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## The Role of Leadership in Corporate Social Responsibility as a Manifestation of Organization's Intellectual Capital: A Conceptual Framework

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**Abstract:**

**Purpose:** The main concept of the work is to learn, understand, describe and explain the importance of leaders characterized by special moral competences giving them a rational direction to their behaviors and thus to the development of the socially responsible organization in the context of constituting intellectual capital within the process of corporate social responsibility.

**Design/Methodology/Approach:** The paper constitutes the conceptual research framework for further investigations on the position of the leadership in socially responsible organizations which contributes to the increasing role of intellectual capital in the above organizations. The hypotheses summarizing the deliberation based on the critical review of the literature were formulated in the paper.

**Findings:** The preliminary results of the conceptual work carried out indicate that the higher the level of intellectual capital, the higher is the level of excellence in social responsibility. It was also assumed that the key factor shaping intellectual capital of the organization is the emotional intelligence of the leader and the emotional intelligence of the leader positively shapes interpersonal trust in the organization as well as inter-organizational trust.

**Practical Implications:** Presented outcomes may be useful in formulating management strategies of contemporary enterprises based on the specific role of the responsible leader which then may turn into a new paradigm of managing socially responsible organization operating at higher level of responsibility awareness.

**Originality/value:** The results of the research contribute in the cognitive sense to the enrichment of knowledge in terms of responsible leadership and developing intellectual capital of the organizations.

**Keywords:** Leadership, corporate social responsibility, intellectual capital.

**JEL classification:** M14, M21, M12.

**Paper Type:** Research article.

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## 1. Introduction

Today, we are witnessing radical and profound changes affecting the processes of organizing social, economic and political reality. Undoubtedly, the global epidemiological crisis we have been experiencing for several months is indicated as the main source of this phenomenon at present. On the other hand, according to the authors, this crisis is a kind of catalyst for the economic and political system that has been growing for years. A system that until now was based primarily on the unrestrained, artificially created needs of consumers, and thus on the excessive supply of various goods and services. Products and services often manufactured in a dishonest and disrespectful manner in relation to the potential of natural and ecological resources, and above all the ethical potential of people.

The crisis that we are, whether we want or not, active participants has long been anticipated not only by economists (Bogle, 2008; Fukuyama, 1997; Akerlof and Shiller, 2010; Roubini and Mihm, 2011) who paid attention to destructive greed, excessive speculation of business decisions at the cost of respecting values, building trust, bearing responsibility and true leadership. Sociologists, political scientists and psychologists (Sedláček, 2013) have also spoken in a similar vein for years, criticizing the concept of *homoeconomicus*, accusing it of constantly concerting on the pursuit of economic growth while ignoring factors that are perceived as "abstract" and "soft", and are associated with environmental degradation, increase in debt, financial crises and any psychological effects that result from them. The above considerations confirm, on the one hand, the crisis of economic sciences themselves as sciences particularly responsible for civilization and economic development. On the other hand, they undeniably testify to the existence of contemporary disharmony between the main factors building human social life: the actions of people, the knowledge necessary to take these actions and the values that underlie them.

In this context, the authors draw attention to two basic groups of factors that in their opinion underlie the reconstruction, not only the current model of the functioning of the economy, but also, or above all, underpin the reconstruction of concepts and strategies shaping civilization, social, economic and political. The first factor is the extremely dynamic impact of currently developed and implemented, often chaotically, information and cognitive technologies. Another factor is the widespread and globally recognized legitimacy of recognizing the right to life of modern people in accordance with moral values, good, cooperation and care for the natural environment.

The response to the above underlined scientific dilemmas can be the emerging optimistic vision of the modern world, as a reaction to the catastrophic news about various threats that are brought by: globalization, modern technologies, global warming, overpopulation, crisis of liberal-democratic values, epidemics etc. is a vision of the present day in which "doing good by people for people" would shape social, political and economic relations. This optimistic vision is not only the naively

formulated idea of the future but (what is worth emphasizing) it is already more and more conscious practice of management and governance processes. It is also the authors' response to the following questions bothering them as researchers and management practitioners:

- Why do so many efforts of managers, researchers and experts in management, undertaken in order to rationalize the development processes of modern organizations as socially responsible in the area of economic, social and ecological conditions end in failure? And where shall we look for the rationalizing platforms for these activities and efforts?
- Can we, in the face of these realized necessities, build (on the basis of modern management sciences and on the platform of practical experience the efficient), effective and meeting ethical criteria methodologies and tools, designed for achieving socially expected goals related to bearing full responsibility for the good of people and the good of the social and ecological environment?
- How? Where? with Who? and with What? and with what values shall we build the necessary optimism in this respect, an optimism that will also be made real by the fact that the majority of contemporary organizations will build their strategies towards rationalizing the processes of achieving the vision of socially responsible enterprises?

