## Peer - Reviewed & Refereed Journal

The Law Journal strives to provide a platform for discussion of International as well as National Developments in the Field of Law.

# **DISCLAIMER**

# EDITORIAL
# TEAM

## Raju Narayana Swamy (IAS ) Indian Administrative Service officer

Dr. Raju Narayana Swamy popularly known as Kerala's Anti Corruption Crusader is the All India Topper of the 1991 batch of the IAS and is currently posted as Principal Secretary to the Government of Kerala . He has earned many accolades as he hit against the political-bureaucrat corruption nexus in India. Dr Swamy holds a B.Tech in Computer Science and Engineering from the IIT Madras and a Ph. D. in Cyber Law from Gujarat National Law University . He also has an LLM (Pro) ( with specialization in IPR) as well as three PG Diplomas from the National Law University, Delhi- one in Urban Environmental Management and Law, another in Environmental Law and Policy and a third one in Tourism and Environmental Law. He also holds a post-graduate diploma in IPR from the National Law School, Bengaluru and a professional diploma in Public Procurement from the World Bank.

## Dr. R. K. Upadhyay

Dr. R. K. Upadhyay is Registrar, University of Kota (Raj.), Dr Upadhyay obtained LLB , LLM degrees from Banaras Hindu University & Phd from university of Kota.He has succesfully completed UGC sponsored M.R.P for the work in the ares of the various prisoners reforms in the state of the Rajasthan.

# Senior Editor

## Dr. Neha Mishra

Dr. Neha Mishra is Associate Professor & Associate Dean (Scholarships) in Jindal Global Law School, OP Jindal Global University. She was awarded both her PhD degree and Associate Professor & Associate Dean M.A.; LL.B. (University of Delhi); LL.M.; Ph.D. (NLSIU, Bangalore) LLM from National Law School of India University, Bengaluru; she did her LL.B. from Faculty of Law, Delhi University as well as M.A. and B.A. from Hindu College and DCAC from DU respectively. Neha has been a Visiting Fellow, School of Social Work, Michigan State University, 2016 and invited speaker Panelist at Global Conference, Whitney R. Harris World Law Institute, Washington University in St.Louis, 2015.

## Ms. Sumiti Ahuja

Ms. Sumiti Ahuja, Assistant Professor, Faculty of Law, University of Delhi,
Ms. Sumiti Ahuja completed her LL.M. from the Indian Law Institute with specialization in Criminal Law and Corporate Law, and has over nine years of teaching experience. She has done her LL.B. from the Faculty of Law, University of Delhi. She is currently pursuing Ph.D. in the area of Forensics and Law. Prior to joining the teaching profession, she has worked as Research Assistant for projects funded by different agencies of Govt. of India. She has developed various audio-video teaching modules under UGC e-PG Pathshala programme in the area of Criminology, under the aegis of an MHRD Project. Her areas of interest are Criminal Law, Law of Evidence, Interpretation of Statutes, and Clinical Legal Education.

## Dr. Navtika Singh Nautiyal

Dr. Navtika Singh Nautiyal presently working as an Assistant Professor in School of law, Forensic Justice and Policy studies at National Forensic Sciences University, Gandhinagar, Gujarat. She has 9 years of Teaching and Research Experience. She has completed her Philosophy of Doctorate in 'Intercountry adoption laws from Uttranchal University, Dehradun' and LLM from Indian Law Institute, New Delhi.

# Dr. Rinu Saraswat

Associate Professor at School of Law, Apex University, Jaipur, M.A, LL.M, Ph.D,

Dr. Rinu have 5 yrs of teaching experience in renowned institutions like Jagannath University and Apex University. Participated in more than 20 national and international seminars and conferences and 5 workshops and training programmes.

# Dr. Nitesh Saraswat

E.MBA, LL.M, Ph.D, PGDSAPM
Currently working as Assistant Professor at Law Centre II, Faculty of Law, University of Delhi. Dr. Nitesh have 14 years of Teaching, Administrative and research experience in Renowned Institutions like Amity University, Tata Institute of Social Sciences, Jai Narain Vyas University Jodhpur, Jagannath University and Nirma University.
More than 25 Publications in renowned National and International Journals and has authored a Text book on Cr.P.C and Juvenile Delinquency law.

