Ethical Leadership "The reflecting journey to an evolution of Management"

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INTRODUCTION

 "*Ethics must begin at the top of an organization. It is a leadership issue and the chief executive must set the example.*" – *Edward Hennessy*

Ethics is "*moral principles that govern a person's behavior or the conducting of an activity*".

By being moral, you are doing what is 'right' and, by inspiring others to do the same you are being an ethical leader. Values such as care, justice, integrity and respect are the raw material of ethical leadership, but they require a production process to convert them into effective actions in complex and dynamic situations. That production process is ethical reasoning. Without the capability for ethical reasoning, values based leadership cannot be constantly effective and may even lead to the use of values as rationalizations for unethical behavior. Ethical leaders are constantly engaged and apply their skills across all of their work and non-work roles; organizations, families, community organizations and society all need leadership. A true or authentic leader works with others in the pursuit of values based goals in all spheres of their life.

Ethical leaders use a range of mechanisms to engage and influence people. These mechanisms include what the leader says and does plus the systems, processes and culture of the units that he or she is responsible for. Ethical leaders must be good communicators and good role models. They must also ensure that the systems and processes they manage are not prone to moral hazard and that they build cultures that encourage and support ethical actions by others. Leadership includes responsibility for the behaviors of others and the mechanisms that influence those behaviors.

Becoming an ethical leader is a learning journey that requires continual and deep reflection on failures as well as successes. The ethical leader's toolkit must include the knowledge and skills for ethical reasoning, independence of thought, listening, flexibility and coping with failure. Developing and applying these skills in the resolution of unexpected, complex and dynamic problems is the process of a lifetime.

Thus ethical leadership is, not just doing the right things but at the right time and place in the right way. It is applying the inner conscience to the practical world, to make it better that it already is.

Definition of Ethical Leadership

Ethical Leadership- *ethical leadership is influencing people through ethics*.

Ethical Leadership today is considered to be one solution for creating a balance between the wellbeing of the subordinates and the wider community, and the organization's profitability**.**

Approaches to Ethical Leadership

Ethical leadership often takes the form of three separate approaches to leadership. The three have historical and philosophical foundations and all three emphasize different aspects in decision-making.

Utilitarianism Theory sees the leader maximizing the welfare of the subordinates. The focus is on ensuring the subordinates feel good and are happy, before deciding on an action. Concern is on the proper ends of the action, not necessarily on how you get there. The approach is closely associated with John Stuart Mill and the ethical cost-benefit analysis.

In Libertarianism Theory the leader is to protect the freedom of the individuals as the main concern. If an action or decision would restrain the subordinate's freedom, then the leader would not proceed with the course of action. The concern is on the intent of individuals. The approach follows Aristotle's idea of virtue ethics or eudemonism.

Immanuel Kant's Ethical Theory doing the right thing. The approach to decision-making is therefore looking at the proper means. Moral and ethical actions come from understanding what are the rules and customs of the organization and following these. The idea is that by understanding these common, agreed values, a leader can make the right decisions.

Ethical Leadership in the Modern Context

In the modern context, ethical leadership theories often emphasize either one of the above approaches or a mixture of the three. Importantly, ethical leadership requires a leader to act and lead in an ethical way. This generally means ethical leadership is both visible and invisible. Leader's actions should show in public and give reassurance to subordinates about the ethical behavior, but the leader must also think in an ethical manner. The leadership theory requires the leader to have ethics as an integral part of their everyday framework.

Ethical leadership should also be understood through the lens of its influence over other leadership theories. Being ethical is a core part of other leadership styles and a strong ethical foundation is required for styles such as transformational and charismatic leadership. While strong ethical outlook is required for these leadership theories, ethical leadership places the biggest emphasis on implementing ethical values to every aspect of leadership.

In their 2006 analysis of ethical leadership, Michael E. Brown and Linda K. Treviño compared ethical leadership with other notable leadership theories. While the similarities are often clear, Brown and Treviño concluded that, "ethical leaders explicitly focus attention on ethical standards through communication and accountability processes". It's precisely this aspect of ethical leadership that separates it from authentic, charismatic and transformational leadership.

Key Elements of Ethical Leadership

1.   Trust

When an organization's leader is reliable, willing to admit mistakes and trustworthy, subordinates tend to have confidence in leadership. Employees believe that leaders will keep promises and therefore are willing to commit to the organization's goals as well. Ethical leaders recognize that by leading by example, creating an environment that fosters productivity, without the distractions of scandals and corruption. When people trust each other, they can focus on getting work done, asking for help when they need it and solving business problems.

