantage by caring for customers and employees, as well as for the whole society (Leader 9) and can thus contribute to increased profitability (Leader 5). Furthermore, Leader 10 sees responsible leadership as ethical leadership, which main objective is to do the morally right thing.

### Leaders' responsibilities

As depicted in Table 6, the interviews show that leaders believe that their main role is to build and foster relationships based on trust with different stakeholder groups and to develop these relationships to broaden partnerships and networks. Leaders mentioned employees, customers and suppliers as the most important stakeholder groups for their organisations, as they are the most critical to the functioning of business operations. Leaders are in touch with these groups on a daily basis as they have the biggest impact on the organisational performance.

**Table 6: Leaders' responsibilities**

| <b>Leader ID</b> | <b>Leaders' responsibilities</b>                                                | <b>Comment</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|------------------|---------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| L1               | - creating a brand image of a trusted company by focusing on customers          | "As a customer-centric company, customers are the most important to us. We try to create a brand image of a trusted company that would have an impact on customers' loyalty. We want to show them that we care, as an energy company not only about the environment (we use eco-friendly technology for energy production), but also that we care about the whole society."                                                                                                                                                                                                                                          |
| L2               | - winning employees' motivation and loyalty by offering good working conditions | "As I work in a highly regulated business segment, I am not able to motivate my subordinates through financial remuneration, as it would result in higher price for the customers, which is not legally allowed. Instead, I am trying to win their loyalty for the company through creating a nice working environment. Customers are also very important to me. As an energy provider company, I always try to help the customers to optimise (lower) their energy expenditures. In a short-term, it reduces the company's earnings, however I believe that in a long-run, it helps to win the customers' loyalty." |

|    |                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|----|----------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| L3 | - investing in the development of employees results in customers' higher satisfaction              | "Our organisation tries to invest time and effort into improving communication and interaction with the customers. And this can be done through investment and development of our employees."                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| L4 | - ensuring safe environment                                                                        | "As a construction company, the priority and the main role for me as a leader is to make sure that the construction environment is secure and won't harm anyone. This means secure working environment for the employees, but also safe living for customers as well as safe environment for the neighbourhood."                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| L5 | - appreciation of employees through development programs and work-life balance                     | "In our company, we value all the stakeholders. Of course we would not progress at all if it wasn't the talent of the employees. Therefore, we want to show that we appreciate them. We therefore offer them possibilities of personal and professional growth. We also care about the health and work-life balance of the employees. The possibility of home office also helps employed mothers who can this way better schedule their work and can be good mothers at the same time as being good employees. I also believe that it helps us to create a reputation as a good employer, which attracts the best talent. Additionally, as a customer centric company, we do everything to win the customer. You need to listen to customers' needs and offer better solutions than your competitors." |
| L6 | - enhancing motivation and loyalty of the employees for the organisation                           | "Here we care about our stakeholders. There are numerous development programs for our employees that enhance their motivation and loyalty for the organisation. Customer satisfaction is also constantly analysed in order to offer the best products and solutions. Everything we do here is driven by customers."                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| L7 | - satisfied customers provide connection to future potential customers                             | "The most important stakeholder group are our clients. We try to create good relationships with them, because if they are satisfied with the result, they can reference us to other companies. Slovak business environment is very small, so it happens very often that we are approached by a client who got a reference from our previous client."                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| L8 | - aligning employees' skills with customers' needs                                                 | "The responsibility of a responsible leader is to create such culture in the organisation that would attract specialist in the field that are now working for our competitors. Responsible leader must know how to align the skills of the employees to the demands of customers."                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| L9 | - inspiring and developing followers to become leaders themselves<br>- stakeholders seen as assets | "From my perspective, the role of a responsible leader is to serve as a role model and inspire and develop followers who can also become self-leaders. I think it's very important to invest your time and resources into the company's stakeholders as they are basically our only asset we own. Without them, we would not be able to sustain to the future."                                                                                                                                                                                                                                                                                                                                                                                                                                        |

|     |                                                                            |                                                                                                                                                                                                                                                                         |
|-----|----------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| L10 | - accepting leader's individual responsibility for organisational outcomes | "Responsibility for me is to accept one's own accountability for one's job. I think this is especially important in times of trouble, when a leader must be able to accept his portion of responsibility for the trouble and constantly work on solving the situation." |
|-----|----------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

To summarise, the consideration of stakeholders is seen as the main responsibility of a leader. Considering that a majority of the companies in this study are customer-centric, most of the leaders' attention goes towards delivering mutually beneficial solutions for customers and the company itself (Leader 1, 5 and 6). Customers are now more educated and thanks to the internet have access to more information than before. This has created additional pressure on companies, that need to operate not only in an economically, but also in a socially and environmentally sustainable way and create a brand image of a trustworthy company. In small business environments, such as the Slovak Republic, it is necessary to create such an image, as the companies are winning clients based on reference (Leader 7). Additionally, according to Leader 2, long-term orientation of the company helps to win customers' loyalty.

Leader 5 states that responsibility towards employees involves good benefit packages (e.g. retirement programs), development programs and programs aimed at employees' health and work-life balance. Leader 6 adds that these efforts address the well-being of employees, in order to win their loyalty and retain them in the organisation. If employees perceive the organisation and the leader as being responsible, their pride and satisfaction with the company are more likely to grow, resulting in higher productivity. Responsibility towards employees also improves the image and reputation of a company as a trusted employer. It serves as a point of differentiation among potential employees, as it reveals the values and culture of a company, humanising it as a contributor to the society. It thus contributes to attracting new potential employees. This way the best talent can be attracted, which adds to the competitive advantage of the company.

Suppliers were also identified as a critical stakeholder group. Leaders' cooperation with suppliers refers to improving interpersonal relationships based on trust and loyalty. Leaders thus carefully listen, to better understand suppliers' concerns and provide support and help if necessary, in order to come up with mutually beneficial solutions (Leader 8).

Relationships based on trust form the core of responsible leadership. Leadership builds trust not only between leaders and followers, but also between followers themselves. According to

Leader 9, the responsibility of a leader is to invest resources into all relevant stakeholders, because in the case of a smaller company, they are the only assets that a company owns and thus the main contributor to its sustainability.

#### 4.2.3 Challenges of business environment

The last part of the interview guide - the challenges of the business environment - emanates from questions such as “Have you ever faced any situation in the business environment that was offering you an opportunity to behave irresponsibly?” and “Have you ever faced a situation that was challenging your decision-making?”. These questions focused on revealing what type of challenging situations leaders are facing in their decision-making process and what influence does the environment have on their leadership style.

