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SUSTAINABILITY • RESPONSIBILITY • ACCOUNTABILITY

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# An Agenda for Accountable Leadership

## Steve Rochlin

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### Background and context

Let's start with a simple test. Consider the range of issues facing any country today, from globalisation, income disparity, international security, education, healthcare, climate change, the solvency of social safety nets, global corruption, religious tolerance, immigration, nationalism, global trade, the protection of human rights, moral and civic values, racial harmony, traffic congestion, ethical use of emerging technologies, and a variety of other issues at the forefront of our collective concern.

Now, let's take the US just as a test case for an educated, literate, media-savvy, highly developed nation. Rate your level of confidence ranging from one as 'not at all confident' to five as 'you'd bet your life on it' that US leaders from the public, private and civil sectors will be able to successfully negotiate these complex challenges. No parsing of the answers allowed to say it depends on the issue and leaders involved. Standing back and looking at the broad system of leaders and institutions that must interact and deal with these issues: how confident are you that American leaders will deliver?

Ask the rest of the country and the answer is clear. The public gives US leaders a clear vote of no confidence. Harris Interactive finds that public confidence in our leaders — be they in government, church, boardroom or bench — has steadily dropped four years in a row. Similarly, a recent Harvard University study finds the US public fast losing confidence in their leaders.

- More than half of Americans — 56% — say they're not proud of the country's leaders;
- Nearly two-thirds (66%) of Americans believe that the US faces a leadership crisis;
- Nearly three-quarters of Americans (72%) believe that, unless the country's leaders improve, the United States will decline as a nation;
- Nearly three-quarters of Americans (73%) believe that their leaders are out of touch with the average person.<sup>1</sup>

And one can say that citizens hold these impressions with good reason. Historians will look back at the start of the 21st century as a time of successive failures by leaders and the institutions they steward to hold themselves accountable to high ideals and to deliver progressive policies. We know the headlines well

<sup>1</sup> Harvard University, *National Leadership Index* (Harvard, 2005).

Shortly before he was inaugurated for his second term, President Bush was asked why no one was held responsible for the mistakes of the first. 'We had an accountability moment,' he replied, 'and that's called the 2004 elections.'<sup>2</sup>

and no one has been immune. From greedy CEOs, to corrupt politicians, to wayward religious leaders, to hypocritical social service directors, there are examples we can cite for each and every type. And during this time, discussion — much less action — about issues has stultified in a sclerotic competition of stubborn ideologies and special interest.

Now let's try another test. Consider the Millennium Development Goals (MDGs) — goals adopted by all the world's governments through a UN process as the roadmap for building a better world in the 21st century.<sup>3</sup> Among the eight goals are included: halving poverty, halting the spread of HIV/Aids, providing universal primary education, supporting healthcare for mothers and children, and ensuring environmental sustainability, all by the year 2015. The goals have inspired impressive and high-impact initiatives. While some have quarrelled with these goals, the fact remains that they have received universal endorsement.

But eight years away from the deadline how are we doing? Who (other than the cognoscenti in the development world) would know? It's hardly a household idea; how many even know what these goals are?

Here's a third test: name the prominent leaders in the US who have publicly declared their accountability to ensure that the country does what it can to contribute substantially to progress toward the MDGs. But let's not pick on just these goals. Recently the journal *Science* warned that the world's fish supply may be depleted as soon as 2048. Name the prominent leaders we expect to pick up the charge to keep our oceans' schools of fish in session.

In the United States, 47 million live without basic health coverage. Name the leaders who we are confident will handle this or cede the job to someone who can. Or consider the continuing conundrum of globalisation. As it generates huge amounts of wealth it creates

<sup>2</sup> Quoted from Peter Baker, 'For an Opaque White House: Reflection of a New Scrutiny', *The Washington Post*, 7 March 2007: A1.

<sup>3</sup> [www.un.org/millenniumgoals](http://www.un.org/millenniumgoals)

“Exactly how much faith do we have in corporate CEOs and boards to resist the temptation to game the system and reward themselves with seemingly obscene riches?”

‘[Great leaders seek] not to be servants of what is but shapers of what might be.’

John W. Gardner<sup>4</sup>

enormous instability for workers, families and communities. Name the leaders who will coach and inspire us to thrive in an open and global economy.

These are but a handful of issues that place the sustainability of communities and the planet out of whack. Consider: who owns the issue of climate change? Improving the quality of education? Ensuring the solvency of social security? Finding the will and way to reduce traffic congestion? The list goes on.

If these problems are indeed real, and the overwhelming evidence suggests so, where is the leadership to apply solutions going to come from?