On the basis of management sciences many works and expert opinions have been developed in this respect and many methodologies have been developed. The practice in this regard proves to be disappointing and not convincing when it comes to positive verification of these works. Often, the efforts of managers, owners of organizations as well as politicians and creators of formal and legal regulations undertaken in this direction are, in practice, marginalized. A period of worse economic situation or a crisis in the company is enough for rationalization projects to be rejected and ignored.

In the face of the above dilemmas, we construct our idea assuming the leader's key role in the process of constituting the intellectual capital of the enterprise as a basic platform which enables rational strategic management of enterprises towards achieving the vision of socially responsible organizations. World literature and research in the field of leadership are extremely rich, which clearly confirms the importance of this issue (Alshammari, Almutairi, and Thuwainini, 2015; Ardichvili and Jondle, 2009; Crane and Matten, 2010; Kanungo, 2001; Stouten, Dijke, and De Cremer, 2012). However, due to the challenges and threats outlined above, the issues of leadership are extremely diverse, multi-faceted and should be considered on increasingly new levels (Bauman, 2013; Jackson, Meyer, and Wang, 2013). Our idea and perception of the modern leadership phenomenon has been based on the assumptions which are as follows:

- The higher the level of intellectual capital, the higher is the level of excellence in social responsibility.

- The basic factor shaping intellectual capital is the leader and his emotional intelligence.
- Positive axiological and ethical integration in the person of the leader determines the positive integration of the social responsibility instruments.

We believe that it is justified in this context to quit the management paradigm, which has been dominant in management science until now and which prefers the dominance of the economic value of enterprises over socio-ecological values. It is characterized by a predominance of selfish behaviors and attitudes of confrontational organization members over cooperation attitudes which are intended for recognition of individualized values, needs and behaviors of organization members as a key factor of the organization. Members of the organization - individuals are by nature guided by moral values and norms, which turn out to be crucial for the realization of optimism about the future of the development and progress of enterprises. In modern organizations we are rediscovering not all creatively cooperating members of the organization but the important role of outstanding leaders - good by nature individuals because they are guided by morality, responsibility and empathy.

Leaders perceived in this way, according to the authors, will empower the intellectual capital of the organization. We are talking about the intellectual capital for which an innovative, proprietary approach to the structure has been proposed and which is based on three important components: organizational intellectual capital, cognitive intellectual capital and axiological intellectual capital. At the same time, assumptions for methodological concepts for the development of intellectual capital were formulated in an original and innovative way within the context of processes carried out for building social responsibility. Intellectual capital was assigned to the role of "driving force" of these processes in this respect.

## **2. Intellectual Capital: The Determinant of Constituting the Process of Excellence in Social Responsibility**

The truth universally recognized by the practice of management is that the prism by which the achievements of modern organizations is assessed is the intellectual capital. Intellectual capital is a key factor determining the increase in the value of an organization and building a competitive advantage on the market (Buenechea, 2017; Chahal and Bakshi, 2015; Dumay, Rooner, and Marini, 2013). Neither financial capital nor material resources, but the entrepreneur's knowledge, competences and skills, as well as ethical and moral values (manifesting in organizational culture, in the level of trust or objectified knowledge, in structural solutions, IT systems and formal and legal principles) decide about the future of the organization and create its prosperity (Stewart, 1997; Choo and Bontis, 2002).

Although intangible resources have always been used by organizations in their activities, it is significant that at present, the value of the organization is less and less influenced by material factors, giving way to "hidden resources" and therefore

intellectual capital. Drucker (1993) emphasizes in this aspect that knowledge is *"a key and dominant economic resource and may be the only factor of competitive advantage"*. Intellectual capital meets the conditions characterizing the features of resources necessary to build a permanent competitive advantage, namely, it creates added value for stakeholders and guarantees balanced and sustainable development of the organization (Marr, 2018).