#### Slovak business environment

All leaders share the same opinion on the Slovak business environment, which they perceive to be full of corruption and bribery. Some industry segments, such as energy and construction, are dealing with these challenges more often than companies operating in IT industry. Furthermore, smaller local companies usually do not invest the resources in building a set of rules (e.g. code of conduct) to avoid these practices, in comparison to international companies. The data on challenges faced in the business environment is presented in Table 7.

**Table 7: Challenges of Slovak business environment**

| <b>Leader ID</b> | <b>Main business challenges</b>                                                                                                                      | <b>Comment</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|------------------|------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| L1               | <ul style="list-style-type: none"> <li>- dishonesty and non-transparency</li> <li>- corruption affects the competitiveness of the company</li> </ul> | <p>“We live in a country, in which a lie is widely accepted. Everyone just looks where it is possible to get the fastest earnings – usually through non-transparent way. Another problem is the corruption in our business environment. We as an international company cannot fall for any corrupted behaviour as it might threaten our global reputation. However, I see that our small local competitors are using these practices. It works against our competitiveness in the market. The problem lies in a weak legislation. It is always possible for small companies to go around laws.”</p> |

|    |                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| L2 | <ul style="list-style-type: none"> <li>- corruption has become widely accepted – there is no punishment of actors</li> <li>- if the company is truly responsible, it would go against this market trend</li> </ul> | <p>“Corruption has become widely accepted because everyone does it. There are some corruption cases in the news all the time. However, I’ve never heard about any punishment for the actors. The challenge companies need to face is to go against a trend by creating such an organisational culture that would encourage the opposite.”</p>                                                                                                                                      |
| L3 | <ul style="list-style-type: none"> <li>- society and business environment controlled by “oligarchs” and incompetent politicians</li> <li>- businesses must play according to their rules</li> </ul>                | <p>“To me it seems that the society is influenced by interest groups – “oligarch” – and incompetent political leaders that don’t have the courage to fight these interest groups. Therefore, they have created such a network in the society, that if you want to do business, you need to do business with them and thus comply with their rules of the game.”</p>                                                                                                                |
| L4 | <ul style="list-style-type: none"> <li>- corrupted business environment</li> <li>- compliance with the rules of doing business</li> </ul>                                                                          | <p>“According to my opinion, one needs to learn how to comply with the business environment in which one operates. Unfortunately, Slovak business environment is to great extent corrupted. I don’t think I can change it, so I need to comply with the given conditions. I think most of the people also think the same way as I do.”</p>                                                                                                                                         |
| L5 | <ul style="list-style-type: none"> <li>- bribery supported by examples in society</li> </ul>                                                                                                                       | <p>“Here it’s very common to bribe, because people think they can get away with it – they have examples in society and there is never a case when these people were punished for their irresponsible behaviour – no one goes to prison or pays a fine. It seems as if someone has good connections, they can get away with anything.”</p>                                                                                                                                          |
| L6 | <ul style="list-style-type: none"> <li>- corrupted business environment, but the company actively fights it</li> </ul>                                                                                             | <p>“There are always some corruption cases in the media, but in our company, we have several measures that go against it. There is a global code of conduct, which goes beyond local laws. If one person gets caught behaving irresponsibly, the whole team gets fired, which creates the feeling of a community and responsibility for other people. There is also an email about it which is distributed across the whole organisation, which creates the feeling of shame.”</p> |
| L7 | <ul style="list-style-type: none"> <li>- ongoing changes</li> <li>- no equality</li> </ul>                                                                                                                         | <p>“Well, many things have changed since Slovakia got accepted to the European Union, however all changes are still ongoing and the situation is not ideal. The biggest problem I see is the very low enforcement of law. Those who have good connections to influential people can basically do anything they want. There is no equality in front of a law.”</p>                                                                                                                  |
| L8 | <ul style="list-style-type: none"> <li>- great influence of the government</li> </ul>                                                                                                                              | <p>“I think that the Slovak business environment is influenced by the government to great extent. The government is however deforming this environment, as it is trying to increase the regulation through more administration. Such practices are very limiting and we often cannot do things that would even be beneficial for many people.”</p>                                                                                                                                 |

|     |                                            |                                                                                                                                                                                                                                                                                                                                               |
|-----|--------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| L9  | - little support for SMEs                  | “Today’s Slovak business environment is very difficult especially for smaller companies like us. The state does not support small and medium sized enterprises and the most benefits go to big international organisations. This disadvantages us a lot, therefore we also try to expand abroad, so we are not dependent to only one market.” |
| L10 | - short-term profits approach of companies | “Slovak business environment is very challenging. A leader must have a very good understanding of business, legislation as well as politics. It is possible to see that many companies are behaving irresponsibly with the idea of achieving short-term profits or benefits.”                                                                 |

According to leaders’ perspectives, bribery and corruption remain commonplace in the Slovak business environment and are the biggest challenges they face. As Leader 1 states, corruption negatively affects the competitiveness of the company in the business environment. Corruption has therefore become widely accepted (Leader 2). The reason for such a business environment results from poor governance as indicated by Leader 8. The law enforcement is very low, which results in lack of trust of business leaders in the legislative system (Leader 7). As Leader 5 further indicates, the society is lead by wrong examples of leaders that support the development of such a business environment, in which irresponsibility is accepted by all stakeholders and the companies focus on short-term profits (Leader 10).

Corruption also undermines the rule of law and weakens institutional foundations upon which economic growth depends, hence it is difficult to fight with these issues. On one hand, Leaders 3 and 4 argue that it is easier to comply with the business culture of the environment than to fight with existing rules. This means that they are more likely to adapt to the conditions of the market, even if it means that they would have to behave irresponsibly. On the other hand, Leaders 2 and 6 state that it is the responsibility of businesses to go against the “irresponsible” market and actively fight the corrupted business practices. The reason for their strong opposition is mainly due to the fact that corruption reduces their competitiveness in the market and thus steals the customers from them.

### **Challenging situations**

The most challenging situations for leaders are those that create ambiguity, which stems from institutional challenges. Summarising the perspectives of business leaders, the Table 8

indicates the elements of responsible leadership that help leaders to overcome contextual challenges.

