

## Ethical Leadership and Organization Effectiveness

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**Abstract:** Leadership is process of influencing of behavior of other and direct their activities towards the organization goals .the manner in which an individual leads has direct influence on how that person may operate under supervisory capacity leadership is set of interpersonal behavior designed to influence employees to cooperate in the achievement of objective .leader are the person that drives the efforts of employees toward the success of organization ethics are set of values that govern action behavior of and individual in the organization .Ethical leaders have tremendous impact on how peoples in their organization behave and what they achieve . Ethical leadership enhances business effectiveness and improves the culture that helps to attain competitive advantage. Leader with ethical behavior brings good interpersonal relation and trust among the member of the organization

**Keyword:** - Leadership, Business Ethics, Organizational Effectiveness, Ethical Leadership.

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### I. Introduction

In today's changing world, fear and uncertainty prevail in the organization there should be an atmosphere of trust and understanding between leader and stakeholder of the smooth running of business leader plays important role in shaping culture and developing the ethical agenda of organization. firstly understand leadership .it is a set of interpersonal behavior designed to influence employees to cooperate in the achievement of objectives leadership has great influence on nature of employees leader has ability to bring change in the organization and improve the culture for attaining the competitive advantage . global trend of management practices as keep changing so management has to develop or retain good leader .this will help the organization to adopt the new technology and practices like TQM(Total quality management) .just in time BPR(business process reengineering. And next ethics refers to a sense of right or wrong and goodness and badness of action .business ethics is generally accepted norms of good and bad practices misleading someone is immoral in society then any business person practicing misleading act is treated as involving in unethical practices or action. Leadership with ethics has great influence on Employees. Employees feel secure under the ethical leader. Now leader must possess quality like integrity and Honesty. He is role model to other regarding ethics and values

### II. Objectives Of Study

- i. To study the ethical behavior of leader
- ii. To find the effect of ethical leadership on organizational effectiveness and efficiency.
- iii. To investigate relationship between ethical leadership and effectiveness
- iv. To study factors effecting ethical leadership
- v. To analysis the ethical issues of business
- vi. To give suggestion for further development

### III. Research Methodology

The study for this paper is completely based on the secondary sources of data. Data for this study is taken from newspaper, websites, various books, Magazines, journals etc.

**Leadership:** - Leaders are the integral part of work and social life. Leadership behavior occurs in almost all formal and formal situations. Leadership is ability to build confidence and zeal among and create urge in them to be led. There is lot of leadership style that reflects how leader behave while trying to influence the performance of others like autocratic leadership style, democratic leader and paternalistic leaders. Leader plays active role in the developing ethical standard and maintaining culture in the organization .there are also some contemporary approaches in leadership like charismatic leadership, transformational, transactional leadership style that have great bearing on the behavior of employees. **Charismatic** leadership states that followers make acknowledge to extraordinary leadership abilities. Charismatic leaders always ready to take initiate action or to self sacrifice to achieve the vision and they are sensitive to the follower needs. Now **Transactional** leadership

refers to the style of leadership that guide and motivate their followers in the direction of established goals by clarifying role and task requirements. These are the leader who focuses on Supervision, organization and group performance .they promote compliance by followers through both reward and punishment. **Transformational** leadership style refers to style of leader that pays attention to the concerns and development needs of individual. as Robbins says “Transformational leadership is a style of leadership where a leader works with subordinates to identify needed change , creating a vision to guide the change through inspiration and executing change in tandem with committed members of groups. These are the leader having high intrinsic values. Transformational leadership is concerned with developing a vision that informs and expresses the organization’s mission and lays the foundation for the organization’s strategies, policies and procedures.

**Business Ethics:** - Ethics are a set of values that affecting the behavior of person. Ethics includes guiding beliefs standards that prevail in the group. Business ethics is generally accepted norms of good and bad practices misleading someone is immoral in society then any business persons practicing misleading act is treated as involving in unethical practices or action. Ethical Behavior can bring significant benefits to business. For examples, they may be attract customer and boosting sales and profit, develop commitment among employees and reducing turnover and therefore increase productivity. Business ethics can be developed by leaders for examples transformational and charismatic leader. They possess high intrinsic values. They consider the needs and development of employees and organization. They help in developing ethical culture values in organization

