

IMPACT OF ETHICAL LEADERSHIP ON BUSINESS PRACTICES

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ABSTRACT

A Leader act will be ethical whose actions and process of influence are consistent with moral value and ethics. Ethical leadership practice can change the attitude of people at lower level in organization so the ethical climate setting can be done in organization. Leaders serve as role models for their follows and show them the behavioral boundaries set with in organization.

Practicing the ethical leadership is not only for philosophical literature but also it is necessary in today's business environment because it can be used as weapon to reach the height of successful business. This paper focus on the construct of ethical leadership. During decision making Ethical leader consider long term benefits and drawback that can help to improve the organization performance. So Ethical leader consider the societal norms during taking decision.

Keywords: *Ethical Leadership, Leadership Effectiveness, Ethical Practices*

1. INTRODUCTION

On considering the concept of Ethics we can understand the Ethical leadership. Ethics is a moral principle that governs behavior or the conducting of activity of a person. It is the branch of philosophy which focused on systematize, defending and recommending concept of right or wrong conduct of a person.

Ethical leadership based on the ethical belief and values and it consider the dignity and rights of others. Ethics is a desirable concerned of kind of values and morals an individual or a society find. Moral development influenced the choices of a leader.

Today's the cut throat competitive businesses some time create a situation when top authorities of organization to be intensive towards business and get only profit and success by any means. For getting profit at any rate and how cost they break the rules, regulations and damaged the environment and forget that what their role as a responsible corporate player is.

2. DIFINING ETHICAL LEADERSHIP

Various Authors play a significant role to identify the ethical practices of leadership. Ethical behavior is defined as behavior which is morally accepted as “good” and “right” as opposed to “bad” or “wrong” in a given situation (Sims, 1992).

Ethics is a philosophical term originating from Greek word “ethos” meaning custom or character. It is concerned with describing and prescribing moral requirements and behaviors, which suggests that there are acceptable and unacceptable ways of behaving that serve as a function of philosophical principles (Minkes, Small, & Chatterjee, 1999).

Ethical leadership is defined as the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making“ (Brown, Trevino, & Harrison, 2005).

When Ever a leader directed by his inward virtues during the decisions making process then the leader will be ethical and the follower of leader will be benefited from leader ethical practices. Leaders feel motivated by living with his own virtues rather than influencing the others. The primary responsibility of leader is to provide the service to their follower and this is the main essence of ethical leadership.

Through the above different definition one thing is clear that ethical leadership is focused on influencing the follower so that they can do the right things and provide them courage so that they can live all part of their life in serving good things.

3. CHARACTERISTICS OF ETHICAL LEADERSHIP

Here are following ethical leadership characteristics:

I. Justice

The ethical leader treats every person equally. He doesn't bias with the gender, ethnicity, nationality etc.

II. Respect others

Ethical leader give respect to their entire follower. He likes to hear the suggestion given by team member while taking decisions.

III. Honesty

Ethical leader always worked according to the concept of ethics that is good practicing in work because followers always follow the honest leader. He presents all the matter transparently.

IV. Teambuilding

Ethical leader consider that organizational goal is not personal, its team goal. So he creates team spirit among team member to achieve the common goal. He worked to achieve goal that benefited the entire organization not just for him.

V. Value driven decision-making

Ethical leader create numbers of alternatives and choose who is more suitable and can able to create organizational value.

VI. Encourages initiative

Under an ethical leader employees are coining the innovative ideas, and are always encouraged to do what it takes to improve the way things are done.

VII. Leadership

Ethical leadership create the way which can be followed by team member and motivating the team member to work to achieve the goal.

VIII. No tolerance for ethical violations

An ethical leader expects their employees to do the right thing always. He never tolerates the practice of ethics in work. Even some time ethical practices are not convenient for him or for team members.

4. INTEGRATING ETHICAL LEADERSHIP INTO AN ORGANISATION

Linda Fisher Thornton established seven practices to integrating ethical leadership into an organization in 2013 her book *7 Lenses: Learning the Principles and Practices of Ethical Leadership*.

I. facing the complexity ethical decisions bring about

For ethical leadership communication play essential role. The frame must be mentioned clearly and people should be aware of the ethical norms in use. That's why the decision-making process should be openly discussed with follower, whenever it is necessary take difficult decisions. If leader openly discussed on ethical standards and decisions will develop subordinates' sense of ethics and can help them make better decisions as well.

II. Not separating ethics from other business activities

Thornton also highlights the importance of implementing ethical leadership in the organization. Ethics should be considered at day-to-day business not only times of trouble or big decision-making. Every work within the company should be done by keeping ethical framed in mind.. For sustain the trust of people leader should follow the standards which relies on trust building. So that all the subordinate and stake holder come to know what promise leader is fulfilling.

III. Not allowing negative interpersonal behaviors to erode trust

For ethical leadership to work, the leader must be able to create meaningful relationships with the subordinates. These relationships must then rely on trust, respect and open communication. Ethical leadership aware about the problem occurs in interpersonal behavior in organizations. People's differing opinions on ethics should be treated positively and cultivate a relationship within the organization where different views can be discussed. Because good practices of ethical leadership cultivate the organizational goal.

