Postgraduate Category: Responsible Management Analysis and Proposal

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ABSTRACT

This proposal critically evaluates Barclay Bank current approach to responsible management. It also established detailed recommendations that the management of Barclays can implement to address climate action and partnership for the Goals SDG.

Hahn et al (2015) framework for tension, value mapping, shared value analysis, responsible business typologies, stakeholder analysis, and systems thinking/organisational design for sustainability were deployed to give a holistic responsible management environmental analysis.

The result of the analysis revealed the tension in the changes implemented and the implication of Barclay's current action to its long term commitments. It also disclosed the deficiencies in the business practices and their impact on climate action and partnership for the goals (SDG).

For businesses to flourish and not go extinct, business leaders must promote and carry out responsible business practices. They must also have a renewed perspective by seeing tensions as a gateway to innovation and gaining a first-mover advantage. Business (such as Barclays) stands to gain more if they desist from making the responsible practice a front but a genuine business mission that should foster business practices that are beneficial to the people, good for profit, and advantageous to society and the entire environment.

Keywords: Responsible management, tension, sustainable development goals, and transparency.

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RESPONSIBLE MANAGEMENT BACKGROUND

The emergence of covid-19 and its aftermath has brought about the need for businesses to be shockproof and more prevalent is the urgent need for businesses to carry out responsible management that involves carrying out business practices that are profitable and not detrimental to the people and the planet. As a business, being shockproof means aligning your talents, the business strategy and the organization while adjusting them effectively in response to business changes. This process gives companies the resilience and agility to withstand tough times (Jacobs, Sheridan & Gonzalez, 2010). In light of the prevalent issue, responsible management can be defined as performing business practices that are beneficial to the people, good for profit, and advantageous to society and the entire environment (Carroll et al, 2020). All the above-listed factors of responsible management are reliant on each other and will not function optimally if fewer factors are given more preference to the others. Responsible Management should not be a front for a company but a personal mission for the employees, and the leaders (Adler & Laasch, 2020). Also, Cooren (2016) described responsible management as the act of being responsive to challenges, especially one that questions ethics. The narratives of responsible management do not take into account the tensions that will exist and the difficulties that firms face in aligning people, planet and profit (Hahn et al. 2010). However, for businesses to flourish and not go extinct, business leaders need to carry out responsible business practices and see tensions as a gateway to innovation and gaining a first-mover advantage (Viser 2010). Hence, to survive, retain a positive brand identity and stay profitable, companies must begin to accept changes and corporate sustainability without putting their profit, the people and the planet in danger (Doppelt & McDonough, 2017).

This proposal will be evaluating Barclay's current approach to responsible management and recommend managerial actions that can be taken to address some key sustainable development goals. The first section will include an extensive environmental analysis of Barclay's responsible management, the second section will cover discussions on key managerial action recommendations, and the third section will include self-reflection on responsible management competency.

SECTION 1

RESPONSIBLE MANAGEMENT ENVIRONMENTAL ANALYSIS: A CASE OF BARCLAY'S BANK INVESTMENT

Introduction

To analyze the environmental factor of responsible management, it is important to gain more understanding of the paradox and tension that serves as a barrier or pathway to the practice of responsible management. A paradox can be defined as the constant contradictions between two or more elements that depend on each other (Schad et al, 2016). It is a prevalent event that often results in tensions between various responsible business practices that “seem logical in isolation but absurd when it appears simultaneously” (Lewis, 2000). Quite often, business or business leaders faced with paradoxical tension respond to it in either a defensive reactive manner (with no clear cut approach) or a proactive manner (with a clear cut approach). However, Smith and Lewis (2011) add that business defensiveness to tension is a result of a lack of acceptance and that businesses (or business leaders) who are aware of and embrace tension come up with resolution strategies that allow them to transform the paradoxical tension into a manageable situation that is beneficial.

Building on these foundations, the banking sector in the united kingdom has faced several paradoxical tension concerning its environmental concerns. A key environmental concern is the impact of climate change on the banking sector, climate change poses a financial loss in relation to transition (risk associated with the bank's action to foster low carbon) and physical risk (risk associated with global warming) factor involved in credit, market, and operational risk (Bank of England, September 2018). More evident in the year 2021, is the impact of the non-acceptance of these paradoxical tensions in the areas of bank lending, and investment choices. The Guardian news (2021) reported that the banks are still financing fossil fuels despite commitments to enabling a low carbon economy.

