

THE IMPORTANCE OF ETHICAL LEADERSHIP FOR THE ORGANISATION'S SUCCESS: STRATEGIES AND CHALLENGES

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Abstract:

Ethical leadership is crucial to an organization's success, influencing its performance through specific mechanisms such as trust and commitment. These mechanisms can be cultivated through professional development programs and initiatives designed to promote the organizational culture, as well as through the example a leader sets for his team. However, the effectiveness of these mechanisms may encounter certain limits, such as the human resource exhaustion, the cultural complexity in the current contexts and managerial pressures that generate excessive demands in order to cope with increasingly tough competition.

Keywords: leadership, performance, ethics, strategies, challenges.

1. Introduction

In a complex and constantly changing society, companies are increasingly focused on the values they promote and on how employees identify with these values and the organizational culture. The goal is to create a trustworthy, transparent environment based on effective communication and employees which are eager to contribute to the organization's performance. This is the reason why ethical leadership has become a significant concept across all fields of activity.

Ethical leadership is a key element for the sustainability of modern organizations, which is manifested by the creation of a motivating and harmonious work environment, as well as through the development of human resources that contribute to the achievement of the intended objectives. Ethical leadership provides the opportunity to succeed on multiple aspects, such as management, employees, teams and organizational culture. This leadership style can contribute to a positive change for the company, inspiring employees to identify with the organizational culture of the institution they belong to and to desire a long-term "partnership" with it.

2. Relevance of the topic

This article will examine the role of leaders who adopt an ethics-focused management style, highlighting the main limitations and challenges associated with this style. In this regard, various theoretical ideas and perspectives on the concept of 'ethical leadership' will be examined to identify the key elements for a company's

success. The focus will be on strategies regarding organizational culture, values, the leader's personal example and professional training programs. This study will explore theoretical aspects of the concept of ethical leadership, emphasizing how these aspects shape its practical application.

2.1. A brief definition of 'ethical leadership'

Studies show that ethical leadership contributes significantly to building trust among the company's employees, because it presumes integrity, transparency, clearly defined values and effective communication across all levels of the hierarchy.

Ethical leaders serve as role models, inspiring trust and confidence among those they lead through their ethical behavior and actions (Brown, M. E., Treviño, L. K. et al, 2005). The concept of ethical leadership involves promoting values such as integrity, responsibility, and fairness in the decision-making process (Ciulla J. B., 2004). Ethical leadership is defined as demonstrating and promoting appropriate normative behavior through personal actions and interpersonal relationships (Brown, M. E., Treviño, L. K. et al, 2005). According to social learning theory, employees tend to imitate leaders' behaviors, making personal example essential (Yukl, 2013). Furthermore, the stakeholder approach emphasizes leaders' responsibility to all stakeholders, not just shareholders (Freeman, 1984).

Ethical leadership differs from other leadership styles because it relies mainly on ethical considerations when it comes to promoting organizational culture, developing employee relations, and training a team that contribute to the successful achievement of established goals and objectives. Ethical leadership is more than just a way of leading—it is a management philosophy that combines purpose and performance with moral and social responsibility. In a modern organizational environment, ethical leaders build authentic relationships at all hierarchical levels, based on trust, respect, and value.

2.2. Key elements of an ethical leader's profile

A leader will have the greatest influence on the team by setting an example; therefore, the characteristics that define the leader's image will always serve as an inspiration for subordinates and will be reflected in their professional work and attitude toward the company. In this way, team members tend to guide their work according to the standards and values promoted by their leaders.

Integrity is the fundamental characteristic when discussing ethical leadership. Empirical studies show that a leader's integrity influences their credibility within the team they lead and contributes to building trust in their relationship with team members. Ethical leaders uphold moral and ethical principles, demonstrating honesty, transparency, and consistency between their words and actions (Brown, M. E., Treviño, L. K. et al, 2005). According to research conducted by Trevino, Brown, and Hartman (2003), leaders perceived as ethical contribute to the development of a trustworthy work and organizational environment, increasing employee engagement, and are described as fair, just, and focused on the impact their decisions and actions have on subordinates and the company. The profile of an ethical leader is defined by empathy toward those around them, by how they make the people they interact with feel, by how they convey decisions, and by how they provide feedback—all in a way that makes people feel valued, respected, and heard. Every subordinate's opinion matters.

According to Joanne B. Ciulla, ethical leadership involves not only managerial competence but also moral responsibility toward people and the organization. In this

way, an ethical leader will demonstrate courage in upholding the values that define him, even in moments of pressure or when he must make difficult decisions.

Figure 1 illustrates the main pillars on which ethical leadership is based, as mentioned above. By demonstrating equity, integrity and empathy, a leader will be committed to making fair, transparent and correct decisions, while also taking into account the feelings and perspectives of his team.

