

# **Ethical Leadership**

## *Abstract*

Ethics which are not covered clearly by law and compliances are generally a matter of subjective judgment. Ethical leadership takes into account not only the leader but also his constituents, the context or situation that the leader and constituents face, the leader's processes and skills, and the outcomes that result. Ethical leaders embody the purpose, vision, and values of the organization and of the constituents, within an understanding of ethical ideals. They connect the goals of the organization with that of the internal employees and external stakeholders. They are open to others opinions and ideas because they know those ideas make the organization they are leading better. Ethical Leaders strive for fairness. There are immense individual, team based and organizational advantages from behaving ethically, with humanity, compassion, and with proper contemplation for the world, past the boardroom and the shareholders. This paper is a theoretical in nature comprising of characteristics of ethical leadership. It also elucidates the need and benefits Ethical Leadership.

## Ethical Leadership

“Excellence never happens by accident. We have to *make* it happen. And our methods matter every bit as much as our results.” Notice that “I” is at the center of the word “ethical.” There is no “they.” Achieving the ethics of excellence is our individual assignment. You can't put someone else in charge of your morals. Ethics is a personal discipline. Don't *say* what you believe about ethics...*show* what you believe”

- **Price Pritchett**

Ethics--A set of values that describe what is right or wrong, good or bad. Ethics is a word derived from the Greek word – Ethos. Ethics definition as adapted from UNESCO / IUBS / Eubios Bioethics Dictionary is:

- A system of moral principles or standards governing conduct;
- A system of principles by which human actions and proposals may be judged good or bad, right or wrong;
- A set of rules or a standard governing the conduct of a particular class of human action or profession;
- Any set of moral principles or values recognized by a particular religion, belief or philosophy;
- The principles of right conduct of an individual.

Ethics in its true sense provides the motive force, the supreme propeller in one's behavior. Patrick and Quinn (1997) defined ethics as the study of individual and collective moral awareness, judgment, character and conduct. However ethics is not definable, is not implementable, because it is not conscious, it involves not only our thinking but also our feeling. It may be referred to as some standardized form of conduct, behavior of individuals understood and accepted in a particular field of activity. Ethics is a mass of moral principles or sets of values about what conduct ought to be. They give an idea what is right or wrong; true or false, fair or unfair, just or unjust; proper or improper e.g. honesty, obedience, equality, fairness etc. and respect and then doing the right thing. Ethics represents the core value system individuals use for everyday problem solving.

Personal Ethics are the moral foundation on which people build their lives. Personal ethics assist in decision making, guiding to participate in actions that meet internal moral standards. For many people, it's simply their “inner voice” that provides all the ethical guidance needed. Intuition too plays a large role in what one finds ethical. Personal convictions develop from family, community, culture, education, peer influence, religious/spiritual upbringing, and internal reflection. Broken down, personal ethics impact behaviors which usually into fall into the following structure:

Dr. Farida Virani

## **Value of Others**

Ethics relates considerably to how one person treats another person in terms of respect, concern for their wellbeing and recognition of their autonomy. It strongly impacts the depth and longevity of relationships.

## **Value of Society**

How one interacts with society as a whole also speaks about their ethical standards. This includes compliance with the law, conforming to generally accepted social norms, and contributing positively to the community.

## **Value of Self**

How a person presents him/herself is an indicator of personal ethics. This refers to trustworthiness, honesty, reliability, and consistency.

Thus, Personal ethics are referred to as the rules by which an individual lives his/her personal life. Ethical norms emerge from self discovery by individuals, who have several subtle ways to integrate social cohesion with self realization, social responsibilities with individual obligations and individual ethical norms for the society.

## **Models of Ethical Behavior**

For centuries many have believed that ethical behavior is not open to scientific investigation. There are so many different theories of ethical behavior that it is uncertain if anyone can bring order to all that have been presented. Never the less the author has attempted to present a few of them for this research paper.