# Subhrajit Chanda

BBA. LL.B. (Hons.) (Amity University, Rajasthan); LL. M. (UPES, Dehradun) (Nottingham Trent University, UK); Ph.D. Candidate (G.D. Goenka University)

Subhrajit did his LL.M. in Sports Law, from Nottingham Trent University of United Kingdoms, with international scholarship provided by university; he has also completed another LL.M. in Energy Law from University of Petroleum and Energy Studies, India. He did his B.B.A.LL.B. (Hons.) focussing on International Trade Law.

## *ABOUT US*

WHITE BLACK LEGAL is an open access, peer-reviewed and

refereed journal providededicated to express views on topical legal issues, thereby generating a cross current of ideas on emerging matters. This platform shall also ignite the initiative and desire of young law students to contribute in the field of law. The erudite response of legal luminaries shall be solicited to enable readers to explore challenges that lie before law makers, lawyers and the society at large, in the event of the ever changing social, economic and technological scenario.

With this thought, we hereby present to you

# WHAT IS ETHICAL LEADERSHIP AND ITS SIGNIFICANCE IN BUSINESS ORGANISATION

AUTHORED BY - KANTI TIWARI[1]

## Abstract

Ethics is important in all aspects of life in the modern value-based society. Businesses are not an exception to this rule. The public's trust in business organizations has been eroded by the ethical scandals in the industry, which have called into question the role of ethics and leadership. The idea of ethical leadership is becoming more and more well-known at this point. Leaders who uphold ethics have a significant impact on business. On the other hand, if moral leadership is not demonstrated, the company's reputation will suffer. Because of this, modern organizations should be concerned with ethical leadership in order to maintain their competitive advantage as well as improve organizational performance. The idea of ethical leadership is not limited to philosophical writings; rather, it is applicable to the modern business world. It is both essential and a tool for reaching the highest level of achievement. This aims to provide a thorough analysis of the notion of ethical leadership, as well as a model of effective ethical leadership and business performance, along with a discussion of the problems, difficulties, and concerns in ethical leadership. The literature review shows that there is still much to learn about ethical leadership, which presents leaders with chances to increase their efficacy and researchers with new avenues for research.

**Key Words:** Ethical Leadership, Elements, Traits, Principles, Ethical Leadership Approaches, Effects, Behaviour.

## Introduction

Ethical leadership is a style of leadership exhibited by individuals in positions of authority who act appropriately and morally both within and outside the company. Ethical leaders uphold moral principles in both their words and deeds. They also act morally, are honest, and do not tolerate wrongdoing.[2]

---

[1] Pursuing B.A. L.L.B.(Hons). from Mody University of Science and Technology.
[2] Ethical Leadership in Business Organization, India, available at https://www.marketing91.com/ethical-

As people become more aware of pertinent workplace issues, ethical leadership is becoming more and more important in today's world. Understanding the tenets of ethical leadership is essential for a business leader who wishes to assist staff in achieving company objectives while upholding the company's basic principles.

Making decisions based on what is best for everyone, not just what is best for themselves or the bottom line, is a key component of ethical leadership for managers and leaders.

While revenue and company growth are important, ethical leaders also consider the needs of their customers, communities, and employees when making business decisions.

Members of an ethical team are encouraged to emulate this conduct by their leaders. They contribute to the development of an inclusive, transparent, and safe work environment where everyone feels comfortable speaking up.

Additionally, they can support companies in attracting and keeping top talent. Professionals are looking more and more for businesses whose executives try to act morally. The generation Z, who will account for 25% of the workforce by 2025, putting a greater demand on leadership ethics than previous generations.

"Gen Z will not engage in bargaining. Michael McCarthy, host of the podcast "Happy at Work" and instructor at Harvard Division of Continuing Education's Professional & Executive Development, said, "They have really strong values and ethics, and they don't bend them because they are just getting a paycheck." "It is not acceptable to overlook harmful or hurtful behavior." A company's long-term success is determined by its leaders' ability to weigh  ethical considerations before making critical business decisions.

Business executives who exhibit proper behavior, both within and outside the workplace, in conformity with acknowledged principles and values are exhibiting ethical leadership.

