## Ethical Leadership: Linking Values to Strategic Goals

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**Abstract**

*"Life lived on slippery slope", says Harvard business school's Richard Tedlow, "It takes a person of character to know what lines you don't cross".*

*The Indian economy today is indeed passing through a rapid and drastic change on the debris of Nehruvian socialism. Scandals and scams in India have risen tremendously. Delicencing and decontrol have become the new word for our politicians, businessmen, professionals and intellectuals. Corruption and red- tapism in regulated regime has perpetrated irreparable damage to our economy. Leader faces many pressures that challenge their ability to do the right things. Every professionals is having combinations of high virtues i.e highly skilled professionals in his/her respective field , very well off, very sharp intellect & highly motivated people yet the results are scam & scandals.   This paper intent to define the concept of Ethical leadership and an attempt to analyze why there is unethical behavior, how ethical leaders can link values to strategic goals which will help to influence the organizational culture .Furthermore how an ethical leaders can set high ethical standards and act in accordance with them.*

**Keywords:** *Ethical leadership, Unethical behavior, Values*

## 01. Introduction

Leader faces many pressures that challenge their ability to do the right thing. The most dangerous obstacles for leaders are personal weakness and self-interest rather than full-scale corruption. Uneven economy puts extra stress on leaders in organization to maintain their ethical work environment. Even after the growing concern in the field of business ethics and ethical work environment, cases of corporate scandals and explosion of unethical practices are still evident in organizations.   Leaders are often overwhelmed by the complexity of situations, which leads to unethical explosion & Scandals. Leaders serve as role models and can help to connect values to strategic goals for their followers and provide them to set the behavioral boundaries within an organization, which will help to enhance organization culture. The aim of this paper is to shed light on the concept of ethical leadership by reviewing the relevant literature. Furthermore it is an attempt to analyze why unethical behavior and how an ethical leaders can set high ethical standards and act in accordance with them.

### 1.1 Ethical Leadership

Ethical leaders represent the purpose, vision, and values of the organization and of the constituents, within an understanding of ethical boundaries. They create a link between the goals of the organization with that of the internal employees and external stakeholders.

Brown, Trevino & Harrison (2005:120) has defined ethical leadership 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".

This definition proposes that   i) ethical leaders communicate and justify their actions to followers (i.e. they make ethics salient in their social environment) (Bass & Steidlmeier, 1999); ii)   ethical leaders' behaviour functions as role-modelling behaviour for followers as their behaviour is accepted as appropriate; iii) ethical leaders set ethical standards in the company and reward ethical conduct (Minkes et al., 1999) on the part of employees as well as punish unethical behaviour; iv) ethical leaders incorporate ethical element in the decision-making process, consider the ethical consequences of their decisions and above all try to make fair choices.

Ethical leaders are committed to higher purpose, prudence, pride, patience, and persistence (Khuntia & Suar, 2004). They are always making efforts to incorporate moral principles in their beliefs, values and behaviour;

"In a similar vein, Freeman & Stewart, (2006) describe an ethical leader as person with "right values" and "strong character", that set examples for others and withstand temptations".

Ethical Leadership is defined as a process whereby an individual influences a group of individuals to achieve a common goal (Northouse, 2007).

Ethical leaders help give meaning to their employees" work and ensure that organizational decisions are based on sound moral values (Piccolo, Greenbaum, Den Hartog, & Folger, 2010). The leader should know that living in harmony with these basic principles, human enterprise can flourish and be sustained (Berghofer & Schwartz, ud).

In decision-making, moral values and fairness should be focused by Ethical leaders, & also consider the impact of organizational decisions on the outside world. They should clearly communicate to employees how their actions at work contribute to the overall goals of the organization.

**1.2 Ethical Leaders Vs Unethical Leaders**:

**Table I**

| Ethical Leaders | Unethical Leaders |
|---|---|
| Is humble | Is arrogant and self-serving |
| Is concerned for the greater good | Excessively promotes self-interest |
| Is honest and straightforward | Practices deception |
| Fulfils commitments | Breaches agreements |
| Strives for fairness | Deals unfairly |
| Takes responsibility | Shifts blame to others |
| Shows respect for each individual | Diminishes others' dignity |
| Encourages and develops others | Neglects follower development |
| Serves others | Withholds help and support |
| Shows courage to stand up for what is right | Lacks courage to confront unjust acts |

**Source:** Zanderer, D. G. (1992). Integrity: An essential Executive quality. Business Forum

Ethical Leaders are not inattentive with their own importance. They preserve the focus on employee, customers and the greater good rather than taking every opportunity to satisfy their self-interest, feed their greed or nourish their egos. As shown in table I ethical leaders are honest with employees, partners, customers, vendors, and shareholders. On the other hand deceptions are always practiced by Unethical leaders. Unethical leaders often pay more attention to gaining benefit for themselves rather than for the company or the society.