The **Mechanical Model** sees ethical behavior as derived from and determined by the outer power utilizing reward, punishment and the principle of reinforcement. Good moral behavior results from stamped in habit patterns developed by repeated reward. Bad moral behavior results from failure to reward properly or punish adequately. It is an external model, which does not account for ethical acts that occur without reward. Mechanical Model excludes the self-concept or inner urgencies as playing any part in ethical behavior.

The **Phylogenetic Model** sees ethical behavior as bringing together certain needs in the self and certain socially acceptable actions. Primary drives are converted into, some secondary moral drives. Needs become connected to socially accepted forms of behavior. This model allows some room for man to be expressive, but it is weak because it is harnessed, not released moral expressiveness.

The **Genetic Model** sees ethical behavior arising through infantile and childhood experiences and following its psychoanalytic parent. The problem of producing moral behavior is the problem of sublimating man's animalism into ethical behavior. It sees man only as another animal and sees man as one which is fundamentally more similar rather than less similar to other animals.

The **Intentional Model** is perhaps a more appropriate explanation of ethical behavior. It says, "In moral choices and discriminations we do not always act on the basis of social concern, but on the basis of the capacity to foresee the consequences of our own acts. The more mature a person's moral acts, the more he moves on a plane of future orientation. Moral habits are not mechanical responses merely, nor are they largely instrumentalities for the satisfaction of needs; they are both. But we cannot rest the case of ethical discrimination on the impelling force of habit, either instrumental or socially driven. The moral conscience of man is unique in being basically self-propelled."

There is no one model which can be propounded as the model which completely explains the complex dimensions of Ethical behavior. Personal Ethics is an ever evolving dimension which is impacted by the individual's education, parents, peers, community, religious values, organizational culture and internal reflection. Clare. W. Graves (1959) , in his research paper titled, 'An emergent theory of ethical behavior based upon an epigenetic model', succulently concludes, " ..... view of ethical behavior from a systems point of view might lead one to hypothesize that certain values are appropriate to certain systems of ethics but that these same values might be inappropriate to other ethical systems. As Allport, has said: "The determinists are right in saying that the fabric of the world is structured and orderly. But they are wrong in believing that the fabric of a given life has reached its final form. The relative freedom of man lies in his seeking and utilizing knowledge that will enable him to discover the final shape of his life."(4, p. 564).

### **Personal Ethics and Leadership**

Since time immemorial researchers, thinkers and the educationists have been trying to extract the essence of 'Effective Leadership'. Michael Josephson, founder of the Josephson Institute of Ethics in Marina Del Rey, Cal., convened a group of people from across the nation in 1992. They came up with a set of ethical values that form the foundation of a democratic society. Reproducing from **Ethics: Easier Said Than Done**, Volumes 19 and 20. 1992, published by the Josephson Institute of Ethics, These were;

**Trustworthiness:** Worthy of trust, honor, and confidence and values such as integrity, promise-keeping, loyalty, dependability.

**Respect:** Regard for the dignity, worth, and autonomy of all persons, treating people with courtesy, civility, politeness and tolerance of others.

**Responsibility:** Acknowledgment and performance of duties to others and self and being accountable and self-disciplined.

**Justice and Fairness:** Making decisions on appropriate factors; being impartial; avoiding conflicts of interest; being reasonable and consistent; playing fair.

**Caring:** Having regard for the well-being of others. Being kind, compassionate, considerate, unselfish, and being charitable.

**Civic Virtue and Citizenship:** Recognizing and living up to social obligations; participating in democratic process; being law abiding; doing one's share.