Ethical leadership is about exhibiting strong moral principles that will call out wrongdoings (even when it may not benefit their business) and demonstrating what's right at its core. This

---

leadership/# google_vignette.

can be done through both words and deeds. Leaders who uphold ethical standards set an example for the rest of the organization and demand that their staff respect and adhere to the same values. Many of our politicians and CEOs have demonstrated unethical leadership in the past, but there are also excellent examples of leaders for whom ethical leadership has been a critical success factor.[3]

"Leadership demonstrating and promoting 'normatively appropriate conduct through personal actions and interpersonal relations'" is the definition of ethical leadership. Put simply, this means that the definition of ethical leadership is placing individuals in management and leadership roles who will uphold and model appropriate, ethical behavior in their interactions with coworkers.

Ethics are a topic of discussion and importance in the business world these days. Thus, ethical leadership is crucial to comprehend, cultivate, and acknowledge in the corporate world. Understanding ethical leadership is essential to advancing your career as a business leader. When you have a position where you can influence moral behavior in the workplace, it is your duty to do so.

## Abraham Lincoln and Ethical Leadership

Abraham Lincoln is a prime example of Ethical Leadership and is regarded as one of humanity's greatest gifts to ethics and survival because of his ethical leadership style. He battled for the equality of all people, and among his moral qualities were

### Honesty, Trust, and Respect

Lincoln was able to hear opposing viewpoints and played a key role in fostering an environment where cabinet members could disagree without fear of reprisal. He was also very skilled at determining when it was appropriate to end the conversation and reach a decision.

### Accountability

In the past, he was willing to accept responsibility for his own transgressions and to confront the errors committed by his cabinet colleagues.

---

[3] Ethical Leadership in Business Organization, India, available at https://www.thomas.co/resources/type/hr-blog/ what-ethical-leadership-attributes-traits-examples#:~:text=Ethical%20 Leadership%20is%20 about%20leading, Positive%20 workplace%20culture.

**Equality**

Even though his political career was not going well, he remained steadfast in his settling the slavery dispute.

Honor and Honesty: He had stated in his Second Inaugural Address: "Let us strive on to finish the work we are in; to bind up the nation's wounds; to care for him who shall have borne the battle, and for his widow and orphan—to do all which may achieve and cherish a just and lasting peace, among ourselves and with every country." He had additionally stated, "With malice toward none; with charity for all; with firmness in the right, as God gives us to see the right."

**Key Elements of Ethical Leadership[4]**

**Leading by example**

Leaders in ethical leadership are expected to model ethical behavior for their teams. Giving the subordinates an example of integrity, morality, and selflessness is essential. In this manner, team members respect leaders as well.

**Championing the importance of ethics**

A complete focus on ethics is another aspect of ethical leadership, and it involves upholding moral principles in all that it does. They also consider ethical concerns and consider how their actions and those of their organization will affect society.

**Communicating**

Effective communication is also essential to an organization's culture of ethical leadership. In addition to having excellent communication skills, leaders should also inspire others to talk to them without fear.

## Traits of Ethical Leadership[5]

**Sets a great example**

Ensuring ethical leadership requires not only talking the talk but also doing the walk. High standards, which they set for themselves every day, are what ethical leaders would have for

---

[4] Andrew Leigh, Ethical Leadership: Creating and Sustaining Ethical Business culture, Kogan page publishers, 2013, 240.
[5] C. Miller ve Poole, Ethical Leadership: Global Challenges and Perspectives, Springer, 2010, 260.

their team. Would they perform the task for which they are requesting assistance? "Yes" should always be the response.

### Respects everyone equally

Empathizing with others and treating them fairly within the team and organization is an additional illustration of moral leadership. Treating their peers equally is essential; no favoritism is displayed, and no employee is subjected to mistreatment through any kind of discrimination. Leaders that uphold ethics are able to listen intently, show empathy, fairly weigh the arguments put forth by others, and give each person's contribution equal weight.

### Open communication

Building an ethical team necessitates communication that permeates daily interactions and fosters mutual respect and trust.

### Fair mediation

The capacity for conflict resolution is another one of ethical leadership's main advantages. It is crucial to act fairly, listen to both sides equally, and develop solutions that satisfy both sides. Once more, a key component of an ethical leadership style is how one treats others in order to establish an egalitarian viewpoint.

### Effective stress management

The responsibility of managing teams in which stress may be an issue falls to ethical leaders. These teams typically have high performance levels, so they need constant support and comprehension of the task at hand. The capacity to control tense situations and pay attention to the team when things are about to blow up is a fundamental quality of an ethical leader. This can be achieved in part by being a soothing presence and fostering an atmosphere of justice and trust.