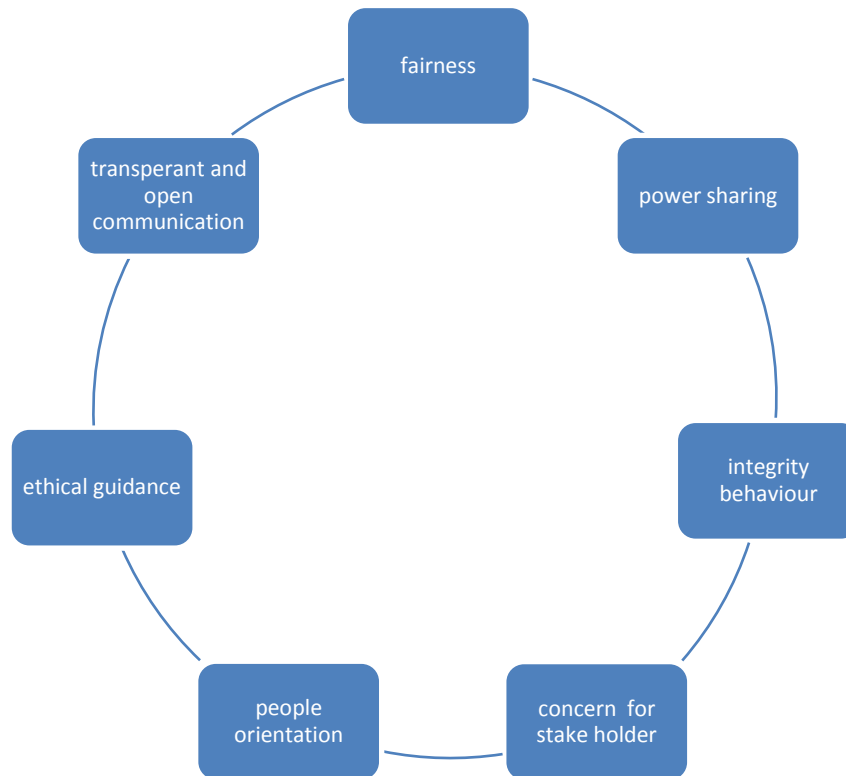
**Element of Business Ethics:-** There are basic elements of business while running the business a firstly top management should have committed towards ethical code of conduct and guide lower level to follow the ethical behavior. secondly there should be a code of conduct in the business that helps the employees to maintain discipline in the business it should be in writing. Third there is proper compliance of ethical standards. There should be corporate ethics in Recruitment, Selection Training etc. Fourthly there should be active involvement of employees in developing and maintaining ethical standard in the business at the last it may be difficult to measure ethical values but stills efforts should be made to find out whether the work is carried as per ethical values or not there are lot of factors affecting the business ethics like social values personal values , government regulations industrial norms etc.

**Ethical leadership:** - ethical leadership takes into account not only leaders but also their follower and key stakeholders. Brown, Trevino & Harrison has defined Ethical leadership as the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, two way communication, reinforcement and decision making Ethical leadership is process of influencing people through principles, beliefs that embrace what we have defined as right behavior. It is the leadership that is directed by respect for ethical beliefs, values, dignity and rights of others. Ethical leaders must understand that positive relationships with all organizational stakeholders are the gold standard for all organizational efforts. Good quality relationships built on respect and trust are the most important determinants of organizational success. Ethical leaders should understands that these kinds of relationships germinate and grow in the deep rich soil of fundamental principles such as trust, respect, integrity, honesty, fairness, equity, justice and compassion. Ethical leader has to compliance with regulatory authority, business authority, culture diversity, ineffective training. Pressure to perform and supplier pressure

**Ethical leadership has following features:-**

1. Ethical leader focuses on organization success rather than personal ego
2. They find best people and develop them
3. Ethical leader create a living conversation about ethics

**Dimension of ethical leadership:** - these seven dimensions of ethical leadership develop basis for ethical business practices firstly there must be fairness in each and everything includes recruitment, selection and training should be fair there should not be any discrimination on any ground. Secondly leaders like charismatic and transformational should involve mental involvement of followers and gives them opportunities to broad their wisdom there must be power sharing they are having enough authority to perform efficiently and effectively, thirdly leaders must have integrated behavior and having consistency in work and stick to their word .ethical leaders has also concern for stakeholders means they protect interest of various stakeholders like shareholders, government employees. Ethical leadership should concern for people means considering the need and development of employees. Leaders will take ethical decision and provide ethical guidance to workers and promote ethical culture in the organization. There must be open communication in the organization. Ethical leadership builds trust among members of organization that will lead to peaceful and healthy industrial relations. Seven elements of ethical leadership have several benefits it helps building goodwill and protecting the interest of stakeholders. And increases the efficiency and effectiveness of organization



### Organizational Effectiveness

Organizational effectiveness is the concept of how effective an organization is in achieving the outcomes the organization intends to produce. Organizational Effectiveness groups in organizations directly concern themselves with several key areas. They are talent management, leadership development, organization design and structure, design of measurements and scorecards, implementation of change and transformation, deploying smart processes and smart technology to manage the firms' human capital and the formulation of the broader Human Resources agenda. If an organization has practices and programs in the areas above, the OE group does many or all of the following roles Examines alignment between the areas and improves them Improves trade-offs between reliability, speed and quality in the above areas Strategizes for higher adoption rates in these area Facilitates/initiates/catalyses capability building : structure, process and people Rapid advances in social sciences and technology aided by clever experimentation and observation is bringing several truths to the light of society. There are several disciplines of social sciences that help the OE Practitioner be successful.