Certainly we can think of high-profile efforts particular leaders have tried — from the Clintons’ healthcare reform to Bush’s *No Child Left Behind* — only to face a mobilised and effective opposition of special interests.

Or one might say the problem is a general decline in individual morals

and civic virtue. Each generation, it seems, cries that the one following it has lost its ethical moorings. To be sure, bad apples exist. And with all the passion and jurisprudence against the Enrons, Tycos and WorldComs exactly how much faith do we have in corporate CEOs and boards to resist the temptation to game the system and reward themselves with seemingly obscene riches? A recent Harvard Law study suggests not much.<sup>5</sup>

However, as noted in Box 1, according to leading management scholar Rosabeth Moss Kanter, the problem is not due so much to individual shortcomings as it is to the challenges of complex systems that have become more difficult to lead.

The core of the problem, as Simon Zadek has argued in the pages of *openDemocracy*, is one of accountability.<sup>6</sup> And it is a problem not of too little accountability but too much — too much of the wrong kinds of accountability.

4 John W. Gardner, *On Leadership* (New York: The Free Press, 1990).

5 Eric Dash, ‘US Study Implicates Directors in Options Scandal’, *International Herald Tribune*, 18 December 2006: 1.

6 Simon Zadek, ‘Davos: Changing the World from Within’, *openDemocracy*, 22 January 2007; [www.opendemocracy.net/globalization-institutions\\_government/wef\\_4270.jsp](http://www.opendemocracy.net/globalization-institutions_government/wef_4270.jsp).

### **Box 1. Rosabeth Moss Kantor on leaders**

‘To give the folks at the top of mainstream institutions their due, it is increasingly hard to run a large organization flawlessly, even for the many excellent, ethical CEOs. In recent years, enterprises have become more complex, the world has generated more shocks and surprises, the public has been more polarized, and the Internet has produced more instant watchdogs and attack dogs. Mistakes and problems are inevitable in complex enterprises. Lapses from efficient, rational, law-abiding, or virtuous behavior are a constant danger. Sometimes this occurs because of flawed people, but more often it’s because of ambiguous situations that require the juggling of competing demands (pay raises for workers or price cuts for customers?). We shouldn’t expect heads of established organizations to be perfect, but we should expect them to catch and correct their mistakes quickly. When fumbles occur, denial is tempting, especially when people are pressured to promise strong results regardless of circumstances. Establishments create an appetite for power that can become an addiction. Powerful people who are driven to turn their domains into empires begin to feel that they are above the rules, that what applies to ordinary people does not apply to them (they don’t even have to stand in line at airports). They think they can use their power to suppress criticism and force their will on others, whether employees, customers, suppliers, regulators, or the public . . . Leaders’ responsibilities for institutional values go beyond the walls of a single organization. It’s not enough for ethical chiefs to run a flawless enterprise while maintaining silence on the problems of the sector as a whole.’<sup>7</sup>

Someone who supports market-based, neoliberal solutions to major societal challenge may incorrectly view the idea of ‘too much accountability’ as code to eliminate burdensome regulations, overly protective legislation, and to accentuate policies to promote

competition, innovation and entrepreneurial spirit. To be sure, these should be included in the mix. But there is too much evidence of the perils of what economists call ‘market failure’ to sweep away the rules and referees that help make markets work. For example, recent

<sup>7</sup> Rosabeth Moss Kantor, ‘Memo to America’s Best Leaders: Watch Out’, *US News & World Report*, 22 October 2006.

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“At the same time, the answer does not lie in accountability by accretion, adding layers upon layers of requirements”

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and compelling investigative journalism has exposed the connection of under-funded public safety systems, open trade regimes, and the increase in food contaminated by pathogens such as *E. coli*.

At the same time, the answer does not lie in accountability by accretion, adding layers upon layers of requirements. Some older requirements are indeed no longer relevant in a world that has experienced extraordinary changes over the last decades.

The annual meeting of the World Economic Forum in Davos, Switzerland, illustrates the point. The last meeting ended in a self-proclaimed ‘upbeat mood’. The prominent gathering of 2,400 leaders from business, government and civil society collectively committed to use their positions of leadership to turn commitments on the top issues of climate change, global trade and globalisation into action. ‘We are the epicenter of world engagement,’ concluded E. Neville Isdell, Chairman and CEO of The Coca-Cola Company. ‘It’s not just the results of the four days that flow out of here. The initiatives will continue so when we are back here in 2008 we can say something really did happen.’<sup>8</sup>