### Adapts to change

The capacity to come up with solutions that benefit the team as a whole rather than just one person is essential to ethical leadership.

Understanding changes and listening to concerns are all important components of ethical leadership, but so is making decisions that the team must accept. Working in unfamiliar

settings and circumstances can occur at any time; a moral leader can facilitate a seamless transition.

**Zero tolerance of ethical violations**

Leaders who uphold ethical standards demand accountability from themselves and others.

# Ethical Leadership Principles

**Fairness**

Being fair is a fundamentally moral quality in a leader. How people interact with one another and anticipate being treated is what makes a situation fair. We treat others fairly because we want to be treated fairly ourselves.

**Accountability**

Another crucial component of moral leadership is taking responsibility for one's mistakes and bad choices. When we make a mistake, some of us like to quickly move on, while others like to point the finger at someone or even the gods. However, owning up to mistakes demonstrates that you are a capable, all-around leader that people want to follow.

**Trust**

Without trust, a great team is impossible to build, and leaders who want to create a high-achieving team must prioritize building trust.

**Honesty**

Since honesty is something we all value, having honest leaders fosters an atmosphere in which we can candidly address significant concerns. This directly contributes to trust. Trust is damaged and you won't be able to hear the truth in that conversation if you can't be honest with someone.

**Equality**

Discrimination indicates that the person you are working with lacks any morality, ethics, or a well-rounded character. Working with moral leaders creates an environment where everyone on the team views these matters with the same respect because they see the playing field as level.

**Respect**

We no longer know how to disagree with grace. That's how poisonous some conversations in the world have become; there are hundreds of YouTube videos that are meant to demonstrate how we can accomplish it.

Fundamentally, respect is the ability to show consideration for the needs, feelings, and rights of another person even when you may not agree with them. Demonstrating the capacity to take into account the ideas and thoughts of others and the reasons behind differences in opinions and points of view is essential to a true understanding of humanity.

## Types of Ethical Leadership Approaches to make Good Ethical Decision

**The Duty-Based Approach or American approach[6]**

The duty-based ethical approach emerged during a period when American workers had few employment rights. It maintained that shareholders had a duty to do whatever it took to keep the company operating. It had been the cause of the USA's widespread unemployment and ghost towns.

**The Utilitarian Based Approach, or German Approach[7]**

The German labor market is now better protected, and employers are required to provide severance benefits based on the circumstances. Due to this strategy, German automakers asked workers to willingly transition to part-time work during the recession, which lessened the suffering of social implosion brought on by widespread unemployment and collapsing communities—unlike the ghost towns in the USA.

The workers did not lose their jobs or homes, even though their income was reduced. According to utilitarianism theory, focusing on the results determines what is right or wrong. It implies that the choice that will guarantee the greatest good for the greatest number of moral individuals would be the most morally right one. This is the sole The German labor market is now better protected, and employers are required to provide severance benefits based on the circumstances. Due to this strategy, German automakers asked workers to willingly transition to part-time work during the recession, which lessened the suffering of social implosion

---

[6] Robert M. Mc Manus, Stanley J. Ward, Alexandra K.Perry, Ethical Leadership: A Primer, Edward Elgar Publishing, 2018, 392.

[7] Bernhard Bachmann, Ethical Leadership in Organizations: Concepts and Implementations, Springer, 2016, 203.

brought on by widespread unemployment and collapsing communities—unlike the ghost towns in the USA.

# The 4V Model of Ethical Leadership[8]

**Vision**

It is no secret that a strong vision is essential for the effective management of any team. He or she should possess the requisite foresight to assess how decisions and team performance will affect the company.

To ensure appropriate ethical leadership, this vision should involve some moral policing of the team and the leader.

**Values**

Each individual adheres to certain values. A morally bankrupt person is like a flower that blooms but lacks color and scent. The expenses incurred by the team leader affect how well the entire group functions.

An ethical leader must ensure that they are not compromising anyone's morals or ethics before setting an example for the team that inspires loyalty and respect. The entire group and assist them in creating a personal brand.

**Voice**

A leader without a voice is what? As a result, a moral leader ought to have a clear idea of the objective and strategy. It is also crucial to express this vision.

The team should be transparent and everyone should be aware of one another's opinions. The leader in particular should take the initiative to do this.

