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IMPACT OF RESPONSIBLE WOMEN LEADERSHIP ON ETHICAL DECISION-MAKING: A CASE STUDY OF NYKAA

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Abstract
The growing emphasis on corporate governance, ethical accountability, sustainability, and stakeholder-oriented business models has intensified scholarly interest in responsible leadership within emerging-market enterprises. This study examines the impact of responsible women's leadership on ethical decision-making through a qualitative case analysis of Nykaa, India's female-led beauty and lifestyle digital enterprise. Integrating Responsible Leadership Theory, Ethical Leadership Theory, and Stakeholder Theory, the study develops an integrated framework linking leadership orientation with ethical governance systems, stakeholder trust, market legitimacy, strategic differentiation, and sustainable organisational performance. The study employs a qualitative single-case methodology supported by governance disclosures, financial indicators, market share trends, sustainability metrics, and industry-based comparative evidence. Nykaa was selected because of its rapid organisational growth, publicly documented governance transformation, female-led executive structure, and strong visibility in India's digital retail ecosystem. Findings indicate that responsible women leadership strengthens ethical governance through transparency mechanisms, authenticity controls, accountability structures, ESG orientation, and stakeholder-responsive decision-making. The results further show that Nykaa's inventory-led model, omnichannel expansion, private-label development, and governance-led branding contributed to stakeholder trust, competitive legitimacy, and sustainable business growth. The study contributes by developing an integrated leadership–governance–sustainability framework applicable to emerging-market digital enterprises. Findings provide managerial implications for ethical governance, stakeholder accountability, trust-driven branding, and sustainable organisational competitiveness. Overall, the study positions responsible women leadership as both an ethical construct and a strategic governance capability.

Keywords: *Responsible Leadership, Ethical Governance, Women Leadership, Stakeholder Trust, Sustainability*

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1. Introduction

There has been a shift in the corporate governance paradigm from shareholder-centric to a more holistic stakeholder and sustainability-based approach. Ethical decision-making is no longer what investors and the regulatory bodies expect in Companies, as it has been subject to global changes. The act of making ethical decisions in Companies has become more demanding with the global changes which have been introduced by the investors and the regulatory bodies. Concurrently, the presence of women in top decision-making roles has attracted greater scholarly interest as it may lead to better governance results, ethical accountability and performance of corporate social responsibility (Adams & Funk, 2012; Post & Byron, 2015). Today, ethical leadership goes beyond being about the moral behaviour of individual leaders to influencing governance systems, transparency of operations, stakeholder-oriented business models and organisational legitimacy.

The last ten years have witnessed a tremendous transformation of India's digital economy, especially in the beauty and personal care industry, which is a consumer retail segment. In the past, the Indian beauty industry has been marked by a few key characteristics, namely, scattered distribution channels, unstructured retail distribution, lack of product authenticity and lack of transparency in the institutional world. This has resulted in governance issues that encompass consumers' trust, the risk of counterfeit products, the accountability of the supply chain and brand credibility. The rise of digitally-powered and formally organised businesses has changed industry norms, and new expectations have formed around the platform-based growth of businesses and the consumer's trust in them, their responsibilities and accountability, their data management and use, and their strategic management discipline. In fast-growing digital companies, the quality of governance, stakeholder trust, incorporation of ESG principles, and the organisation's long-term validity are more and more affected by leadership decisions. For this reason, there is a shift from ethical to strategic management concerns of responsible leadership. This perspective is in line with responsible leadership and stakeholder perspectives that focus on accountability, conversation, ethical responding and value creation for various stakeholder groups (Freeman, 1984; Maak & Pless, 2006).

Nykaa is an interesting example of how a leader can transform the industry in India's digital retail space. The company was founded in 2012 and has since evolved from an online boutique cosmetics brand to a publicly listed, omnichannel company that plays a substantial role in setting the "realness" bar for its products, establishing partnerships, engaging consumers and reporting on sustainability. The inventory-driven approach, curated brand lineup, private-label brands, and multi-channel growth offer a helpful lens through which to look at the ways in which transparency and governance credibility can help achieve competitive differentiation in an environment of high growth. Nykaa's growth from a business-management point of view is an outcome of the interplay of strategic leadership, an ethical governance framework, market legitimacy, stakeholder trust and organisational sustainable performance.

While there is existing research on ethics in leadership and women in leadership, few studies address the question of how responsible women's leadership can institutionalise ethical governance and integration of sustainability in high-growth emerging-market digital enterprises. Role modelling, accountability and the building of trust have been highlighted by ethical leadership scholarship as key pillars of ethical leadership in organisations (Brown & Treviño, 2006), and responsible innovation and governance for sustainability have been identified as two important areas of governance research in modern firms (Scherer and Voegtlin, 2020). But, responsible women leadership and responsibilities, digital enterprise governance, stakeholder legitimacy and ethical decision making have not been widely investigated in the Indian business context.

In this context, the present study aims to see if and how there is a relationship between responsible women leadership and the ethical decision-making framework and sustainability orientation of Nykaa. In addition to its practical insights for the business perspective, the study's analysis of Nykaa as a governance-driven digital enterprise growth is also relevant to the fields of business ethics, corporate governance, organisational management and strategic leadership literature. This study's main research question is:

In what ways do ethical decision-making and sustainability integration in a high-growth emerging market enterprise (EME) benefit from responsible women's leadership?