The definition of intellectual capital most often cited in the management sciences literature is the definition by Edvinsson and Malone, which presents intellectual capital as the difference between the market and accounting value of an organization, *"where the intellectual capital of an organization consists of subsets defined as: human capital and structural capital"*. The term capital is primary in relation to the concept of intellectual capital (Edvinsson and Malone, 1997).

Capital is undoubtedly a valuable asset enabling running a business, and therefore increase the value of capital itself. emphasize the possibility of impairment capital associated with its destruction when it is misplaced, i.e. business based on its resources: will not bring profit. It is worth paying special attention to the definition of capital proposed by de Soto. It is of key cognitive importance for understanding the essence of intellectual capital and for further scientific exploration in this respect.

H. de Soto (2003) assumes that *"capital like energy is a dormant value and revitalizing it requires us to stop just looking at our resources as they are and start actively thinking about what they could be. We need a mechanism that will give the economic potential of resources a handy form, enabling them to be used to start a new production"* (de Soto, 2003). According to the author, the determinant of the process of transforming resources into capital understood as a value creation resource is to strengthen it with materialized knowledge, knowledge in terms of competences, as well as organizational, legal and technological norms and solutions (de Soto, 2003). The above understanding of capital gives rise to the thesis that organizations, in order to continue and develop should continually rebuild the invested capital by recovering it on the basis of obtained income from both tangible and intangible assets - intellectual capital. The mentioned "reconstruction" and "restoration" must necessarily include all forms of capital in order to be effective.

We emphasize that the key condition for restoring physical and financial capital is the possibility of paying it from income obtained in relation to satisfying social needs. According to the authors, the source of intellectual capital is the enterprise community, the community of clients, cooperators, and the local community. Restricting only to maximizing income through the restoration of tangible capital while marginalizing the process of restoring intellectual and social capital will have a destructive effect on the enterprise's sustainability and development. In terms of understanding the organization as a social system through the prism of its self-capitalization, the authors point out that the factor determining the organization's autopoietic abilities is the restoration of knowledge. The organizational knowledge

created by the members of the organization is self-conceptual. The organizational potential built on the foundations of trust and cooperation is shaped by the conscious implementation and management of structural and social solutions that enable the creation of innovative knowledge (Schneider and Schmidpeter, 2015; Jondle, Ardichvili, and Mitchell, 2014). For this reason, the thesis that the capitalization of intellectual capital is determined, on the one hand, through guaranteeing the availability of knowledge links in the organization, and on the other hand determined through guaranteeing the processes of "self-reference" in the organization. The potential of the intellectual capital of an organization can be defined as the resultant of the potential of knowledge created in the organization and solutions - an instrument of managing this knowledge. Social capital plays a key role in building intellectual capital, and more precisely - its transformation capabilities, thanks to which intellectual capital becomes a source of synergy in the process of organization's functioning and development, thus making a real transformation of its resources into values.

The transformation of individual types of capital involves the transformation of material resources into an increase in the value of the organization, has the character of a "learning" process and includes the following examples of activities:

- transformation of human capital: development and improvement of managerial competences, design and organization of knowledge capitalization systems (databases, IT systems), organization and development of education systems to increase the level of innovation and entrepreneurship in the organization,
- transformation of cultural capital: building and disseminating cultural values of organizations, democratization of organizational units,
- transformation of process capital: organization and development of technology transfer processes,
- transformation of organizational capital: activities aimed at transforming organizational culture, organizing pro-innovative works, building and developing innovative organizational units,
- transformation of entrepreneurial capital: development and dissemination of entrepreneurial culture, building a "climate" for entrepreneurial and innovative activities, activities aimed at formulating an innovative development strategy.

In a similar way, through the prism of the increase in the value of the organization, the essence of the intellectual capital of contemporary organizations is reflected in the works and definitions of other authors, including Stewart (1997). He describes intellectual capital as *"intellectual material that has been formalized, captured and forced to act in order to create higher value assets"*. According to Edvinsson and Malone intellectual capital is *"intangible assets and those that are not in physical form but constitute value for the enterprise"*, and *"knowledge that can be turned into value"* (Edvinsson, Malone, 1997). In our opinion intellectual capital is the sum of the knowledge possessed by the people forming the enterprise community and the practical transformation of this knowledge into its value components. Intellectual

capital understood in this way includes all irrational elements shaping the difference between the total value of an enterprise and its financial value. Some divide intellectual capital into two parts, the first of which includes invisible resources and processes and creates organizational and social capital, while the second reflects knowledge and creates human capital. In this context, these authors point to the unconscious and conscious part of intellectual capital on the other hand, proposes a definition in which he defines intellectual capital as "*managerial knowledge which, when used in enterprise processes, is able to generate added value*".