**Virtues**

Virtues are the qualities and morality that do no harm to other people. A moral leader ought to uphold others' morals and virtues while exhibiting their own.

---

[8] Kar S.,"Ethical Leadership: Best Practice for Success", IOSR Journal of Business and Management, Vol. 1 No.14, October, 2017, available at https://www.iosrjournals.org/iosr-jbm/papers/ICIMS/Volume-1/14.pdf.

He or she should also confirm that their actions are consistent with their ethical principles. The boss needs to ensure that his vision, values, voice, and coherence coexist simultaneously.

## Effects of Ethical Leadership[9]

**On every individual**

It fosters a positive outlook in each person and a friendly relationship among team members. They begin to trust and believe their leader if they are aware of how committed they are to upholding ethics.

The greatest commitment a person can make is trust. They will stop at nothing to help the team and the leader reach the objectives and produce positive results if their trust is validated.

**On team**

Individuals make up a team. A positive and healthy atmosphere will result from each person having a positive attitude.

The working style is positively impacted when coworkers have strong relationships with one another.Helpfulness, friendliness, and pure ethics are improved, and the team begins to practice them as well.

**On the organization**

A decent team starts with the right individual, and a good team is the foundation of a strong organization. If an organization maintains moral leadership in every division, its well-being will be boundless.

There is minimal room for moral disagreements and the organization is still in good health. There is a belief that the organization won't impose any biased treatment or unfair decisions.

---

[9] Effects of Ethical Leadership, India, available at https://www.villanovau.com/articles/leadership /what-is-ethical- leadership.

# Ethical Leadership Behaviors to practice[10]

**Set an example**

In any organization, ethical leaders serve as the role models for behavior and conduct, just like any other type of leaders. They serve as an example for others in the organization with their behavior.

Therefore, a leader who aspires to adopt an ethical leadership style needs to make an effort to set a good example for other members of the organization. Leaders who uphold ethics also anticipate that both members and managers set a good example.

**Be vocal about the importance of ethics**

Individuals who aspire to be moral leaders live their lives upholding the values and morals they have chosen.

They express the importance of ethics clearly and through their deeds as well. They provide coaching to others on upholding certain values and acting ethically in the workplace.

**Reinforce ethical behavior**

Ethical leaders make sure to encourage ethical behavior in order to foster an ethical environment at work. They set forth explicit dos and don'ts with understandable consequences and educate others to emulate such behavior.

While unethical behavior is punished, good and ethical behavior is rewarded. Even a small compliment or other token of gratitude can serve as a reward, provided that it encourages actions that are desirable and positive.

**Make ethical decisions**

A person who wants to be an ethical leader will always make sure that the choices they make align with the organization's mission and their own values and beliefs. Only decisions that satisfy their acceptance criteria are put into action.

---

[10] Ethical Leadership Behaviors to practice, India, available at https://theleadershipsphere.com.au/insights/what-makes-a-great-ethical-leader-a-guide-to-ethical-leadership-practices/#:~:text=Ethical%20leaders%20demonstrate%20integrity%2C%20honesty, positive%20example%20for%20their%20teams.

That goes for every setting where decisions are made. These leaders are aware of their behavior and the community in which they live. These executives are more likely to choose ecologically friendly options even if they mean a financial hit to the company.

**Establish zero tolerance for unethical behavior**

Morally upright leaders do not tolerate unethical behavior of any kind. They think that doing the right thing is always the best course of action, without fail or hesitation.

They are therefore unable to put up with any unethical behavior or acts that go against the organization's core values. They hold themselves and others to the same high standards of conduct.

**Practice justice**

Just and fair people are inherently ethical leaders. They put this into practice by treating everyone equally and fostering relationships based on mutual respect with their teammates. They don't treat employees differently on the basis of their gender, religion, nationality, ethnicity, age, or any other characteristic that makes them special.

They pay close attention to all points of view and viewpoints. They provide it; they give each equal weight and use reason to make decisions free from bias or prejudice.

**Hire ethical workers**

A moral employer makes sure that their workforce hires moral people in addition to making sure that everyone in the company shares the same values.

They employ a diverse workforce that, while they will undoubtedly receive training, at the very least shares the organization's basic beliefs.