2.   Integrity

An effective leader honors commitments and expects subordinates and business partners to do so as well. She maintains loyalty, apologizes when necessary and takes responsibility. Doing so also inspires the same behavior in all transactions. She makes the right choices for long-term benefit. For example, an ethical leader chooses not to use information against a competitor if it was obtained through a third-party who didn't have the authority to provide it. Long-term, improved ethical leadership tends to positively impact the financial aspects of the organization. It also improves employee morale, job satisfaction and loyalty.

3.   Relationships

Ethical leadership creates and maintains a safe work environment for the workforce. All employees get treated with dignity and respect, regardless of their level in the organization. This type of leadership enables fair and equal opportunity for promotion, following local, state and federal regulations prohibiting discrimination for ethnicity, gender or age. Ethical leadership also provides physical and mental health

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support and helps employees maintain a healthy life and work balance. It provides work that has meaning and encourages employees to pursue training and development opportunities to advance in their careers.

4.   Transparency

An ethical leader realizes subordinates watch her closely to decide how to act themselves. She makes decisions carefully and communicates in a timely manner. When appropriate, she accepts input from subordinates and considers how her actions, such as strategic goal modifications, leadership changes, policy adjustments and other transformational activities, may distract employees from concentrating on job tasks. Ethical leaders act responsibly on a local and global level. For example, they do not conduct business in locations where employees work in unsafe conditions or receive incommensurate pay. They don't make business deals in an unethical manner or knowingly act to harm the environment.

Relevance of Ethical Leadership

1)   Promotes honesty in workers-

The workers feel encouraged to talk to their leaders if they feel pressurized to break the rules. The feel secure and entrust their leader with their thoughts and are more frank about their perceptions which strengths the relationships in an organization.

2)   Ensures security-

If the leaders are ethical, the workers feel secured in the belief that no harm or injustice will be brought upon them for their leader will protect them. An ethical person of virtue would never cheat and hence the employees have greater job security and greater dedication.

3)   Greater Job Satisfaction-

When you work for profit not only in accordance with the rules but also the moral values and ethics, you have the satisfaction of being a better human being and working towards the betterment of the society. One also feels the pleasure of being able to do good as a part of one's job and his/her conscience remains free of guilt. Thus he/she has a greater job satisfaction and hence more the prosperity of the organization.

4)   Greater Impact-

Action with an ethical reason has a greater impact on the workers. Reason, the pursuit of many is the meaning for existence and action an when the meaning upholds one's virtue, every direction towards the action is followed and executed to a greater extent and hence ethical leadership has a greater a impact.

5)   Stability-

Persons with a strong morale and value system have a strong emotional quotient and are stable and consistent in their performance and inspired by such leaders, the people follow the same which leads to the consistent upheaval of the organization

6)   Greater Unity-

When similar ethics and value systems come together they are more united than ever, with similar reason behind action they follow their leader in unison for the greater good and in unity lay strength.

7)   Better Public Image of the Organization-

When lead by an ethical leader the consequences of the action will often be in agreement with the public desires or mindsets and hence such organizations often come under the good books of the society hence a greater market share and profit. Hence ethical leadership brings both popularity and profit.

Who is an Ethical Leader?

An ethical leader is someone who embodies the purpose and values of the company, organisation or team that he/she works for or leads. This leader is driven to perform to the best of their ability and compels others to do the same. Maintaining strong ethics in a professional and personal capacity marks an ethical

leader as someone who stands out from the crowd. To be an ethical leader requires the ability to be open, honest and direct in all situations and with all kinds of people.

The understanding of integrity is fundamental to the role of the ethical leader. Within a company or organisation an ethical leader can only lead and influence others if they are able to maintain a consistent energy that remains morally focused, determined and forthright.

An ethical leader works to create an open conversation, and working practice, that encourages the sharing of ideas, knowledge and vision so that the benefit of the learning is shared. The leader must also compel others to follow the lead that he/she sets by the standards that are reflected in the way they live, influence and inspire.

"Ethical leadership is knowing your core values and having the courage to live them in all parts of your life in service of the common good." In our experience, ethical leadership involves leading in a manner that respects the rights and dignity of others; a concept that is at times in direct conflict with more traditional models of leadership. In the past, the main goal of leadership has been to increase production/productivity and profits. However, in the 21st Century this view has begun to slowly diminish as more organizational development and human resources experts assert that leaders also have the responsibility for ensuring standards of moral and ethical conduct. Good leadership then, refers not only to competence, but to ethics that transform organizations and people's lives.