**1.3 Why unethical behaviour**

Scott Thompson resigned as CEO of Yahoo after only four months of job because he has incorrectly claimed that he had a degree in computer science. Brain Dunn of Best buy and Mark hurd of Hewlett Packard both resigned under pressure due to inappropriate relationship with the female employees.

There are plenty more cases, what has really changed? Individual ethics, organization ethics or societal ethics. Prof. S.K Chakoborty notices many similarities between Aswathama and individuals involved in recent scams / scandals in India and other countries Every professionals is having combinations of high virtues i.e highly skilled professionals in his/her respective field , very well off, very sharp intellect & highly motivated people yet the results are scam & scandals

As per Prof. Chakroborty it is described as "Perverted Application of sharp skill". The distortion/ perversion come from value gap. For achieving results possession of skill is necessary. But we must also recognize that skills are propelled by the underlying human values. Now the question comes that "what are the propelling directing values which instigate a top notch, skilled professionally individuals do the things which are not accepted by the society and considered as unethical behaviour"

As per Prof. chakraborty these values are disvalues for example , 'jealousy' Ashwathama was jealous of Arjun which guided the persistent demand made by him to his father Gurur Dronacharya for being given the ultimate weapon the Brahmastra. Similarly other example mentioned above are one or the other disvalues, or a combination of them like Vanity, greed, envy, selfishness, impatience, anger, power .

1. Leaders face many pressures that challenge their ability to do the right things. The most dangerous obstacles for leaders are personal weakness and self-interest rather than full-scale corruption.

2. Pressure to cut costs, increase profit meet the demands of vendors or business partners and to look successful can contribute to ethical lapses.

3. Another challenge in today's environment is an overemphasis on pleasing shareholders, which may cause some leaders to behave unethically towards customer's employees and the broader society.

4. Leaders are under enormous pressure to meet short-term earnings goals and some even use accounting gimmicks or other technique to show returns that meet market expectations rather than ones that reflect true performance.

5. All leaders want their organisation to appear successful and they can sometimes do wrong things just so that they look elevated in comparison to others.

A major cause of unethical act or ethico-moral deterioration is fear and insecurity arising out due to habituated identity of our separateness. Greed, jealousy, anger, impatience, envy, egotism, suspiciousness, frustration, individuals are badly trapped in the quagmire of these debilities. Taking into account such thorns in the human mind and when the fabric of work life is rolled on these carpets of such thorns unethical explosion is naturally expected.

## 02. Linking Values With Organizational Goals

Without a set of values, Ethical leadership cannot be achieved, against which to judge action or to achieve goals, but what values? A fundamental question in identifying the values or decision criteria we are to follow is "what values do we base our ethical standards on?" There are many different approaches to this question.

### 2.1 Values from The deep structure

As Prof. Chakraborty has mentioned on the basis of limited study of Buddhisth, Vedantic and Yogic psychology as well as derivative epic and Pauranic literature, which by an large still nourishes Indian Society and culture outside organized, urbanized, university-stamped and rootless upper crust of our population. Below mentioned are the values rooted in the deep structure of Indian culture and society

1. **The individual must be respected:** Not because of his or her individuality but because of the transcendent, the divine enriched in him/her, whether good or bad, older or younger, rich or poor.

2. **Cooperation and trust:** because the divine inner being of all individual is a unity so deception of others is deception of oneself

3. **Jealousy Is harmful for mental health:** Jealousy is harmful for mental health just as cigarette smoking is harmful for physical health.

4. **Purification of Mind:** with the noble thoughts of compassion, friendliness, humility, gratitude, etc. these leads to a refined and accurate perception of human relationships contributing to sounder decisions.

5. **Top quality product/service:** Which is primarily a function of the quality of mind or consciousness of the drop only secondarily of statically quality control.

6. **Work is worship:** because the best way to approach the device through secular life is to offer each piece of work mentally – in as complete perfect, humble, and pure in form and spirit , this can stimulate work ethics in the healthiest way.

7. **Containment of Greed:** whether of tangibles, e.g. money, or intangible, e.g. praise, because it causes stress and robs the individual of wisdom.

8. **Ethico moral Soundness:** because every action or karma is a cause for subsequent effect – wholesome as well as unwholesome, and ethico-moral soundness gives piece of mind and promotes mental health.

9. **Self-discipline and self-restrain:** because they conserve energy, strengthen will power, create trust, and confer dignity.

10. **Customer satisfaction:** because he is the divine come upon us in human grab.

11. **Creativity:** because human creativity is an integral component and extension of cosmic creativity, this link has to be cultivated through mind stilling.