**Table 8: Challenging situations**

| <b>Leader ID</b> | <b>Methods of overcoming challenging situation</b> | <b>Comment</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|------------------|----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| L1               | - integrity and communication skills               | “Our company has a centralised organisational structure. Therefore, sometimes the headquarters tells me to do something, but I see that it isn’t always applicable. This puts me in the situation, in which everyone complains about me. The headquarters complains that I am not fast enough in implementing a change. On the other hand, employees are also resistant to changing the old way of doing things. My role is then to show my integrity and use all my communication skills that help me to convince everyone about things that I believe are right.” |
| L2               | - communication<br>- analysis of the situation     | “I think that communication is the key factor in solving these situations. I always try to conduct a complete analysis that considers several perspectives as well as considers the impact on my subordinates, customers and also company’s performance.”                                                                                                                                                                                                                                                                                                           |
| L3               | - weighing impacts and priorities                  | “I consider several outcomes and value its criteria that impact my decision-making. Then I try to prioritise among these criteria accordingly to the situation.”                                                                                                                                                                                                                                                                                                                                                                                                    |
| L4               | - positive impact on the biggest possible group    | “In such situations I decide based on my personal convictions and values. I always try to make decisions that have a positive impact on the biggest possible group.”                                                                                                                                                                                                                                                                                                                                                                                                |
| L5               | - understanding of a situation                     | “I always try to understand the situation from different points of view and consider its impact.”                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| L6               | - honesty and integrity                            | “Any situation I face I try to stay honest. I think that being honest and having strong moral principles is the best way of approaching ambiguous situations, as it helps to make the right decision.”                                                                                                                                                                                                                                                                                                                                                              |
| L7               | - no-harm approach                                 | “The main objective of our company is to become the market leader. To achieve this, first of all we need to measure the profitability of the company, so investments into further growth can be made. However, we don’t want to make profits on the expense of others, even if it’s sometimes tempting. We are a very young company (4 years) and this strategy has proved to work so far for us. Therefore, when I am facing a challenging situation, I always try to decide the way that the smallest harm is caused.”                                            |
| L8               | - discussion with more experienced colleagues      | “I think it is always good to share your dilemma with someone who might have more experience with similar challenge. Sometimes my decision can influence big group of people, therefore I feel more confident about it when the other person also comes to the same decision.”                                                                                                                                                                                                                                                                                      |

|     |                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-----|----------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| L9  | - analysis of the consequences                           | “In overcoming challenging situations, I always analyse the consequences of all possible ways the challenge can be approached. I always strive to decide in a way so the biggest possible group can benefit from it and the smallest group would be hurt. Once I am aware of all the consequences I feel ready to decide.”                                                                                                         |
| L10 | - discussion with professionals and with involved groups | “If I am unsure about any situation, I always try to discuss it with other people, who might have better understanding and more expertise than I do. I often address specialists that can provide me with a pragmatic perspective over the issue. In the end, it’s the way we do things in our company. I also tend to discuss it with people involved, to get the understanding of how the decision could influence their lives.” |

According to Leader 1, as well as Leader 10, communication and discussion with involved groups help to approach challenging and ambiguous situations. Furthermore, discussion with a colleague or a superior with more experience, who has already been in similar situations, seems to be the right approach in facing ethical dilemmas according to Leader 8. As Leader 6 states, honesty and integrity also contribute to solving business issues and making the right decision.

Additionally, Leader 3, 5 and 9 agree that it is very important to have a thorough understanding of the situation and to weigh all possible impacts and consequences their decisions and actions can have on the organisation, but also on external stakeholders. Leader 4 adds that decisions should be made in the way that the biggest possible stakeholder group will benefit from it, while Leader 7 argues that when making decisions, no one should be harmed. Therefore, the analysis of possible consequences is very important for responsible leadership.

## 5 Discussion

This chapter analyses and summarises the findings of the empirical research and answers the two research questions posed at the beginning of this thesis – (1) the role of responsible leadership in post-communist countries and (2) the impact of the business environment on responsible decision-making of business leaders.

### 5.1 Role of responsible leadership in post-communist countries

The objective of the first research question was to analyse the practices and behaviour of business leaders, in order to investigate the prevalent leadership style and its link to responsible leadership. Additionally, understanding leaders' perspectives on responsible leadership contributed to the analysis of potential outcomes of a responsible behaviour.

As the analysis of the qualitative data indicates, the prevalent leadership style in the Slovak business environment is fundamentally the practice of following the moral principles and set of values, which build a collective vision and bring out the best of employees, by creating an environment that encourages communication and discussion with accurate and honest feedback. Open communication creates the environment of trust and respect, which positively influences the relationships with stakeholders. Some Slovak business leaders share their decision-making authority with their subordinates, consult with them regarding important decisions and offer them more autonomy. These leadership practices are close to ethical, as well as authentic leadership styles.

Firstly, similarly to ethical leadership, Slovak business leaders try to positively influence their employees through their moral principles that are reflected in their ethical behaviour. Ethical leaders make balanced decisions, by considering the impacts of their action on followers. They also serve as role models, that encourage and promote ethical conduct to followers through two-way communication and collective (shared) decision-making, which result in developing high-quality relationships with the followers (subordinates).

Secondly, there are also some similarities with the authentic leadership style, as it requires leaders to be true to their inherent moral values (Voegtlin et. al., 2012). According to the data, acting on moral values and principles helps business leaders in facing and overcoming ambiguous or challenging situations in their business environment. Thus, it is important that

leaders stay authentic, no matter how challenging or tempting the situation can be. Integrity and honesty also encourages the environment based on trust and communication, in which leaders are able to build relationships that are essential for the development of the responsible leadership. Hence, leader's values such as honesty, trustworthiness and concern for the well-being of others can be a key source of influence in the development of a responsible organisational culture.

Ethical, authentic, such as responsible leadership, highlight the importance of values. Slovak business leaders confirm the necessity of showing their personal values in building the organisational conscience, which has a positive impact on their followers. In bigger companies, the organisational conscience is usually expressed in an organisational code of conduct, that formalises the corporate values and sets them as rules that employees should follow. However, as the findings of the research indicate, in smaller companies, values are infused from the top leader who has the power to influence the whole organisation towards either responsibility or irresponsibility.