Barclay's Bank Investment Unit - Environmental Analysis Using Han et al (2015) Framework

To analyse Barclays Bank's environmental responsible management tension, the systematic framework developed by Hahn et al (2015) will be adopted. This framework is widely recognized (amongst works of literature targetted towards corporate effectiveness) for its effectiveness in critically investigating tension in an organization level, context and change but falls short in its effectiveness for efficiency and resilience in the sustainable development debate (Han et al, 2015). However, to gain a wide in-depth understanding of the tension present, the systematic framework will be utilized.

The framework will be used to analyse environmental tension from three dimensions, that is, levels, change and context. Levels provide insights into individual, systemic, and organisational tensions. That is, insights into if the individuals in the firm are open to change that tension brings insight into if the organization accommodate or implements the change and insights, and if the system supports the change (Andersson and Bateman 2000). The Change dimension gives insights into what type of change is being implemented, and the context dimension gives insight into the implication of the current action to long-term commitments (Han et al, 2015).

Level: Barclay bank (as an organisation) and its employee accepts and acknowledges responsible management and environmental hazard. Barclay's has developed policy and administration that portrays its commitment to reducing environmental hazards. As a result, they have committed to providing a yearly report reflecting its corporate ideas, agenda, and plans for tackling environmental hazards (Barclay's ESG report 2020). Therefore, **an opportunity** has been identified with no tension ascertained (between the individual level and organization level). Barclays developed financial products (such as Green loans, green deposits, green trade loans, green bonds, guarantees & indemnities, green selective receivable finance, green bill of exchange & proximity note discount, and green mortgages) for sustainable entrepreneurs and investors to aid sustainability (Bocken, Rana, & Short, 2015). These financial products will not only increase profit or provide access to the untapped green market, but they will also provide job opportunities and increase progress to a swift net-zero environment (Bocken, Rana, & Short, 2015). According to the breakthrough business leader market revolution model, this action successfully puts Barclays on the path to boosting efficiency and effectiveness (that is the change as the usual stage) but certainly not enough to secure a breakthrough.

Systemic Level - **Efficiency Versus financial resilience:** Barclay's is faced with the tension to either keep using its current financial resource, its proven successful business model, its employee, and its profitable high fossil client to keep achieving more profit or forsake profit for the better good of the planet. More also, the Network of Central Banks and Supervisors for

Greening the Financial System estimated 15 trillion pounds as the amount of loss that will be gotten from the depreciation of assets as a result of moving into a low-carbon economy (Bank of England, 2019). However, the global Commission on Economy and Climate estimated the outcome of transitioning to an environmentally friendly economy to yield about 21 trillion pounds in 2030 with 65 million new jobs (Global Commission on Economy and Climate Annual report, 2020). Nevertheless, using the value mapping framework to analyze more critically, Barclay possesses a potential opportunity in the areas of people, planet and profit. Evidently, the opportunities are capable of driving positive financial resilience that is good enough to eliminate the tension that they face, while being unharmful to the triple bottom line (Bocken et al, 2015). Barclay's decision to create its energy banking team (provides more job opportunities), direct exposure to responsible ethics and the implementation of responsible work practices among the energy team which potentially could cascade to the entire team of staff (Bocken, Rana, & Short, 2015). Barclay making finance available for sustainability projects, and the new line of business (sustainability provides) with potential long term profit and growth, a richer investment portfolio, and access to a new market niche serves as a potential to increase or keep up with its current market share (Bocken, Rana, & Short, 2015). However, failure to embrace tension fully has led to Barclay having to make a trade-off instead of leveraging the situation.

Change: Tension is ascertained regarding the type of change Barclays bank implored to drive its financial and business commitment to a sustainable economy and environment. Barclay's environmental commitment involves raising finances for sustainable entrepreneurs (and the environment), reducing its carbon footprint, transparency in business conduct and sustainability progress (Barclays Bank website and, Barclays ESG report 2020). However, the change implored by Barclay has evidently shown that its focus is on profit and gaining a larger market share which can be closely linked to Barclay's commitment to its investors and not its entire stakeholders. To reduce or manage risk and commitment, It is important to identify, and understand a broad range of stakeholders and engage them accordingly based on their level of interest, influence and interconnection to the identified change tensions (O'Riordan, and Fairbrass, 2014).

