



ISSN Print: 2394-7500  
ISSN Online: 2394-5869  
Impact Factor: 5.2  
IJAR 2018; 4(7): 373-379  
www.allresearchjournal.com  
Received: 27-05-2018  
Accepted: 28-06-2018

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## Ethical and unethical leadership issues, cases, and dilemmas with case studies

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### Abstract

Ethical issues have become important to leadership and management practice as a result of many well known cases of failure by organizations and individuals to observe and maintain ethical standards. Unethical activities of these organizations have resulted to defrauding of stockholders, consumers and employees, creditors and government to various degrees depending on the nature of the scandal or fraud. In this paper it was noted that organizations and individual have a role to play in ensuring ethical business and individual conduct. Organizations should create ethical environments by providing ethical role modelling and consisted ethical decisions and save workers from ethical dilemmas. Employees on their side should be ethical in thinking and actions to save themselves and their organizations from the costs related to unethical conduct. Whereas ethical conduct is costly and difficult to measure and account, there is evidence of long term benefits as acting ethically builds trust and respect which is necessary for successful long term business and personal success. The solution to ethical and unethical challenges lies within organizations and individuals but leaders have a special role to act as role models and create ethical environments and organizations. Psychological factors, organizational and societal pressures, and a number situational factors make it difficult for people to realize their own ethical aspirations, but we must all try to be ethical in all our undertakings as individuals or corporates because there is evidence of long term personal and corporate gains.

**Keywords:** Leadership ethics, ethical dilemma, morality, values, ethics

### 1. Introduction

The development of ethical theory dates back to Plato (427–347 B.C) and Aristotle (384–322 B.C.). Ethics as a word has its roots in the Greek word ethos, which translates to “customs,” “conduct,” or “character.” Ethics has to do with the values and morals that individual or society as a whole finds suitable, fair or appropriate. He adds that, ethics is concerned with the virtuousness of individuals and their motives. Ethical theory gives a system of rules or principles that guide individuals in making decisions about what is right or wrong and good or bad in a particular prevailing situation they find themselves in (Northouse, 2016) [8]. Therefore being ethical is about being morally decent human and therefore respectful beings.

#### 1.1 Ethics, values, morality and law

**1.1.1 Ethics:** The word ethics is derived from the Greek word ethos meaning custom or character (Fernando, 2016; Northouse, 2016) [5, 8]. this indicates that ethics has to do with people’s character or behavior against standards or expectations. Ethics refers to well based standards of being right and wrong that guides humans on what they ought to do. Ethics also refers to the study and development of an individual’s ethical involves the evaluation and application of moral values that society or culture has come to accept as norms (Fernando, 2016; Williams, nd) [5]. Therefore ethics in general can be described as set of principles of moral conduct and thus business ethics is sum total of principles expected to be followed by businesses or organizations in their business practice.

**1.1.2 Law and Ethics:** Being ethical is not just following the law. This is because whereas the law quite often incorporates ethical standards hence most citizens would subscribe to it, it can deviate from what is ethical. What society takes as standard of behavior can deviate from ethical standards. A good example is Germany during the Nazi rule where atrocities by the regime were unethical but still accepted by Germans (Williams, nd),

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I can therefore argue that being ethical should not be about doing what society accepts instead should be measured on a scale of its own because society can accept what is unethical depending on varying circumstances.

**1.1.3 Values and Morality:** Personal values are the conception or construction of what individuals or society consider as desirable or acceptable. Personal ethics on the other hand is application of this values. Personal ethics is also called morality. Morality in general refers to what society tries to instill in children as they grow up (Fernando, 2012; Northouse, 2016) <sup>[5, 8]</sup>.

## 2. Ethical Leadership

In as far as leadership is concerned, ethics is concerned with what leaders do and who leaders are in terms of the nature of leaders' behavior, and with their virtuousness. When making leadership decisions, ethical issues are involved implicitly or explicitly. The choices leaders make and how they respond in a given circumstance are informed and directed by their ethics and are also influenced by their moral development.