Thanks to the strong presence of values in leadership styles, Slovak business leaders have a good understanding of responsible leadership, as well as of the role of a responsible leader. Responsible leader is viewed as someone who articulates the organisational vision of the future and motivates subordinates to higher performance. Simultaneously, a responsible leader is considered as someone who cares and shows respect for the followers, pays attention to individual differences and appreciates the contribution of others through reflection. The data analysis points out that middle line managers share the same perspectives on responsibility as the top executives. This is very important, because it shows how much influence top executives have on their subordinates in shaping the organisational culture.

As mentioned in the theoretical part of this thesis, the roles linked to responsible leadership involve steward, citizen, visionary, servant, architect, change agent, storyteller and coach (Pless & Maak, 2006). The roles of a steward, visionary, coach and architect seem to be the roles closest to the Slovak leader's behaviour. Slovak leaders often operate in the roles of a steward and visionary, within which they show the future vision for the organisation and navigate their followers in achieving this vision, especially when facing uncertainty connected to the fast changing Slovak business environment. The role of a coach helps leaders develop and raise their employees to better performance through constant communication and support.

Slovak leaders also see themselves in the role of an architect, in which they are responsible for building and sustaining business and personal relationships with their employees, customers and suppliers.

Consequently, Slovak business leaders are aware that their leadership is strongly dependent on the quality of relationships they have with their followers. These relationships are held mostly with the subordinates and are characterised more by social, rather than economic exchanges. Social exchanges depend on mutual affection, trust and respect and are thus affected to great extent by personal values of a leader. Caring for the well-being of others contributes to building high quality social exchanges with employees, which in turn positively influences their loyalty towards the leader and commitment to the whole organisation.

However, despite all mentioned characteristics of leadership styles in Slovak business environment, such as acting as a positive role model and creating an ethical and values-based organisational culture, these are not sufficient conditions for responsible leadership. As the definition of responsible leadership states (Maak & Pless, 2006), the centre of responsible leadership are leader-stakeholder relationships. Responsible leadership must therefore involve multiple stakeholder groups. Based on the analysis of the qualitative data, Slovak business leaders restrict their leadership, within which they raise their followers to better outcomes, only to their employees, making it the leader-subordinate relationship. Furthermore, Slovak business leaders focus more on micro-level outcomes within their organisation rather than on macro-level impact for example on the whole society, which shows that Slovak business leaders are rather ethical and authentic than responsible leaders.

The reason for not being responsible can lie in the contextual and institutional factors, given that authentic and ethical leadership styles seem to be close to the concept of responsibility. The environment can thus be seen as an important determinant of the behaviour of business leaders in particular situations.

## **5.2 The impact of the environment on responsible leadership**

Second research question of this thesis is focused on analysing the extent to which the challenges of business environment can promote or hinder responsible decision-making of leaders.

The theoretical, as well as the empirical research indicate that the environment influences the thinking, attitudes and behaviours of leaders. The transitioning environment of the Slovak Republic poses challenging and ambiguous situations, in which leaders have to deal with ethical dilemmas, such as whether to provide or accept bribes. For business leaders, the ethical dilemma is whether they will abandon their personal values when conducting business in corrupted market or if they will have the courage to exempt themselves from such practices, even if it could threaten the company's short-term success.

According to interviews with Slovak business leaders, the Slovak business environment is perceived as corrupted, in which leaders are often confronted with bribery. Although corruption is considered to be illegal, the lack of legislative enforcement incentivises irresponsible leadership behaviour. For leaders operating in certain industries, in which bribery is rooted (e.g. construction, energy sector), it is easier to comply with widely accepted market rules (other than legislation) than to oppose them. As leaders perceive corruption as being institutionalised within these business environments, they are also more likely to adopt such practices even if they personally disagree. This is often the case in mentioned industries, in which all market players behave irresponsibly and thus responsible behaviour of one player could threaten its competitiveness in the market. This finding is also in line with findings of Stahl and Sully de Luque (2014), which state that weak institutional environment with weak enforcement of legislation creates a psychologically weak situation that is more likely to hinder responsible behaviour of leaders.

As suggested before, an institutionally weak environment can be seen as the reason why leaders behave within the frameworks of ethical and authentic leadership, while responsible leadership has not yet been fully developed in the Slovak Republic. However, interviews indicate that Slovak business leaders are now becoming more aware of the positive impact they can have on the employees, customers, suppliers and the society at large, hence leaning towards more responsibility. This trend is mostly visible in international companies that have "imported" this trend to Slovakia, as part of their global corporate strategy. Additionally, this has a spin-off effect as it creates pressure on smaller companies, that are also becoming more concerned about the needs and interests of their stakeholders and embed the responsibility into their organisational core.

On the other hand, weak institutional environment can support the emergence of responsible leadership in Slovakia, since the expectations of stakeholders from organisations are growing, which puts more pressure on business leaders and their organisations to behave responsibly. Responsible leadership can thus serve as a response to institutional deficiencies and can serve as an effective “tool” in tackling problems and challenges connected to such an environment.

Obviously, there are several challenges connected to the environment of the Slovak Republic. More importantly, there are also market opportunities that can be discovered when applying long-term business strategy oriented towards responsibility. This has already been understood by the new generation of Slovak business leaders in several companies, which undoubtedly progresses in achieving responsibility and pursue responsible leadership. It is interesting to see that this trend comes not only as an “import” of big international investors, but also as a common practice of small companies such as start-ups.

The leadership challenge is therefore to enhance the butterfly effect and spread the responsibility practices over medium-sized companies, that play a big part in the Slovak business environment. This challenge can be approached by responsible leadership practices of companies, which have the power to influence the development of responsible principles among their suppliers, the education of their customers and the creation of legislation based on negotiations with institutions and the government. It can be argued that only big international companies can afford to promote more responsibility in institutionally weak environment, however the analysis of this thesis shows that also small companies can afford to behave responsibly. Moreover, responsibility can bring reputation benefits to these organisations and can help them retain employees and win new customers. Hence, to conclude, organisations that decide to take a more responsible approach, can not only improve their own competitive position in the market, but also greatly contribute to the country’s development.

## Conclusions

The section concludes the results of this thesis and proposes two perspectives of theoretical and practical implications on the subject of the responsible leadership concept in the context of a post-communist country - the Slovak Republic. Finally, research limitations are discussed and further research possibilities are posed.

The results indicate that responsible leadership has not yet been fully developed in the Slovak business environment. However, Slovak business leaders are becoming more aware of this concept and are showing some characteristics of responsible leadership in their leadership styles, which results in ethical and authentic leadership. Moral principles, inherent values and relationships based on trust are seen as key drivers of leadership, which creates a strong base for responsible leadership development among Slovak business leaders.

