

Examining Responsible Leadership Through the Strategic and Ethical Lens

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ABSTRACT

Previous research has attempted to integrate the ethical aspect of responsible leadership and the strategic aspect of responsible leadership (RL) by formulating a multidimensional measurement. This study aims to further explore the multidimensional measurement of responsible leadership by examining its relationship with two outcomes that represent the strategic and ethical lens in leadership research in order to further validate the formulated scale. Service-oriented organizational citizenship behavior (SOCB) represents the strategic outcome whereas work engagement (WEN) represents the ethical outcome. These relationships are examined along with affective commitment (ACO) as a mediating variable. The study used partial least squares structural equation modeling (PLS-SEM) to analyze the data gathered from a total of 205 respondents that worked in the banking industry. The findings suggest that responsible leadership has a positive and significant relationship with service-oriented organizational citizenship behavior and work engagement. In addition, the findings suggest that affective commitment has a significant mediating effect on the relationship between responsible leadership and both service-oriented organizational citizenship behavior and work engagement.

Keywords: *responsible leadership, service-oriented OCB, work engagement, affective commitment*

1. INTRODUCTION

The concept of leadership has been studied in detail and extensively over the past decades resulting in various constructs of leadership focusing on specific characteristics and types of leadership. Agarwal & Bhal (2020) states that there are two "lenses" in leadership research: an ethical lens and a strategic lens [1]. The ethical leadership lens is a leadership approach that emphasizes the moral aspects of a leader that will have an impact on his followers or colleagues. Examples of leadership constructs that have an ethical lens include servant leadership or authentic leadership. The strategic leadership lens is a leadership approach that focuses on practices that advance an organization's competitive advantage. An example of a leadership construct that has a strategic lens is transactional leadership or transformational leadership.

As a response to these two lenses forming in leadership studies, Agarwal & Bhal (2020) attempts to integrate the two lenses to encourage a holistic leadership construct. This is done by establishing the four dimensions of responsible leadership; moral person, moral manager, multistakeholder consideration

& sustainable growth focus [1]. Their article attempted to establish and validate the new measure and dimensions that they have formulated and have outlined clear calls for future research. The recommendations for future research include the usage of the formulated measurement scale of responsible leadership and encouraging studying outcomes that reflect the two lenses of ethical & strategic focus.

This article attempts to answer this call to further research by focusing on two specific outcomes which are service-oriented organizational citizenship behavior (service-oriented OCB) and work engagement. The reason why these two outcomes are chosen to be variables in this study is that each of the variables reflects one side of the leadership lens. With the strategic lens, the focus is on service-oriented OCB. Service-oriented OCB is defined as a conscious behavior in serving customers beyond the work roles that have been assigned [2]. This is a strategic outcome as it relates to the strategic dimensions of responsible leadership which include multistakeholder consideration and sustainable growth focus.

With the ethical lens, the focus would be on psychological outcomes and one of the mentioned possible outcomes in Agarwal & Bhal's (2020) article was work engagement [1]. Furthermore, this article aims to examine affective commitment as a mediating variable, building upon the research of Haque et al. (2018) [3]. In summary, this study hopes to further the understanding of responsible leadership and its four dimensions by investigating the correlation with two outcomes which are service-oriented OCB and work engagement with affective commitment as the mediating variable.

2. LITERATURE REVIEW

2.1. Responsible Leadership

Responsible leadership (RL) is the main construct being investigated in this study. As was mentioned in the introduction, the construct of Responsible Leadership in this article is based on the development by Agarwal & Bhal (2020) who built upon prior studies to establish four specific constructs which integrated the two lenses of leadership research. Prior research has attempted to provide a specific definition of responsible leadership such as the more ethically focused definition stating that responsible leaders should focus on cultivating values and principles to raise commitment and motivation of subordinates; [4] or a more strategic approach emphasizing the importance of building sustainable relationships with various stakeholders for the long-term benefit of both stakeholder and organization [5].

This article affirms the definition of responsible leadership which Agarwal & Bhal established stating responsible leadership is "a phenomenon in which a leader aims at achieving sustainable organizational growth through the development of positive stakeholder interactions and promotion of ethical behaviors" [1]. Within the definition provided, all four dimensions of responsible leadership are entailed. The four dimensions of responsible leadership include moral person, moral manager, multistakeholder consideration, and sustainable growth focus. The first two of the dimensions focus on the ethical side (moral person & moral manager) and the other two focus on the strategic side (multistakeholder consideration and sustainable growth focus).