We can expect that new initiatives and proposals will emerge from the leaders attending the Forum that will stir the imagination. Of course we can point to a variety of individuals who inspire and provide hopeful rays of light. We see the innovative work of Muhammad Yunus creating new forms of scalable solutions that can help bring millions more comfortable livelihoods. We see prominent champions from former Vice-President Al Gore to coalitions of leading scientists advocating action on the threat of climate change. We see leading CEOs such as IBM’s Sam Palmisano, GE’s Jeff Immelt, and even the controversial Lee Scott of Wal-Mart beginning to speak out and take their businesses forward to an era where responsible and ethical business practices shape competitive and growth strategies. We see religious leaders such as Rick Warren<sup>9</sup> and Bishop T.D. Jakes<sup>10</sup> preaching for citizens to follow the ‘Purpose-Driven Life’ and to find healing through tolerance. We see celebrities such as Bono and Angelina Jolie rushing to fill a void in public leadership by advocating proposals to address issues from climate to global poverty. We see the high-profile leadership of Liberian President Ellen Johnson-Sirleaf, the work of Kofi Annan’s partnership for a green Africa,<sup>11</sup> and the efforts of

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8 [www.weforum.org](http://www.weforum.org)

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9 [www.purposedrivenlife.com](http://www.purposedrivenlife.com)

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10 [www.thepottershouse.org/v2](http://www.thepottershouse.org/v2)

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11 ‘Kofi Annan, Chair of the Alliance for a Green Revolution in Africa, Meets with President Kibaki; Holds First of Fact-finding Missions with African Smallholder Farmers to Boost Agriculture’, Alliance for a Green Revolution in Africa, 16 July 2007; [www.agra-alliance.org/news/pr071607.html](http://www.agra-alliance.org/news/pr071607.html).

‘[Leadership involves] the lifting of a person’s vision to higher sights, the raising of a person’s performance to a higher standard, and the building of a person’s personality beyond its normal limits.’

*Peter Drucker*

the Extractive Industries Transparency Initiative<sup>12</sup> all calling for greater transparency, accountability and ethics in politics. We see Sheikh Mohammad bin Zayed Al Nahyan of Abu Dhabi in the UAE making the bold commitment to build a thriving, 21st-century carbon-neutral metropolis.<sup>13</sup> And last but not least we see the rise of leaders of ‘social enterprise.’ For example, Sara Horowitz has created the non-profit Freelancers Union which provides a growing independent workforce — many of whom are adapting to new employment conditions caused by downsizing and global competition — with health, life and disability insurance at half what they would pay on their own.<sup>14</sup> Complementing these individuals we find New Profit Inc.,<sup>15</sup> the Investors’ Circle,<sup>16</sup> and B Corporation<sup>17</sup> creating financing mechanisms to support social entrepreneurs.

Yet we can also expect that politicians will return to their politicking, electioneering at best, usually to the lowest common

denominators, from New York to Tehran. Business leaders will do what it takes to meet their responsibilities to bonus-hungry fund managers, sadly for those who lose their careers and pensions. And civil society leaders will chase after funding while holding at bay increasing pressures to audit their own practices and to become more responsive and accountable to the beneficiaries they serve.

The horizons for our global ‘vision thing’ can often be set dispiritingly low. The best we were able to get at the recent Bali Summit on climate change was an agreement to *talk* systematically about a binding agreement. And even that went very, very close to failure. So just imagine what it would mean if the concluding statement at a Davos Summit was a binding commitment with real actions. But could such a scenario ever emerge as long as leaders and the institutions over which they preside remain accountable for the wrong things?

<sup>12</sup> [eitransparency.org](http://eitransparency.org)

<sup>13</sup> [www.wfes08.com](http://www.wfes08.com)

<sup>14</sup> [www.freelancersunion.org](http://www.freelancersunion.org)

<sup>15</sup> [www.newprofit.com](http://www.newprofit.com)

<sup>16</sup> [www.investorscircle.net](http://www.investorscircle.net)

<sup>17</sup> [www.bcorporation.net/home.php](http://www.bcorporation.net/home.php); see also Jay Coen Gilbert’s article in this issue.

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## “Currently, misaligned accountabilities pervading our most important institutions drive our leaders to make commitments that they cannot possibly keep”

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We are in the midst of a fundamental transition from the vital issues that confronted progressive leaders of the 20th century to those of today. What will challenge our leaders in building a just and sustainable world in the 21st century will be different and in many ways more complex than the era we are leaving. The profound challenges of climate change, global poverty, water, health, education, and peace and security are diffuse, hard to define in simple terms, and global in nature. Few obvious courses of action will present themselves, and solutions will demand extraordinary imagination.