## How to be a Ethical Leader[11]

**Clearly defined organizational values**

A moral leader establishes the organization's mission. The organization's philosophies, morals, ethics, and values are fundamental to this vision. The ultimate aim of an organization is to

---

[11] Supra note 2.

realize its concept.

An ethical leader makes sure that everyone upholds the company's basic principles in the course of business as usual. The team leader needs to communicate the organization's goals to the members after they have been set.

**Be aware of your values**

Effective leaders are conscious of their own virtues and values, as well as the values and objectives of the company.

Since they never waver from their moral principles, ethical leaders make sure to act in a way that both upholds the values of the organization and their own moral principles.

**Set the Tone**

A moral leader cultivates an atmosphere that upholds these principles. They establish the organization's standards for behavior, conduct, and attitude. Being a positive role model for others is one way to achieve this in the company. An ethical leader's conduct may be motivated by the realization that actions have consequences. Positive and negative consequences are equally important because they establish the standard of behavior that they will adhere to. Positive outcomes are equally important and serve as a prize for deeds well done.

**Recognize ethical dilemmas**

A moral leader must be skilled in identifying ethical dilemmas. These circumstances might not involve blatant lies, but rather a misapprehension of the truth. Regardless of the circumstances, it is not the whole story.

Problems with ethics can occur from hiring, firing, calculating bonuses, promoting, and other processes. The best method to identify an ethical conundrum is to pay attention to your inner voice, which will tell you if you are right or wrong.

**Handling ethical dilemmas**

This is where recognizing ethical dilemmas comes in handy. Damage control is crucial as soon as a morally dubious situation is identified by an ethical leader. There are several approaches to handling the moral conundrums:

Being ready for anything can help you prepare for the worst-case scenario and know how to respond quickly if it does. This enables the team to get ready for a crisis because in an emergency like this, decisions must be made quickly.

**Collect evidence**

In order to validate allegations of unethical behavior, evidence must be gathered. To decide what should be done, this is required.

Reevaluate your choice: After making a choice, take a moment to consider it again. A moral leader cannot afford to come to a decision quickly. Making the incorrect choice could have dire repercussions.

**Seek advice**

To comprehend and assess the situation more logically, an ethical leader will solicit the opinions and advice of others. They are able to acquire different viewpoints on the same subject as a result. They can therefore identify and handle these kinds of situations with effectiveness.

**Have courage**

An ethical leader needs to be brave enough to stick up for the truth even when it would be easier to lie or manipulate. Making a choice like this calls for audacity and risk-taking.

An ethical leader will occasionally choose the more difficult or unpopular course of action. Even in this kind of circumstance, the moral leader needs to endure and remain.

<div align="center">

**Challenges of Ethical Leadership[12]**

</div>

**Employee behavior**

People who work in all types of businesses frequently deal with moral dilemmas brought on by the actions of their employees. For instance, what should be the extent to which a manager can "groom" a particular employee for a promotion, what are the various ways in which a manager can handle claims of harassment, and whether an employee can check personal email accounts or handle personal matters during work hours. Additionally, the law imposes legal

---

[12] Ostwal P., "Major Challenges of Ethical Leadership" Asian Journal of Management, Volume-8, Issue- 2, 2017, available                                                                                                                                                 at https://ajmjournal.com/HTMLPaper.aspx?Journal=Asian%20Journal%20of%20Management;PID=20 17-8-2-9.

repercussions for certain unethical employee behavior. Legal action may be taken, for instance, if a supervisor discriminates against a worker on the basis of that worker's gender, religion, or ethnicity when recommending that person for a promotion. By creating a code of conduct, small business owners can assist in preventing moral dilemmas brought on by employee behavior a precise, lawyer-reviewed set of guidelines that establish behavior expectations for staff members at all levels. Additionally, an official training program will assist staff members in comprehending how decision-making is expected of them in a business setting.

**Employees working condition**

Businesses have a lot of ethical considerations regarding employee working conditions in addition to employee behavior. All businesses have an obligation to provide their workers with moral working conditions, which includes informing them of the safety precautions that the company has taken and paying them for the entire amount of time that they have worked. An employee should not be asked to work for an unreasonable length of time or on a task that is exceptionally difficult in addition to the issues that go against moral working conditions. Unethical working conditions have legal ramifications, much as certain unethical employee behavior issues have legal ramifications. For instance, legal action may be taken against an employer who makes an unsafe workplace or forces an employee to work for no pay.