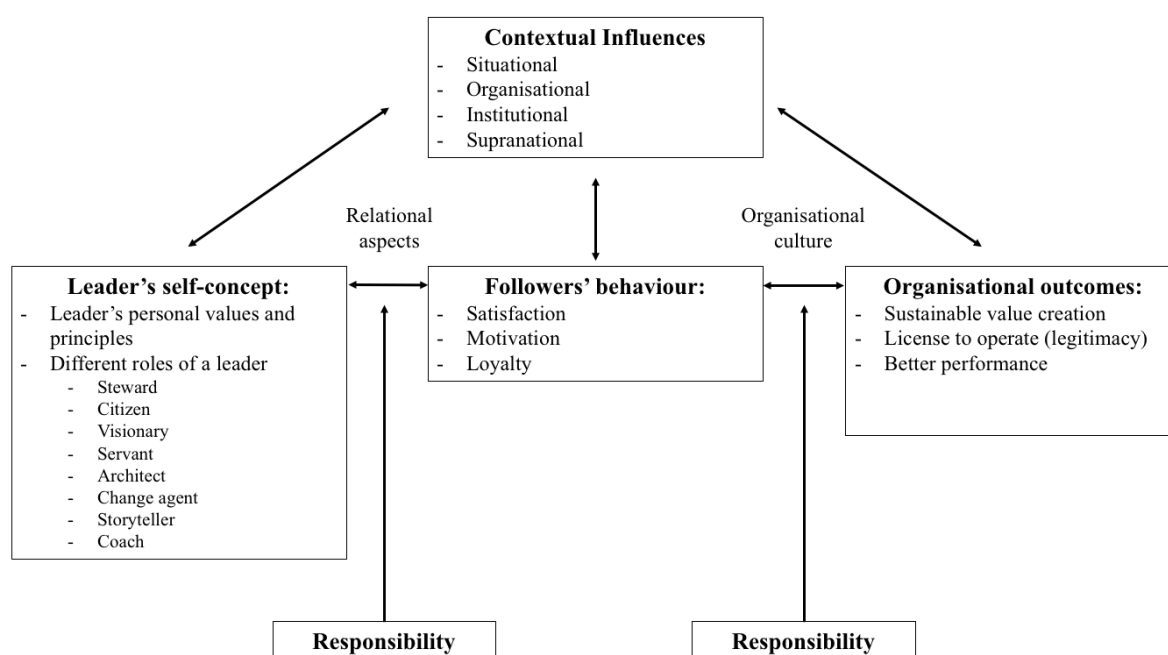
However, the Slovak business environment poses several challenges, such as weak legislative enforcement and high corruption levels, which create ambiguity for leaders' decision-making. According to the interviewed business leaders, responsible leadership can serve as a managerial practice in overcoming these situations, since it considers perspectives and impacts on involved stakeholders. The analysis of this thesis comes to a conclusion that institutionally "weak" business environment is likely to promote irresponsibility among the business environment and thus hinder the development and diffusion of responsible leadership among Slovak business leaders. However, the analysis also shows that in an institutionally "weak" business environment, stakeholders' expectations from businesses to behave responsibly are higher than in institutionally "strong" environments, in which the corporate behaviour is strongly regulated by laws and regulation. Such external pressure might explain the shift of thinking among Slovak business leaders, who are becoming more aware of responsible leadership and its positive effects on stakeholders.

One may argue that only big companies can afford to be responsible due to their higher resources. However, the study has shown that putting these practices in place is easier for smaller companies, since they are created on the basis of a shared and collaborative culture, in which everyone has a sense of ownership of the company's success. Additionally, responsibility can help smaller companies thrive from the very beginning, since it can be positively linked to building a company's reputation and a brand name of a trusted partner.

To conclude, a new leadership challenge emerges. Responsible leaders' new role is to enhance a spin-off effect of responsibility by motivating and supporting their stakeholders (employees, customers, suppliers, local community, etc.) to behave responsibly. Responsible leadership as a response to institutional deficiencies of the Slovak institutional environment, can not only help organisations to improve their market positions, but also help them enhance the country's development which they can also benefit from in the future.

### Theoretical implications

Based on the literature synthesis and empirical research, a new model of responsible leadership is proposed, while considering the analysed models within this thesis, such as the “Roles model of responsible leadership” by Maak and Pless (2006), the “Model of outcomes of responsible leadership across levels of analysis” by Voegtlin, Patzer and Scherer (2012) and the “Model of antecedents of responsible leadership” by Stahl and Sully de Luque (2014).



Picture 5: Adjusted model of responsible leadership

The model proposes the relation between leader, stakeholders and organisational outcomes. The main idea of the model is that the challenging and complex environment requires more responsible approach of leaders that can restore confidence of the followers and hence positively influence the performance of the whole organisation.

Leader's self concept is based on personal values and principles of a leader. Following the empirical research, values and principles play a very important role in responsible leadership, since it helps to build a collective vision and meaning for the followers. Additionally, leader's self concept is defined by several roles a leader plays, when leading different individuals in different situations and context. Consequently, the leader's self concept defines the way a leader builds quality relationships and guides followers (stakeholders), which are essential within the concept of responsible leadership. Creating sound relationships based on trust influences the behaviour of followers, especially in terms of their satisfaction, motivation and loyalty towards the organisation. The empirical research indicates that leaders serve as role models to the followers and thus have a great impact on their behaviour. If leaders possess high moral standards and integrity, they are able to build a sense of trust in followers that sustains a more transparent process for dealing with difficult problems and achieving higher levels of performance. Therefore, if a leader acts responsibly, the likelihood that the follower will act responsibly too is very high.

Furthermore, followers share a common set of beliefs defined by the leader. These beliefs are reflected in the organisational culture of the company, which helps the organisation to confront contextual difficulties and ambiguous situations. Consequently, organisational performance is positively influenced, which results in higher transparency for all stakeholders, including employees, customers, suppliers and shareholders. Additionally, contextual forces act on the whole leadership process, as it defines the expectations of the external and internal stakeholders of organisations. The empirical research of this master thesis shows that leadership is contextual, depending on the situation a leader has to deal with when leading different types of people, on the organisation and its culture in which a leader operates, and on institutional and contextual factors that define the business environment. The research also indicates that the characteristics of responsible leadership help to overcome any challenges connected to the business environment (e.g. dealing with ethical dilemmas) and thus positively influence not only organisational outcomes, but also the development of the external environment.