The four dimensions were built upon previous research that has alluded to the importance of the ethical and strategic side in responsible leadership. The first dimension, moral person, places the importance of a leader's own moral compass and how as an individual they choose to use their stature as a leader; traits such as virtue, justice, sense of responsibility become critical in how an individual leads [6]. The second dimension, moral manager, is closely related to this first dimension but adds the distinct aspect of not only having a moral

character or traits as an individual but the intention to influence others (and more importantly their followers) to act morally as well [7]. The third dimension, which is considered as one of the strategic dimensions, is multistakeholder consideration. This dimension describes a leader's genuine concern of how external stakeholders are affected by their organization's actions through their leadership. Furthermore, this dimension describes the leader's rationale to ensure the benefit of all parties involved; if this is not possible, then the leader must be able to ensure that the pursuit of the interest of one stakeholder is not at the expense of another. Examples of external stakeholders would include suppliers, customers, or related business partners [8]. The last dimension is sustainable growth focus, which describes a leader's understanding of the importance of the long-term goals of the organization and not jeopardizing future prospects for short-term gains [9]. These are the four dimensions that Agarwal & Bhal (2020) have constructed to integrate the ethical and strategic side of prior research on responsible leadership [1].

2.2. Affective Commitment

A well-established definition of affective commitment defines the construct as a person's psychological attachment to their organization and describes the likelihood of the individual leaving the organization on their own accord [3] [10]. Previous research has established affective commitment has correlated positively with various variables such as performance quality and information sharing [11]. Furthermore, a study by Haque et al. (2018) [3] has used affective commitment as a mediating variable between responsible leadership and intention to quit. The findings of the study supported affective commitment's role as a mediator between the two variables.

Since this variable is considered a motivational rather than an attitudinal element, it presents a key part of explaining the relationship of a leadership construct with its outcomes which focus on attitudinal elements [12]. In the context of this study, this article attempts to further previous research by placing affective commitment as a mediator variable of two different outcomes. One leaning towards an ethical-focused outcome (work engagement) and the other more strategic (service-oriented OCB).

2.3. Work Engagement

Prior research has observed affective commitment's mediation towards turnover intention [2], yet, it can be argued that when an employee does not intend to quit does not ensure one's engagement in the workplace. By investigating work engagement, it can further the understanding of responsible leadership's effect on positive outcomes. Work engagement alludes to a

positive, affective-motivational state of high energy combined with high levels of dedication and a strong focus on work [13] [14].

Previous studies have explored the relationship of work engagement with different constructs of leadership such as transformational, or collectivist leadership [15] [16]. Furthermore, a meta-analysis in 2019 found that leader-level resources have been studied frequently and are considered drivers of work engagement [17]. These studies lead to the assumption that responsible leadership with its new formulation may also have a positive correlation with work engagement.

2.4. Service-Oriented OCB

Service-oriented organizational citizenship behaviour (SOCB) is defined as a conscious behaviour in serving customers beyond the work roles that have been assigned [2]. This is different from team OCB, which refers to the same type of behaviours oriented toward the internal team. As the construct of responsible leadership suggests, a responsible leader should trickle down their orientation towards multistakeholders to their subordinates. This is considered a part of the strategic lense which could, in the long run, give a greater benefit for the organization; this is also echoed in an article by Bettencourt et al. (2001) which stated that SOCB could provide a strategic link between the external environment (customer preferences or market trends) with the internal operations of the organization [2]. A study from Tuan & Ngan (2021) examined the relationship between ethical leadership and SOCB, the findings suggested a positive relationship between the two variables [18]. In this study, the construct of leadership is focused on responsible leadership which has an integration of ethical leadership and strategic leadership; which suggests it may have a positive correlation.

2.5. Hypothesis & Conceptual Framework

The research model is depicted in Figure 1. The hypotheses are represented in the figure and are articulated as follows:

- H1a: Responsible leadership is positively correlated with affective commitment.
- H1b: Responsible leadership is positively correlated with service-oriented OCB.
- H1c: Responsible leadership is positively correlated with work engagement.
- H2a: Affective commitment mediates the relationship of responsible leadership with service-oriented OCB.
- H2b: Affective commitment mediates the relationship of responsible leadership with work engagement.
- H3: Affective commitment has a significant positive relationship with service-oriented OCB.
- H4: Affective commitment has a significant positive relationship with work engagement.