### 2.1 Ethical leadership training and development

Ethical leadership is defined as use of normatively appropriate conduct through use of personal actions and interpersonal relationships and the promoting the same to followers through the leader's followers. This is enforced by use of tools like two way communication, reinforcement and decision making within the organization. According to Brown, Trevino & Harrison (2005) <sup>[5]</sup>, leaders are supposed to be a key source of ethical guidance for employees because most employees look outside themselves for ethical guidance and therefore leaders should be the source of these needed guidance. This definition suggests that it is not enough for a leader to practice what is seen as ethical, he must ensure that the followers do the same within the organization through his influential position by way of his actions, and communication. Brown, Trevino & Harrison (2005) <sup>[5]</sup> propose role modelling as a way of developing ethical leadership. In this approach hired workers should have proximate ethical role models at workplace to enhance development of ethical leadership. This can also be done through training interventions by the role models as well as other types of training since they have been shown to be successful in developing transformational leaders. To reinforce the need for trainee mentoring and training Bass (1990) <sup>[2]</sup> advises that a management trainee's first supervisor can make a big difference in his or her future career success. In his advice on ethical training and development Prentice (2014) <sup>[9]</sup> observes that sharpening ones moral reasoning and reinforcing character are necessary courses of action to take to help leaders who wish to be better people and also those who wish to train others on ethical leadership.

### 2.2 Principles of ethical leadership

Although not inclusive, these principles provide a foundation for the development of Sound ethical leadership: respect, service, justice, honesty, and community (Brown, Trevino & Harrison, 2005) <sup>[5]</sup>. Fernando (2012) <sup>[5]</sup> identifies a number of principles of ethical leadership. They include

- i. Fairness and ability to refrain from taking undue advantage of others

- ii. Honesty and willingness to comply with the law of the land and ethical standards
- iii. Concern and respect for autonomy of others any while dealing with others.
- iv. Benevolence and preventing harm to any creature

There are various reasons that compel people to behave ethically. Fernando (2012) <sup>[5]</sup> identify what self-motivates people to act ethically as;

- i. It is natural for people to ensure that their actions do not cause and injury to others people.
- ii. Social and material wellbeing depends on one's ethical behavior in society.
- iii. People are obliged to obey the laws of the land since most laws are in line with ethical standards
- iv. Many people want to keep good conscience and so would want to be good members of society.

Therefore there exists natural motivation for people to act morally and ethically but circumstances force them to think otherwise subjecting them to ethical dilemmas.

### 2.3 Benefits of ethical leadership

According to Bass (1990) <sup>[2]</sup>, a firm that is fully permeated with transformational leadership from top to bottom conveys to its own personnel as well as to shareholders and stakeholders and the community at large that it is focused and confident which is necessary for a stable, growing company both in short term and long term basis.

On his part suggested seven benefits for a manager to focus on being an ethical leader. They include; Improved public image of the organization, restoration or enhancement of investor confidence, prevention and reduction of criminal related penalties and fines, preventing lawsuits by employees who could not have their grievances resolved within the company systems, Improved employee retention and satisfaction hence productivity, market orientation and leadership through improved customer care and satisfaction and setting the example for others in the market to benchmark hence raising the profile of the organization or institution.

#### 2.3.1 Why businesses and individuals should act ethically

According to Prentice (2014) <sup>[9]</sup>, people behave or want to behave ethically for different reasons. Some don't want to be arrested, some don't want to be embarrassed, some, some don't want to be jailed, some don't want to be fired, and some don't want to embarrass family. He notes that ethical actions breed trust and trust is key to economic growth and this is because by acting ethically, one contributes to social capital which makes economies and societies flourish. Doing good makes one feel good and therefore acting ethically is a long term strategy for personal as well as organizational success.

For several reasons organizations are expected to conduct their affairs ethically. Fernando (2012) <sup>[5]</sup> lists some of the reasons as for acting ethically as;

- i. To build trust with key stakeholders and shareholders of the organization like customers, partners and even financiers.
- ii. To protect businesses from abuse by unethical employees and competitors

- iii. To protect their own employees from liabilities and unintended consequences like litigation from third parties
- iv. To build and protect the reputation of the business and organization.
- v. To meet the expectation of stakeholders. This is because many stakeholders expect them to operate ethically and nothing less.
- vi. By acting ethically, organizations create an operating environment in which they act consistently and in a predictable manner.

### 3. Unethical Conduct

The destruction or near destruction of the followers' self-esteem for the benefit of the leader makes transactional leadership highly unacceptable to the dignity of people and can therefore be taken as unethical social conduct. Some researchers like (Bass, 1985) <sup>[1]</sup> propose that transformational and charismatic leaders can be unethical if they are motivated personal interests rather than altruism (Bass, 1998; Howell & Avolio, 1992) <sup>[3, 6]</sup>, and if they use their authority in a selfish manner or inappropriately.