**Supplier/ Customers relations**

The relationship between the company and its suppliers and customers is the next significant problem that managers must deal with when exercising ethical leadership. The company's owners must exercise extreme caution when choosing partners and determining whether suppliers and clients uphold ethical standards in their operations. Therefore, prior to signing any kind of agreement with these individuals, the company owners must make sure that they are not purposefully performing subpar work or deceiving consumers about their goods or services, and that they have accurate and complete information about these individuals.

**Ethics in small business**

Aside from the fact that every business sector has unique ethical concerns, there are some minor ethical issues, such as discrimination, that are applicable to all business areas. For instance, business professionals who serve as consultants need to make sure they are providing wise counsel. A number of significant ethical dilemmas arise in small business when it comes to hiring, firing, and managing staff. Conflicts of interest, for instance, can lead to moral

dilemmas in small enterprises, particularly those that are family-run. There is a conflict of interest and an ethical issue when private family matters influence corporate choices.

## Importance of Ethical Leadership[13]

**Evoke confidence in potential investors**

Growing and succeeding in business can be assured by conducting business ethically. Gaining the attention of worthwhile prospects and investors is just one benefit of moral leadership. Establishing a transparent benchmark for moral business conduct will instill trust in prospective investors.

**Build customers loyalty**

Consumerism has changed such that it now emphasizes a company's ethics and ideals in addition to the products and services it offers.

A company's brand identity can be made or broken by its overall morality. When you demonstrate ethical leadership in all that you do, people will undoubtedly learn that your business is a well-meaning one that is making an effort to somehow make our world a better place.

**More freedom and less micromanagement**

You can build a work environment where people can be trusted to do their jobs without being micromanaged by using ethical leadership. You'll end up saving a ton of time and money if you lead by example and create an environment where team members are driven.

**Good press**

When businesses engage in unethical behavior, word gets out quickly, social media smear campaigns are shared on multiple networks, and the company gets a lot of bad press. Avoid damaging your brand's reputation by using unethical management techniques.

**Develop confidence with vendors and partners**

Businesses require a wide network of dependable suppliers and partners to run efficiently and successfully. By leading ethically, you can draw in collaborators and suppliers who hold

---

[13] Importance of Ethical Leadership, India, available at https://www.lordsuni.edu.in/blog/ethical-leadership.

similar values and work together to create a solid base of respect and trust. Conversely, unethical behavior will probably draw unethical suppliers and partners, which is bad for you and everyone else.

**Maintain a positive attitude and increase output**

A key factor in determining whether your business succeeds or fails is the performance of your staff. Inspiring, encouraging, and holding staff members to a certain level of honesty and accountability are all parts of being an ethical leader. By doing this, you can significantly increase worker performance by keeping the team's morale high.

**Safe legal practices**

Making moral choices in all you say and do will become second nature to you, making it simple to manage your company in a way that is both fully compliant with the law and an inspiration to others.

Setting high standards for yourself and your business practices will help you stay out of trouble with the law in the future.

**Self-contentment**

Though it might seem a little contradictory at first, bear with us. While uplifting others and making decisions that can further the greater good are undoubtedly important aspects of ethical leadership, these altruistic actions can also be immensely fulfilling on a personal level. What could be better than managing your team effectively and having fun while doing it?

**A more sanitized workplace**

Nobody wants to wake up in the morning and report to work in an environment that exudes negativity and is run by dubious behavior and dubious decision-making. Make the most of ethical leadership to establish a more positive work atmosphere where your staff members feel appreciated, at ease, and motivated to reach their full potential.

**Draw in better workers**

Immoral behavior will probably draw immoral workers to your company. This may lead to a variety of issues for you, with employee theft being among the most frequent. Make it obvious to prospective and existing workers that your company operates under a strong code of ethics,

and fire team members who fall short of those expectations.

## The Outcomes of Ethical Leadership[14]

It is believed that ethical leadership is essential given the possible consequences. Social learning theory states that because ethical role models are likable, trustworthy, and behave in ways that are accepted as normal, followers emulate them.

Furthermore, moral leaders use the performance management system to hold employees accountable for their actions and emphasize the importance of moral behavior. As per the social learning hypothesis, workers can obtain an implicit comprehension of rewards and penalties by observing their colleagues' actions. Consequently, we believe that moral leaders will have a significant influence on moral behavior, including prosocial behavior, staff decision-making, contextual performance modeling, and morality-learning processes.

