



The Prince's
Responsible
Business Network

Toolkit Series

ENGAGING LEADERS TO ACCELERATE RESPONSIBLE BUSINESS

August 2023

Part of our
Six Catalysts of Responsible Business Series



TOOLKIT

ENGAGING LEADERS TO ACCELERATE RESPONSIBLE BUSINESS

The evidence is clear: there is insufficient progress being made on the Global Goals, otherwise known as the United Nations' Sustainable Development Goals, and businesses need to play their part if they are to be metⁱ. At Business in the Community (BITC), we are aiming to increase the pace and scale of responsible business action needed to tackle those Goals.

To achieve this, we have researched the greatest barriers and drivers of responsible business and identified six [Catalysts of Responsible Business](#): actions that will accelerate, scale and perpetuate sustainable, inclusive and fair corporate efforts to tackle the biggest issues facing society.

This guide covers tips for responsible business practitioners to:

MAKE LEADERS RESPONSIBLE FOR YOUR TARGETS:

Engage executive and non-executive leaders through training, coaching and rewards. Create a legacy to set the direction and tone for your organisation.

Why are leaders key to delivering responsible business impact?

- **The business case for responsibility is clear.** There is a demonstrable link between the value a business delivers to all stakeholders and its commercial success, including customer loyalty, employee attraction and engagement, greater innovation and less risk.ⁱⁱ Additionally, the moral case for action on social and environmental issues is now a priority, with a growing realisation across businesses in every sector that this is the new normal.
- **Transformation projects are twice as likely to succeed when a leader spends more than half of their time on themⁱⁱⁱ.** CEO leadership is continuously named as one of the main reasons that businesses lead on sustainability^{iv}.
- Sustainability teams have made quick progress on their goals attribute this to the support of their senior management teams, including CEOs and Boards^v.
- **Senior leaders shape the culture of an organisation** by prioritising responsibility within core strategy and by acting in line with business purpose and values. When senior leaders role model the behaviour changes they're asking employees to make, transformations are 5.3 times more likely to be successful^{vi}.
- **Stakeholders have increasing expectations** of business leaders to lead with purpose^{vii}. 84% of business leaders report that stakeholders have a greater expectation that companies will drive Environmental, Social and Governance (ESG)-driven growth, whilst 86% say that focusing on ESG and sustainable, inclusive growth has been



critical to building trust in today's uncertain times^{viii}. Yet according to the 2023 Edelman Trust Barometer, the UK public^x trusts businesses more than they do individual CEOs, indicating an opportunity for leaders to play a more active role and secure their social license to operate. This is increasingly reflected in regulation, such as the Corporate Governance Code, which mentions that 'the board should establish the company's purpose, values and strategy...[and] all directors must act with integrity, lead by example and promote the desired culture'^x, which includes that 'the board should establish the company's purpose, values and strategy...[and] all directors must act with integrity, lead by example and promote the desired culture'^{xi}.

- **Leaders who take personal ownership can create an individual and collective legacy.** Research has shown that leaders who make the most progress on responsible business demonstrate two key behaviours. Firstly, they own the problem and encourage others to join them in that ownership by bringing what organisational psychologists call an ownership mentality. Secondly, they create a legacy of impact by acting on the issues that resonate with them most, often based on their lived experiences (see box below).

PERSONAL AND COLLECTIVE LEGACY

Heineken Board. In July 2010, Heineken's UK Management Team partnered with BITC's Seeing is Believing programme and Addaction, a charity tackling alcohol misuse. The team visited a wet hostel and met a variety of people affected by alcohol misuse, including ex-addicts, police officers and community organisers. With senior colleagues seeing first-hand the issues surrounding alcohol misuse, the Management Team decided to accelerate their responsible business activities and delisted their super-strength cider product.

Ray Anderson, Interface. After being asked by a customer 'what is your company doing for the environment?' in 1994 when he was CEO, Ray was met with an urgency to set a new direction for Interface. He committed the company to becoming the world's first environmentally sustainable carpet manufacturer, shaking the foundations of the petroleum-intensive carpet manufacturing industry in the process and leaving the company's stakeholders with mixed reactions. Ray was instrumental in setting zero targets in many areas: zero waste to landfill, zero fossil fuel energy use, zero process water use, and zero greenhouse gas emissions. Today, Interface is a mission zero company with zero environmental footprint.