Ethical leaders will normally influence ethics-related conduct to followers through actions like employee decision-making and pro-social and counterproductive behaviors primarily through modeling and learning processes. Also, ethical leaders influence employee behavior because employees view their relationships with ethical leaders in terms of social exchange. Leadership ethics should be about honesty, integrity, fairness, following rules and laws, and being true to your values.

#### 3.1 Unethical Conducts/actions

The rise of competitiveness in business and desire of becoming successful by any means necessary have driven many people to resort to unethical business practices. Indeed some businessmen take it that in business there is no let go making even the highly qualified and well-educated and trained individuals to engage in unethical practices so as to survive in the market place (Zińczuk, Cichorzewska & Barczewski 2013) <sup>[12]</sup>. They identified factors contributing to unethical conduct as: dominating culture in an organization which supports the unethical acts; lack of trust within the business, lack of supporting values or failure to comply, weak legal and organizational policies procedures and guideline; Inappropriate role modelling by organizational leadership; setting unrealistic and unattainable operational targets. In his research on behavioral ethics and why people act or behave unethically, Prentice (2014) <sup>[9]</sup> demonstrated that even people of good character, even if they are skilled at moral reasoning, may engage in unethical conduct due psychological shortcomings, social pressures, organizational stresses, and prevailing situational factors.

Organizations and individuals engage in various forms of unethical conduct some of which are identified by Fernando (2012) <sup>[5]</sup> as;

- i. Price fixing usually done by monopolies who at times create artificial scarcity and other actions to influence upward price movement.
- ii. Discriminatory wage structure in organizations which comes in various forms like having different pay structures for same tasks and qualifications based on race, gender and nationality.

- iii. Using scarce and unreplaceable industrial resources and raw materials
- iv. Overworking women and children and even underpaying them
- v. Shift location of business, factory or activities at the cost of society.

For long term success Prentice (2014) <sup>[9]</sup> argues that the reasons for unethical conduct are quite often selfish rather than noble, short term oriented rather than long term oriented, shallow and rather than thoughtful and overall unethical conduct is not attractive and therefore is repellent to many people in society. This means that although unethical actions may look attractive or gainful initially, the long term effects are undesirable.

### 4. Ethical Dilemmas

According to, Fernando (2012) <sup>[5]</sup>, an ethical dilemma is a moral situation in which a choice has to be made between two equally undesirable alternatives and they arise due to a number of reasons, attitude, behavior, failure of personal character, conflict of personal values and organizational goals versus social goals. A business dilemma exists when an organization decision maker faces a choice between two or more options that will have various consequences on profitability, competitiveness and stakeholders in general. There are occasions in life and in business practice that we encounter dilemmas. They include fights in court where manufacturers and sellers try to distort facts, buyers colluding with sellers to avoid paying taxes to state.

Ethical dilemmas involve making decisions where rules a vague or in conflict while the outcome of an ethical decision cannot be predicted with any degree of accuracy or precision so the leader or decision maker is often not sure whether a decision made is right or wrong and quite often mistakes are made (Fernando, 2012) <sup>[5]</sup>. In making an ethical decision, an individual's intentions and the factors prompting him or her are the last considerations. The decision maker usually feels guilty when the intentions and final decisions are at variance with one another.

Most ethical decisions are made in organizational environment with different value systems, competitive pressures, political ideologies, moral philosophies and culture all of which provide opportunities for misconduct. As a result, of this moral and ethical issues are common in business (Fernando, 2012) <sup>[5]</sup>. In a year 2000 survey by KPMG on 24,000 workers from different companies, 74% revealed that they had observed violations of law or company policy and standards the previous year with 50% indicating that they observed what they considered as serious misconduct which could lead to financial losses. Employees who work for companies with comprehensive ethics and compliance systems reported more favorable results than those employees who work in companies without such programs (KPMG, 2000) <sup>[7]</sup>. This confirms the high level of ethical issues in most organizations which can be reduced by enforcement of ethical monitoring and control policies by organizations.

#### 4.1. Why Corporates and individuals Face Ethical Dilemmas

Many reasons contribute to ethical dilemmas in organizations. According to Fernando (2012) <sup>[5]</sup> corporates are faced with ethical dilemmas daily because investing in

ethical practices and being fair to all stakeholders will cost dearly. Several dilemma causing ethical problems include;

- i. There is no clear linkage between business ethics and financial success by organizations with several cases of thriving and successful unethical organizations and individuals.
- ii. It is not possible to clearly establish the correct balance between business ethics and investments required for the same.
- iii. Ethical investments have got very long gestation periods and so it takes very long to realize the benefits of once ethical investments and conduct.
- iv. It is often not clear on exactly how much one is required to invest in business ethics to be considered fair or acceptable, a leeway that is a potential cause of dilemma.