Intellectual capital management is related to its classification. Like the definition, there are various positions in the literature regarding intellectual capital components. Basically, there are two dominant trends in this area: a two-component approach and an approach involving three or more components (Buenechea, 2017).

The above approaches confirm the leading role of human capital and social capital within intellectual capital. This is particularly evident in the concept which emphasizes in this respect the key place of social trust relationships. The originality in this case is the justification of the importance of social capital by underlining its potential for causative impact on social relations, interpersonal trust, and trust in networks of cooperation with other organizations (De Conninck, 2011). This fact is also clearly emphasized by Fukuyama (1995). Referring to the achievements cited above by de Sotto, the authors would like to emphasize the fact that the development of a modern enterprise is correlated with the intellectual capital of that enterprise.

The enterprise "grows", develops, satisfying social needs, which is inextricably linked to the formation of intellectual capital. At the same time, the enterprise goes through crises, often standing on the brink of collapse, which in turn is often the result of intellectual capital degradation. In such situations, the restitution of intellectual capital is possible by building new business models or setting new horizons of innovation. In this process, which links the functioning of the company with intellectual capital, the leader plays an extremely important role, who formulates strategies, missions, visions of this company, also creates a platform for social relations based in particular on trust as the basis for social satisfaction needs and social conditions of the enterprise's functioning. In this way, a platform for social legitimization of the enterprise's functioning has been constructed (Kumari, Usmani, and Husain, 2015; Marr and Moustaghfir, 2005).

Modern management sciences have developed many methods for estimating and measuring intellectual capital (Ferenhof *et al.*, 2015; Teece, 2000; Gogan *et al.*, 2016) but they have not created methods for the process of harmonizing the development of intellectual capital with organizational development coordinated with the process of achieving excellence in social responsibility (Blowfield and Murray, 2011). Attempting to fill the research gap above is one of the key objectives of this work. The author's research, in particular qualitative research, provides the basis for formulating the assumptions of methodological concepts for the

development of intellectual capital in the context of reaching social excellence.

Bearing in mind the above assumptions and taking into account research needs an intellectual structure of intellectual capital was proposed. The authors put forward the thesis that intellectual capital performs in the organization, using a metaphor, the functions of a "dam" by producing "energy" and is the driving force for the processes of reaching social responsibility along with the implementation and development of the instrumentation necessary in this area, and at the same time, he is empowered - leaders express it and create it with their attitudes. The author assumes that intellectual capital includes human resources that generate added value, and intellectual assets that are a source of innovation and represent the intangible assets of an enterprise (Aslan and Sendogdu; 2012). From such definition perspective, intellectual capital in the company is built by three main components:

- 1) organizational, resource and energy intellectual capital (IC1), associated with establishing and maintaining the functioning of the organization, covering factors in the areas of material resources and strategies, and shaping the level of interpersonal and inter-organizational trust;
- 2) cognitive intellectual capital (IC2), which is the source and stream of knowledge defining the organization's goal, quantitative and qualitative knowledge about technology, the structure of implementation of individual hierarchies, about ways of organizing joint activities, and covering factors in the areas of: structure, human resource management, control and compliance;
- 3) axiological intellectual capital (IC3), covering systems of moral and organizational values of the leader and other members of the organization, together with aspects of management's emotional intelligence, types of authority in the organization, management styles, including factors in the areas of: power and demo business management, innovation, integration and identification, and leadership.