IV. Seeing ethics beyond laws and regulations

By the focusing on ethical laws and regulations, ethical leadership should embrace ethics more widely and behavior of person can be clearly identified by ethical leader. Sometime ethical leader does not consider or focused on ethical regulation but at place of that he follow the wider aspect of ethics that will be wider framework of social justice and sustainability.

V. Not exempting subordinates from ethical expectations

For development of organization widely it better to implement the concept of ethical practices in day-to-day activities and what the norms of ethics is to aware the subordinates so that they can take care while day to day work. And people should behave accordingly as the framework of ethics mentioned that is paramount for the team.

VI. Celebrating positive ethical moments

Although it's important to hold people accountable in terms of ethical behavior, the framework also requires celebrating positive achievements. leaders should be focusing on the positive outlook while the leadership calls for proactive behavior instead of reactive, Ethical

leadership focus on implementing and enforcing the right principle and norms for ethical leadership, instead of pointing out .

VII. Understanding ethics to be a long-term development

Finally, ethical leadership is a long-term development plan and framework. It can take a long-time to develop a strong ethical behavior across an organization and not about quick fixes quickly. Ethical leadership always continuing process and the framework should change with the organization and with time to time As mentioned above, ethics change according to time and environment condition

5. THE 4 V MODEL OF ETHICAL LEADERSHIP

The formal research and personal passions around faith and ethics is basis on which 'Dr. Bill Grace' developed the 4 V model of ethical leadership. People who want to become leader should make differences in inner journey of integrity and make an outer commitment to the common goal. Every leader create their own vision related to world that how it is different for his point of view. After vision they move to outer commitment of living and behaving in ways that serve the community and advance the common good. Thus the ultimate purpose of leadership is to shape a future that is visionary, inclusive, and enables all members of society to fulfill their needs, dreams and potentials.

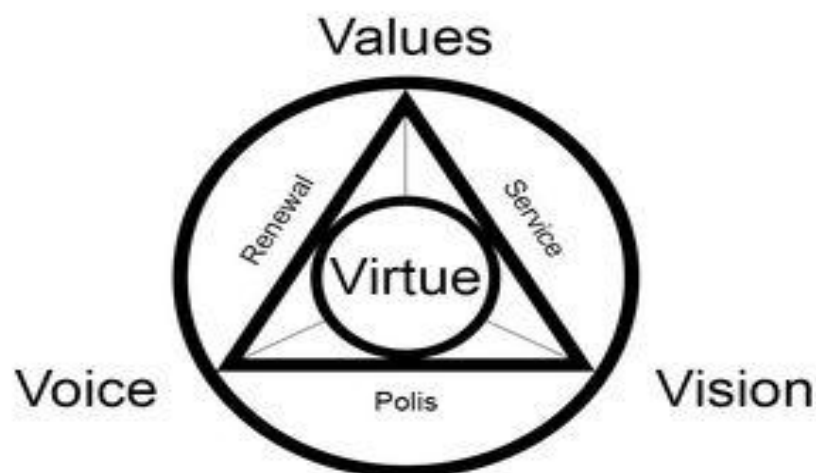


Fig. -1 4V Model of ethical leadership (Dr. Bill Grace: founder and executive director of Center for ethical leadership)

1. Values

Ethical leadership begins with an understanding of and commitment to our individual core values. By first discovering the values at the core of our identities, we begin the process of

integrating our unique values with our choice-making on all levels of our personal and civic lives.

2. Vision

Vision is the ability to frame our actions – particularly in service to others – within a real picture of what ought to be.

3. Voice

Claiming our voice is the process of articulating our vision to others in an authentic and convincing way that animates and motivates them to action.

4. Virtue

Understanding that we become what we practice, we foster virtue by practicing virtuous behavior – striving to do what is right and good. In this way, we develop the character of virtue. In particular, virtue stands for the common good. Ethical leaders ask, “How are my values, vision and voice in keeping with the common good?”

Dr. Grace identified three additional elements that are key to the development of ethical leadership.

- i) **Service**-Service connects Vision to Values, indicating that when our values are tested and tried through service to others, the latent vision within them is often revealed.
- ii) **Polis**-“Polis” is the Greek word for city, and the root of the English word, “politics.” As we learn to give voice to our vision in the context of a public act, we are engaged in the art of politics.
- iii) **Renewal**- as Voice returns to Values, the territory of our work changes to renewal. As we express our voice in multiple ways, we need to break from the action on a regular basis to consider if our actions are congruent with our values and vision.

6. CONCLUSION

In today’s dynamic and fast changing environment where organization facing throat cut competition, business organization continuously increasing the practice of ethical leadership. Because business organization who is practicing unethical leadership facing the negligence by follower and stockholder in world wide. Once the corporate leader failed to sustain trust of follower and stockholder have to face the challenges in winning again the trust of their follower and stockholder because leader’s integrity is being questionable.

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