#### 4.2 Sources of Ethical Problems and Dilemmas in Organizations

Ethical problems or challenges in business take different forms and cause different kinds and levels of ethical dilemmas. As Fernando (2012) <sup>[5]</sup> posits, ethical challenges and related dilemmas are a result of;

- i. Failure of individuals personal character that leads him engage in unethical conduct
- ii. Organizational goals and social values which are not firm or strict on ethical conduct
- iii. Hazardous but very profitable products which motivates many to engage in unethical practices
- iv. Conflict of personal values and organizational goals.

Organizations also face ethical related problems when they go international or become multinational and encounter new technology, religions, cultural and social beliefs as well as different economic and political systems and ideologies which definitely will introduce ethical problems and dilemmas. Because of the diversity of the problems and dilemmas, organizations should be aware of the ethical dimensions and think as well as operate ethically. Ethical considerations should be incorporated in the operations of the organizations and employees should be prepared to think and work ethically.

#### 4.3 Causes of unethical practices

In most cases, companies resort to unethical practices due to intensive competition and excessive Focus on economic goals of making profits (Fernando, 2012) <sup>[5]</sup>. In his view Prentice (2014) <sup>[9]</sup> identifies a number of factors that contribute to unethical conducts. These factors or causes are:

**4.3.1 Environmental factors:** The operating environment can facilitate ethical or unethical behavior without even realizing the difference.

**4.3.2 Time pressure:** When people work under pressure of time, they are in a hurry to achieve and often are less likely to act ethically whenever an opportunity to act presents. It is about quick results and quite often this is irrationally done.

**4.3.3 Lack of transparency:** People always work ethically when they are being observed and less ethically when working secretly or behind cameras.

**4.3.4 Obedience of authority:** Many individuals have a strong motive to please the authority and even disregard their ethical standards in order to please the authority. This is also an opportunity for authority to show leadership in ethical issues through role modelling.

**4.3.4 Overconfidence:** People generally believe that they are more ethical than others and tend to be comfortable with their moral character. This overconfidence often leads them to make decisions without proper ethical reflection increasing changes of making unethical decisions.

**Framing:** This involves making issues look different from what they really are for example making a pure technical issue look like mere business issues. As a result, people change decision framework creating opportunity to make unethical decisions to suit the new outlook. A good example is that of collapsed Enron where many unethical decisions were made as the company linked so many issues with the stock market price and not moral and ethical contents. Therefore if leaders don't consciously consider ethical dimensions in decision making frames, they make different and less ethical decisions than they should have done.

**Loss aversion:** The fact that people dislike losses more than they enjoy gains of equal size make them willing to make riskier and even less ethical decisions to avoid losses so as to secure an equivalent gain.

**Incrementalism:** Quite often, people make business mistakes and then unable to admit to them, start making larger and larger ethical mistakes as a consequence. Prentice (2014) <sup>[9]</sup> emphasizes that people loose ethical footing step by step and not abruptly.

**Self-serving bias:** This refers to the tendency by management or leadership to attribute to themselves more skills, intelligence or contribution to successful outcomes than is objectively justified. In confirmation type of bias, evidence is sought and interpreted in a way that validates existing beliefs, expectations or hypothesis at hand. Such self-bias can lead to justification of unethical actions and create an environment that encourages unethical practices.

#### 4.4 How Corporates Can Observe Ethics to Reduce Dilemma

Organizations must put in place various measures to reduce ethical dilemma which is undesirable but will always be encountered in daily business activities. Fernando proposes a number of measures which include;

- i. Implementation of ethical activities and behavior by developing in-house codes of ethics that is expected to be adhered to by the organization and its stakeholders.
- ii. Performance reviews or appraisals should include ethics as an element of review sending a clear message to the workers on their ethical requirements.
- iii. Continuously review ethical behavior by employees and the organization with the objective of improving on continuous basis.
- iv. Carry out regular ethics audit for the organization and implement any recommendations based on findings of the ethical audits audit.

