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IMPACT OF RESPONSIBLE LEADERSHIP ON BUSINESS GROWTH



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As manufacturers emphasise sustainability and equitability as contributing factors to success, they will need to acquire a broader range of leadership skills.

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Responsible leadership is about making sustainable business decisions that take into account the interests of all stakeholders in a company, as well as the environment and society at large. Efforts in leading the adoption of more sustainable and equitable business practices will result in manufacturing firms reducing inequality and minimise their impacts on the environment. In an increasingly ethically conscious generation, responsible leadership ultimately translates into greater long-term business viability and profitability.

However, responsible leadership has it challenges from within and externally. Leaders need to develop a broader range of skills across various technical, personal, and interpersonal domains. Not only must they possess business acumen –they must also become agents of change in a sector that is undergoing a radical transformation in line with shifting economic and societal priorities.

Innovating responsibly with emerging technology

As with any other sector, the digital transformation of manufacturing requires an approach that starts with leadership. Thus, business and technology leaders must become champions of change and innovation. At the same time, they must work hard to mitigate risk. For example, making the wrong technology choices or a failure to achieve alignment between business goals and digital transformation can lead to quite the opposite effect to what is hoped for. This is especially important in manufacturing, where failures in specialised proprietary machinery can be extremely costly, or worse, harmful to workers.

Responsible innovation is not about adopting new technology for the sake of it, and neither is it only about how it can increase profitability. The goal of a sustainable innovation strategy is much

broader than this. The choices leaders make as they modernise their manufacturing systems and processes can have a significant effect both on the company and broader external factors, such as society and the environment. Innovation without strategy, on the other hand, can end up increasing risk for little or no reward. Fortunately, however, emerging technologies hold at least some of the answers as to which choices responsible leaders should make.

For example, modern predictive maintenance systems can proactively reduce failures and improve safety on shop floors. Artificial intelligence can deliver valuable insights that help drive informed decision-making to betterment of everything from cycle times to worker safety. Internet-connected cameras can monitor machines from a safe distance. Centralising data and operations with an integrated business management system can reduce single points of failure and minimise a company's data and technology footprint. Augmented reality can safely guide workers operating or maintaining complex machinery.

These are just some of the use cases of emerging technologies, but leaders must prioritise responsibility and alignment when innovating.

Fostering a culture of innovation by empowering employees

The most engaged employees are those who are always learning and view their positions as opportunities for professional growth. These are the employees who believe in the organisations they work for and feel like they are a part of something special. Their work has purpose and meaning, and they are recognised and respected for their contributions. This is especially important in the case of millennials. Research carried out by Global Tolerance found that 62% of millennials prefer to work for organisations that make a positive impact¹ on society and the environment.

All of these factors begin at the leadership level. After all, a company's culture is a reflection of its leadership, and it is the most important influencer of employee retention. To build such a business culture, leaders need to empower their employees with opportunities to grow and develop. Continuous workforce training and development are essential parts of that process, and innovation cannot happen without them.

Despite the central role of manufacturing in the fourth industrial revolution and the economy at large, the sector has been surprisingly slow to innovate in digital technology. An analysis from the CIO Program by Deloitte found that manufacturers spend only 1.95% of their budgets on IT2, compared to the 3.28% average across all industries. Historically, the manufacturing sector has been known for being relatively risk-averse and, as a consequence, slower to innovate.

For this to change, firms need to reconsider how their leadership interacts with employees. A leader who embraces change and leads by example will naturally encourage teams to do the same, thereby fostering a forward-thinking culture that is always open to new ideas.

Linking self-interest to the shared interests of diverse teams

The old way of doing things was, in many ways, simpler. Relatively homogenous teams would leverage their commonality to achieve shared interests together. However, this approach is no longer relevant in today's globalised world. Today's biggest challenges, such as the global need for environmental and economic sustainability, concern every business and individual on the planet. Innovation is crucial for addressing those challenges.

At the same time, human nature has not changed. Leaders should continue to recognise that everyone who joins the team does so with a degree of self-interest. Employees have their own goals and ambitions, preferred work styles, and different strengths and weaknesses.

However, self-interest is not necessarily selfish. Rather, it is an inherent and important asset of every individual team member and, in many cases, it can be beneficial to the business as a whole, too. Business leaders need to consolidate these various self-interests into a coordinated team effort. In other words, self-interest must be aligned with strong teamwork wherever possible.

One of the main characteristics of sustainable leadership is the ability to link self-interest with the shared interests of the team and the organisation itself. Shared interests are, by definition, symbiotic, in that they drive mutually beneficial relationships. This is why innovative leaders must be able to demonstrate excellent communication and collaboration skills to establish a synthesis between individual goals and company goals.

As businesses and customer habits diversify, the need for diverse teams built on the concepts of sustainability and equitability becomes clearer. For example, a priority for a manufacturing

firm might be to reduce their environmental impact. However, this does not mean that team members who are less concerned about the environment and more about their daily routines should be left out. There are, after all, many ways to satisfy both sets of goals and priorities, such as by introducing solutions that automate repetitive operations and enhance workplace safety and sustainability in the process.

Final words

The reformation of the manufacturing sector has been a long time coming. Given the extreme importance of the industry and its critical position among global supply chains, manufacturing must focus on innovating quickly while driving forward its corporate responsibility. This starts at the leadership level and must be driven by flexible competency frameworks that are built around economic, societal, and environmental sustainability. These are the characteristics that will drive growth more and more in the future.