Change - Implied creative destruction Versus applied dialectical financing process: Barclay's commitment requires altering its current practices that finance and aid high carbon emission (that is, creative destruction) rather they implored a dialectical financing approach that allows them to change key financing approach to serve its high carbon-emitting client. The tension ascertained is Barclay implying to have undertaken a creative destruction approach versus its applied dialectical financing process. This tension is evident in its continued financing of high fossil fuel companies' projects to the tune of 4.1billion pounds (Environmental finance, November 2021, The Guardian news, November 2021). Its loan and bond grant of 3.75 billion pounds to fossil fuel companies (The Guardian news, November 2021). Conclusively Barclay is faced with the tension to either alter all its financial practice for the better good of the environment or to change some practices and still achieve profitability. Michael Porter & Mark Kramer’s (2011) article on Shared Value creation insists that the most important thing companies can do for the world is to contribute to its prosperity by incorporating changes that foster a better environment and by doing so, long term profitability with a competitive advantage is assured. Analyzing Barclays support activities using the shared value framework (looking inside out), Barclay's scores high in putting the environment at risk, hereby linking tension identified and environmental hazard to the environment and profit chaos.

Change - Partial commitment to actions that influence positively climate change Versus low financial return and profitability: One of Barclay’s commitments to enhancing a sustainable environment and economy is transparency in business conduct and sustainability progress. Barclays, however, provided partial transparency in its last environmental, social and governance report. The report failed to cover all its carbon-intensive clients, it failed to cover other financing aiding services such as advisory services (for example the merger of two fossil fuel companies), and fundraising through the debt market. Conclusively, Barclay is faced with the tension to include in its report, all its financing services and carbon-intensive client or attain low financial returns and profitability. However, Michael Porter and Mark Kramer’s (2011) described this situation as one that will serve as a business opportunity, drive profit, and contribute to a positive societal change if the entire business value is changed. Analyzing Barclays support activities using the shared value framework (looking inside out), Barclays falls low in its financial report transparency, indicating a potential long term profit decline and environmental risk. Applying the same shared value framework, Barclays falls high in deceit and misrepresentation of investment (High court judgement for the Amanda Staveys case, 2021), high in paper and plastic waste (Barclay’s ESG report 2020) and customers information breach (up guard security rating, 2021).

Context - Barclays action plan commitment and timeline Versus Climate change objective: Paris climate agreement and Barclay’s timeline, its current business behaviours regarding environmental sustainability are low yieldings. Barclays continued lending, financing, and its no commitment to setting up a clear timeline with plans to get rid of existing business exposure to coal and oil creates tension on the long term Paris agreement expectation. Bocken, Rana, & Short (2015), The lack of no urgency, the absence of an alternative plan with regards to uncertainty, unavailability of business process mapping to show how the financial product and services will be used in dealing with other financial services that posses environmental risk will eventually lead to value been destroyed in the planet, the people, and its profit. Based on Silvestre et al (2018) corporate sustainability typology framework, Barclays is responsible but its business activities do not address environmental problems effectively and as such will do more if the triple bottom line (social, environmental and governance) are targetted for sustainability.

SECTION 2

RESPONSIBLE MANAGEMENT - ADDRESSING KEY SUSTAINABLE DEVELOPMENT GOALS

Sustainable development is the act of using resources available today in a way that will still be available for use by the future generation (Redclift, 1992). In order to foster sustainable development, the United Nations adopted a sustainability agenda and urged countries to achieve seventeen sustainable development goals (SDG) by 2030, the goals were, however, developed to foster profit, planet, people, peace and collaboration (United Nations, 2015). The SDG is, therefore, an extension of Millennium Development Goals, but more profoundly is its social, environmental and governance link that ensures that short term benefit is not detrimental in the long run (Florini and Pauli, 2018). The full participation of businesses, the government, and civil societies all over the world demonstrate the acceptance and acknowledgement of it being a driving force to a better world (Drexhage & Murphy, 2010).