2. Literature Review

2.1 Responsible Leadership Theory

Responsible leadership (RL) is a relational and ethical approach to leadership, which takes place in networks of stakeholders (Maak & Pless, 2006). RL is more than just a model of leadership based on efficiency and attainment of goals; it also involves moral discussion, consultation with stakeholders and sustainability issues in strategic decision-making processes. The current research literature in business management gives a growing definition of responsible leadership as a business-governance capacity, which involves the connection between ethical orientation and the accountability systems, stakeholder responsiveness, organisational legitimacy and sustainable value creation in business management (Waldman & Balven, 2014; Scherer & Voegtlin, 2020).

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Responsible leaders put accountability into practice by putting in place mechanisms for dialogue and transparency in governance. Reputational risks are particularly crucial in the digitally connected markets, where they can rapidly diffuse via online channels and stakeholder networks (Scherer & Voegtlin, 2020). Responsible leadership thus impacts the ethical culture of digital enterprises, as well as their efficiency of governance, transparency of operations, credibility with ESG, and trust with stakeholders, especially those identified in the business model, among others.

In the emerging markets, responsible leadership might be a game-changer in making an unregulated or fragmented industry regulated and organised with an ethical compliance and governance system. It is significant in industries with consumers, such as those that are outward-facing, where organisational legitimacy relies on authenticity, transparency, consumer protection, and good business practice. In sum, the concept of responsible leadership can offer a theoretical lens with which to analyse the impact of leadership choices on ethical governance and integration of sustainability in emerging market digital enterprise.

2.2 Ethical Leadership and Governance Institutionalisation

Ethical leadership is about normative behaviour as reflected in one's personal values and through organisational support systems (Brown & Treviño, 2006). The difference between ethical leadership and moral charisma is the establishment of ethical norms in an institutional way, such as codes of conduct, compliance systems, and accountability systems, according to Treviño and Brown. Ethical leadership is expressed not just in the virtue of leadership, but also in the moral environment of the organisation in which leadership exercises its influence and is manifested in the behaviour of organisational members.

Empirical studies show that ethical leadership is positively related to decreased misbehaviours, increased trust amongst employees and the company's reputation (Mayer et al., 2012). PLCs are subjected to greater scrutiny from the investor, regulators, consumers and digital publics and ethical institutionalisation is not a corporate virtue, but a necessity. Ethical leadership has been found to help boost compliance behaviour, minimise reputational risk, establish a conducive culture of trust within the organisation, and increase accountability for decision-making from a business-management standpoint (Eisenbeiss, 2012; Ciulla, 2020).

In addition to strategic differentiation, ethical leadership makes a contribution. Companies that are transparent, responsible and ethically managed are more likely to elicit stakeholder trust, brand credibility and organisational legitimacy in the long run. Digital retail companies look to this connection particularly, as trust and authenticity in their brand significantly impact market positioning. Hence, the leadership that is responsible is a governance mechanism that enables the implementation of responsible values in the organisation.

2.3 Stakeholder Theory and Organisational Legitimacy

Stakeholder Theory argues that companies need to consider the needs of a range of stakeholders – customers, employees, suppliers, investors, regulators and communities – when deciding on their actions (Freeman, 1984). The normative aspect of stakeholder theory is also upheld by Donaldson and Preston (1995), who suggest that the stakeholder model of corporate governance is not just a tactic for a company's survival, but is a moral duty. Stakeholder-oriented companies can also obtain sustainable competitive advantage by combining ethical responsibility with strategic decision-making, as proposed by more recent stakeholder scholarship studies (Jones et al., 2018; Freeman et al., 2020).

The responsible leadership paradigm puts the stakeholder theory into practice by integrating dialogue, participation and value creation into the governance structure. For consumer-focused digital businesses, trust directly impacts the competitive position, brand loyalty, investor trust, and financial viability. In high-growth companies, stakeholder relationships are not a side issue of social issues, but are a strategic asset of the business that impacts the business organisation and ultimate competitiveness.

Governance responsiveness and market expectations are linked to strengthening the sustainability of the organisation through stakeholder-oriented business models. By responding to consumers', suppliers', employees', investors', and community expectations, firms increase their competitive legitimacy and decrease governance risk. Hence, a stakeholder theory has become the core of this research as it demonstrates the impact of an ethical governance model on building trust and sustainable business performance.

2.4 Women Leadership and Governance Outcomes

There is a growing body of research on the effect of gender diversity in the senior leadership that points to the impact on governance quality, corporate social responsibility (CSR) and governance decision-making within the organisation. Research specifically reveals that the presence of more women in leadership decision-making is associated with better performance of corporate social responsibility (CSR) in firms, and may be linked to better governance performance (Post & Byron, 2015). Inclusive decision-making, communication and

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engagement of stakeholders are common characteristics of women's leadership in collaborative and transformational leadership, as argued by Eagly and Carli (2007).
Other research in the area of leadership suggests that values-oriented and inclusive leadership can help organisations be more adaptable and ethical (Avolio et al., 2009; Northouse, 2025). Organisational adaptability and structured change management are also at play in the effectiveness of leadership, especially when the business landscape changes fast (Gulati et al., 2025). Adams and Funk, however, argue that there is a need to be careful about gender, and ethical outcomes are not assured (2012). The four key factors of structural empowerment, decision-making authority, governance integration and institutional support remain important factors determining the impact of leadership.
This study, therefore, does not consider responsible women's leadership as a mere symbolization. Rather, it takes a strategic governance perspective to explore that responsible women leadership can shape transparency and accountability, sustainability orientation, stakeholder engagement and ethical decision making. This view is significant when it comes to Nykaa, a company that, besides being represented by women, also has women at the helm of its business model planning, legitimising the market, identifying the authenticity of products and establishing governance credibility.