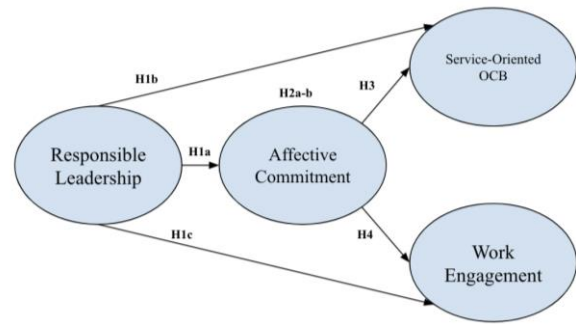


Figure 1. Conceptual Framework

3. METHOD

The method used for data analysis in this study is through Structural Equation Modelling, specifically using Partial Least Square Path Modelling (PLS-PM). SmartPLS 3 is the software used to conduct the analysis [19]. PLS-PM does not require that the data set be normally distributed, so it's possible to process non-normal distributed data. The minimum sample size in order to detect effect is 137 samples, based on an a-priori sample size calculator for structural equation models given the anticipated effect size is 0.3, the desired statistical power level is 0.8, a total of four latent variables and 49 indicators [20]. Since one of the variables of this study focuses on service-oriented OCB, the respondents will be those in the service sector; specifically the banking industry. Front-line tellers, customer service representatives, relationship managers are abundant in this sector and they interact with their customers on a daily basis. Their leaders or managers are also involved day to day in influencing their follower's behavior and can even be involved with handling customers directly. Due to these reasons, this type of respondent profile is chosen for this study.

In order to measure the constructs, a number of scales were chosen. For the construct of responsible leadership (RL), the measurement used is Agarwal & Bhal's (2020) 18-item construction which includes the four dimensions [1]. Affective commitment (ACO) was measured using Allen & Meyer's (1996) 6-item survey [10]. The scale to measure Work engagement (WEN) was UWES (Utrecht Work Engagement Scale), the 9-item version [14]. The measure that will be used in this study to measure service-oriented OCB (SOCB) is 16-item instrument; which included the three dimensions of loyalty, service delivery, and participation [2]. There are two stages to analyzing a model in PLS-PM [21]. The first stage is conducting a reflective model evaluation, which includes evaluating internal consistency, convergent validity, and discriminant validity. Then the second stage is the structural model evaluation which includes measuring collinearity, and path coefficients.

The results of these stages will be discussed in the following section.

4. RESULT

The collected data indicated that the total number of respondents was 205. The summary of the descriptive characteristics of the respondents is shown in table 1. The table includes the sex, age, education & tenure of the respondents.

Table 1. Respondent Profile

Respondent Profile		
Sex		
Sex Categories	Frequency	Percentage
Male	66	32.20%
Female	139	67.80%
Age		
Age Brackets	Frequency	Percentage
20-30	121	59.02%
31-40	45	21.95%
41-50	26	12.68%
51-60	13	6.34%
Education		
Education Level	Frequency	Percentage
SMA/SMK	9	4.39%
D3/D4	16	7.80%
S1	161	78.54%
S2	19	9.27%
Tenure		
Time Brackets	Frequency	Percentage
0-2 Years	43	20.98%
2-4 Years	40	19.51%
4-6 Years	39	19.02%
8-10 Years	26	12.68%
>10 Years	57	27.80%

4.1. Reflective Model Evaluation

Through the PLS Algorithm, all constructs indicated composite reliability greater than 0.7 which suggests internal consistency for the constructs. The highest composite reliability indicated is at 0.953 for the

construct of Responsible Leadership. The lowest AVE value is for the Affective Commitment construct at 0.770. The AVE for all the constructs shows values greater than 0.5, with the largest value being 0.650 for the Work Engagement construct. The construct with the lowest AVE is SOCB with 0.515. These values suggest that the constructs have acceptable convergent validity. For the second-order constructs, the highest HTMT value was for SOCB & ACO which is 0.781. The lowest value was for RL & ACO which is 0.483, this suggests that there is reasonable discriminant validity between the constructs.

4.2. Structural Model Evaluation

The inner model indicated that there were no constructs that had a VIF value greater than 5, with 1.314 being the highest and the lowest being 1. This suggests that there is limited collinearity between the constructs. Table 2 summarizes the path coefficient values for the model. All the relationships indicate t-statistics greater than 1.96 and no p-values greater than 0.05; which suggests all the relationships are significant. In addition, all the relationships have original sample means that are positive which describes the relationships as having a positive correlation between them.