For responsible management, the key sustainable development goals that will impact Barclays positively are

SDG DIMENSION	RESPONSIBLE MANAGEMENT PRIORITY	ACTIONS TO TAKE
Climate action - Goal 13	Responsible business practice: - in relation to carrying out business activities that are not detrimental to the environment. Sustainability reporting: - in relation to transparency in sustainable goal implementation, and reporting.	Monitoring and Reporting
Partnership for the goals - Goal 17	- Aid awareness and boost a greener economy through diversification strategy - More financing and lending opportunities	Green Financing

Climate Action - Responsible Business Practices Discussion

Climate action is one out of the seventeen sustainable development goals developed by the United Nations in 2015 to combat the impact of climate change. According to the United Nations (2015), the planet is currently experiencing an adverse impact of climate change (this includes changing weather patterns, sea levels rising, and more extreme weather incidents), and the major contributor to climate change is the greenhouse emission from human activities (United

Nations, 2015). If actions are not taken to reverse the effect of climate change, the temperature is estimated to surpass 3 degrees Celsius with intense global warming (United Nations, 2015).

It is imperative to combat climate change crises by eliminating activities or actions that aid climate change crises. In addition, provide transparency in environmental, social and governance reports with a mindset of creating value. Value creation in reporting is taking into account the external contextual factor of the institution (this is inclusive of the institutional concerns, the environmental and social concerns), the risk and opportunity in ESG, coupled with the organisation's long term strategy (Adams, 2017).

Barclay, however, has a pending issue regarding ethics, harmful business practices and transparency in its report. A suitable action that tackles the issue while promoting climate change and providing more opportunity to Barclays is the implementation of a monitoring and reporting strategy.

Monitoring and Reporting

The International Integrated Reporting Council (2013) defined integrated reporting as a brief report that depicts how a company's plan, performance, expectation and governance from the area of its external environment leads to short and long term value creation. Nevertheless, firms that deploy an integrated reporting system drive and enable favourable reactions from the financial market and improve the internal decision-making process (Barth et al, 2017). An integrated report (which is a combination of financial and sustainability information) boosts investors' visibility of sustainability information (Reimsbach et al, 2018). However, the underlined problem associated with integrated reporting is complete transparency. McNally et al (20170 discovered that managers and personnel who prepare the integrated report are likely to hinder the full disclosure and transparency because of their company's disclosure regulation, the code regulating best practices or the disclosures of its competitors. While this is an internal issue, Adams (2017) proposes that the corporate integrated report process should take the path of value creation which can be largely influenced by the board governance.

Building from the above background on integrated reporting and the adaptation of Adams (2017) model of the conceptualization of corporate value creation processes, the Barclays ESG report can be classified as an integrated report that potentially leads to value creation but falls short in transparency, as a result of bad business ethics. The lapse in transparency is evident in its failure to disclose all its carbon-intensive clients, failure to report all other financing aiding services such as advisory services (on, for instance, mergers), and how they help the high fossil client raise money in the debt market. Barclay's line of actions is harmful to the climate action goal actualization and gives a remarkable concern on the demonstration of ethics in its entire business conduct. In addition to the harmful business practices which hinder transparency, the High court judgement for the Amanda Staveys case (2021) labelled Barclays as deceitful, and guilty of misrepresentation of investment, and Data breach in its online banking leading to its customer's vulnerability to a phishing scam and other scams (Dahlgreen, 2021; Drimer et al, 2009). Considering all that the value integrated reporting adds to a business and the principles of responsible business, Barclays investment unit will gain more if business conduct is improved, if the report becomes completely transparent and practice responsible management fully.

Partnership for the Goals

the partnership for goals aims to foster the actualization of all other goals through the integration of the government effort, business effort, and people's effort, coupled with finance, technology and capacity building targets (United Nations, 2015). This goal further highlights the importance of Porter & Kramer (2006) insights on shared value which states that the main purpose of business is not profit and carrying out corporate social responsibility activities that boost its company's public relations but it is in ensure that its strategies include environmental and social concerns. Barclay's undertaking to be a financial partner for the goals will not only impact the entire planet but will also improve its ESG performances.