While exceptions exist, on the whole our institutions are not generating leaders from the private, public and civil sectors willing or able to take on these challenges. Those notable exceptions that do will ultimately fail unless others leaders also commit wholeheartedly to take on these challenges and hold themselves accountable for progress on what can be collectively labelled as ‘sustainable development’ goals.

Currently, however, misaligned accountabilities pervading our most important institutions drive our leaders to make commitments that

they cannot possibly keep. Let’s look at a few cases.

### *1. Labour standards in global supply chains*

Since the mid-1990s when scandals from Nike’s contractor sweatshops to Shell’s accused complicity in political assassinations in Nigeria made the front pages, there has been great effort to work on creating a system to support human rights. Chief executives (and celebrity product pitchmen) have promised violations won’t occur on their watch. They have committed to complex codes and paid for expensive third-party audits. Yet the overwhelming research suggests these efforts have failed to make a dent. This dilemma is brought home by the experience related to AccountAbility by the president of a large electronics subsidiary with over a billion dollars in annual sales operating in Asia. Having just proudly, albeit painfully, implemented a thorough supply chain code of ethical conduct, his company was tested immediately by one of its major American customers. This was a famous brand name hailed for its commitment to corporate citizenship. ‘Its head of procurement approached me on a bid,’ the Business Subsidiary President told AccountAbility. ‘The contract was for \$600,000 for a job

‘... Leaders must be committed. They are not bystanders or simply holders of positions. Their leadership responsibility is for the long term and not for their own short-term benefit.’

Bill Pollard<sup>18</sup>

we knew would cost us \$1.1 million. We had to keep this relationship so we said yes. And that meant using contract workers who worked overtime for no pay. Our customer has a supply chain code of conduct too. All they said was “get the work done”.<sup>19</sup>

## 2. America’s crumbling public infrastructure

Investment banker and former Ambassador Felix Rohatyn recently co-chaired a bi-partisan study group that predicts that in the next several decades the US will require an investment of *at least* \$1.6 trillion to repair, replace and rebuild faltering infrastructure from roads to sewers.<sup>20</sup> The scale intimidates. If these figures are accurate, then one begins by questioning why an investment of approximately 15% of US annual GDP or over 50% of the annual federal budget is not front and centre on the agenda for Presidential and Congressional candidates? Why are leading journalists not seeking to bring the issue to light? Where are the voices

of major financial and construction firms that will be central to delivering and backing this work? Already articles buried in the front sections of newspapers have noted the budding and gruesome consequences of faltering municipal sewer systems. What damage will crumbling roads, bridges, tunnels, rails and public buildings do to human lives? And what is the vision for this infrastructure? Will leaders see this as an opportunity for public-private partnerships to apply the most advanced environmental technologies and materials? Will they advocate investment in forward-looking designs that promote community, health, environmental sustainability, safety and job opportunities for under-served populations? Will contracts be awarded with sufficient transparency and based on strategic criteria? Or will a small number of individuals keep the information costs high and decision-making networks tight? Will this issue use the processes and accountability

18 C. William Pollard, ‘The Leader Who Serves’, in F. Hesselbein, M. Goldsmith and R. Beckhard (eds.), *The Leader of the Future* (San Francisco: Jossey-Bass, 1996).

19 Source: interview for the Global Leadership Network, March 2007.

20 ‘Failing Infrastructure’, PBS Online NewsHour, 4 April 2006; [www.pbs.org/newshour/bb/fedagencies/jan-june06/infrastructure\\_4-4.html](http://www.pbs.org/newshour/bb/fedagencies/jan-june06/infrastructure_4-4.html).

mechanisms of the 1950s or look outward to 2050?

### *3. Global public-private development partnerships*

Even institutions designed to exemplify responsible leadership are not immune to impediments from misaligned accountabilities. Consider the growing investments in public-private partnerships as a tool to deliver development, humanitarian aid and environmental management. AccountAbility's research, among others, has found distressing shortcomings in governance and accountability systems of such partnerships. As a telling example, AccountAbility recently interviewed the executive director of an NGO participating on the board of a major partnership among foundations, NGOs, business and government agencies to deliver critical health services to those most in need. 'It's a farce,' she reports. 'There is a huge amount of money in this partnership. But all the Board of Directors want to do is protect their own turf. They ensure that everything gets caught in a bureaucratic maze so that nothing really gets done, and their own organisations can go on their merry way without feeling any competition.'<sup>21</sup>

### *3. Global climate change*

While it is encouraging to see growing attention to the issues of greenhouse emissions, the scientific consensus remains that there is little the world can do to stop what may be the devastating impacts of climate change to individuals, communities and biodiversity. Necessary action requires bold systemic reforms that dwarf the most ambitious proposals currently in play. Or, as noted in the opinion section of *The Washington Post*, what is more likely is that leaders must prepare for the inevitable consequences of climate change. Current proposals to readopt Kyoto-style emissions targets and carbon cap-and-trade systems simply won't deliver necessary results. Leaders are adopting old solutions to what are now old problems.