Four of them are outlined below: - **Decision Making** - Ways in which real people make decisions, enabling them real time to make good decisions, improving quality of decisions by leveraging adjacent disciplines ( for example- Behavioral economics) and replicating relevant experiments, creating new ones and implementing their results to make organizations effective. **Change & Learning** – Ways, in which real people learn, change, adopt and align, get “affected” by dynamics in the environment and leveraging this knowledge to create effective organizations that are pioneers of change and learning. **Group Effectiveness** – Ways in which real people work well together, especially in bringing new ideas and innovation, working of people to people protocols, impact of digitization and virtualization in organizations on these protocols. **Self-Organizing & Adaptive Systems**– Ways in which self-organizing systems and highly networked systems work, learning from them and the tangible ways by which they can be put to play to make organizations more effective The broader idea of organizational effectiveness is applied for non-profit organizations towards making funding decisions. Foundations and other sources of grants and other types of funds are interested in organizational effectiveness of those people who seek funds from the foundations. Foundations always have more requests for funds or funding proposals and treat funding as an investment using the same care as a venture capitalist would in picking a company in which to invest.

Effectiveness is capability of business to produce desired results effectiveness is function of productivity resulting from Employees satisfaction, it defines clear authority and discipline in the organization .It refers to doing right things effectiveness lead to peaceful atmosphere in your organization. Organizational effectiveness can be indicated by various means communication effectiveness better customer relationship,

employee satisfaction and well established brand image effectiveness developing trust in the mind of various stakeholders .effectiveness develops healthy interpersonal relationship within organization.

### Relationship between ethical leadership and Effectiveness

This distinction between ethics and effectiveness is not always a crisp one. Sometimes being ethical *is* being effective and sometimes being effective *is* being ethical. In other words, ethics *is* effectiveness in certain instances. There are times when simply being regarded as ethical and trustworthy makes a leader effective and other times when being highly effective makes a leader ethical. Ethical leader has led to effectiveness for examples transformation and charismatic leader choose best people and helps in the development of organization. Effectiveness is capability to achieve desired results and ethical leadership is process of influencing the behavior of followers by using morals values, beliefs there is strong relationship between ethical leadership and effectiveness. Ethical leaders play important role in guiding employees and developing them. Well developed and satisfied employees have led to organizational effectiveness. Effectiveness defines clear line of authority in the organization and ethical leaders provide platform to do their duty in effective way effectiveness and ethical leadership has common objectives like open communication and building trust among the members and stakeholders organization .Effectiveness can be achieved only when there is employee's satisfaction. Under the control of ethical leaders employees feel secure because leader treats fairly and democratically. These leaders help organization to retain suitable persons in the organization. It provides easy adaptability to change. Ethical leaders has great role in achieving effectiveness. They lead democratically fairly and bring good interpersonal relation in the organization. Ethical leaders inevitably have to make a lot of difficult decisions, from reorienting the company's strategy and basic value proposition to making individual personnel decisions such as working with employees exiting the organization. Ethical leaders do not attempt to avoid difficult decisions by using an excuse of "I'm doing this for the business." The ethical leader consistently unites "doing the right thing" and "doing the right thing for the business. Ethical leader has to face lot of problems like socio-demographic diversities, lack of top management commitment, devise corporate culture and to decide among important values Ethical practices has to face with business priorities, regulatory compliance, infective training, and pressure to perform etc. so leader Ethical leadership is associated with positive influence on employee performance intrinsic

Motivation job responses and willingness of employee to reports problems Piccolo suggest that leaders with strong ethical commitments can have impact on "task significance" and "autonomy" of the Job Characteristic model; and the willingness of employee to put extra effort on task performance. If followers perceived top managers good moral image, moral leadership may be viewed as an important issue within the organization, and this perception may be a translated into a strong appreciation of top management by employees within an organization. Organizational effectiveness focuses on four key areas:

1. Enhancing organization effectiveness in a global context.
2. Developing leaders.
3. Building productive, healthy and satisfying environments.
4. Improving governance; strategy, structure, process and relationships.

Such proactive elements can together recreate a system in which ethical leadership can become a core competency and impetus for organizational effectiveness.

### IV. Conclusion

Ethical issue is a worldwide phenomenon. Corporate leaders must take proactive measures. Ethical leaders are perceived as having a broad ethical awareness and concern for all stakeholders which includes employee .Therefore leaders must create an ethically friendly work environment for all employees, communicate ethical issues, serve as role models and put mechanism in place for the development of responsible employees. It is expected that leaders who exhibit ethical behavior would be more likely to consider the needs and right of employees and treat them fairly. Indeed, every employees want to work for a truly and responsible employer and as such, corporate leaders has to fulfill their obligations on ethical issues and rise up to these expectations

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