While Barclays has taken the step to make available green investment products, bonds and lending opportunities, they must help build defence and awareness while making more finance available for the actualization of the urgent goals. The sustainable goals that are of priority as reflected in the United Nation's vision are sustainable development and climate action (United Nations vision, 2016;2021). It is imperative to give more priority to goals that boost climate action and sustainable development.

Barclays have the opportunity to achieve more in profit, help instil sustainable development, and improve the lives of people if they take an approach that increases awareness and catalyzes a greener economy through green financing.

Green Financing

Green financing is the financing activities that aid the green economy and green growth (Carroll 1979). Following the above description of sustainable goal for partnership, Barclays have opted to partner with green entrepreneurs and investors to boost the actualization of a sustainable environment. Several green initiatives, investment products and lending opportunities have been made available to foster this aim, howbeit, green investment and its performance are considerably low compared to other investment products available (Indriastuti, and Chariri, 2021). Barclay's green financing approach is in line with the shared value creation initiative which places more emphasis on contributing to world prosperity (Porter & Kramer, 2011). However, this approach will not bring the expected returns that match the urgency and efforts required to reach the aim of the goal. Barclays, can, still, use Green financing as a strategy tool in more ways as follows:

Aid awareness and boost a greener economy through a diversification strategy: As identified in section one, Barclays must commit to ending businesses with companies that impact climate change crises. Though this action impacts negatively on profit and the investment portfolio, Barclays can carry out a Green entrepreneur talent hunt television broadcasted program. The program serves as a new business model with the potential to increase profit, promote awareness of environmental concerns and instil trust in a greener environment amongst the people. The program will enable entrepreneurs to become green and solution-oriented while serving as an alternate solution for high fossil companies to invest in and change their business model.

Promote the growth of companies that do not impact negatively sustainable development and climate action: This can be achieved by making the investment of this class of companies more attractive and making lending opportunities more accessible than the high fossil companies.

Using its Credit creation Abilities to transform and Regenerate the Environment: Banks use the credit creation system to increase their earnings. This is done by saving some part of the money deposited to meet its depositor's demand and lending the other part to gain higher profit (Hasan, 2008). Barclays, however, can adopt the same model its use in gaining profit (credit creation) to finance green entrepreneurs with no focus on profit.

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APPENDIX 1

Responsible management analysis and proposal for a business organisation of your choice

With reference to a business organisation of your choice, you are to adopt a consultative role to critically evaluate the current approach to responsible management and to identify clear and detailed recommendations for management actions to address key SDGs, based on your assessment of the internal and external environment. The analysis and plan may apply to the business as a whole or a brand/business unit. The report should be divided into 3 parts as follows.

Please ensure you use all course materials as provided in session slides and on Canvas, and base any further reading on research on these recommended sources. Note that the assessment criteria details a requirement of evidence of actively using course materials.

PART 1 – Responsible management environmental analysis (1500 words)
Responsible management of key opportunities and challenges, based on analysis of the external operational environment as it applies to your selected organisation's sector. In the introductory section, consider paradoxes and tensions for responsible business practices and paradigms in 2021 and beyond. Draw on responsible management frameworks, theories and approaches presented in the module, so as to clearly identify the organisation's key opportunities and limitations which will inform the content of part 2. This should include discussion on value mapping, shared value analysis, responsible business typologies, stakeholder analysis and systems thinking/organisational design for sustainability.

NOTE: DRAW PRIMARILY ON MATERIALS FROM LECTURES IN WEEKS 1-4 TO INFORM YOUR ANALYSIS FOR PART 1

PART 2 – Responsible management proposal to address 2-3 key Sustainable Development Goals (2000 words)

Identify two to three responsible management priorities and develop a rationale for actions to develop responsible management designed to have a positive impact on the organisation and stakeholders, drawing on frameworks, theories and approaches from the module. These should critique how actions will address key SDGs. Priorities might focus on monitoring and reporting, Sustainable Supply Chain Management, consumer attitudes and behaviour, Human Resource Management, ethics, digital technologies or any other areas of interest.
- The proposal should articulate the appropriateness and value of your proposal following on from, and directly related to the content in part 1.