#### 4.4.1 Code of personal ethics

Developing and implementing a code of ethics for employees can be used as a tool for controlling ethical

conduct of employees. Starrett (2011) explained that a code of ethics provides some fundamental aspects of professional conduct and is central to advising individuals on how to conduct themselves, judge themselves, and understand their undertakings. Fernando (2012)<sup>[5]</sup> and Starrett lists examples of code of ethics as:

- i. Maintenance of high standard of professional responsibility
- ii. Avoid situations of conflict of interest and suppress personal interests for general good of the organization and society.
- iii. Always act and work with integrity in all situations you find yourself in.
- iv. Never discriminate against people for whatever reasons
- v. Maintain professional relationship based on mutual respect for individuals and organizations.
- vi. Never give up on your personal professional ethics for anything less than its requirements.
- vii. Respect and uphold confidential information to which you have access during your work or professional practice.
- viii. Be always committed to your personal professional ethics for whatever reasons.
- ix. Be honest and impartial in all your undertakings with third parties

#### 4.4.2 How to create an ethical environment

An organization built an ethical environment by undertaking the following as suggested by Fernando (2012)<sup>[5]</sup>;

- i. Encourage open communication between employees, managers and stakeholder
- ii. Articulate organizational values in all undertakings with employees
- iii. Employees should be trained and sensitized on ethical behavior and conduct
- iv. Leaders should assume the responsibility of installing ethical behavior.
- v. Make organizational decisions to be committed to ethical conduct right from the top to the bottom of the organizational structure.
- vi. Leaders should recognize that they are role models by definition, actions, and by their values.

It is necessary for organizations to put in place and enforce ethical standards so that workers have very little doubts as to what to do when faced with ethical dilemma and what their organizations stand for which calls for consistency when handling ethical problems (Fernando, 2012)<sup>[5]</sup>.

#### 4.4.3 How to resolve ethical issues

Fernando (2012)<sup>[5]</sup> suggests that to resolve an ethical question that creates dilemma, one should consider three things, namely; Utility; whether the benefits exceed costs. Right; whether it respects or affects human rights and finally, Justice; whether it distributes benefits and burdens evenly. He identifies two basic approaches in resolving ethical dilemmas namely deontological and teleological.

Deontological: This approach is action oriented and according to this approach an ethical standard is consistent with the fact that it is performed by a rational and free person. When this approach is followed in analyzing an ethical dilemma, a narrow focus is targeted. Questions to be answered include which actions are inherently good? Does it respect the basic human rights of everyone involved? Does

it avoid coercion, deception, manipulation? The deontological approach is somehow inflexible (Fernando, 2012)<sup>[5]</sup>.

Teleological: This approach to ethical dilemma is assumes a layman's and common sense approach in which the moral character of actors depends on a simple, practical measure of extend to which action actually help or hurt people. Actions that produce more benefits than harm are right and those that don't are wrong (Fernando, 2012)<sup>[5]</sup>.

In his recommendations, Fernando (2012)<sup>[5]</sup> suggests while deontological and teleological approaches to ethical issues seem to contradict each other in theory, in actual practice they complement one another. Therefore in the process of identifying practical solutions to ethical dilemmas, we should not ignore any of them. We should there consider the face value in terms of whether an issue is right or wrong and also consider the value in terms of effective benefits and harm to arrive at an appropriate decision.

## 5. Ethical Case Studies

### 5.1 Case Scenario 1

John works in the accounting department of a large firm. While going over the books for the past several months, James notices that someone has altered the figures to increase earnings by several thousands of dollars. He suspects that the errors, which are in the company's favor, are too consistent to have been honest mistakes. He knows that he should report his findings through the company's ethics hotline. However, he worries that doing so will jeopardize his job security and reputation with the company.

**5.1.1 Case Analysis:** The fact that the company provides an ethics hotline is sufficient evidence that the organization supports ethical conduct by its employees and that unethical conducts need to be reported. By failing to report this case, John is already part of the unethical conduct as he has indeed gone against the company policy. He fails to report because he feels that by reporting he will jeopardize his job security. This suggests that the leadership has not been consistent on ethical decisions, has been a partaker in ethical misconduct or has simply failed to clearly show workers the direction they should take on ethical issues. John is also selfish because he is putting his interests first. He is being teleological in his analysis and handling of the ethical dilemma because he disregards the fact that he has come across a significant unethical issue just to protect himself (Fernando, 2012; Northouse, 2016)<sup>[5,8]</sup>.

John demonstrates lack of personal values and ethics which demands that he acts with integrity and uphold professional ethics (Fernando, 2012)<sup>[5]</sup>. It also shows that unethical issues thrive in this organization and by reporting it will alert the organization which definitely will take action since it has structures in place to report unethical issues. The organization should be consistent in handling ethical issues so that workers like James don't fear for their jobs. The fact that John works in accounting raises questions about his integrity as an accountant because accounting is a profession guided by personal professional ethics (Starrett, 2011; Fernando, 2012)<sup>[5]</sup>. The organization should enlighten its employees about their personal professional ethics and develop a code of conduct for all employees. While making its position on unethical issues clear through consistent ethical decisions and role modeling (Fernando, 2012)<sup>[5]</sup>.