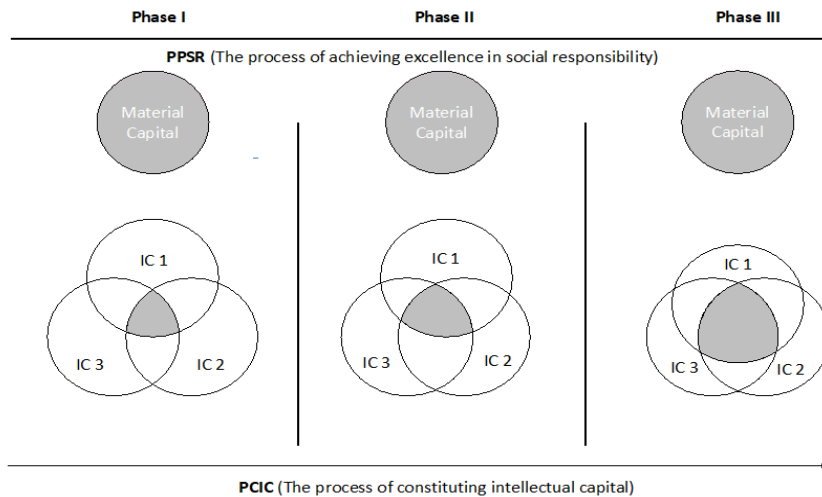
The empowered above components are also creative factors activities and functions of a leader who should be assessed through the prism its intellectual capital as defined by:

- IC1: the executive power of a leader,
- IC2: knowledge and skills of a leader,
- IC3: leader values.

In the authors' research model (Figure 1), it was assumed that the process of constituting intellectual capital in an organization (PCIC) is positively correlated with the process of achieving perfection of the social responsibility system (PPSR).



**Figure 1.** The process of constituting intellectual capital in the context of achieving excellence in social responsibility



*Source: Own study.*

In the process of constituting intellectual capital in an organization (PCIC) in the context of achieving excellence in social responsibility (PPSR), the potential of an organization's intellectual capital is determined by the level of integration of its individual components: CI 1, CI 2 and CI 3. Harmonious processes: PPSR and PCIC cover three phases of the quest for excellence:

*Phase I:* the basic level of PPSR maturity characterized by a small degree of harmonization of the intellectual capital components IC 1, IC 2, IC 3 and a low level of implementation and integration of the instrument of social responsibility management.

*Phase II:* intermediate level of PPSR maturity, which is accompanied by an average degree of harmonization of IC 1, IC 2, IC 3 components.

*Phase III:* advanced level of PPSR maturity with a high level of integration of components CI 1, CI 2, CI 3.

In the process of striving for excellence in social responsibility systems (PPSR), it is therefore necessary to implement and integrate social responsibility management instruments with the conscious improvement of achieving the appropriate level of intellectual capital, carried out by integrating its components IC 1, IC 2, IC 3 (PKI). The potential of intellectual capital is therefore a key determinant of excellence in social responsibility systems.

The parallel course of PPSR and PCIC processes indicates the hierarchy of resources in the organization and its impact on the value of the organization. The higher the stages of the process reach the organization, material capital is getting lower and lower in the hierarchy of its resources, in favor of the growing dominance of

intellectual capital, and this consequently increases organization value. The level of intellectual capital is determined on the basis of the degree of integration of its components (intellectual organizational capital IC1, cognitive intellectual capital IC2 and axiological intellectual capital IC3) Therefore we assume that the higher is the level of intellectual capital, the higher is the level of excellence in social responsibility

### **3. The Role of a Leader in Socially Responsible Organizations**

The exploration of the role and significance of intellectual capital carried out in the previous point in constituting the process of achieving excellence in social responsibility gave rise to the thesis that it is the leader who creates the process of constituting this capital in the organization.

The theoretical platform for constructing theses are modern network theories of organizations, based on ontological and epistemological assumptions, understanding the organization as: a constantly changing network of deliberately constructed activities undertaken by its members, where these individual activities formulate network structure. Organizations as constantly changing enterprises, as structures of social networks, unlimited in system boundaries, build their identities (organizational cultures) precisely by professing and consolidating the values and knowledge of the dominant members of the organization - leaders.

Do and how do organizations create these leaders? How do they develop their intelligence, including leadership competencies? In the same way, the organization builds its identity and organizational culture, and thus realizes the vision of a socially responsible enterprise. In the authors' opinion, it is the network of collaborators that constitutes the leader, his development manifested, among others, in shaping the potential of emotional intelligence. The reverse relationship is also important and important: thanks to their substantive competences and professed moral values, leaders teach attitudes and values that are socially responsible. The strategy of socially responsible enterprises is a resultant of creative processes, inspired and developed by the leaders of organizations, acting as project managers of ventures undertaken for the development of the enterprise towards the vision of socially responsible enterprises, which determines the strategic directions of striving for the excellence of socially responsible organizations (Brown and Mitchell, 2010; Avey, Wernsing, and Palanski; 2012; Pless and Maak, 2011).