12. **The inspiration to give:** as opposed to the motivation to need grab, etc because giving is more fulfilling, it adds more meaning to work and life.

13. **Renunciation and detachment:** should not from duties and responsibilities but from selfish results/ rewards and egotistic demands in the work place.

**(Source: Chakraborty S K, The Management and Ethics Omnibus, Oxford University Press(2001) pp 19-20)**

In isolation Values should not be formulated, but constructed as part of the organization's overall strategy.  Connecting values into the strategic goals of an organisation means that the way people are expected to behave and the objectives they are required to achieve are in harmony. Organizational alignment occurs when organizational goals and values are mutually supportive and when key components of an organization are linked with values & compatible with each other.

### 2.2 The 4-V Model of Ethical Leadership

Dr. Bill Grace developed the 4-V Model of Ethical Leadership based on his formal leadership research and personal passions around faith and ethics. A framework that aligns the inner self (beliefs and values) with the external (behaviours and actions) for the purpose of evolving the common good.

The ultimate purpose of leadership is to shape a future that is inclusive, visionary, and enables all members of society to fulfil their dreams abilities and desires,. It starts with the inner journey of the Individuals and helps to realize their values, develop a vision for how the world could be changed, find their inner voice for expressing their vision and realize the insight ultimately which will be leading to outer commitment of living and behaving in ways that serve the community in ethical way.

The four pillars of this model of leadership are –

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 behaviour – 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?"

**(Source: IOSR Journal of Business and Management (IOSR-JBM) e-ISSN: 2278-487X, p-ISSN: 2319-7668 PP 112-116 www.iosrjournals.org)**

**03. Developing Ethical Leaders**

**3.1 How is ethical character developed within a leader?**

Frank (2002), states that ethical leadership flourishes through inner character when any individual examines his or her inner character. Inner character is developed by "personal trauma, career setbacks, mistakes, and failures" (p. 81). When a leader can inspect one's inner self during tough /hard times, then he is able to develop in character.

Ward (2007) confirms the idea of knowing one's true self as an ethical task. Therefore, the author argues that spiritual development is what the defining purpose of one's life becomes. The author, Ward says that inner development of an ethical leader is spiritual one it does not happen in a scientific manner.

Nekoranec (2009) identified the role a leader should take on when around followers. The "identified role of leader is to personify embraced values, build relationship for harmony and purpose and work for mutually beneficial solutions" (p. 4). Especially when it relates to ethics and finances, the author notes the importance of creating win-win situations. Leaders gain the greatest respect from followers, are ones who practice ethical leadership and sustain profits.

Moreno (2010) discussed the issue of the trust crisis within the research. The author define that an ethical leader is one who has no gap between actions and words i.e even a small gap between what a leader says versus does creates ethical dilemmas for followers. Therefore, Ethical leaders can influence followers by steady behaviour, proper actions, values, moral way of being, and doing what one says.

Souba (2011) discusses the being of leadership. The being of leadership involves enquiring, questioning and re-examining deeply held beliefs, and principles. The process of transforming includes change, and the ethical leader must constantly be changing/ transforming. An ethical leader simply leads others in one's deepest held commitments. The art of being is defined as "awareness, commitment, integrity and authentic joy" (p. 14).

Literature review highlights the key point , to develop ethical leaders, proper guidelines to be in place to ensure that all employees understand what are expected of them, ethics, codes need to be clear Also, within the culture of hiring, training and development, organisations need to establish ethical leadership and to  reward & promote those employees who will embrace the ethical standards. Organisations should ensure that all employees participate in ethics training programmes.

## 04. Methodology of Study

The main objective of the study is to understand the concept of ethical leaders & analyse the reasons and causes for unethical behaviour. The study is mainly based on the secondary data available in form of books, websites, journal, Research paper & ebooks. Researcher have also placed own observations regarding the same.

## 05. Conclusion

In the organization, Ethical leaders are trying to connect values with the strategic goals. They are humble, concerned for the value, struggle for fairness, quality, take responsibility and show respect for each individual. Ethical leaders focus to set high ethical standards and act in accordance with them. They always try to influence individuals about ethical values of the organization through their behaviour. Leaders act as role models for other individuals, take proactive measures and show them the behavioural boundaries set within an organization. They are perceived as having a broad ethical awareness, honest, trustworthy, courageous and indicating integrity.

Ethical issues are worldwide phenomenon, needed future research in the field of ethics can be, the additional development of models dealing with the implementation of ethics in organizations. Further researches are needed and there are still many unresolved gray areas and that exist within ethical leadership. Much of the current literature reviews ethical dilemmas and issues, but is restrained on offering solutions. Growing number of leading organizations are now proactive & taking lead and resources to the development of ethical leadership.

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