## 5.2 Case Scenario 2

Mary owns a small toy manufacturing company. One of her employees has noticed that one of the pieces on the most popular toy the company manufactures can detach from the toy. This detachment could pose a potential choking hazard to young children who play with the toy. No customers have yet reported problems with the toy. Mary wonders if she should report the potential hazard before anyone gets hurt. However, the recall would cost her company money and result in loss of sales during the busy Christmas season.

**5.2.1 Case Analysis:** Just like John, the employees in this case identifies a significant problem but is faced with an ethical dilemma and wonders as to whether to report or not. Mary looks at the overall cost of a recall yet no incident is yet to be reported. According to Fernando (2012)<sup>[5]</sup> Mary is looking at the overall cost not the defect which is wrong. This is being teleological in handling an ethical dilemma. The employees acted ethically by noticing and reporting the defect, but Mary is the one to make ethical decision but is dilemma. She needs to be straight and clear on ethical issues and set precedence to employees and this will encourage them to act more and more ethically.

It is good to note that being transparent and open may not yield quick positive results but over time an organization wins the confidence of consumers. Procter and gamble withdrew Relytampton promptly when its use was statistically linked to deaths while Johnson and Johnson cleared all retail shelves of Tylenol Analgesic within days of discovery that some containers had been poisoned. These companies did this to protect their reputation and were praised for their ethical conduct and so they built trust and respect which is necessary for long term growth. Therefore Mary's toy manufacturing Company does not have to wait for a child to be choked to take action, instead they should be proactive (Fernando, 2012)<sup>[5]</sup>.

Mary needs to act as a role model to her employees on ethical issues and also create an ethical environment where employees are sure about the ethical requirement of the company and how they should report it within the company systems without fear of prejudice (Fernando, 2012; Zińczuk, Cichorzewska, & Barczewski, 2013; Northouse, 2016)<sup>[12, 5, 8]</sup>.

The solution to the ethical dilemmas in these case studies lies with the organization through its leadership offering direction and role modelling and with individuals being ethical in their conduct within a facilitating ethical environment and leadership.

## 6. Recommendations and conclusions

Illegal and unethical behavior and conduct by organizations and individual employees often impose great costs on businesses itself and society at large and should therefore be stopped and avoided by all. It has been proved that businesses can still operate profitably and successfully by acting ethically even though unethical individuals and corporations still operate and thrive which provides motivation for the undesirable behavior. Ethical solutions to business problems may have more than one right solution or sometimes no right answer at all. So all stakeholders should act rationally and responsibly to nature ethical business operations. A business or company that is ethical tries to reach a tradeoff between its economic objectives and social obligations.

An organization is ethical if it is recognized on basis of its corporate excellence and good relationship with its stakeholders, it follows corporate governance, a set of acceptable rules that govern the administration and management. Its targets are transparency, integrity, full disclosure of financial and non-financial information, and protection of stakeholder's interests even to its disadvantage or expense. Values are the foundation of the corporate culture while ethics should be the basis of its business operations and in fact a substantial raw material for production and delivery of its business activities. To manage ethical problems and dilemmas, organizations should understand the ethical dimensions, reason and act ethically and economically and incorporate ethical issues in all activities.

The solution to ethical and unethical challenges lies within organizations and individuals but leaders have a special role to act as role models and create ethical environments within organizations by demonstrating to followers the behavioral boundaries set within an organization. Being ethical is about playing fair and considerate, thinking about welfare of others not just yours and evaluating the consequences of one's actions to others and society as a whole. However, even if one grows up with a strong sense for good or bad, the bad behavior of others can undermine his ethical sense as well for example those who are unethical but are free, and appear to be very successful in the eyes of the public.

Ethical leaders and individuals should consider long term consequences, drawbacks and benefits of their decisions. For the sake of being true to their own values and beliefs, such leaders and followers are prepared to operate with the imperative is: Do what is right whatever what.

In conclusion psychological factors, organizational and societal pressures, and a number situational factors make it difficult for people to realize their own ethical aspirations, but we must all try to be ethical in all our undertaking as individuals or corporates because there is evidence of long term personal and corporate gains.

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