2.5 Sustainability, ESG, and SDG Alignment

There is a global sustainability framework available in terms of the United Nations Sustainable Development Goals, which is measurable. SDG 5 aims at promoting gender equality, SDG 8 for inclusive economic growth and decent work, and SDG 12 for responsible consumption and production. In their article, Van Zanten and van Tulder (2018) make the case for SDG integration, suggesting that it should be more than a superficial top-level alignment with reports and more than it being “embedded” in a company's sustainability strategy, and more about operational embedding in the company's strategy. Digital retailers can shape sustainable consumption patterns by adopting standards on their sourcing processes, changing their packaging, monitoring their suppliers, educating consumers, and adopting responsible practices on their platforms.
The corporate sustainability literature has become more and more focused on the importance of embedding sustainability in governance systems and strategic management processes, rather than as a stand-alone corporate social responsibility activity (Carroll, 2021; Haski-Leventhal, 2018). This mirrors the opinion of Jamali et al. (2008) that corporate governance and corporate social responsibility are coupled systems which can influence each other to direct organisations' ethical and sustainability behaviour. Experts in the field of governance also believe that the role of the board, investor relations and governance that focuses on sustainability can have an impact on environmental and social performance (Crifo et al., 2019; Orazalin & Mahmood, 2021). Therefore, sustainability alignment becomes a business-management problem as it has an impact on the legitimacy of the organisation, trust of brands, trust of stakeholders, trust of governance/management, long-term competitiveness, etc. Sustainable leadership also helps to boost the performance of the organisation when sustainability issues are integrated into its decision-making and management processes (Fatoki, 2021).
ESG and SDG alignment can also be a tool for digital retail to differentiate its strategy, establishing a connection between ethical sourcing, responsible consumption, product authenticity, inclusive entrepreneurship, and transparent business operations. This is especially important for companies in emerging markets where there is a need to establish governance systems and practices that are formal and trusted in fast-changing industries.

2.6 Integrated Theoretical Perspective

The ethical orientation framework is presented in Responsible Leadership Theory, the mechanisms for governance institutionalisation are presented in Ethical Leadership Theory, and the stakeholders’ role creation of organizational legitimacy and stakeholder trust is presented in Stakeholder Theory. These theories are complementary in that they complement each other in explaining different aspects of the connection between leadership, governance and sustainability.
The Responsible Leadership Theory offers an understanding of why leaders should show ethical concern, long-term sustainability and think about the welfare of the stakeholders in making decisions. Ethical Leadership Theory attributes the influence of these ethical values as a result of mechanisms of transparency, compliance mechanisms, mechanisms of accountability and ethical culture within the systems of organisations. The theory of stakeholders is an explanation of how multiple groups of stakeholders can create trust and legitimacy and ensure sustainable competitiveness.
This holistic viewpoint is helpful for the business management positioning of the study, as it links leadership with the efficiency of governance, the sustainability of the organisation, the legitimacy of the organisation as a competitor, and the strategic differentiation of the organisation. It also addresses the need for a more

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comprehensive theoretical understanding of the role of responsible women's leadership in influencing ethical decision-making in high-growth digital companies. The present study will not focus on the leadership, governance and sustainability as distinct concepts, but as dimensions that are interconnected in the management of the organisation's strategy.
Table 1 illustrates that the integrated framework is of special relevance for Nykaa as it is a consumer-driven digital retail business where trust in the brand, authenticity and stakeholder relationships, brand credibility and governance transparency have a direct impact on the business performance in the market. Ethical governance can be a source of business value; therefore, in line with the aim of reducing reputational risk, enhancing consumer trust, providing consumers with a legitimate sense and ensuring organisational sustainability.

Table 1. Theoretical Foundation and Business Relevance

Theory	Core Idea	Governance Relevance	Business Management Relevance
Responsible Leadership	Ethical stakeholder orientation	Accountability systems	Long-term legitimacy
Ethical Leadership	Normative organisational conduct	Compliance and transparency	Trust and culture
Stakeholder Theory	Multi-stakeholder value creation	Governance responsiveness	Sustainable competitiveness

2.7 Literature Gap
There are already a number of documents that discuss responsible leadership, ethical leadership, stakeholder theory, women's leadership and sustainability, but none of those is necessarily considered in conjunction with the others. Previous research has examined women's participation in governance, responsible leadership behaviour, value creation for stakeholders, and integration of sustainability in corporate governance, but few studies have addressed how responsible women's leadership leads to the institutionalisation of ethical governance and sustainability integration in the high-growth emerging market digital firms.
In India's digital retail landscape, this catch is particularly significant as the platforms expand quickly, trust is the key metric, authenticity is an issue, ESG considerations are growing, and competitive differentiation is a primary driver—all these are intertwined with decisions on leadership and governance. This study, therefore, fills this void by attempting to explore Nykaa as a responsible women leader influencing ethical decisions, the legitimacy of stakeholders and sustainable business management in general.

3. Research Objectives
3.1 Primary Objective
This study aims to explore the connection between responsible women leadership and ethical decision making within Nykaa, and to understand the relationship between responsible women leadership and governance legitimacy, stakeholder trust and sustainable growth of the organization and examine how responsible women leadership affects the integration of sustainability in the organisation.

3.2 Specific Objectives
1. Understand the theoretical relationship between responsible leadership, ethical governance and stakeholder orientation as part of the strategic business management and organisational legitimacy.
2. Assess Nykaa's governance arrangements and ethical institutionalisation as mechanisms to achieve transparency, accountability and stakeholder trust in governance as management systems.
3. Assess the role of strategic decisions in enhancing the legitimacy, differentiation and sustainable growth of the Beauty Retail Organisation in the hands of the leader.
4. Analyse the positioning of the business in the market and listing of competitive differentiation by looking at how Nykaa's business model has enhanced consumer trust, brand credibility and market advantage.
5. Assess sustainable contributions that can be measured, in the context of SDG 5, SDG 8 and SDG 12 indicators - responsible governance, inclusive growth and long-term business sustainability.