None of this is very encouraging.

### **The growing response**

As a result one sees a rise in the attention to responsible and ethical leadership. Respected institutions from the Aspen Institute to Harvard University hold seminars for leaders to reflect on their obligations to society. A variety of management programmes in the United States and Europe have emerged to define the

<sup>21</sup> Source: executive interview for AccountAbility's Partnership Governance and Accountability programme, February 2007.

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## “A strategy to train virtuous leaders represents an approach of great idealism without pragmatism”

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qualities of ethical or responsible leadership.

Although it is far from settled, there is a variety of qualities that are said to characterise responsible leadership. The scope is well summarised by the criteria shown in Box 2. The list on the left was developed by a set of European management schools and heads of corporate responsibility and the one on the right from the experience of the Kellogg Foundation’s programme on leadership.

These ideas are brought to life in the comments of Bill George, former CEO of Medtronic and faculty at the Harvard Business School in Box 3.

George’s description outlines a set of admirable qualities, to be sure. And certainly one would agree that an individual leader displaying these qualities would be one worth following. A host of institutions are now mobilising to train leaders to develop these skills.

At best, this strategy takes a long view to build an army of responsible leaders who through their courage will surmount institutional pressures and obligations to take on the systems that impede

commitments to sustainable development.

However, at worst, a strategy to train virtuous leaders represents an approach of great idealism without pragmatism. To ask these virtues of leaders is to add to a growing list of demands when most leaders struggle to keep up with pressing requirements.

In this sense, to deliver responsible leadership often requires heroic leadership. Heroic leadership is almost by definition rare. And heroic leadership is a double-edged sword. ‘The cult of the heroic leader itself plays a role in elevating people beyond what mere mortals can achieve, creating a power addict’s high.’<sup>22</sup>

To be sure, we can applaud the many examples of progress. Business today does not for the most part behave as negligently as it did just 20 years ago. Today we see the promising proliferation of innovative solutions such as microfinance and alternative energy systems. However, under the current terms of accountability, one must wait for tectonic plates to move at their own geological pace before they finally shift. And the results may demonstrate progress on one set

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22 Rosabeth Moss Kanter, *op.cit.*

## Box 2. The characteristics of responsible leaders

### Global Responsible Leadership Initiative<sup>23</sup>

Responsible leaders possess the following characteristics:

- A globally responsible conscience
- A commitment to dialogue
- A commitment to generate debate on issues
- A commitment to a set of ethical codes.

Guiding principles for responsible leaders include:

- Fairness
- Freedom
- Honesty
- Humanity
- Responsibility and solidarity
- Sustainable development
- Tolerance
- Transparency
- UN Global Compact, and the UN Declaration on Human Rights
- An understanding of the interconnectedness of individuals, communities, regions and ecosystems
- Prioritisation of economic and societal progress and sustainable development

### Kellogg Foundation Principles for 21st-Century Leadership<sup>24</sup>

In the context of current social and economic trends, the leadership skills and characteristics necessary for influencing future change will be the ability to:

- Bring people together being as inclusive as possible around a common agenda for collective action
- Demonstrate collaborative and inclusive decision-making in a community setting
- Be flexible and responsive in the face of change
- Engage in continuous learning and improvement
- Create trusting relationships in a team environment
- Communicate a compelling set of visions, purposes and values
- Be willing to develop, nurture and create space for others to lead
- Possess a global perspective and understand its impact on local communities
- Use imagination and creativity in the solution of difficult problems
- Be open to new and different ideas
- Operate from a systems orientation
- Be capable of informing and influencing policy change

<sup>23</sup> *Globally Responsible Leadership: A Call for Engagement* (Brussels, 2005; [www.garli.org/index.php?option=com\\_docman&task=cat\\_view&gid=13&Itemid=37](http://www.garli.org/index.php?option=com_docman&task=cat_view&gid=13&Itemid=37)).

<sup>24</sup> [www.wkkf.org](http://www.wkkf.org).