All in all, this means that the main role of responsible leaders is to lead with high ethical values and integrity, which build enduring organisations and motivate employees to be loyal to the company, while providing performance beyond expectations. Facing difficult business environment requires not only strategic vision, but also the competence and courage to stay authentic to a leader's one self, go against the trend of the environment, even if the development of a situation is unclear and cannot be predicted.

### **Practical implications**

The findings of this thesis have several managerial implications:

- With the ongoing challenges in the business environment of post-communist countries, business leaders are facing difficulty in finding ways to enhance the motivation of their subordinates at work. The research suggests that leaders can use responsible leadership practices in creating a fair working environment, in which communication and sound relationships are essential for achieving positive organisational outcomes.
- Responsible leaders are viewed as role models, that set the values and principles for the whole organisation and thus show the purpose and meaning at work for employees. If the leader behaves responsibly, the employees are more likely to behave in the same manner.
- Responsible leadership is focused on building sound relationships based on trust. Such relationships may help organisations in retaining their employees, attracting the best talent and facilitating lasting relationships with external stakeholders, such as customers and suppliers. Customers, as well as suppliers, are more educated than before and expect the companies to behave more responsibly.
- In order to become a responsible leader, leaders need to be able to create two-way relationships, not only with their subordinates, but also with larger groups of stakeholders:
  - Customers – responsible leaders ensure the quality of their products and services in order to meet the expectations of their customers. Additionally, the communication towards potential, as well as existing customers, should be open and transparent, in order to provide all possible information for the decision-making. The communication should be a dialogue, in which customers can provide feedback.

- Suppliers – responsible leaders also need to ensure that principles of responsibility are respected and applied by their suppliers.
  - Institutions and governments – leaders should work closely and more effectively with political and regulatory institutions, participate in the creation of legislation and thus enhance the quality of governance.
  - Society – responsible leaders should care for the environment in which they operate. Therefore, they need to assess the impact of their decisions not only on the environment internal to the organisation, but also on the external environment. Furthermore, through the assessment of impacts on the society, possible contributions to the benefit of society can be identified.
- Leaders must have an understanding of their business environment and face several challenges linked to it. A leader must have the courage to fight against the irresponsible practices. However, once the internal rules are set, it is easier for leaders, as well as for other employees in the organisation to follow these rules and not be tempted by irresponsible behaviour.

### **Limitations of the research**

The findings of this master thesis should be considered in light of some methodological limitations, in particular in terms of sample selection. The small number of interviewees (10 leaders), on which the empirical findings are based, is a clear limitation as it may not be sufficiently representative of the Slovak business landscape. A larger and more diverse sample of leaders would be more appropriate. Additionally, in this regard, addressing leaders from more industry segments can be a possible improvement.

This master thesis is based on a qualitative research approach, therefore the findings cannot be generalised for other business leaders outside the sample study group. Moreover, the study was conducted in the Slovak Republic, which could also influence the generalisation of findings, considering that responsible leadership is culturally specific and varies across and within cultures (Sarros et.al., 2006). Hence, what is applicable to the context of the Slovak Republic, may be difficult to translate to contexts of other post-communist countries.

### **Possibilities of future research**

The limitations of the thesis can be approached by further research. Firstly, a wider sample of business leaders would improve the generalisation of the findings. Since the leadership is contextually sensitive (leadership behaviour varies according to the situation), a certain leadership practice or phenomenon can work only if the sampling units are homogeneous. Within the bigger study sample, leaders could be categorised according to the industries in which they operate, which would help to find the homogeneity and commonality among their leadership practices, as well as among the industry factors that influence their behaviour.

Furthermore, since this thesis investigates responsible leadership in the context of the Slovak Republic, its findings may not be applicable in the context of other post-communist countries. However, given some similar characteristics among post-communist countries, this thesis can contribute to the cross-cultural study of responsible leadership. Such approach could better determine and define the drivers of the development of responsible leadership, since these drivers are to a greater extent culture dependent and thus differ from country to country.

Quantitative research can be seen as a more scientific approach in researching responsible leadership, especially in measuring the influence of the environment. Further quantitative research could test results obtained during this research thesis and thus support the quality of the presented data.

Additionally, this master thesis can also serve as the basis for further academic and practical investigation of the topic. Considering that responsible leadership is a relevant topic to many fields of management study, it constitutes an opportunity to research the topic in relation to several management fields, such as organisational behaviour, human resource management, corporate governance, corporate strategy, sustainable development and others.

## Bibliography

### Academic articles and journals

- Allio, R. (2012). Leaders and leadership - many theories, but what advice is reliable?. *Strategy & Leadership*, 41(1), 4-14.
- Apostol, O., Nasi, S., & Laine, M. (2008). CSRM- Corporate Social Responsibility and Sustainable Management.
- BBC News (2015). Slovakia country profile – Overview. <http://www.bbc.com/news/world-europe-17847682>, (accessed 24. June 2015)
- Belasen, A., & Frank, N. (2008). Competing values leadership: Quadrant roles and personality traits. *Leadership & Organization Development Journal*, 29(2), 127-143.
- Bird, A., Mendenhall, M., Stevens, M. J., & Oddou, G. (2010). Defining the content domain of intercultural competence for global leaders. *Journal of Managerial Psychology*, 25(8), 810-828.
- Brown M.E., Treviño, L.K. (2006). Ethical leadership: A review and future directions. *The Leadership Quarterly*, 10(2). 181-134.
- Cameron, K. (2011). Responsible Leadership as Virtuous Leadership. *Journal of Business Ethics*, 98(1), 25-35.
- Chrisensen, L. J., Mackey, A. & Whetten, D. (2014). Taking Responsibility for Corporate Social Responsibility: The Role of Leaders in Creating, Implementing, Sustaining, or Avoiding Socially Responsible Firm Behaviour. *The Academy of Management Perspectives*, 28(3), 164 – 178.
- Coface (2015). Slovakia Economic Study. <http://www.coface.com/Economic-Studies-and-Country-Risks/Slovakia>, (accessed 24. June 2015)
- Cooper, C. D., Scandura, T. A. And Schriesheim, C.A. (2005), Looking forward but learning from our past: potential challenges to developing authentic leadership theory and authentic leaders, *Leadership Quarterly*, 16(3), 475-493.
- D'Amato, A., Eckert, R., Ireland, J., Quinn, L., & Van Velsor, E. (2010). Leadership practices for corporate global responsibility. *Journal of Global Responsibility*, 1(2), 225-249.