4. Conceptual Framework
The model proposed in this study is an integrated model:
The steps of responsible women's leadership are as follows: Responsible Women Leadership, Ethical Governance Architecture, Stakeholder Trust & Legitimacy, Sustainable Competitive Advantage & SDG Alignment.

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Leadership orientation has an impact on governance forms, such as board composition and transparency policies, compliance procedures and accountability of stakeholders. Governance credibility builds trust among stakeholders and helps to drive market differentiation and sustainability performance. Sustainability results further enhance the legitimacy, which further reinforces value creation in the long term.
The conceptual framework approaches responsible women's leadership as strategic governance forces that shape the ethical values into the organisational systems, the decision-making processes, and stakeholders' oriented business practices. In this model, governance systems are influenced by leadership, stakeholder trust is fostered by governance systems, market differentiation is fostered by stakeholder trust, and sustainability legitimacy is fostered by market differentiation.
The proposed framework is sequential, as shown in Figure 1, starting with responsible women leadership and ending with sustainable organisational performance through a journey of ethical governance systems, stakeholder trust and market legitimacy, and strategic competitive advantage. The model demonstrates how ethical decisions made through leadership can enhance the credibility of governance, differentiation of business, and sustain the organisation in the long-term.

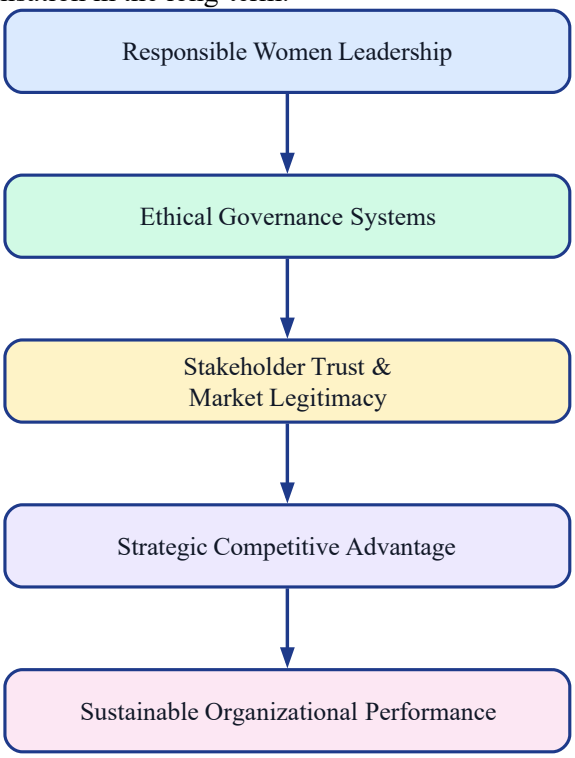


Figure 1. Responsible Leadership–Governance–Sustainability Framework

The first phase of the framework is that of the influence of responsible women's leadership on the ethical governance systems. Leaders who focus on accountable, inclusive, and value-creating businesses are better positioned to build up compliance systems, clear decision-making, board-level monitoring, and good corporate governance. In the case of Nykaa, this leadership is demonstrated through institutionalisation of governance, creation of mechanisms of product authenticity, stakeholder engagement and strategic decisions for sustainability.
The second stage provides an understanding of how the ethical governance systems enable stakeholder trust and market legitimacy. Transparency and accountability in governance systems boost consumer, employee, supplier, investor, regulatory and community confidence. In the world of consumer-facing digital businesses, trust is paramount as it directly impacts the acceptance of the market for the brand, products, and platform.
In the third stage, stakeholder trust is explained to be one of the factors that help in achieving strategic competitive advantage. Building a brand based on trust, ensuring its authenticity, gaining customer loyalty, improving supplier relationships, and gaining investor confidence are all ways that trust-based legitimacy can help companies stand out from the competition. Thus, ethics, as a rule of good government, turns into a controlling governance tool.
The last part will outline how achieving strategic competitive advantage can lead to sustainable organisational performance. Being different because of corporate responsibility and trust-building is a powerful way to increase a firm's long-term legitimacy and sustainability orientation. This feeds back to a chain of reinforcement whereby ethical leadership helps to build credibility for governance, credibility helps to build confidence in the

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organisation from stakeholders, confidence helps to achieve competitive advantage, and competitive advantage helps to promote sustainable organisational growth.

6. Methodology

6.1 Research Design

The research design that has been taken in this research is a qualitative single case study design (Yin, 2014). The case study method is suitable for the study, since the study is conducted in the context of the real business, namely in the context of responsible women leadership, ethical governance, trust of stakeholders and integration of sustainability in the business. This study will adopt a qualitative design to provide an in-depth interpretation of the current study of leadership orientation, governance institutionalisation, strategic decision-making, and sustainability practices, besides involving numerical measurement. This research is also suitable as it is possible to gain insight from qualitative research that can be both context-sensitive and theoretically sound and practically relevant (Sharma & Bansal, 2020).

6.2 Case Selection Rationale

Nykaa was chosen because of its fast growth in organisation, its documented transition to good governance, its female leadership in the executive management and its dominance in the digital retail space in India. Founded by Falguni Nayar, Nykaa is a high-growth beauty and lifestyle platform – and a relevant case study to explore how responsible women leadership can impact ethical decision-making, governance legitimacy, market differentiation and sustainable business practices. Particularly, it is a good case for examining governance institutionalisation and responsible strategic management in emerging-market digital companies and is on its way to becoming a publicly listed one.