APPENDIX 2

TENSION ANALYSIS

Tension Indicator	Tension Identified
Level	- Barclay's acceptance and acknowledgement of responsible management and environmental hazard. - Barclay's implementation of responsible management to its agenda and plans
Change	- **Implied creative destruction versus applied dialectical financing process** (Barclays continues business interactions with high fossil fuel companies, New business sections and models servicing greenhouse emitters, Granted 3.75 billion pounds in loans and bonds to fossil fuel companies) - **Partial commitment to actions that influence positively on climate change versus low financial return and profitability** (Report not covering all carbon-intensive clients, report not covering other financing aiding services such as advisory service on for example merger of two fossil fuel companies, and helping to raise money in the debt market.)
Context	- **Barclays action plan commitment and timeline versus Climate change objective** (Paris agreement) and timeline (Barclay's long term low yielding commitment plan to climate change and poor transparency in lending (and financing) report). - **Efficiency versus financial resilience**

FRAMEWORK ANALYSIS - SHARED VALUE ANALYSIS

Shared Value Indicator	Indicator Description
Transportation impact	Low
Branch operation (waste)	Paper usage and cafe plastics - High; no clear actions on plastics waste and paper
Marketing & Sales	Deceit and misrepresentation of investment
Consumer information	Data breach (customers in phishing scam) and vulnerability to scam
Barclay's infrastructure	Limited financial report transparency
Environment protection	Continued funding of companies that possess a risk to the environment
HRM	Poor compensation, poor work-life balance, bullying, sex discrimination (sexist) altering the 87% employee satisfaction report.

FRAMEWORK ANALYSIS - VALUE MAPPING

Value Mapping Indicator	Analysis
Value Opportunity	**People:** New job opportunity (The energy banking team), exposure and implementation of responsible work practices among the energy team which will

	gradually cascade to the entire team of staff. **Planet -** More financial availability to fund sustainable projects, lesser climate risks, and enable carbon zero realizations. **Profit -** New line of business with potential long term profit and growth, richer investment portfolio, access to new market niche with a potential to increase or keep up with market share.
Value Missed	Nothing Identified
Value Destroyed	**Planet** - No urgency as it slows down the net-zero actualization plan, the value model accommodates the companies influencing the climate risk(involvement). **Profit -** Good business initiative with lots of uncertainty regarding success and profits (No plan B). **People** - No business process mapping to show how the financial product and services will be used in dealing with other financial services that the bank offer that aids non-sustainability. No clear policies regulating business processes.
Value Captured	**Value:** Green loans, green deposits, green trade loans, green bonds, guarantees &ideminties, green selective receivable finance, green bill of exchange & proximity note discount, and green mortgage. **Customer segments:** Investors and sustainable entrepreneurs **Profit:** increased income and profit portfolio, and access to the untapped green market. **Planet:** Progress and swift transition to a net-zero, healthier and safer environment. **People:** Job opportunities, access to sustainable funds.

RESPONSIBLE BUSINESS TYPOLOGY ANALIZED

Company Typology	Responsible
Sustainable Dimension	Three dimensions
Implementation	Reactive sustainability
Efficiency	Doesn't address effectively the environment and social problems
Lifecycle Trend	Cradle to grave
Value creation	Shareholder and some stakeholders
Level of sustainability	Progressive

STAKEHOLDERS ANALYSIS

Stakeholder	**Intrest**	**Influence**	**Interrelation**
Customers	High	High	Bank, competitors, and employee
Employees	High	High	Bank, customer, and civil society
Investors	High	High	Bank, suppliers, and government
Business Partners (E.g fintech)	High	High	Bank, investors, and civil society
Regulators (E.g Bank of England)	High	High	Bank, competitors, and investors
Suppliers	Low	Low	Bank, and employees
Government	High	High	Bank, competitors, and investor
Pressure Groups	High	High	Bank, employees, and civil society
Competitors	High	High	Bank, customer, and government
Civil Society	High	High	Bank, employees, and suppliers

SYSTEM THINKING/ ORGANIZATION DESIGN FOR SUSTAINABILITY

According to the breakthrough business leader market revolution model Barclays is on the “change as a usual stage”(earnest efforts are made but the overall outcome is little with plenty projects designed to boost efficiency and effectiveness, but the system change is ignored and relaxed).