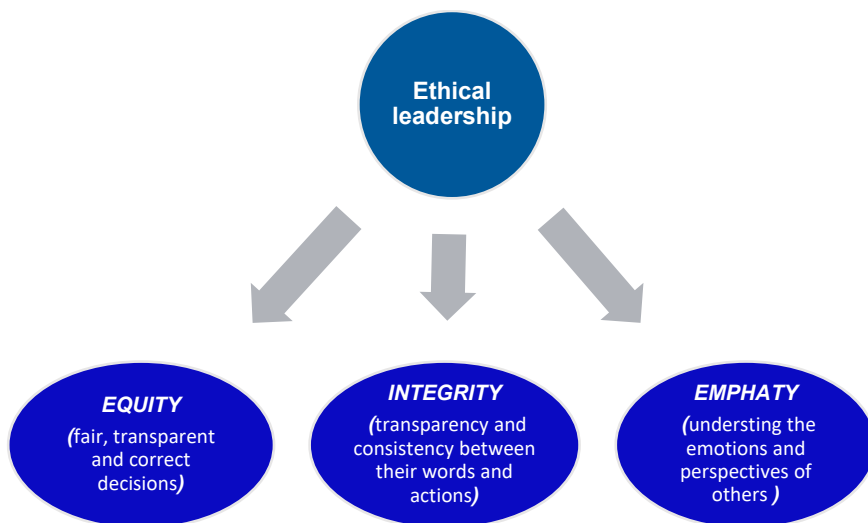


Figure.1. Pillars of ethical leader

Source: Developed by the author

3. Strategies

The elements described above form the basis for the strategies adopted within organizations to successfully implement ethical leadership, in order to promote moral values and responsible, fair behavior among subordinates. Organizations that focus on ethical leadership gain competitive advantages and strengthen their market position (Northouse, 2019).

Leaders who demonstrate integrity, honesty, respect, and responsibility directly influence the ethical behavior of the team (Brown, M. E., Treviño, L. K. et al, 2005). Establishing a model of ethical behavior among employees through personal example is one of the most effective strategies for ethical leadership, as employees tend to observe and adopt the behavior and attitude of their leader, who is perceived as a source of inspiration and a role model. To maintain ethical standards throughout the organization, leaders must encourage and motivate team members through their attitude, so that these will follow their example.

Another strategy for ethical leadership is the development of an organizational culture that employees want to be a part of and which they can identify with. By shaping an organizational culture focused on fairness, integrity, respect, ethical standards and values and transparent communication, leaders increase team members' engagement and appreciation.

Edgar H. Schein (2010) argued that leaders play an important role in shaping and maintaining organizational culture, as their values and behaviors influence the norms and practices within the organization.

Open communication and transparent decision-making result in increased trust and the creation of an organizational climate based on respect and commitment. According to Linda K. Trevino and her colleagues (Trevino, Brown & Hartman, 2003), ethical leaders are individuals who communicate openly about moral standards and who encourage discussions regarding ethical dilemmas within the organization.

Figure 2 outlines the strategies mentioned above, highlighting the effects of their applications. The strategies of ethical leadership lead to an organizational culture based on integrity and respect and also to credibility among employees who will follow their leader's example.