- Denzin, N. & Lincoln Y. (2005). The Sage Handbook of Qualitative research, 3<sup>rd</sup> ed., Sage, London.
- Doh, J. P., & Quigley, N. R. (2014). Responsible Leadership and Stakeholder Management: Influence Pathways and Organizational Outcomes. *The Academy of Management Perspectives*, 28(3), 255-274.
- Donaldson, T. (1996). Values in Tension: Ethics Away from Home. *Harvard Business Review*, September - October 1996, 48-62.
- Drienikova, K., & Sakal, P. (2012). Respecting Stakeholders and their Engagement to Decision Making - The Way of Successful Corporate Social Responsibility Strategy. In *Research Papers of the Slovak University of Technology in Bratislava*. 165-173.
- Ehnert, I., & Claes, M. (2014). Global Leadership for Sustainable Development. In *Global leadership practices: A cross-cultural management perspective*. Basingstoke, Hampshire: Palgrave Macmillan. 149-168.
- Esper, S. C., & Boies, K. Responsible leadership: A missing link. *Industrial and Organizational Psychology: Perspectives on Science and Practice*, 6(4), 351-354.
- Freeman, E., & Auster, E. (2011). Values, Authenticity, and Responsible Leadership. *Journal of Business Ethics*, 98(1), 15-23.
- Friedman, M. (1970, September 13). The Social Responsibility of Business is to Increase its Profits. *The New York Times Magazine*.
- Groves, K. S., & LaRocca, M. A. (2011). Responsible Leadership Outcomes Via Stakeholder CSR Values: Testing a Values-Centered Model of Transformational Leadership. *Journal of Business Ethics*, 91(1), 37-55.
- Hassan, S., Mahsud, R., Yukl, G., & Prussia, G. E. (2013). Ethical and empowering leadership and leader effectiveness. *Journal of Managerial Psychology*, 28(2), 133-146.
- Hofstede, G. (2015). What about Slovakia ?. <http://geert-hofstede.com/national-culture.html>, (accessed 24. June 2015)
- Jones, M. T., & Millar, C. J. M. (2010). About Global Leadership and Global Ethics, and a Possible Moral Compass: An Introduction to the Special Issue. *Journal of Business Ethics*, 93(1), 1-8.

- Karp, T. (2003). Socially responsible leadership. *Foresight*, 5(2), 15-23.
- Khilji, S. E., Keilson, B., Shakir, F. Y., & Shrestha, B. K. (2015). Self, follower, organization and the context - a cross cultural view of authentic leadership. *South Asian Journal of Global Business Research*, 4(1), 2-26.
- Kotchegura, A. (2015). Reducing corruption in post-communist countries. In *Strategies for Public Management Reform* (pp. 325-345).
- Lucintel (2013). PESTLE Analysis of Slovakia 2013. [http://www.lucintel.com/reports/economic\\_analysis/pestle\\_analysis\\_of\\_slovakia\\_2013.aspx](http://www.lucintel.com/reports/economic_analysis/pestle_analysis_of_slovakia_2013.aspx), (accessed 24. June 2015)
- Luthans, F., & Avolio, B.J. (2003). Authentic leadership: A positive development approach. In K. S. Cameron, J. E. Dutton & R. E. Quinn (Eds), *Positive organizational scholarship*. San Francisco: Berett-Koehler. 241-261.
- Maritz, R., Pretorius, M., & Plant, K. (2011). Exploring the Interface Between Strategy-Making and Responsible Leadership. *Journal of Business Ethics*, 98(1), 101-113.
- Matta, E. (2014): Globalisation and CSR course content
- Miska, Ch., Hilbe, Ch. & Mayer, S. (2013). Reconciling Different Views on Responsible Leadership: A Rationality-Based Approach. *Journal of Business Ethics*, 125(2), 349-360.
- Morand, M., & Rayman-Bacchus, L. (2006). Think global, act local: Corporate Social Responsibility Management in Multinational Companies. *Social Responsibility Journal*, 2(3/4), 261-272.
- Morrison, A. J. (2000). Developing a global leadership model. *Human resource management*, 39(2-3): 117-131.
- Morrison, A. J. (2001). Integrity and Global Leadership. *Journal of Business Ethics*, 31(1), 65-76.
- Nnabuike, E. K. N. (2010). Defining and enforcing ethical leadership in Nigeria. *African Journal of Economic and Management Studies*, 1(1), 25-41.
- Parolini, J., Patterson, K., & Winston, B. (2009). Distinguishing between transformational and servant leadership. *Leadership & Organization Development Journal*, 30(3), 274-291.

- Pless, N.M. (2007). Understanding responsible leadership: Role identity and motivational drivers. *Journal of Business Ethics*, 74 (4), 437-456.
- Pless, N. M., & Maak, T. (2006). Responsible Leadership in a Stakeholder Society - A Relational Perspective. *Journal of Business Ethics*, 66(1), 99-115.
- Pless, N. M., & Maak, T. (2011). Responsible Leadership: Pathways to the Future. *Journal of Business Ethics*, 91(1), 3-13.
- Pless, N. M., Maak, T., & Stahl, G. K. (2011). Developing Responsible Global Leaders Through International Service-Learning Programs: The Ulysses Experience. *Academy of Management Learning & Education*, 10(2), 237-260.
- Porter, M. E., & Kramer, M. R. (2011). Creating shared value. *Harvard Business Review*, January-February 2011, 62-77.
- Rodrik, D. (2011). The globalization paradox: why global markets, states, and democracy can't coexist. *Oxford: Oxford University Press*.
- Sarros, J. C., Cooper, B. K., & Hartican, A. M. (2006). Leadership and character. *Leadership & Organization Development Journal*, 27(8), 682-699.
- Saunders, M. Lewis, P., & Thornhill, A., (2009). *Research Methods for Business Students*, Pearson Education, Fifth edition.
- Shleifer, A., & Treisman, D. (2014). Normal Countries: The East 25 Years After Communism. *Foreign Affairs*, November/December 2014.
- Schneider, S. K., & George, W. M. (2011). Servant leadership versus transformational leadership in voluntary service organisations. *Leadership & Organization Development Journal*, 32(1), 60-77.
- Siegel, D. S. (2014). Responsible Leadership. *The Academy of Management Perspectives*, 28(3), 221-223.
- Stahl, G. K., & Sully de Luque, M. (2014). Antecedents of Responsible Leader Behaviour: A Research Synthesis, Conceptual Framework, and Agenda for Future Research. *The Academy of Management Perspectives*, 28(3), 235-254.