### **Box 3. Bill George on great leaders**

‘Great leaders are purpose-centered, not power-hungry. They work for a cause larger than themselves and grander even than the particular organization they head. Their legitimacy comes not from the power they wield but from what they do for others. They are humble in the face of the magnitude of their tasks, so they temper the inherent self-confidence of accomplished people with glances at the mirror of accountability held up by those they serve. They reinforce confidence in the institution as a whole by demonstrating that they are accountable to stakeholders, work with them collaboratively, and empower people inside the organization to speak up, speak the truth, and take initiative. What, then, is the 21st-century leader all about? It is being authentic, uniquely yourself, the genuine article. Authentic leaders know who they are. They are “good in their skin,” so good they don’t feel a need to impress or please others. They not only inspire those around them, they bring people together around a shared purpose and a common set of values and motivate them to create value for everyone involved. Authentic leaders know the “true north” of their moral compass and are prepared to stay the course despite challenges and disappointments. They are more concerned about serving others than they are about their own success or recognition. Which is not to say that authentic leaders are perfect. Every leader has weaknesses, and all are subject to human frailties and mistakes. Yet by acknowledging failings and admitting error, they connect with people and empower them to take risks. ‘How do we recognize authentic leaders? Usually, they demonstrate these five traits:

1. Pursuing their purpose with passion;
2. Practicing solid values;
3. Leading with their hearts as well as their heads;
4. Establishing connected relationships;
5. Demonstrating self-discipline.<sup>25</sup>

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25 Bill George, ‘Truly Authentic Leadership’, *US News and World Report*, 22 October 2006.

'Where are the courageous voices of enlightened CEOs who run excellent companies offering their solutions to what the public feels are excesses and abuses? We could ask the same question about Congress or the Pentagon or members of political parties who fear losing power if they expose and deal with mistakes by partisan peers.'

*Rosabeth Moss Kanter*<sup>26</sup>

of indicators, while generating unintended consequences on others.

There are thousands if not more initiatives, policies and technologies that might help. There are global strategies, regional and local that can all support progress. However, if we rely only on these initiatives championed by heroic leaders without forming a core infrastructure that promotes sustainable development, then what we will do is analogous to inventing the car, the train and the plane without ever developing road, rail or runway: useful inventions all, but unable to transform quality of life for the better at scale.

**AccountAbility's response**

For major institutions to meet the challenges of sustainable development their leaders must embrace, adopt and champion the goals of sustainable development. They must do so in a context that

enhances democratic ideals and enables existing economic and political regimes to better respect the planet and support human rights. What is required is the rapid acceleration of a social movement to establish the terms of progressive leadership for the 21st century and then to create conditions that hold leaders and their institutions to account for their performance.

Regarding the terms, it is helpful to list the virtues of responsible leadership. But what citizens demand of their leaders is more specific and outcome-oriented. What we need to ask of our leaders is not to embody enlightened qualities but rather to take immediate action to:

- Boldly shape how sustainable development will define our security as individuals, communities, country and planet today and into the next 20 years;
- Help individuals and communities to effectively

<sup>26</sup> *Op. cit.*

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## “Only innovations that fundamentally alter the forms and mechanisms of leadership accountability will enable society to meet the sustainable development challenges of the 21st century”

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compete in a time of accelerating global change, e.g. how to ensure populations have the resources to adjust and adapt to changes coming from technology, from global trade;

- Help to unleash breakthroughs that reshape the marketplace and make social innovations competitive;
- Inspire individuals to connect more closely to sustainable agendas in ways that help them find greater meaning in their lives;
- Set the standard of behaviour and exemplify the values of good citizenship;
- Govern collaboratively through partnerships and to understand the power of delivering on shared goals;
- And, last but not least, put themselves on the line and hold themselves accountable for their performance.

Unfortunately, too few leaders express a sense of urgency and willingness to embrace these terms.

It is AccountAbility’s view that only innovations that fundamentally alter the forms and mechanisms of leadership accountability will enable society to meet the sustainable development challenges of the 21st

century. As such, it is not enough to encourage and celebrate visionary leaders when and where they emerge. We believe it is vital to move strategically and intentionally to form the set of incentives and penalties that ensure leaders will be held to account for their commitment and performance to deliver sustainable development.

As Anwar Ibrahim, former Deputy Prime Minister of Malaysia and Honorary President of AccountAbility, says:

*The world is awash with accountability. And yet some of our greatest achievements in [accountability] are now characterized by bureaucratic excess and decay, if not outright greed and corruption. The crisis of legitimacy facing governments and multilateral institutions places us in a unique but not unfamiliar historical moment. Just as yesterday’s innovations were once a sign of great hope, we must reinvent accountability for the 21st century.*<sup>27</sup>

But what do we mean by ‘accountability?’ As Zadek writes in his forthcoming book *The New Competitiveness*:<sup>28</sup>

*Accountability is all about how societies manage power. It describes, quite literally, a relationship between power-holders and those affected by their actions. Usually, it*

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27 Anwar Ibrahim, ‘Accountability and the Future of Freedom’, 21 June 2006; [anwaribrahimblog.com/2006/06/21/accountability-and-the-future-of-freedom](http://anwaribrahimblog.com/2006/06/21/accountability-and-the-future-of-freedom).