6.3 Data Sources and Justification

The study relies on several secondary data sources such as annual financial statements, corporate governance disclosures, sustainability reporting, industry analysis and academic papers that have been peer-reviewed. Secondary data sources were chosen to allow for triangulation for governance disclosures, sustainability reports, financial disclosures and industry analyses. This method enhances the credibility of the Case Analysis by using several evidence sources from public sources, instead of relying on a single source of evidence. The formal accountability structures were explored in the financial statements and in the disclosures regarding governance. The orientation towards ESG, market positioning, strategic differentiation, and practices of stakeholder engagement were assessed in the sustainability reports and industry analyses.

6.4 Analytical Procedure

This thematic analysis was used to find patterns with regard to leadership behaviour, institutionalisation of governance, competitive strategy and sustainability practices. Thematic analysis was carried out by repeatedly categorising leadership practices, governance processes, sustainability efforts and practices of engaging stakeholders. The analysis was centred on examining the reflection of the values of responsible leadership in the systems of governance, strategic decision-making, transparency in the operations and the stakeholders' oriented business practices. The evidence from the Nykaa case was then categorised into analytical dimensions in order to establish a linkage between the evidence and the conceptual framework and research goals of the study.

6.5 Analytical Dimensions

The case evaluation focused on the following analytical dimensions: leadership orientation, governance, strategy, sustainability and market position. These dimensions have been chosen because although they are not directly linked to the focus of the study on responsible women leadership, ethical decision making, stakeholder trust, competitive differentiation and sustainable organisational performance, they are important dimensions to evaluate. Table 2 contains the analytical dimensions which were used as a guide for the case evaluation.

Table 2. Analytical Dimensions Used in Case Evaluation

Dimension	Indicators Examined
Leadership Orientation	Transparency, stakeholder responsiveness
Governance	Board oversight, ESG integration
Strategy	Omnichannel expansion, private labels
Sustainability	SDG alignment, ethical sourcing
Market Position	Consumer trust, differentiation

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6.6 Methodological Limitations

The qualitative single case design has its advantages and disadvantages, such as the ability to get rich context, but there are limitations. Firstly, it is a study of only the Nykaa, and hence the conclusions are limited to its application to other sectors, industries or firms. Secondly, the analysis is primarily based on secondary data sources that might not provide adequate access to the managerial perceptions and current decision-making processes within the organisation. Thirdly, the study is not based on primary interview or survey evidence, so its results should be considered as analytical rather than widely applicable and empirical conclusions.

7. Organisational Background and Market Position

Nykaa is a curated online beauty brand which was established in 2012 by Falguni Nayar to deal with the fragmented beauty retail of the Indian market. To guarantee product authenticity and quality control, the company decided to work in an inventory-led model as opposed to the competition, which was marketplace-driven. After its public listing on the National Stock Exchange of India in 2021, Nykaa has enhanced transparency in its governance and disclosures to investors.

The company is a category leader in the organised online beauty market, which accounts for about 30-35% of India's online beauty market. With its niche focus, Nykaa can build more meaningful brand partnerships, provide authenticity assurances, and offer personalised shopping experiences for consumers, unlike the generic platforms like Amazon India and Flipkart. This specialisation approach has helped Nykaa develop a distinct business model that specializes on being authentic, trustworthy, credible and expert in the relevant categories. Nykaa's niche positioning in beauty and lifestyle business provides an edge over broad marketplace platforms in developing a trustworthy relationship with the consumers as well as premium brands.

Nykaa's market position, from a business-management point of view, showcases the significance of governance-based branding. It has built governance credibility as a key competitive edge by implementing inventory control, brand partnerships, extending into the omnichannel approach, and providing investors with clear disclosures. It means that ethical decision-making and transparency in operation can be a key to market legitimacy in the digital retail sectors, where consumer trust plays a vital role in business performance.

7.1 Comparative Industry Positioning

Nykaa is in a competitive digital retail segment, which consists of speciality beauty stores and big marketplace stores. Amazon India and Flipkart are general e-commerce marketplaces, whereas Nykaa's niche approach offers better beauty specialisation, greater brand curation, and greater control over the assurance of authenticity. This is a comparative distinction because the beauty and personal care industry relies heavily on consumers' level of confidence, the originality of the products, and the confidence in the brand. We have done a comparative analysis of Nykaa, Amazon India, and Flipkart in the Indian online beauty retail market in Table 3. As seen in the comparison, Nykaa's inventory-based omnichannel business model provides it with better governance and specialisation benefits than the generalist marketplaces.

Table 3. Comparative Positioning in India's Online Beauty Retail Segment

Company	Model	Governance Focus	Beauty Specialization
Nykaa	Inventory-led omnichannel	Strong ESG disclosures	High
Amazon India	Marketplace	Generalized governance	Low
Flipkart	Marketplace	Broad retail governance	Moderate

A comparison of these points brings three business-management implications to light. First, Nykaa's niche approach allows it to specialise and develop greater category expertise than the big marketplace players. Second, authenticity assurance, curation, and direct brand connections are important elements of its trust-based differentiation. Thirdly, governance-led branding bolsters Nykaa's legitimacy by focusing on ethical business practices and consumer trust, investor confidence, and sustainable market positioning. Hence, Nykaa's organisational history is not just a story of firm growth; it is an illustration of how responsible leadership, governance mechanism and strategic positioning can contribute to a firm's competitive advantage in the beauty retail market in India in the digital era.