Furthermore, ethical leaders ought to influence both positive and negative employee behavior because people will consider their dealings with moral role models to be social interactions.

## Recommandations

The goal of organizational value should be embodied and expressed in the distinctive pattern of ethical leadership. In this regard, it is evident that the leaders in this framework represent a morally sound and persuasive ethical story that illustrates the usefulness of value ethics. Today's society is defined by demanding business tasks in the majority of organizations, where everyone strives for personal fulfillment. Even though this has led to a propensity for public display, the disclosure of multiple unethical actions and scandals illustrates the self-centered, egocentric pattern of corporate leadership. It is evident that in order to tackle this situation, CEOs of modern businesses need to serve as role models for moral business conduct for the benefit of society at large. Furthermore, the predominant pattern of moral leadership is innate in the growing propensity to give particular attention to cultivating the organization's greatest human resource. Understanding one's place in the vast network of stakeholders and constituents requires ethical leadership to prioritize organizational success over personal ego. Leaders who uphold ethics ought to prioritize something greater than themselves. Notably,

---

[14] Outcomes of Ethical Leadership, India, available at https://www.bibliomed.org/mnsfulltex t/218/218-1662742728. pdf?1724738665.

these are the organization's aspirations and objectives. Given this, the achievement of employees is a fundamentally competent derivation of ethical leadership, and it is from this that the value of business excellences is realized. The lever that boosts employee loyalty and satisfaction should be identified by ethical leadership, and it should be used to propel organizational success.

## Conclusion

Leadership that is morally righteous is crucial. A moral leader is respected and trusted, but a good leader is followed. The information above can assist you in honing your ethical leadership abilities. It would be beneficial to surround oneself with people who exhibit a high degree of morality and integrity if you want to be an ethical leader. It will also enable you to make moral decisions. It would be wise for you to take some time to consider the most morally correct, constructive, and fruitful course of action in the context of ethical dilemma situations.

As we enter a new century, a force for worldwide organizational and societal change is emerging and accelerating exponentially. This insight has led to the demand for a more comprehensive approach to leadership.In this century, where corporate houses are concentrating on good governance practices, ethics will be crucial. A framework called "nurturing values-based leadership" will make it possible to develop a more robust and moral culture and improve the effectiveness of the leadership approach.

## Bibliography

**Books**

Ethical Leadership: Creating and Sustaining ethical business culture- Andrew Leigh Ethical Leadership: Global Challenges and Perspectives- C. Miller Eve Poole

Ethical Leadership: A Primer- Robert M. McManus, Stanley J. Ward, Alexandra K.Perry

## Webliography

**Websites**

Ethical leadership in business organization, India, available at https://www.marketing 91.com/ethical-leadership/#google_ vignette.

Ethical leadership in business organization, India, available at https://www.thomas.co/resources

/type/hr-blog/what-ethical-leadership-attributes-traits-examples#:~:text=Ethical%20 Leadership

%20is%20about%20 leading, Positive%20 workplace%20culture.

Kar S., "Ethical Leadership: Best Practice for Success", IOSR Journal of Business and Management, Vol. 1 No.14, October, 201, available at https://www.iosrjournals.org/ iosr-jbm/papers/ICIMS/Volume-1/14.pdf.

Effects of ethical leadership, India, available at https://www.villan ovau.com/ articles/leadership/ what-is-ethical-leadership.

Ethical leadership behaviors to practice, India, available at https://theleadershipsphere.com.au/ insights/what-makes-a-great-ethical-leader-a-guide-to-ethical-leadership-practice s/# :~:text = Ethical%20leaders%20 demonstrate%20 integrity%2C%20 honesty ,positive%20 example% 20for%20the%20 teams.

Ostwal P., "Major Challenges of Ethical Leadership" Asian Journal of Management, Volume-8, Issue- 2, 2017, available at https://ajmjournal.com/HTML Paper.aspx? Journal=Asian%20 Journal%20of%20Management; PID=2017-8-2-9.

Importance of Ethical Leadership, India, available at https://www.lordsuni.edu.in/blog/ ethical-leadership.

Outcomes of Ethical Leadership, India, available at https://www.bibliomed .org/msn fulltext/ 218/218-1662742728.pdf?1724738665.