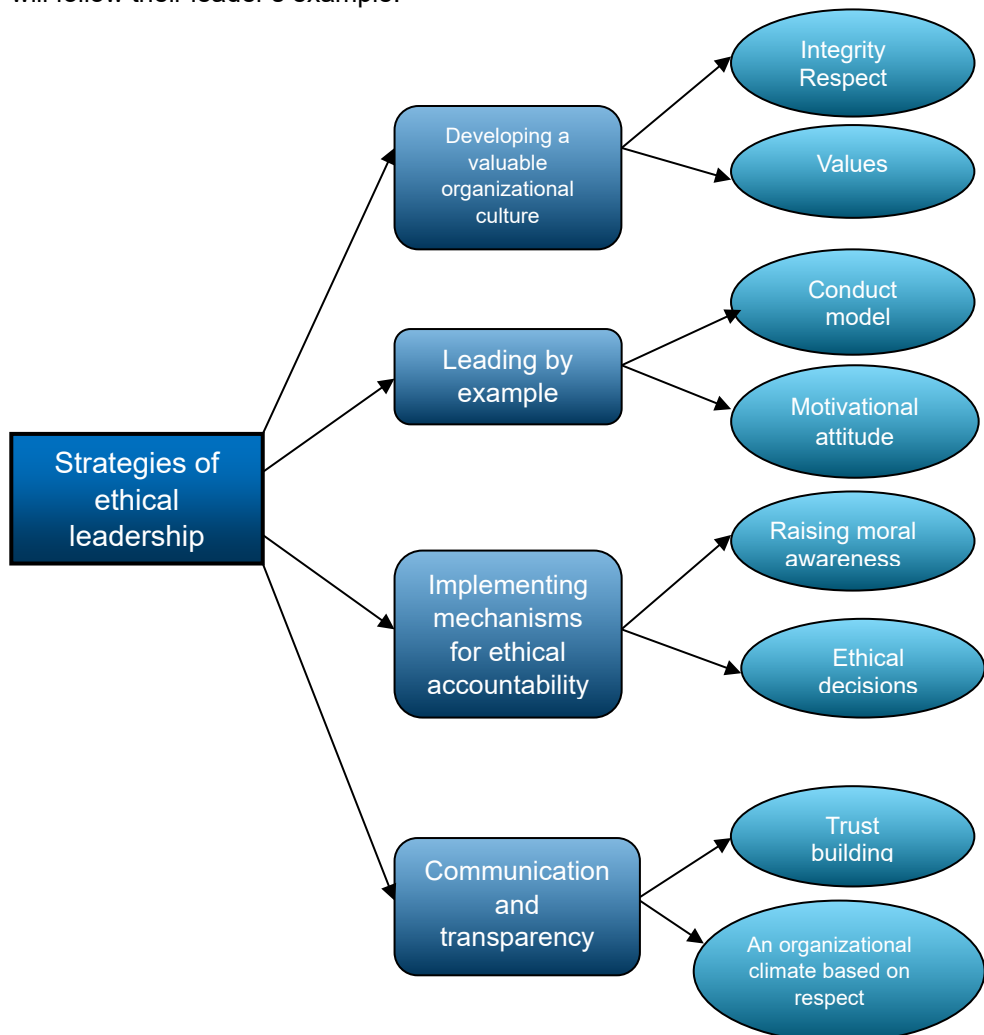


Figure 2. Strategies of ethical leadership and their effects

Source: Developed by the author

Organizations can also support ethical leadership by establishing rules and implementing mechanisms for ethical accountability, designed to analyze and deal with ethical dilemmas. By integrating ethical decision-making tools such as ethical decision matrices, scenario planning, and stakeholder analysis, leaders can make informed and morally defensible choices in complex and ambiguous situations (Rest, 1986). Furthermore, Scott J. Reynolds (2006) argued that the existence of such mechanisms contributes to raising the level of moral awareness among employees and facilitates ethical decision-making in an organizational context.

Therefore, by implementing these methods and mechanisms, by fostering transparent and open communication at all hierarchical levels, by cultivating an organizational culture based on respect and fairness, and by setting an example as a leader of integrity, ethical leadership positively influences the performance and success of the team and the organization.

4. Challenges and limits

Regardless of the field of the activity, certain ethical dilemmas may sometimes arise when a manager has to fulfill his duties. These dilemmas represent a challenge for the leaders due to ambiguity, the lack of a clear solution, or the multiple points of view of the team members. Ethical leaders must navigate these dilemmas with ethical clarity, considering the moral implications and long-term consequences of their decisions (Kidder, 1995).

Pressures from the organization can create a conflict between performance and ethics. One of the challenges of ethical leadership is finding a balance between achieving organizational performance goals and upholding moral standards. In certain situations, managers may face pressures and directives in order to achieve desired results, which may conflict with moral values. Ethical leaders must resist these pressures and maintain ethical standards, even in the face of adversity (Ciulla J. B., 2003). They must demonstrate transparency, composure, integrity, respect, and responsibility.

The risk of inconsistency between the values promoted and actual behavior is another potential limitation of ethical leadership. Leaders may lose their credibility and their reputation may be significantly damaged when they fail to adhere to the ethical principles they promote. Research by Michael E. Brown and Linda K. Trevino (2006) shows that the perception of a leader's integrity is essential for influencing the ethical behavior of team members.

5. Conclusions

In this theoretical review, I have highlighted various aspects of the concept of ethical leadership, including key elements that define the profile of an ethical leader, strategies based on this leadership style, as well as the challenges and limitations that may arise. I have presented how an ethical leader influences others through the values he promotes and the power of example, serving as a source of inspiration for his team.

The key aspect that will serve as a starting point for future research is the fact that a leader who shapes his leadership style by prioritizing ethics in all directions and at every level of activity will contribute to the organization's performance, since through his attitude and example, he will build a stronger relationship between the team's members, increasing their trust in the organizational culture and maintaining

harmony, effective communication, and a motivating work environment in an era of pressure, stress, and mistrust.

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