The variability and complexity of modern economic and social life fundamentally affect the management of organizations. Numerous authors emphasize in their studies that contemporary managers are particularly expected to be able to permanently adapt to the circumstances that determine the functioning of an organization (Inkinen, 2015; Chahal and Bakshi, 2015). In this context attention is drawn to the fact that currently not only the position, role and importance of a manager in the organization are subject to reorientation but also the resulting duties,

powers and, above all, the desired skills and abilities. Modern managers are expected to have creativity, intuition and vision as indispensable attributes in managing organizations in turbulent conditions and in the state of uncertainty and risk associated with them.

On the other hand emphasizes the negative effects of the lack of the above adaptation skills of managers, occurring both on the microeconomic scale - for the organization in the form of even destruction of its value, and also on the macroeconomic scale - for the countries in the form of a slowdown in socio-economic development. At the same time, the authors, referring to the results of the conducted research, indicate numerous dysfunctions of managerial work in contemporary organizations and a simultaneous lack of knowledge in this field. The irregularities identified by the authors include first of all: excessive faith in his professionalism, centralistic style of work and centralized management structure, ignorance of the subordinate team both from the point of view of character traits and the ability to perform specific tasks, lack of fundamental managerial skills (improper planning, lack of organizational skills) or negative managerial traits.

In the light of the above, it seems that it is a certain paradox that the successes of modern organizations, large corporations and small and medium-sized enterprises, innovative enterprises, as well as the successes of economic regions or socio-economic undertakings in the form of various types of projects, are determined by individuals. Individuals with special competences, not necessarily professional ones, but with special moral and ethical competences. Because at the modern stage of civilization development it is obvious that the success of an organization is primarily determined by the cooperation, cooperation of organization members, "organized" in various types of teams. Cooperation in the network of entities cooperating in the implementation of specific projects is decisive. It is networks of mutual interactions and the underlying human activities that constitute the organization and determine its development. An analysis of the achievements of leading authors in the field of philosophy and social sciences. The potential of individuals, which consists of special social competences, a high level of emotional intelligence, professed organizational and moral values, should be considered a kind of resource and energy "generator" of knowledge and values, especially of socially responsible organizations.

On the basis of management sciences, extensive scientific and research achievements in the field of leadership issues were built (Bratton, 2020; Yukl, 2013; Mihelic, Lipicnik, and Tekavcic, 2010; Northhouse, 2013). The authors' elaboration in this point is not intended to refer to and assess the current state of knowledge in the discussed area (D'Amato and Roome, 2009; Hansen *et al.*, 2013; Rubin, Dierdorff, and Brown, 2010), but is limited to attempting the presentation of the role and attributes of the leader in the process of social responsibility from the perspective of causative and integrating functions that he fulfills in this process.

The authors also found in their research that success measured by the level of rationality of processes of reaching social excellence undeniably decided by entrepreneur-leaders, strategists, as well as project leaders implementing various systems for managing processes of achieving excellence in social responsibility, including particular compliance systems - compliance officers. It was natural and somewhat necessary to determine what special competencies these units have in the examined organizations. Of course, these are undoubtedly outstanding professionals with high knowledge potential, in particular knowledge in project management, with skills and experience. Undoubtedly, they are also visionary strategists who are able to implement the mission of their organizations in an innovative way. Above all, however these are individuals with special competences to influence their colleagues, partners and incline them to behave in accordance with their expectations. What is more these leaders have the gift of influencing their partners in order to encourage them to innovative and creative behaviors in the implementation of various ventures, projects which they preside over (Akbari *et al.*, 2017; Wright and Quick, 2011; Mayer, Kuenzi, and Greenbaum, 2010).

These exceptional competences have their sources in special moral skills, which competences consist not only of a coherent system of moral values but also their credibility, which was mentioned above, as a consequence of integrity. Integrity, as Maxwell proves, is the most important element of leadership. It is understood by the author as *"the correspondence of words and deeds and consistency in thinking and acting independent of place and circumstances"* (Maxwell, 2007). In other words, integrity is a worldview, uniqueness, internal coherence and a system of values covering all areas of life. For this reason, a key feature of modern leaders should be integrity, which means credible leadership. Credibility, in turn, builds social trust. Hence, the leader's integrity automatically builds trust in him, his attitude and actions, and thus fosters influence and high moral standards. The attribute of integrity is not acquired in an innate way, it is a consequence of systematic work on strength of character, self-discipline, internal trust and a consistent attitude of integrity (Maxwell, 2011; 2013).