Paul Polman, Unilever. A leading proponent that business should be a force for good, Paul has been described by the Financial Times as "a standout CEO of the past decade". As ex-CEO of Unilever (2009-2019), he demonstrated that a long-term, multi-stakeholder model goes hand-in-hand with excellent financial performance. He set an ambitious vision to fully decouple business growth from its overall environmental footprint and increase the company's positive social impact through the Unilever Sustainable Living Plan. He also helped rally business leaders to support the Paris climate accord in 2016. Paul set the foundation for future leaders of Unilever to take what he started and evolve it with the Unilever Compass strategy: a fully integrated sustainable business strategy. Unilever continues to be consistently listed as a corporate leader in sustainability.

What can leaders do to achieve responsible business targets?

Take responsibility and accountability for achieving targets

- **Overall accountability:** executive leaders should take on a formal executive sponsor role for a material issue such as environment, race or responsible business overall, in the case of the CEO. Studies have shown that highly effective leaders are seven times more likely to be found in organisations that have formal sponsorship strategies^{xii}. [BITC's Executive Sponsor for Race Toolkit](#) gives a detailed example of what this means. For many organisations, aligning responsible business targets with senior leaders' remuneration can be an effective way of catalysing change.
- **Directorate responsibility:** responsible business should be embedded in the core business strategy, enabling leaders to align their directorate or functional plans with the overarching strategy. See [BITC's Responsible Business Strategy Toolkit](#) for more information.
- **Engage all employees:** research from McKinsey showed that 97% of transformations without employee engagement failed^{xiii}, and KPMG's 2022 CEO Outlook marked employee engagement as the top operational priority to achieve growth objectives over the next three years^{xiv}. Find out more in our toolkit: [How to activate employees on Responsible Business](#).

Adopt a leadership style that best promotes responsible business

Leadership styles associated with responsible business success include the following^{xv}:

- **Transformational leadership** evolves around inspirational motivation, individualised consideration, idealised influence, and intellectual stimulation. The behaviour of transformational leaders motivates employees to achieve responsible business goals and inspires them to perform beyond expected levels. Transformational Leaders are guided by their vision for innovation, sharing this vision

with the world, and creating a positive change to the system.

- **Servant leadership** sees leaders as existing to serve their employees rather than commanding them. A servant leader shares their power, put the needs of the employees first and helps them develop and perform as highly as possible.
- **Collaborative leadership** is a team-oriented leadership style that focuses on the process of engaging collective intelligence in driving the results desired. Collaborative leaders recognise that their strength is greatest in a collective.
- **Visionary leadership** develops a personal vision into a shared vision. Visionary leaders are clear and confident. They possess the ability to communicate their vision effectively to inspire others to share a common purpose.

Implement key sustainable leadership principles and characteristics^{xvi}

- **Adopt a sustainability mindset** that incorporates eco-centricity, systems thinking and long-termism. An eco-centric mindset places humans as one component of the global ecosystem and not separate from it. This plays into systems thinking by allowing the ability to think about a responsible business issue as a sum of its parts and the stakeholders that are affected by it. A sustainability mindset implies a strong sense of purpose paired with long-term ambition.
- **Establish cross-cutting relationships.** Leaders should understand people across different cultures, support diversity, and build productive long-lasting relationships with stakeholders. They should also collaborate with people in different roles to transform key strategies into actions that appeal to various stakeholder groups and create a shared vision for achieving change.
- **Become comfortable and committed to working with complexity.** Leaders must be comfortable working with various complexities that involve factors such as stakeholder needs, politics, competing interests, and natural systems. This also includes understanding that most complex challenges require long-term,

adaptive management and being committed to fostering change.

- **Exercise influence, not authority.** To lead on responsible business, leaders must influence a range of stakeholders, including shareholders, board members, employees, customers, supply chains and others. However, they may not have any authority over these groups, and so must identify ways to develop credible power by strategically engaging and building relationships with them.

How to engage and mobilise your leaders

Enable personal leadership

Seek opportunities for your leaders to experience societal and environmental issues first-hand. You can expose your leaders to new experiences in many ways, including:

- **Encouraging leaders to relate to the issues** by doing a [BITC Seeing is Believing Visit](#), meeting stakeholders, volunteering with local charities, and sharing personal stories. Established in 1990, with His Majesty King Charles III as our Royal Founding Patron, the Seeing is Believing programme was born from a simple yet powerful belief that the best way to close the gap between the boardroom and the community was to take business leaders out to the communities themselves. Over the years, the programme has been a catalyst for campaigns in inner cities and rural communities, addressing issues such as homelessness, social mobility, education and skills.
- **Peer learning and inspiration from other leaders.** [BITC Events](#), [Leadership Teams and Task Forces](#) allow space for leaders to work with and learn from their peers, and provide an opportunity to discuss challenges and opportunities across various material issues. BITC can also help to facilitate meetings between your leaders and leaders from other member companies who may be tackling the same issues as you.
- **Stakeholder collaboration.** Encourage long-term collaboration between leaders and

stakeholders such as employees, customers and the communities you operate in. This could be through focus groups, listening circles, design workshops or dedicated CEO mailboxes.^{xvii}