Ethical leadership requires ethical leaders. If leaders are ethical, they can ensure that ethical practices are carried out throughout the organization. Leaders are naturally in a position of power both on and off the job, so ethical leadership must focus on how leaders leverage this power in the decisions they make, actions they engage in and ways they influence others. Leaders are responsible for influencing followers to perform actions, complete tasks, and behave in certain manners. Effective leaders also influence processes, stimulate change in attitudes and values, and amplify empowerment and self-efficacy of their followers, as they foster the internalization of corporate vision. The nurturing aspect of leadership can also raise an organization's culture and employee's values to higher levels of ethical behavior. By demonstrating ethical leadership we promote a high level of integrity that stimulates a sense of trustworthiness, and encourages subordinates to accept and follow our vision. Character and integrity provides a strong foundation for other personal characteristics that direct our ethical beliefs, values, and decisions.

Ethical leaders are likely to be people-oriented, and aware of how their decisions impact others. They therefore use their power and authority to serve the greater good instead of self-serving interests –a "win/win" for employees and the organization. This modeling serves as a guide and motivator for others to put the needs and interests of the group ahead of their own. Such engagement creates an intellectual and emotional commitment between leaders and their followers that makes both parties equally responsible in the pursuit of common goals. Further characteristics of ethical leaders include: inspiring, stimulating, and other visionary behaviors that make up transformational leadership. Ethical leaders also coach cohorts in gaining a sense of personal and professional competence that allows them to excel while being more resilient, loyal and profitable.

The Center for Ethical Leadership recommends a 4-V Model of Ethical Leadership as a framework that aligns leaders' internal beliefs and values with his or her external behaviors and actions for the purpose of advancing the common good of employees, leaders, organizations and beyond. The model was created and based on research by Center founder Dr. Bill Grace. A quick overview of the 4-V Model is as follows:

• Values – Ethical leadership begins with an understanding of and commitment to a leader's core values. By discovering the values which make up the core of our identities and motivators, we begin the process of integrating our unique values with our choices in our personal, professional, and civic lives.

• Vision – Ethical leadership requires the ability to frame our actions within a picture of "what ought to be" – particularly in the area of service to others.

• Voice – Ethical leaders must be able to articulate their vision to others in an authentic way that enlivens them into action.

• Virtue – Ethical leaders strive to do what is right and good. They practice virtuous behavior by asking "How are my values, vision and voice in alignment with and supporting the common good?"

We would add a 5th "V" to this list: **VALIDATE** – increase the ethical know-how of everyone in the organization by hiring for ethics and values as well as capabilities, including ethical behavior in appraisals and firing people who fall short of ethical standards.

Ethical Leaders globally an illustration

While corporate executives aren't always known for their altruism, many CEOs who use their wealth and fame for the greater good. These CEOs have found ways to combine profits and purpose by focusing on human rights, sustainable practices, employee satisfaction, social justice, and more.

1. Dan Price, Gravity Payments

Dan Price has caused a whole lot of controversy in the business world — but he didn't mean to. He garnered himself and his credit processing payment company tons of media coverage when he unveiled his plan to raise Gravity's minimum salary to $70,000. He funded this new project in part by cutting his own seven-figure salary down to $70,000 as well. While not his intent (he calls the wage raise a "moral imperative"), the move has paid off, business-wise. According to a Nov 2015 article in Inc Magazine, Gravity's revenue is growing at double its previous rate, and the company boasts an astounding 91 percent employee retention rate. Gravity also provides especially competitive pricing and a free website donation page for nonprofits

2. Sally Osberg, Skoll Foundation

As CEO of the Skoll Foundation since 2001, Sally Osberg is a leading voice in social entrepreneurship. Working with Skoll's founder Jeff Skoll (the first president of Ebay), she guides the organization toward investments that will foster large-scale social change. Osberg founded the Skoll World Forum, which brings together the world's greatest innovators and social entrepreneurs to brainstorm solutions to the globe's toughest challenges. She co-authored the a book: Getting Beyond Better: How Social Entrepreneurship Works.

3. Michael Preysman, Everlane

Operating under the code of "radical transparency," Michael Preysman founded a clothing company that bucks the typical business plan of producing middling quality goods manufactured by impoverished workers toiling in poor conditions. Everlane is completely upfront about what factories it chooses to work with. Executives regularly visit each factory and work with factory owners who treat their employees well. That's good for workers — and customers. By foregoing brick and mortar shops, Everlane passes on savings to customers, going so far as to display the true cost and markup of every item sold on its site. It's a simple idea that empowers customers to always question where their goods come from and how prices are set.