Another assumption, which was confirmed in the authors' research, is the special role of the emotional and axiological intelligence of the leader in socially responsible organizations. The significant role of emotional intelligence in social relations and organization management was pointed out by numerous authors, primarily Goleman. He argues that a high level of knowledge and professional competence as well as a high ratio of general intelligence cannot compensate for the lack of emotional intelligence, which is defined as the ability to recognize and cope with one's own emotions and emotions of other people (Goleman, 2005). The process of developing emotional intelligence is the basis for building positive organizational potential. In addition to emotional intelligence, some authors also distinguish intellectual intelligence and spiritual/ axiological intelligence (Reave, 2005; Rozuel and Kakabadse, 2010). While leaders should be able to see a process of support and interaction between these three categories of intelligence, the

integrity of emotional intelligence and axiological intelligence is particularly important for ethical leadership. Ethical and socially responsible leaders with a high level of emotional and axiological intelligence are characterized by special ethical values, as well as empathy, credibility, justice, understanding, effective communication, agreement, cooperation and the pursuit of consensus (Kalshoven and Den Hartog 2009; Kalshoven, Den Hartog, and De Hoogh, 2011). These features are based on the skills of self-control and self-regulation of one's behavior.

The leader's deficit or low level of emotional intelligence, which the authors pointed out in the research, most often results in the erosion of the organization's values and has a demotivating effect on its members. This is destructive leadership, which in literature is defined as *"systematic and repetitive behavior of a leader, supervisor or manager, which violates the legitimate interest of the organization by undermining and / or sabotaging its goals, tasks, resources and effectiveness or motivation, good self-motivation the feeling and satisfaction of the work of subordinates"* (Einarsen, Aasland, and Skogstad, 2007; Hirschand Zyglidopoulos, 2020; Mayer, Aquino, and Greenbaum, 2012) slows down and often inhibits the processes of reaching perfection of social responsibility. In the work of Goleman (2005) there was adopted a broad approach to the concept of emotional intelligence, involving its inclusion in it the scope of not only specific cognitive skills (including the ability to perceive and identify emotional signals, understanding experiences related to the affective sphere and the use of knowledge about feelings) but also competences, qualities and attitudes. Emotional intelligence understood in this way also includes empathy, low impulsiveness, self-awareness, self-regulation skills, independence, social responsibility and social skills. Hence we propose the following:

1. The key factor shaping intellectual capital of the organization is the emotional intelligence of the leader.
2. The emotional intelligence of the leader positively shapes interpersonal trust in the organization as well as inter-organizational trust.

The essence and role of trust for the rational, socially responsible management of modern organizations has already been emphasized many times in the literature (Mostovicz, Kakabadse, and Kababadse, 2011; Dierendonck, 2011; Hind, Wilson, and Lenssen, 2009). But it is the socially responsible, emotionally intelligent leader who is the source and model of credibility conditioning trust building (Biehl, Hoepner, and Liu, 2012; Arvidsson, 2010; Inkinen, 2105). The paper adopts a broad approach to the concept of emotional intelligence, involving not only specific cognitive skills (including the ability to perceive and identify emotional signals, understanding experiences related to the affective sphere and the use of knowledge about feelings) but also competences, qualities and attitudes. Emotional intelligence understood in this way also includes empathy, low impulsiveness, self-awareness, self-regulation skills, independence, social responsibility and social skills. On the basis of these assumptions, it is assumed that the leader is understood as the leader of social responsibility a person distinguished by special moral and social

competences.

Credibility of such leaders is always the result of such components as: honesty, trust, reciprocity, respect, responsibility. Conditions shaping trust go far beyond the behavioral dimension, relying on the foundations of norms and social values. The above features make trust a multidimensional phenomenon, which is often immeasurable and intuitive. In this aspect, it is worth paying attention to managerial competences, resulting from the empowerment of persons who, due to their qualifications and the ability to bear responsibility were entitled to act (Rozuel and Kakabadse, 2010). Undoubtedly, leaders-managers play a key role in the process of building trust in the organization (Ingenhoff and Sommer, 2010). They should focus primarily on communication with employees, share the organization's vision, define its goals, build awareness in this area, be open to the needs of employees and be credible by referring to their own experiences of successes and failures. By giving the employees the necessary guidance, they should thus set directions for further development (Palansky and Yammarino, 2007; Piccolo *et al.*, 2010).