8. Results

This section provides an overview of the results from the Nykaa case analysis by subject. The idea is to differentiate the results obtained from the case from the subsequent discussion and theoretical interpretation. The findings are presented in five themes: institutionalising leadership and governance, ethical decision-making and strategic expansion, trust and market legitimacy with stakeholders, integrating sustainability and aligning with the SDGs, and responsible leadership as a competitive strategy.

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8.1 Leadership and Governance Institutionalisation

In Nykaa's case, the responsible women leadership was responsible for the institutionalisation of governance practices in a fast-expanding digital enterprise. As the company went from being a founder-led online beauty retailer to a fully public company with an omnichannel approach, it needed to increase its level of governance transparency, formal disclosure processes, board-level oversight, and structured accountability processes.

The findings indicate that there was a link between leadership orientation and governance institutionalisation, as it promoted transparency, accountability, ethical oversight and structured decision making. The entire process of governance development by Nykaa was not restricted to the regulatory requirements, but rather involved the entire process of establishing the legitimacy of the company. This discovery suggests a supportive role for responsible leadership in the formalisation processes of governance systems with high-growth emerging market enterprises.

8.2 Ethical Decision-Making and Strategic Expansion

The ethical decisions made by Nykaa are integral to the company's strategic moves, especially in its growth plans. These ethical considerations play a pivotal role in the company's strategic moves, particularly in its growth plans. Having a lower risk of counterfeiting and increased consumer confidence due to better control of products in the company's inventory, the company was able to operate an authenticity model based on its inventory. It's also expanded in-store, through a multi-channel strategy, to help address the trust deficit between online and offline channels. Private label development also enhanced the margins and competitive differentiation, as well as the use of technology and AI to better engage customers and drive efficiency.

This indicates that Nykaa's strategy of expansion was growth as well as governance. The inventory-led model was an ethical choice as it was based on the authenticity of the product and consumer protection. The presence of Omnichannel expansion and private labels, together with digital personalisation, bolstered experiential trust and operational efficiency, and market responsiveness. These decisions demonstrate that ethical decision-making and growth in business were intermingled in the strategic growth of Nykaa.

8.3 Stakeholder Trust and Market Legitimacy

Nykaa's market position shows how critical it is to build trust with customers in business-to-consumer digital companies. It was authenticity, curated brand partnerships, direct consumer interaction and trustworthy shopping experiences that were key to its legitimacy in a beauty retail landscape that was broken. Nykaa’s specialisation in its categories helped establish greater credibility and build better relationships with the beauty brands and consumers, versus generalists competing in the marketplaces.

The findings reveal that trust among stakeholders was established by ensuring the authenticity of the products, transparency in governance, brand curation, and service oriented towards the consumers. Nykaa's leadership-centric business model created a sense of legitimacy by solving some of the stakeholders' apprehensions regarding product originality, quality assurance, brand reliability and transparency in functioning. The discovery shows that stakeholder trust was an integral part of Nykaa's business capabilities, which contributed to their market validity and competitiveness.

8.4 Sustainability Integration and SDG Alignment

The sustainability aspects of Nykaa's actions can be understood in the context of the SDGs that the company is aligned with, namely SDG 5, SDG 8 and SDG 12. SDG 5 is about Gender-inclusive entrepreneurship, which attributes the firm's leadership identity as a female-led firm and promoting women led brands. Its retail growth, digital job creation and ecosystem of MSMEs help create formal jobs and inclusive economic participation under SDG 8. Its retail growth, digitisation of jobs, and ecosystem of MSMEs help to contribute to SDG 8 for formal jobs and inclusive economic participation. Target 12.5 focuses on packaging initiatives, monitoring the packaging supply chain, authenticity control and consumer awareness as means to promote responsible consumption and production.

The finding is that Nykaa's sustainability orientation is not just one of symbolism but is associated with its business model. The company's governance and operational systems are linked to the themes of gender inclusion, creation of employment, supplier engagement, responsible sourcing and product authenticity. This is an interesting finding as it is linked to sustainability integration in Nykaa in terms of actual business activities, engaging stakeholders and how it relates to responsible market conduct.

8.5 Responsible Leadership as Competitive Strategy

The results indicate that responsible women's leadership can be adapted as the source of competitive strategy if the aspects of ethical governance, stakeholder trust, and sustainability are integrated in business decisions.

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Some of the elements that facilitated Nykaa's growth were authentication, omnichannel expansion, brand tie-ups, private label brand innovation, digital personalisation, and governance transparency. The outcome is that responsible leadership was found to be more of a moral and symbolic leadership attribute. For Nykaa, it came in the form of a strategic management ability that gave their governance a new level of credibility, consumer trust and stakeholder legitimacy and generated sustainable competitive advantage. Through the linkage of leadership orientation and the differentiation of markets and organisational stability, ethical governance helped to build trust that led to growth.