Train leaders on responsible business

- Sell the business case for action on each of your material issues, including comparison to industry peers, stakeholder views and forecasting trends and benefits.
- Create opportunities for leaders to ask hard questions through stakeholder focus groups or executive planning meetings, guided by expertise from responsible business teams. [BITC's Advisory Team](#) also provides leadership training on responsible business.
- Encourage leadership by example and allow leaders to bring their whole selves to work. This demonstrates their commitment to employees doing the same, therefore being open to making mistakes and taking on a journey of learning and development when it comes to responsible business issues.

TOP TIP: include leaders when conducting your materiality assessments, so that they can understand the macro and micro context and issues, including global mega-trends, and use these in risk and opportunity mapping.



Tap into the economic drivers

KPMG's CEO Outlook 2022 found that 69% of CEOs see stakeholder demand for reporting and transparency on ESG issues increasing significantly^{xviii}. Therefore, it is important to use insights from key stakeholders to reinforce the business case for action:

- **B2B clients:** review major clients' ESG goals, demonstrate trends in reporting ask or feedback, and survey client-facing staff or run customer focus groups for further insights.
- **Competitors:** research different responsible business strategies, activities, leadership engagement and accolades as a point of comparison to identify your company's strengths and weaknesses.

- **Employees:** See our [How to activate employees on Responsible Business Toolkit](#), for more information on increasing employee feedback, responsible business innovation, and amplifying employee voices.

Encourage learning and growth

Responsible business issues are ever-evolving, so it is important for leaders to continuously engage by keeping up to date with the latest challenges and trends. This will also help to ensure that responsible business does not fall down the priority list. Consider peer learning opportunities that your leaders can take part in, for example, BITC's Leadership Teams or exclusive leadership events. Browse available opportunities at www.bitc.org.uk.

BITC would like to thank JTI UK for their support of our Six Catalysts of Responsible Business.



ENJOYED THIS CONTENT?

You might also like to:

- [find out more about our Responsible Business and Strategy work](#)
- [learn more about our advisory services](#)
- [join us for one of our upcoming events](#)



Talk to one of our expert team today to learn how membership of BITC can help you take your responsible business journey further, and drive lasting global change.

ENDNOTES

ⁱ <https://unstats.un.org/sdgs/report/2022/>

ⁱⁱ <https://www.bitc.org.uk/fact-sheet/why-be-a-responsible-business-the-business-case/>

ⁱⁱⁱ <https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/successful-transformation>

^{iv} <https://www.sustainability.com/thinking/2022-sustainability-leaders-survey/>

^v <https://www.slrconsulting.com/en/news-and-insights/insights/2023-sustainability-leaders-summit-key-takeaways>

^{vi} <https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/successful-transformations>

^{vii} https://www.accenture.com/_acnmedia/PDF-115/Accenture-DAVOS-Responsible-Leadership-Report.pdf#zoom=50

^{viii} https://www.ey.com/en_gl/attractiveness/22/how-can-boards-strengthen-governance-to-accelerate-their-esg-journeys

^{ix} https://www.ey.com/en_gl/attractiveness/22/how-can-boards-strengthen-governance-to-accelerate-their-esg-journeys

^x <https://www.edelman.com/trust/2023/trust-barometer>

^{xi} <https://www.frc.org.uk/directors/corporate-governance/uk-corporate-governance-code>

^{xii} <https://www.linkageinc.com/resource-library/rethinking-leadership/>

^{xiii} <https://www.mckinsey.com/capabilities/people-and-organizational-performance/our-insights/successful-transformations>

^{xiv} [KPMG 2022 CEO Outlook - KPMG Global \(home.kpmg\)](#)

^{xv} <https://www.brandtruenorth.com/the-5-top-sustainable-leadership-styles/>

^{xvi} <https://emeritus.org/blog/leadership-sustainable-leadership/>

^{xvii} <https://online.hbs.edu/blog/post/authentic-leadership>

^{xviii} [KPMG 2022 CEO Outlook - KPMG Global \(home.kpmg\)](#)