Table 2. Path Coefficients (Means, T-Values, P-Values)

Path	Sample Mean	T Values	P Values
RL → ACO	0.494	6.95	0
RL → SOCB	0.319	3.788	0
RL → WEN	0.242	2.825	0.005
ACO → SOCB	0.616	7.929	0
ACO → WEN	0.666	8.721	0

Table 3 summarizes the specific indirect effects of the structural model. These values will be used as a reference to identify the nature of the mediation of the ACO construct that will be discussed in the discussion section.

Table 3. Indirect Effects (Mean, T-Values, P-Values)

Path	Sample Mean	T Values	P Values
RL → ACO → SOCB	0.303	5.512	0
RL → ACO → WEN	0.33	4.768	0

5. DISCUSSION

Based on the structural model evaluation there are several key insights that can be discussed regarding the hypotheses:

H1a. *Responsible leadership is positively correlated with affective commitment.*

H1b. *Responsible leadership is positively correlated with service-oriented OCB.*

H1c. *Responsible leadership is positively correlated with work engagement.*

The structural model indicates that the relationship has a positive relationship, with the sample mean being 0.494. The relationship is significant due to the p-value being 0 and the t-value being 6.95. Due to these findings, it can be concluded that the results support H1a. A similar conclusion can be reached for H1b and H1c. These two hypotheses examine the direct relationship of RL with the two outcomes, ACO & SOCB. The t-value for the RL and SOCB path is 3.788 whereas for the RL and WEN path is 2.825.

H2a. *Affective commitment mediates the relationship of responsible leadership with service-oriented OCB.*

H2b. *Affective commitment mediates the relationship of responsible leadership with work engagement.*

These two hypotheses are also supported based on the findings of the structural model. The p-values that can be seen in table 3 show that the indirect effect of RL to SOCB (through ACO) is significant; this also applies in the path of RL to WEN.

H3. *Affective commitment has a significant positive relationship with service-oriented OCB.*

The structural model indicated that the p-value and t-value for the path of ACO to SOCB are positive and significant. This implies that the structural model supports H3.

H4. *Affective commitment has a significant positive relationship with work engagement.*

In line with previous research, affective commitment has a positive and significant correlation with regard to positive outcomes [2]. The t-value for this path is greater than 1.96 and the p-value is less than 0.05 which leads to the interpretation that H4 is supported.

6. CONCLUSION

Based on the findings of this study, several key conclusions can be formed. Firstly, the multidimensional measurement of RL is shown to have positive correlations with both strategic and ethical outcomes, which supports its initial intentions of formulating a leadership scale that may capture both lenses in leadership research [1]. Within the findings of this research, it can be concluded that leaders who have

attributes of a moral manager, moral person, has sustainable growth focus and multistakeholder consideration could lead to positive outcomes for the followers.

Both strategic and ethical aspects of being a leader are included in this construct and it may be important in forming a much more holistic leader that prioritizes both ethics and strategy. This is an insightful finding as it may lead to further research into which aspects of the four dimensions of responsible leadership may have a greater impact on positive outcomes. Future studies may use other methods and approaches to validate this RL measure in order to develop the construct to be more relevant to real-world contexts.

The second conclusion that can be reached is regarding the mediating nature of ACO. As was mentioned in the discussion section, ACO has a positive and significant relationship with both the ethical and strategic outcomes. The findings of this study are in line with previous notions regarding the role of ACO as a mediating variable between leadership and positive outcomes (both strategic and ethical) [3] [11]. In real-world contexts, this finding implies that affective commitment should be addressed and developed within organizations with the hope that it will play a role in cultivating both strategic and ethical outcomes.

Future research may attempt to investigate the development of the relationship between responsible leadership, affective commitment, and the outcome in order to be able to understand in greater depth how these constructs influence one another over time. This study has explored quantitatively the relationships and correlations between the constructs, but the qualitative nature of these relationships were not explored in depth.

In summary, this study has attempted to further the understanding of responsible leadership through testing the multidimensional measurement and quantitatively measuring the correlations with a strategic and ethical outcome. Ultimately the findings suggest that using the four dimensions measurement of responsible leadership, the construct has positive and significant correlations with both strategic and ethical outcomes.

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