Table 4. Thematic Results of Nykaa Case Analysis

Result Theme	Case Evidence from Nykaa	Result Interpretation	Business Management Relevance
Leadership and Governance Institutionalisation	Post-IPO disclosures, board oversight, ESG orientation, and formal accountability mechanisms	Responsible women's leadership supported governance formalisation and ethical oversight	Strengthens governance legitimacy and investor confidence
Ethical Decision-Making and Strategic Expansion	Inventory-led authenticity model, omnichannel expansion, private labels, and AI-enabled personalisation	Strategic decisions combined growth orientation with ethical accountability	Supports operational efficiency and responsible scaling
Stakeholder Trust and Market Legitimacy	Product authenticity, curated brand partnerships, consumer engagement, and trust-based platform positioning	Stakeholder confidence became a source of market legitimacy	Builds brand credibility and customer loyalty
Sustainability Integration and SDG Alignment	Support for women-led brands, employment generation, MSME integration, sustainable packaging, and supplier monitoring	Sustainability was linked to business operations rather than symbolic reporting	Enhances ESG credibility and long-term organisational sustainability
Responsible Leadership as Competitive Strategy	Governance transparency, authenticity assurance, category specialisation, and differentiated beauty retail positioning	Responsible leadership contributed to a competitive advantage	Creates strategic differentiation in India's digital beauty retail market

9. Discussion

The findings show that ethical governance, trust from the stakeholders, and integrating sustainability and strategic differentiation were the outcomes of responsible women's leadership in Nykaa. This finding is consistent with the theory of responsible leadership, which considers leadership as a relational and stakeholder-driven process in which accountabilities, ethical responsibilities and long-term value creation are key concerns (Maak & Pless, 2006; Waldman & Balven, 2014). In the case of Nykaa, leadership orientation seems to have affected how the governance was institutionalised by being transparent, formally disclosing, oriented towards ESG and treating the stakeholders responsively. This aligns with the theory that good governance is even more vital in new, digital markets where reputational and stakeholder risks and expectations are heightened (Scherer & Voegtlin, 2020).

The results are also supportive of the theory of ethical leadership. Ethical leadership isn't about personal integrity; it's about putting ethical values into organisational systems, compliance systems, accountability systems and decision-making processes (Brown & Treviño, 2006; Eisenbeiss, 2012). From a store-bought authenticity perspective, from product control mechanisms to the governance and decision-making post the stock listing, the processes in which Nykaa has invested the ethical aspect into both the operational and strategic decisions. This is consistent with previous research, which found that ethical leadership enhances organisational trust, lowers risks in misconduct and boosts reputation (Mayer et al., 2012; Ciulla, 2020).

Nykaa, in this case, was a demonstration of how stakeholder trust can be used as a source of organisational legitimacy from a stakeholder's point of view. Stakeholder theory is the theory that a company should create value for customers, employees, suppliers, investors and communities as well as shareholders (Freeman, 1984; Donaldson & Preston, 1995). Nykaa's stakeholder responsiveness is demonstrated in its authenticity assurance, curated brand partnerships and engaging with consumers, as well as its relationships with suppliers. This is aligned with the recent scholarship of the stakeholders that identifies the sustainable competitive advantage through stakeholder-oriented strategies that can be achieved when combined with ethical decision-making (Jones et al., 2018; Freeman et al., 2020).

The results further enrich the body of knowledge on women's leadership and governance. Previous research indicates that women leaders might be more inclined to be collaborative, transformational, and socially responsible leaders (Eagly et al., 2007; Post & Byron, 2015). Yet, gender is not enough to ensure good governance; leadership impact relies on decision-making authority, institutional support and strategic

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integration (Adams & Funk, 2012). Nykaa's case was consistent with this nuanced perspective as leadership did not seem to be a key element of responsible women's leadership just for the sake of representation but was linked to systems of governance, market strategy, and organisational legitimacy. This broader understanding of leadership research indicates that the effectiveness of leadership is also related to context, values, adaptability and organisational systems (Avolio et al., 2009; Northouse, 2025).

The sustainability findings reveal that Nykaa's commitment to the SDG 5, SDG 8 and SDG 12 is linked to three aspects of gender inclusion, creation of jobs, engagement of suppliers, responsible consumption, and transparency of governance. This lends credence to the idea that sustainability should be integrated into business strategy and not be a symbolic reporting (Van Zanten & Van Tulder, 2018; Carroll, 2021). Additionally, it coincides with the governance-based sustainability literature that indicates that the composition of the board, investor relations, and governance have impact on sustainability performance (Crifo et al., 2019; Orazalin & Mahmood, 2021). In the same way, strategic CSR and sustainability scholarship highlights that responsible management can play a role in value creation for the long haul of the organisation (Haski-Leventhal, 2018; Bansal et al., 2021).

Overall, it is concluded that responsible women's leadership can be used as a strategic management capability. Namely, the ethical governance, trust of the stakeholders, sustainability orientation, and differentiation in digital retail are linked to each other in Nykaa's case. It fits the sustainability and CSR literature that focuses on the need to redefine the business value, with less emphasis on just the bottom line (Elkington, 2018; Zhao et al., 2023). From the methodological point of view, the case-based interpretation is suitable since a qualitative case study can be used to analyse complex phenomena in organisations in real-life business contexts (Yin, 2014). Thus, Nykaa shows how women who play by the rules of the game can make a difference in ethical decision making, legitimacy of governance, stakeholder trust and sustainable competitive advantage in an emerging market digital company.

10. Theoretical Contributions

This research provides three major theoretical contributions to the literature of responsible leadership, ethical governance, women leadership, stakeholder legitimacy and business management that focus on sustainability.

10.1 Responsible Leadership as a Governance Institutionalisation Mechanism

It situates responsible leadership as a means for institutionalisation of governance as the first contribution of this study. The study demonstrates the impact of leadership orientation on formal governance mechanisms, accountability mechanisms, transparency practices and decision-making processes that are responsive to stakeholders, rather than just an ethic of the individual. For Nykaa, responsible leadership is seen in clear governance, authentic control, focusing on ESG and in the way the business is carried out. This contribution connects leadership ethics and organisational governance in a theoretical manner that is strengthened.