- Stone, G. A., Russell, R. F., & Patterson, K. (2004). Transformational versus servant leadership: A difference in leader focus. *Leadership & Organization Development Journal*, 25(4), 349-361.
- Terrell, R. S., & Rosenbusch, K. (2013). How global leaders develop. *Journal of Management Development*, 32(10), 1056-1079.
- Transparency International (2014). Corruption Perception Index 2014: Results. <https://www.transparency.org/cpi2014/results#myAnchor1>, (accessed 15. June 2015)
- Voegtlin, Ch. (2011). Development of a Scale Measuring Discursive Responsible Leadership. *Journal of Business Ethics*, 91(1), 57-73.
- Voegtlin, C., Patzer, M., & Scherer, A. G. (2012). Responsible Leadership in Global Business: A New Approach to Leadership and Its Multi-Level Outcomes. *Journal of Business Ethics*, 105(1), 1-16.
- Waldman, D. A., & Balven, R. M. (2014). Responsible Leadership: Theoretical Issues and Research Direction. *The Academy of Management Perspectives*, 28(3), 224-234.
- Waldman, D.A. (2014). Bridging the domains of leadership and corporate social responsibility. In D. Day (Ed.), *Handbook of leadership and organizations*. New York: Oxford University Press. 541-557.
- Wang, Y., Li, M., & Mobley, W. H. (2015). Conclusion: A continuous quest for responsive and responsible global leaders. *Advances in Global Leadership*. 333-345

### **Further Readings:**

- Avolio, B. J., & Walumbwa, F. O. (2015). Authentic leadership: Moving HR Leaders to a Higher Level. In *Research in Personnel and Human Resources Management*, 273-304.
- Berger, R., Choi, C. J., & Kim, J. B. (2011). Responsible Leadership for Multinational Enterprises in Bottom of Pyramid Countries: The Knowledge of Local Managers. *Journal of Business Ethics*, 101(1), 553-561.
- Coldwell, D. A. L., Joosub, T., & Papageorgiou, E. (2012). Responsible Leadership in Organizational Crises: An Analysis of the Effects of Public Perceptions of Selected SA Business Organizations' Reputations. *Journal of Business Ethics*, 109(1), 133-144.

- Dartey-Baah, K. (2015). Resilient leadership: A transformational-transactional leadership mix. *Journal of Global Responsibility*, 6(1), 99-112.
- Doh, J. P., Stumpf, S. A., & Tymon Jr., W. G. (2011). Responsible Leadership Helps Retain Talent in India. *Journal of Business Ethics*, 98(1), 85-100.
- Ehrich, L. C., Harris, J., Klenowski, V., Smeed, J., & Spina, N. (2015). The centrality of ethical leadership. *Journal of Educational Administration*, 53(2), 197-214.
- Guay, R. P. (2013). The relationship between leader fit and transformational leadership. *Journal of Managerial Psychology*, 28(1), 55-73.
- Hargett, T. R., & Williams, M. F. (2009). Wilh. Wilhelmsen Shipping Company: Moving from CSR tradition to CSR leadership. *Corporate Governance: The International Journal of Business in Society*, 9(1), 73-82.
- Joseph, E. E., & Winston, B. E. (2005). A correlation of servant leadership, leader trust, and organizational trust. *Leadership & Organization Development Journal*, 26(1), 6-22.
- Kelloway, E., Barling, J., Kelley, E., Comtois, J., & Gatien, B. (2003). Remote transformational leadership. *Leadership & Organization Development Journal*, 24(3), 163-171.
- Lenssen, J. J., & Van Wassenhove, L. N. (2012). A new era of development: The changing role and responsibility of business in developing countries. *Corporate Governance: The International Journal of Business in Society*, 12(4), 403-413.
- Pearce, C. I., Wassenaar, C. L., & Manz, C. C. (2014). Is shared leadership the key to responsible leadership? *The Academy of Management Perspectives*, 28(3), 275-288.
- Perrin, C., Perrin, P. B., Blauth, C., Aphorp, E., Duffy, R. D., Bonterre, M., & Daniels, S. (2012). Factor analysis of global trends in twenty-first century leadership. *Leadership & Organization Development Journal*, 33(2), 175-199.
- Sarros, J. C., & Santora, J. C. (2001). The transformational leadership model in practice. *Leadership & Organization Development Journal*, 22(8), 383-394.
- Van Velsor, E. (2009). Introduction: Leadership and corporate social responsibility. *Corporate Governance: The International Journal of Business in Society*, 9(1), 3-6.

## Appendices

### Appendix 1: Interview protocol guide

#### 1. PART – INTRODUCTION

- Organisation segment:
- Position:
- Education (countries):
- Years of work experience:

#### 2. PART – CURRENT PRACTICES OF LEADERS

##### 1. Please define your leadership style.

- Based on your own experience, what does leadership mean to you?
- What do you think that you still need to develop to become an effective leader?
- Can you please provide one example of your leadership success and one example of leadership failure? Why do you think you experienced this success and failure?

##### 2. What influences the way you lead?

- How does it help you to deal with ambiguous (unclear) situations?
- How do you bring about change in your organisation? How do you persuade people to support your vision? What is the role of values in achieving this?

#### 3. PART – UNDERSTANDING OF RESPONSIBLE LEADERSHIP

##### 1. What is your understanding of responsible leadership?

- What does ethical/responsible mean to you?
- What is your personal view of responsible leadership? What has it been influenced by?

- Do you have any example from your work experience, when you behaved in a responsible way towards your employees or other stakeholders of your company?
- 2. What do you think is a leader's responsibility (e.g. towards employees, customers, society, etc.)?**

#### **4. PART – CHALLENGES OF THE BUSINESS ENVIRONMENT**

- 1. Have you ever faced any situation in your business environment that was offering you an opportunity to behave irresponsibly?**
- What did you do about it?
- 2. Have you ever faced a situation that was challenging your decision-making?**
- Why do you think you experienced these challenges?
  - Why do you consider this situation to be a challenge?
  - How have you addressed these challenges?