28 Simon Zadek, *The New Competitiveness* (Harvard Business School Press, forthcoming).

'More rules and regulations will not improve the ethical behavior of CEOs; in fact it will make it worse.'

*Warren Buffet*

*is thought to consist of two elements: 'answerability' (making power-holders explain their actions) and 'enforceability' (punishing poor or criminal performance). These two elements are often described in short-hand as 'hard' and 'soft' accountability.*

But delivering sustainable development demands more. AccountAbility's core proposition is that new forms of participation are needed to give a voice to citizens over the decisions that impact on their lives. This means building explicit accountability compacts and related stakeholder engagement mechanisms that establish mutual accountability among leaders, institutions and citizens. Forming mutual accountability helps create the constraints that ensure freedom, rather than the constraints that bind freedom. Next, institutions, leaders and stakeholders should collaboratively identify the set of sustainable development goals and measurable objectives to which institutions must strive to deliver. In this way accountability becomes a

performance driver rather than a constraint.

This should deliver what Zadek calls dynamic rather than static accountability, i.e. the terms of accountability must adapt as informed and engaged stakeholders review and respond to progress, setbacks and learning from efforts to meet social justice goals.

#### **The case of tuberculosis**

What does this look like in practice? Consider the response around the world to tuberculosis (TB). TB is a disease that can be treated. But, at the same time, inadequate or irresponsible treatment can turn TB into a 'super-bug' with devastating consequences. In a sense, TB control is a measure of how good a health system is. TB control requires good front-line health workers to identify when someone has a cough, the resource and skills to administer a relatively simple test, an accessible laboratory facilities to test for the disease, a drug supply that is reliable and regular, and finally follow-up to

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## “TB control is such that it does not respond well to central, hierarchical planning”

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ensure patients are following the course of treatment and getting better. Treatment and control is not nearly as resource-intensive as other diseases that occur in lower incidences. Nevertheless, in too many countries this continuum of treatment does not exist.

Leaders in emerging and less developed markets have looked for international aid and the global health industry to provide resource and technical assistance to help manage the problem. However, TB control is such that it does not respond well to central, hierarchical planning. TB requires coordination from a centrally located source, with local and horizontal networks that engage care-givers, communities, technicians and decision-makers. Poor control systems help foster drug resistance and ineffective treatment. For aid to work, nations and their leaders still need to invest in a control infrastructure that blends health policy, delivery plans, capacity development and reliable drugs.

In this context, one might view country leaders as irresponsible or even ethically suspect. However, if a country lacks extensive resources and budgets; faces a variety of pressing health concerns; wants a vocal

constituency advocating on behalf of TB (it is not a disease that merits high-profile campaigns to gain the public’s attention); and must respond to other health concerns that do possess such constituencies, then the problem cannot be diagnosed as simply arising from the moral failings of a country’s leaders.

As a response the global partnership Stop TB formed to respond to the lack of political will to provide effective TB control — focusing first on ensuring adequate drug supply and distribution.<sup>29</sup>

What has helped Stop TB through its initial stages has been an intensive multi-year, multi-party effort to redefine how leaders throughout the TB control system are held to account. Scientists, donor countries, industry, international organisations, major donors, activist organisations, service providers, health ministries and patients themselves participate in the partnership. The core resides in Stop TB’s detailed and complex strategy. Governance structures hold the partnership to account in an iron-clad manner related to the specifics of the strategy. Any adjustment or adaptation to the strategy must demonstrate necessary and value-adding improvement to Stop TB’s

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<sup>29</sup> [www.stoptb.org](http://www.stoptb.org)

#### Box 4. Accountable leadership and the Stop TB Partnership

‘What we have done that others haven’t is our plan. It is standardized . . . The treatment is exactly the same no matter where you go. We collect all of the same information. We can identify the patient in outer Mongolia. There are weaknesses sure, but it works. There is a pyramid of reporting. We . . . can detail by country the number of people treated, success, failure, drug resistance, etc. They are still estimates and some countries are better than others but we have a very clear definition of the problem. We can say there are 22 countries that have 80% of the burden. The process of writing the global plan allowed people to come together to fight it out and reach consensus. Everyone signs up to it. It is the blueprint and everyone follows it. You become a partner and you sign up to the global plan . . . We look successful and we all push the same message . . . The [two-year] process of writing the plan was almost more important than the plan itself . . .’<sup>30</sup>

core mission related to reducing the incidence of TB around the world (see Box 4).

