



Why should you improve your ethical leadership skills and how to do it

A guide for those interested in continuous, sustainable success
Part I The foundation of ethical leadership

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To the reader

Modern-day leaders are expected to tackle increasingly complex issues. Problems are getting more complex, they are systemic in nature, change is happening faster and there is less and less time to think about decisions. The quality of decisions suffers if you do not focus on improving your thinking and this may be fatal for your organisation.

Your own career may also suffer if your ability to resolve problems does not improve as challenges become more difficult. Successful ethical leadership also requires courage and the ability to take action when it's needed.

So why does ethical leadership fall short, despite all the good intentions? Some situations go unnoticed when you are busy. And even when you notice a situation, it can be difficult to decide when to intervene and when not. Often it feels there is not enough time to bring up an issue. Or it is difficult to find the right time. The opinions of a growing group of stakeholders and alternative operating models make it difficult to act in accordance with one's good intentions.

The lack of an ethical and responsible operating model shows as a general inefficiency in the organisation

because people do not take overall responsibility. The high ethical standards of an organisation correlate with positive financial performance.

This guide is intended for leaders interested in ethical leadership and improving it. The guide tells you why and how all leaders must develop their own ethical leadership skills in order to be successful and to make their organisation thrive in an increasingly complex world.

The first part of the guide focuses on building an ethical foundation.

Enjoy and be inspired,
Juuriharja Consulting Group Oy

What is ethical leadership?

In short, ethical leadership means good leadership: fair, just and productive. An ethical leader takes and bears responsibility for both *results* and *wellbeing* because together they build sustainable success.

Ethical leadership also involves instilling responsibility and broad reflection throughout an organisation.

In a nutshell, it is about simultaneously taking care of productivity and workplace wellbeing and taking personal responsibility for success both in the short and the long term.

Many factors limit our willingness to act in accordance with our good intentions, which is why ethical leadership does not always become reality. Drawing a line between intervening in repetitive everyday situations and not intervening is difficult. When making a decision whether to take action or not, you have to consider the opinions of an increasing number of stakeholders and also face the challenges posed by working life where pressures of time are increasing.

In the end you will have to decide for yourself what ethical leadership means in your case.

Sometimes you hear people say that there is not enough time or resources to be ethical. But who can afford to be unethical? Who would want to work with a colleague you cannot trust or a boss who is not fair or a subordinate who does not care about results? Ethical leadership should form the core and foundation of all leadership. It is not a simple addition to everyday management or some other extra. It is the very essence of leadership.

Ethical leadership is good leadership - fair, just and productive.

Qualities of an ethical leader:

- ✓ Fairness
- ✓ Ability to grasp the big picture
- ✓ Willingness to take responsibility
- ✓ Courage
- ✓ Determination
- ✓ Consistency

How does ethical leadership benefit your organisation

Sometimes ethical leadership is thought of as moral musing that does not lead to action and have impact on the company's bottom line.

However, research has shown that the high moral standards of an organisation have a positive correlation with its financial performance.

So why do ethical operations mean better performance? Ethical operations mean a high standard of leadership, which is the primary indicator of superior financial performance. Fair leadership boosts staff motivation and commitment.

On the other hand, research has also shown that the best talent is attracted to organisations that respond to their need for personal purpose.

The International Business Ethics Institute has listed impacts of corporate ethics on success factors and based on them, companies can be classified as either *losers*, *survivors* and *forerunners*.

In the case of losers, a lack of leadership skills leads to deterioration of capital, collapse of innovation and financial loss. The survivors are competitive in their sector because they operate responsibly.

The forerunners distinguish themselves from others because of their reliability, quality and workplace wellbeing, which means operating ethically is a competitive advantage.

Is your company a loser, a survivor or a forerunner?

Benefits of ethical leadership:

- ✓ Success
- ✓ Staff wellbeing, loyalty and motivation
- ✓ Low sickness absence and associated costs
- ✓ Attractive workplace
- ✓ Attractive to customers, investors and partners

***Ethics is about making choices
between two good or two bad
alternatives.***



The foundation of ethical leadership

How to become a more ethical leader? And how to turn the advantages of ethical leadership into something concrete? Only things that we consider important turn into action and that is why developing leadership on the practical level means that we must think about what ethical leadership means to us.