In their book, *Moral Intelligence* (2005), authors Lennick and Kiel conclude that most cultures and religions around the world recognize four principles which are vital to personal and organizational success:

1. Integrity
2. Responsibility
3. Compassion
4. Forgiveness

According to Jim Ware (2008), high performing leaders, have a personal commitment to practicing 'energetic integrity'. This term, and the life that energetic integrity engenders, involves personal skills such as emotional intelligence, communication, and moral courage. As quoted in 'The Top Ten Leadership Qualities, in the HR World, David Hakala (2008), says. "Amongst many other's some of the traits, a good leader displays are - Integrity. **Integrity** is the integration of outward actions and inner values. A person of integrity is the same on the outside and on the inside. Such an individual can be trusted because he or she never veers from inner values, even when it might be expeditious to do so. A leader must have the trust of followers and therefore must display integrity. Honest dealings, predictable reactions, well-controlled emotions, and an absence of tantrums and harsh outbursts are all signs of integrity. A leader who is centered in integrity will be more approachable by followers. He displays **Magnanimity**, which means giving credit where it is due. A magnanimous leader ensures that credit for success is spread as widely as possible throughout the company. Conversely, a good leader takes personal responsibility for failures. This sort of reverse magnanimity helps other people feel good about themselves and draws the team closer together. To spread the fame and take the blame is a hallmark of effective leadership. He also displays **Fairness** which means dealing with others consistently and justly. A leader must check all the facts and hear everyone out before passing judgment. He or she must avoid leaping to conclusions based on incomplete evidence.

When people feel they that are being treated fairly, they reward a leader with loyalty and dedication”.

Thus, it is evident that, personal ethics, values and beliefs of the people in leadership positions matter. These traits have emerged often in researches, surveys and interviews, and whenever there is a debate about Effective Leadership. The researcher however, does not propagate that ethical competence is an alternate for excellent business sense or wise political verdict. However, it is apparent that business sense, if it is to be excellent, and political judgment, if it is to be wise, must be anchored in ethical leadership. Without that clear moral direction the organization would be a ship plowing through treacherous seas without a chart or compass. In the global business world of today, the stakes are too high for such reckless voyeurism. Therefore it would be safe to conclude that, Ethical Leadership is the most in demand but the least in supply in today’s business world.

### **The Significance of Ethical Leadership**

Fostering positive relationships through ethical leadership provides benefits at three levels of organizational life. It empowers Individuals, Teams and Organizations as whole. Ethical leadership impacts positively across all these three levels and nourishes the relationships that empower human enterprise.

**Individual well-being.** Patricia Aburdene (2010) decries the impact on 21st century life of what she calls “unconscious capitalism,” a human doctrine focused on profit and unmindful of the collateral damage to people, society and the ecology of the planet. The megatrends she describes constitute the rise of “conscious capitalism” where people let their actions be guided by moral principles. This way of thinking recognizes that in addition to the economy of financial transactions there is an ‘*emotional economy*’ where emotional exchanges are registered in our bodies and determine the quality of our mood and performance. Biologist Bruce Lipton (2005) and psychologist Daniel Goleman (1998) have produced an impressive body of research, which reveals that the internal chemistry that supports life and well-being is being driven and molded to a very large extent, and for better or for worse, by others. Therefore, it is no longer advisable to ignore the human cost that science is revealing about the effect of emotional toxins on our work, family and personal environments.

**Energizing the Team.** Modern evolutionary theory outlines the extent to which collaboration and team effort have played a major role in our species’ rise to dominance. Research by Daniel Goleman (1998) illustrates time and time again in workplaces ranging from high tech scientific establishments to manufacturing plants and sports teams that “the whole is never the sum of its parts.” It will always be greater when people work together, supporting and encouraging each other to achieve their personal best and compound the performance of the team. This kind of team effort derives from relationships where people value the worth of all members and where

the leader working with ethical and emotional intelligence “lubricates the mechanism of the group mind.”

**The Organizational whole.** At the organizational level the best model to emulate for exquisite performance comes from biology in the form of our own physical human body. Here trillions of cells work in perfect harmony and cooperation, somehow “knowing” what to do to support one another to produce health and well-being of the whole. So also in business organizations, if people do not honor each others’ worth and recognize their interdependence, sub-optimal performance or even breakdown may result. An ethical leader with an acute business sense would be able to call shots to run the organization resulting in exquisite harmony with excellent business returns.