As Stop TB matures, it is working to enhance its governance systems to establish stronger stakeholder voice and engagement that will create mechanisms for leaders to become more accountable to those suffering from TB, help states adopt TB delivery systems, more effectively distribute life-saving drugs, and invest appropriately in prevention and care. Stop TB reached a decision that it must generate a politically active grass-roots constituency (i.e. patients suffering from TB) to hold the partnership — as well as health

systems more broadly — accountable for TB treatment delivery.

#### **An agenda for accountable leadership in the 21st century: the accountable leader**

Accountable leaders take on the charge of delivering these goals. According to management guru Noel Tichy, accountable leaders ‘have strong values that everyone understands and lives up to. The values support the business ideas and are deeply embedded, and everyone is held accountable to them, even in seemingly minor everyday decisions and actions.’<sup>31</sup>

30 AccountAbility interview with WHO/Stop TB executive.

31 Gary Hirshberg, President and CEO of Stonyfield Farm, ‘Profits with a Conscience’, *Leader to Leader* 23 (Winter 2002); [leadertoleader.org/knowledgecenter/journal.aspx?ArticleID=115](http://leadertoleader.org/knowledgecenter/journal.aspx?ArticleID=115).

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## “Now is the time to move forward an initiative to define the terms of 21st-century leadership and its related accountability mechanisms”

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And this accountability makes a difference. According to the Ethics Resource Center’s recent studies, where executives had committed to certain actions, the prevalence of misconduct was 57% less than in organisations where these actions were not displayed. Similarly, employee willingness to report misconduct was 33% higher, and exposure to risk was 66% lower.<sup>32</sup>

Now is the time to move forward an initiative to define the terms of 21st-century leadership and its related accountability mechanisms. The accountability of leaders is at the forefront in news bulletins every day. Look back, say, just at the American news in the months of January through March of 2007 and you will see prominent discussions regarding the accountability of leaders related to the Iraq War, treatment of injured veterans, the accused abuse of public funds by the head of major public trusts, the questionable decision to investigate corrupt practices by a defence contractor, the solvency of social security, private industry and climate change, financiers and insider-trading practices, executive compensation, the misuse of funds of government and civil society organisations involved in disaster relief . . . The list goes on.

An emerging theme of the US 2008 Presidential campaign is around accountability. Candidates from Obama to Romney have tried to convince the electorate they will prioritise accountability in the work of their prospective administrations.

At the same time, the issues related to sustainable development are entering the mainstream. Al Gore’s *An Inconvenient Truth* won an Oscar and he shared a Nobel Prize. Tabloids breathlessly wait to learn which emerging-market country Brad and Angelina will adopt from next (and Angelina Jolie is about to join the roster of the prestigious Council on Foreign Relations). Bono embraces the role of celebrity-in-chief and holds audiences with top officials to negotiate for increased aid flows. One can hardly open a high-end magazine or view prime-time TV without seeing major corporations touting their commitment to communities and the environment. Fund managers cautiously admit that maybe companies that embed responsible business practices throughout their operations will be better investments. The International Organisation for Standardisation (ISO) embarks on a process to create a social responsibility standard for all organisations. Global humanitarian

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<sup>32</sup> Amber Levanon Seligson and Laurie Choi, *Critical Elements of an Organizational Ethical Culture* (Ethics Resource Center with Working Values, 2006).

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NGOs are consistently rated as the most trusted organisations in the world.

Whether these trends will quietly fade as other, more *au courant* and fashionable concerns take their place will depend to a large degree on how we form an architecture to hold leaders from celebrities, politicians, CEOs to bureaucrats accountable for delivering on their aspirations and claims.

A few years ago the pursuit to redefine the accountability of leaders would rightly be called quixotic. Now, the timing is critical. For in the next few years we will see a series of negotiations — some out in the open, others hidden — that will begin to sort out the next several decades of policies and performance expectations related to leadership and sustainable development. One can bet on seeing some progress but it is by no means guaranteed. Of course, any progress made on one set of issues may come at the expense of

others. The law of unintended consequences will be in full effect. Nor is there even any guarantee that the most important issues will be prioritised nor that we will get the agreements and commitments we need. One can also be sure that resistance to any systemic change will remain strong. Interests vested in the status quo may embrace certain reforms in order to win the wider war of accountability.

The time therefore is now to weigh in with initiatives that frame the debate not around virtuous leadership but around accountable leadership. It is time to move to generate conversation and competition around the right set of expectations for leadership related to sustainable development. It is time to offer a mix of constructive solutions and reforms mixed with pressures and incentives to adopt them. The process of driving change in leadership accountability systems will not be easy. But given the stakes there is no alternative.