4. Jostein Solheim, Ben & Jerry's

This iconic ice cream brand has never shied away from supporting social causes. In that environment, CEO Jostein Solheim has made his own mark. Under his leadership, Ben & Jerry's became more committed to sourcing ingredients from Fair Trade certified partners, which guarantees that farmers are receiving fair wages and working conditions. Solheim is also concerned about fairness in politics: a whole page of the Ben and Jerry's website is devoted to issues of democracy, including voter registration and getting "big money" out of politics.

5. Oprah Winfrey, The Oprah Winfrey Network

Oprah Winfrey needs no introduction, but we'll give her one anyway: as a titan of both the media and philanthropic worlds, she's changed the lives of millions through her content and her causes. Since founding and helming The Oprah Winfrey Network (OWN) in 2011, she's delivered some of the most inspirational and diverse programming on T.V. But being a relatively hands-off CEO means Oprah has plenty of time to work on her philanthropic passions, like the Oprah Winfrey Leadership Foundation for Girls in South Africa. The foundation graduated its fifth class in 2015. Many graduates earned scholarships from top colleges around the globe, proving that poverty can be overcome through education.

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6. Kenneth I. Chenault, American Express Company

Taking over as CEO of American Express in 2001, Kenneth I. Chenault became one of the first African Americans to lead a Fortune 500 company. Compassion and openness have been hallmarks of Chenault's leadership style: he makes a concerted effort to personally respond to every employee that reaches out to him. Outside the office, Chenault takes his civic duty seriously. Chenault serves on the President's Council on Jobs and Competitiveness and on the council for the soon-to-open Smithsonian National Museum of African American History and Culture in Washington, D.C.

7. Indra Nooyi, PepsiCo

As CEO of the world's second largest food and beverage company (as measured by revenue), Indra Nooyi remains committed to doing business the ethical way. She spearheaded the company's "Performance with Purpose" initiative, which ties PepsiCo's sustained financial performance to human, environmental, and talent sustainability. Nooyi's efforts to lead with passion and purpose have been noticed, as PepsiCo was named to Ethisphere's list of the World's Most Ethical Companies for the 10th year in a row in 2016.

8. Marc Benioff, Salesforce

Marc Benioff, CEO of cloud computing company Salesforce, has been vocal about criticizing perceived human rights violations — including the recent law passed in North Carolina that restricts LGBTQ rights. He also actively encourages other CEOs to follow his lead on matters of social justice. Benioff is at the forefront of corporate leaders who flex their economic muscle to influence legislators on important social issues. Benioff also integrates philanthropy into Salesforce's business model, and offers discounts to higher education organizations and nonprofits.

9. Dan Bane, Trader Joe's

After being called out by Greenpeace in 2010 for selling seafood products on its "red list" — a list of marine species the group says shouldn't be made commercially available due to overfishing, destabilization of the ecosystem, or other factors — Trader Joe's made a change.

CEO Dan Bane vowed only to work with suppliers, who operate under sustainable fishing practices by 2012, and has since then worked to make many of the other items on the stores' shelves green-friendly as well. Combine Trader Joe's environmental efforts with its long-standing commitment to affordability (the company forgoes the industry-standard shelving fees charged to suppliers), and Bane gets top marks.

10. Andrea Jung, Grameen America

As the former CEO of Avon Products, Andrea Jung has long championed women's causes, and she received the Clinton Global Citizen Award in 2010 for her efforts. While Jung's tenure was not without its missteps, she did lead the Avon Foundation to its status as the largest women's-focused corporate philanthropy outfit in the world. Now, Jung continues to fight for women as the CEO of Grameen America, a nonprofit microfinance organization that helps women in poverty around the world build their own sustainable small businesses.

Conclusion

Ethics and Ethical Leadership often is situational and its applicability depends on the situation. When Ethics and Ethical Leadership is in conflict with the organization's wellbeing most often people forego them. Hence often organizations prioritize profit over ethics which in the long run can lead to the downfall of the organization. Often companies prioritize profit over ethics and moral values, nevertheless Ethics should be prioritized in every human being's life being in the corporate world or in daily life after all it is our duty to make this world a better place along with its progress and our profit. Further, Ethical Leaders inspire and motivate which itself can be the leading factor for an organization's progress. Thus, "Don't be followed, be respected, loved, be valued. Be inspiring for the good. Be an ethical leader."

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