### **Benefits to the Organization**

An ethical organization is a community of people working together in an environment of mutual respect, where they grow personally, feel fulfilled, contribute to a common good, and share in the personal, emotional and financial rewards of a job well done. There is a shared understanding that success depends on a constellation of relationships, both internal and external, not all of which are under the organization’s control, but which it can influence through the way it operates from a platform of ethical principles.

It begins by treating its people well, knowing that a satisfied and happy workforce will share that emotional contentment in positive interactions with customers and clients. Similarly, ethical leadership in the organization means that it will maintain positive relationships with its contractors and suppliers thereby reaping the benefit of their good will and service in return. Externally in the community and society at large, the organization operating on ethical principles will have a stellar reputation as a good corporate citizen, honoring its social responsibility and demonstrating a willingness to carry on its activities in accordance with all regulatory requirements. Operating in this way, the organization enjoys the prospects of continuing economic success where its products and services are well received and its reputation engenders good will, which translates into ongoing support in the community and in the marketplace. An excellent example is that of the Tata Group of Companies in India.

Summarizing, nurturing positive relationships offers benefits at three levels of organizational life. It is important to the individual as he or she comes to work every day and engages in activities that can fall anywhere along a continuum from rewarding and fulfilling to disempowering, toxic and debilitating. The negative end could be suffocating and humiliating and could result in the loss of valuable human resources. No less in need of empowering ethical leadership and relationships is the team, large or small, formal or informal, project-focused or maintenance-oriented—in every case it depends on caring relationships among team members including the leader. Finally, the organization as a whole with vast spans of communication and

different areas of responsibility needs a bonding agent to make people feel they are making a distinctive and important contribution to the whole. When the organization is functioning with good ethical relationships throughout, people are healthier and happier, and productivity measures improve in every way. There is an *emotional bottom line* that supports the financial bottom line. Ethical leadership honors the emotional needs of people for respect and meaning, which are reflected in “quantum leaps in personal and organizational effectiveness.

### **Developing Ethical Leadership**

An organization’s work flourishes when leaders throughout the formal structure take responsibility for ensuring that the work performed under their charge is ethically grounded. The Chief Executive Officer and the Board of Directors should demonstrate their commitment to the company’s values and principles in consistent and concrete ways. Of course, it is important that sound ethical behavior is modeled at the top, but it is the leaders in the middle who will ensure that high ethical standards are set and maintained. To develop ethical leaders, it is important for the *ethics codes* to be clear, and to ensure that all employees understand what is expected of them. Another critical component to ensuring ethical leadership within the culture is hiring, developing, and promoting those people who will embrace the ethical standards. Personally becoming an ethical leader is reasonably simple. It requires a commitment to examining individual behavior and values, and the willingness and strength to accept responsibility for the effects of personal actions on others.

Ethical leadership should be grounded in a set of competencies that can be strengthened and developed through carefully designed opportunities for reflection, dialogue and practice and a through *ethical accountability*. Individuals in an organization must be accountable to the organization and to each other. The organization, in turn, must be accountable to the individuals who are its constituents, whether they are employees, customers, shareholders, retirees or others. Employees need to be given confidence and support from their organizations in order to do the right thing. Confidence comes from frequent and effective training and constant positive reinforcement. For an organization to have an *ethical culture*, both individual and institutional integrity must be honored, properly blended and nourished. If future is to be enlivened with hope and the sense of meaning that lies at the core of human experience, it is of critical importance that leaders everywhere, be the models of ethical competence that we now know without equivocation to be the source of human well-being and happiness.

Concluding with the thoughts of someone remembered more for his musical than philosophical contributions to our society: Mr. Elvis Aaron Presley. He said: “*Values are like fingerprints. Nobody’s are the same, but you leave them all over everything you do*”.



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