10.2 Women Leadership and Ethical Legitimacy

The role of women as leaders and as ethical legitimators will be examined in 10.2. The second contribution is that the study contributes to an extension of the domain of women's leadership literature by demonstrating that women's leadership adds to the legitimacy of governance in terms of ethics when it is integrated into governance processes. The study not only depicts women's leadership as a symbol. Instead, it emphasises the role that responsible women leadership can play in influencing ethical decision making, building trust of stakeholders, consumer trust and organisational legitimacy through governance mechanisms. This contribution is significant because of the link it makes between gender-inclusive leadership and accountability of institutions and business credibility.

10.3 Responsible Leadership and Sustainable Competitive Differentiation

The third contribution is that the study shows how responsible leadership can contribute to the sustainable competitive differentiation in emerging digital markets. Ethical governance, product authenticity, stakeholder involvement, sustainability focus and branding based on trust can be sources of competitive advantage as seen in the case of Nykaa. This adds to the responsible leadership theory by connecting the ethical leadership orientation to strategic differentiation, market legitimacy and sustainability of the organisation in the long run.

11. Managerial Implications

The insights offer actionable recommendations for managers, entrepreneurs, professionals in the governance field, and policymakers across digital retail, emerging markets and consumer industry sectors.

11.1 Governance Implications

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Managers should understand that transparency in governance is not just a requirement for compliance, but it is a tool or resource for the organisation to use as a strategically valuable tool. Companies that are in digital markets with high growth rates need to establish clear transparency systems, ESG oversight systems, and practices of accountability for stakeholders. Consumer-facing platforms should have governance frameworks focusing on product authenticity, ethical sourcing, supplier monitoring, investor disclosures and customer protection. These processes increase the legitimacy of the organisation and minimise the risk of reputational damage.

11.2 Strategic Implications
The research shows that trust-based branding has the potential to be a strong differentiator in a strategy. The case of Nykaa demonstrates that authenticity control, brand partnerships, and an omnichannel extension and positioning on sustainability can help companies stand out from the marketplace as generalists. Business model design should therefore be designed in consideration of ethical decision-making by managers. Sustainability differentiation should not be limited to reporting, but be part of sourcing, packaging, educating the consumer, choosing brands and what we do.

11.3 Leadership Implications
The results further reveal that ethical leadership cannot be left to the discretion of individual values, but should be embedded in the system. The leaders must establish inclusive governance systems, promote participation and dialogue amongst stakeholders, increase accountability processes, and foster a culture of decision-making to promote transparency and responsibility. When empowered and supported by authority, governance, strategic participation and institutional empowerment, women's leadership can effectively add to organisational legitimacy. To do this, organisations need to go past the symbolic aspect of diversity and tie inclusive leadership with decision-making authority.

12. Limitations and Future Research
12.1 Limitations
Some of the limitations of this study are as follows: First, it is based on a single case study of Nykaa that restricts the generalizability of the findings to other firms, sectors and countries. Secondly, the study was based on secondary data sources, such as corporate disclosures, financial statements, sustainability information, industry analysis and academic literature. Consequently, the study does not provide direct evidence on the perceptions, experiences and opinions of the internal management and stakeholders. Thirdly, ESG and sustainability performance are interpreted differently, due to the changing definitions of both ESG and corporate reporting requirements. Lastly, as the beauty and digital retail market is constantly evolving, some market – and governance – dynamics may change over time.

12.2 Future Research
This study has the potential to be expanded to several areas in future. Comparative studies of the retail sector could explore the possibility of other leadership-governance relations in other consumer service digital companies. By analysing multiple cases, one can draw conclusions about patterns across the Indian and international e-commerce sector, making comparisons with other Indian and international portals. Interviews with primary stakeholders (managers, employees, suppliers, consumers and investors) can offer a more detailed understanding of the perception of and practice of responsible leadership. There are also studies that incorporate cross-country analysis that determine if responsible women leadership has different impacts on ethical governance in emerging vs. developed markets. Future research along these lines would enhance the empirical depth of the research, generalizability, and understanding of responsible leadership in digital business environments.

13. Conclusion
This study reveals that responsible women's leadership has a positive influence on ethical decision-making, as it supports the institutionalisation of governance, involvement of stakeholders, transparency mechanisms and accountability for sustainability. In this instance, leadership orientation seems to have influenced governance in terms of product authenticity controls, formal disclosure systems, ESG awareness and decision making in response to stakeholders. The insight for the government that emerged from the study is that ethical leadership is more effective if it is expressed in the organisational systems, transparency and accountability. Nykaa's case serves as an example of how good corporate governance and business growth can go hand-in-hand from a business-management point of view. The company's inventory-led authenticity model, expanding through the omnichannel, developing private brands, digital personalisation and governance-led branding are all

expressions of responsible decision-making that help build consumer trust, market legitimacy, competitive differentiation and lasting company performance. Consequently, the study offers insights into business ethics, corporate governance, organisational management and strategic leadership by demonstrating that governance by leadership can serve as a means to value creation in high-growth digital enterprises. In general, emerging market companies can recognise that responsible leadership can be a key to institutionalising non-institutionalised industries, overcoming mistrust, building trust with stakeholders, and facilitating the integration of sustainability in fast-changing businesses. Such as the digital consumer sectors where the brand credibility, product authenticity, transparency and legitimisation of stakeholders have a direct impact on the future competitiveness. Further research should involve comparing the studies among cases, conducting interviews with primary stakeholders, and cross-country studies to enhance generalizability and empirical depth. Results show that responsible women's leadership can be seen as an ethical concept as well as a strategic governance capability which contributes to the sustainable competitiveness of an organisation.

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