Practising ethical leadership is based on the ethical foundation of leadership:

The first pillar of the foundations is **ethical reasoning**, which is the ability to grasp how things and situations are connected with the rest of the world, other solutions, people and situations. It is also about being able to take different ethical stances instead of being stubbornly stuck in one. Connectivity and different viewpoints enable leaders to make better decisions.

The second pillar is formed of **moral sentiments** or recognizing your own ethical preferences and principles and taking action based on them. It is about deep self-knowledge and understanding. Also about how you trust, build trust and what makes trusting difficult for you. How comfortable are you challenging and not challenging authority?

The third pillar is **ethical praxis** and it forms a comprehensive and responsible set of behaviours where ethical leadership is put into action every day, in all situations. This means that ethical leadership is not merely private thoughts or public speeches with no impact on the everyday life.

The sustainable success of a business is built on continuously high quality operations. Ethical action is not only about preventing unethical situations or circumstances or reacting to things that have already happened.



Building a solid base helps in decision-making

Operations based on quarterly results and maximising profits may lead to shortsighted and narrow decision-making. If your company is caught in a spiral of tightening competition where achieving results and increasing market share in the short term are the only performance indicators, there might be risks involved. Often in such cases a constructive relationship with different stakeholders receives little attention. Going after the *what* can also make people forget about *how*.

Ethical leadership is highlighted especially during challenging times, such as when people are laid off, when the loyalty and motivation of staff are tested. Layoffs often weaken the atmosphere at work and, research has shown, can prompt the best employees to make the decision to leave the company.

Ethical leadership requires thoughtfulness and a grasp of the big picture. In practice, there is never time to visit every perspective or consider every individual or stakeholder before making a decision. That is why ethical leadership must be built on a solid foundation. A foundation that the leader can rely on without having to think about it. If the foundation holds, even quick decisions are more likely to be ethically sustainable.

Aspects of unethical leadership:

- ✓ Favouritism
- ✓ Transferring opponents to less important positions or making them redundant
- ✓ Sugarcoating information serving own interests
- ✓ Putting loyalty before competence in appointments
- ✓ Lack of transparency
- ✓ Self-serving decision-making
- ✓ Using pressuring and instilling fear
- ✓ Unequal treatment of employees
- ✓ Personifying power
- ✓ Disregard for human rights
- ✓ Chaotic, random administration
- ✓ Unpredictable action

Do you deal with ethical dilemmas and look for better solutions?

What are your ethical principles?

You cannot come up with a separate ethical principle to apply to every ethical issue that may come up in everyday work. You must be alert and aware, so that you can spot ethical issues and to resolve them.

If you are not sure about your decision, ask yourself the following:

1. Is my decision legal, does it respect professional ethics and my employer's principles?
2. Would I do the same if my family were beside me? Or my neighbour?
3. How will I see my decision in 20 year's time?
4. Is my decision worth risking my career and job for?
5. Would I do the same if my actions were being videoed or reported in a newspaper?
6. Would my loved-ones be proud or ashamed of me?
7. Am I being fair and honest?

Want to know more?



This guide is based on the book **Ethical leadership - A guide to sustainable success** by Erika Heiskanen and Jari Salo. The book is available only in Finnish.

[Buy the book here.](#)

Learn more about Juuriharja and ethical leadership

- ✓ Check out our website: www.juuriharja.fi/en
- ✓ Follow Juuriharja Blog for thoughts on leadership: www.juuriharja.fi/en/blog
- ✓ See Juuriharja's other publications and download guides: www.juuriharja.fi/en/publications

Juuriharja Consulting Group

Juuriharja specialises in coaching and developing ethical leadership and collaboration competences.

As a result of our work,

- ✓ everyone takes more comprehensive responsibility.
- ✓ cooperation deepens and workplace wellbeing improves.
- ✓ productivity increases.

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*leadership development, executive team development, coaching
values, code of conduct, strategically aligned organisational culture
lean, alliance and collaboration competences*