Trust is the driving force behind the creation of morality, the wisdom of the organization, the morality of its task forces, and the morality of societies. Mutual - interpersonal relations trust shapes the conditions for inter-organizational trust, which is so important for networking and building lasting relationships with stakeholders (Ilyas, Abid, and Ashfaq, 2020). Organizational and communicative forms of relations between participants and members of the organization build the necessary trust for socially responsible undertaking and solving problems, thus constituting the potential of social capital. This unique potential of social capital consists of: the system of organizational values, social relations, which are the foundation for trust, which at the same time becomes a factor that builds intellectual capital.

Subjectively, this relationship is embodied in a leader whose socio-moral skills are mainly manifested in the ability to build positive confidence. The development of knowledge and the transfer of social and moral values between members of the organization emphasizes the importance of confidence-building processes on the way to achieve excellence in social responsibility. Trust verifies people's actions in social networks and builds an organizational culture that is a platform of shared values and their transfer, but also inspires to build cooperation. Motivates to socially responsible activities, which stakeholders perceive as ethical and honest organization behavior. For this reason, the interdependence between confidence-building processes and processes of shaping intellectual capital takes on special significance for socially responsible management.

#### **4. Conclusions and Implications for Further Research**

Research on the identification of the main actor in rationalizing the processes of achieving excellence in social responsibility clearly shows the key role of the leader

in social responsibility. Management practice clearly shows that the statement that this is the mission of the main managers does not give a satisfactory answer, because in crisis conditions many companies return to antisocial practices, and many companies are limited in practice only to declarative approach to social responsibility. For this reason, a person who deals with the mission of corporate social responsibility should have outstanding attributes, competences and special moral characteristics. The presence of such entities in modern organizations is increasingly justified and treated as a key capital in the creation of a new paradigm in management sciences and the associated criticism of the homo economicus model along with the simultaneous promotion of new models of modern "wise man" creating and developing a "wise enterprise". It should be emphasized here, however, that recognition of this particular person as a key capital of enterprise development encounters some practical barrier of complexity, difficulties in promoting and managing ethical values, both at the level of employees and managers.

Diversity, conflict, disagreement are crucial for a full understanding of the values recognized by members of the organization and make it necessary to focus specifically on behavioral aspects of relationships with employees, their feelings and emotions. Hence the legitimacy of emphasizing the importance of a leader as strategic capital, but also the location of its functioning in the enterprise in the context of various political, organizational, structural and administrative conditions. For this reason, for a full picture of the role and importance of the leader as key actor in the management of a socially responsible enterprise, it is necessary to take the effort to take into account the entire spectrum of dependencies, above all the dynamics, complexity of special moral competences that give a rational direction to his conduct and thus the development of the organization. The leader is a man with high leadership competences, who creates a "spiral of positive behaviors", mainly in the form of building trust, shaping conditions conducive to innovation, inspiring action ethical and socially responsible. In other words, the leader should be a "creator of social responsibility".

In order for social responsibility systems to be effective and become a permanent element of reconstruction in an enterprise, it is also necessary to have intellectual capital and its continuous development. Intellectual capital is becoming a strategic resource, determining the success of contemporary, "wise", socially mature enterprises, and the leader of the process of social responsibility - a key driver of creating and developing this capital in an enterprise. In the process of striving for excellence in social responsibility systems, it is therefore necessary to implement and integrate management instruments social responsibility together with the conscious improvement of achieving the appropriate level of intellectual capital through the integration of its components: organizational intellectual capital, cognitive intellectual capital and axiological intellectual capital. The integration of these components builds the potential of intellectual capital, which is a key determinant of excellence in social responsibility systems. The above considerations allow to formulate some research questions, inspiring for further searches. Among

these forward-looking areas, the following can be mentioned above all:

1. Shaping processes of interpersonal trust in organizations as processes of a positive "self-propelling spiral of trust" for the development of modern enterprises.
2. Understanding and preventing distrust in contemporary network organizations that constitutes closed and xenophobic organizations, as well as learning the nature and motives of "destructive" leaders and their influence on strategies in networks of organizations and institutions.

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