



# Why and how can I improve my Ethical Leadership?

A guide for those interested in continuous, sustainable success

Part 2 - The circle of developing Ethical Leadership

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# To the reader

Being a manager demands more skills than ever before. It is no longer enough to focus on charisma or to be a great or tough guy. A totally colourless approach will not cut it either.

You must be able to lead in a way that encourages people to work efficiently and productively and ensures their wellbeing. A superficial grasp is not sufficient, you must have a deep understanding of processes and people. And understanding of your own people is not enough. Customers and their needs and visions must always be at the centre of everything you do.

You must also understand that to be enthusiastic about a goal, a person needs a goal they can get excited about and value. It must be meaningful and relevant to their personal values.

All of this must be done in an ethically sustainable way. Why? Because unethical actions and an experience of injustice are associated with stress that is psychologically and physically draining.

**Think back. When you were last wronged, how did it make you feel? Were you bursting with energy? Or bubbling with something else?**

Development requires supporting indicators that provide uncompromising data on the progress of the change in operating model. Conventional leadership indicators indicate satisfaction and dissatisfaction. Strategic indicators are needed that can identify whether leadership and leadership practices are actually becoming more ethical and whether they enhance productivity and wellbeing at work.

In this guide we explain the first steps in the improvement of ethical and more energetic leadership. The guide is intended for managers, team leaders and HR professionals who are interested in ethical leadership.

In the first part of the guide we focused on building an ethical foundation. The goal of the development work is no more and no less than the wisdom of the organisation.

In this guide we present the circle of development with which you can systematically reinforce the ethicality of your leadership.

Enjoy and be inspired,

**Juuriharja Consulting Group Ltd.**

# How does ethical leadership affect productivity and wellbeing?

**In a nutshell, 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 can also be tough and demanding. Just about daily you need to consider whether or not to do something about a problem. An ethical leader takes a stand and intervenes, as early as possible and as lightly as possible. In the midst of uncertainty, an ethical leader will take responsibility and lead instead of complaining how difficult it is and why no-one else is doing anything.

Sometimes ethical leadership is thought of as moral musing that does not lead to action or have an impact on the company's bottom line. If you feel you are too busy and have to make a profit and that there is no time to think about ethics or resources, please remember that studies have shown that high morals have a positive correlation with an organisation's financial performance.

From the perspective of leadership competencies, other skills of leadership define the capacity for leadership and the competence for ethical leadership defines how that competence is used. Leaders who are not very competent will not cause much damage (or anything else) but for a competent leader, ethics are very important.

**So why do ethical operations mean better performance?**

Many believe it is because ethical operations communicate a high standard of leadership, which is the primary indicator of superior financial performance.

An ethical operating model also challenges the organisation to redeem its customer value propositions again and again. It grows the organisation from the inside and builds trust among customers.

Studies show that the best talents are interested in organisations that respond to the need for personal meaning and carry their social responsibilities beyond mere profit seeking.

In addition, organisations that have the best HR practices, offering things like training and coaching and flexible hours also place high among successful companies. Moreover, fair leadership boosts staff motivation and commitment.

# How does wellbeing affect productivity?

When the basics are in place, the outcome is mutual appreciation and respect and fairness. This creates a positive and innovative atmosphere and enables the company to operate flexibly. Employees will also feel it is their responsibility to focus on development and, if necessary, voluntarily go the extra mile. In other words, the outcome is a positive moral contract.

Thriving employees are full of ideas and eager to voluntarily develop their own work also to benefit others. Wellbeing also appears outwardly as a higher standard of services and eagerness to serve. Employees use their skills and inspiration in their work and take responsibility for results. This also improves productivity. Motivation grows from success, from feedback received from others and from the feeling that you have done something valuable for others.

**An ethical and energetic  
workplace increases  
productivity and wellbeing.**

## Benefits of ethical leadership:

- ✓ Success
- ✓ Staff wellbeing, loyalty and motivation
- ✓ Low sickness absence and associated costs
- ✓ Attractive workplace
- ✓ Attractive to customers, investors and partners
- ✓ Lower risk from the consequences of unethical operations

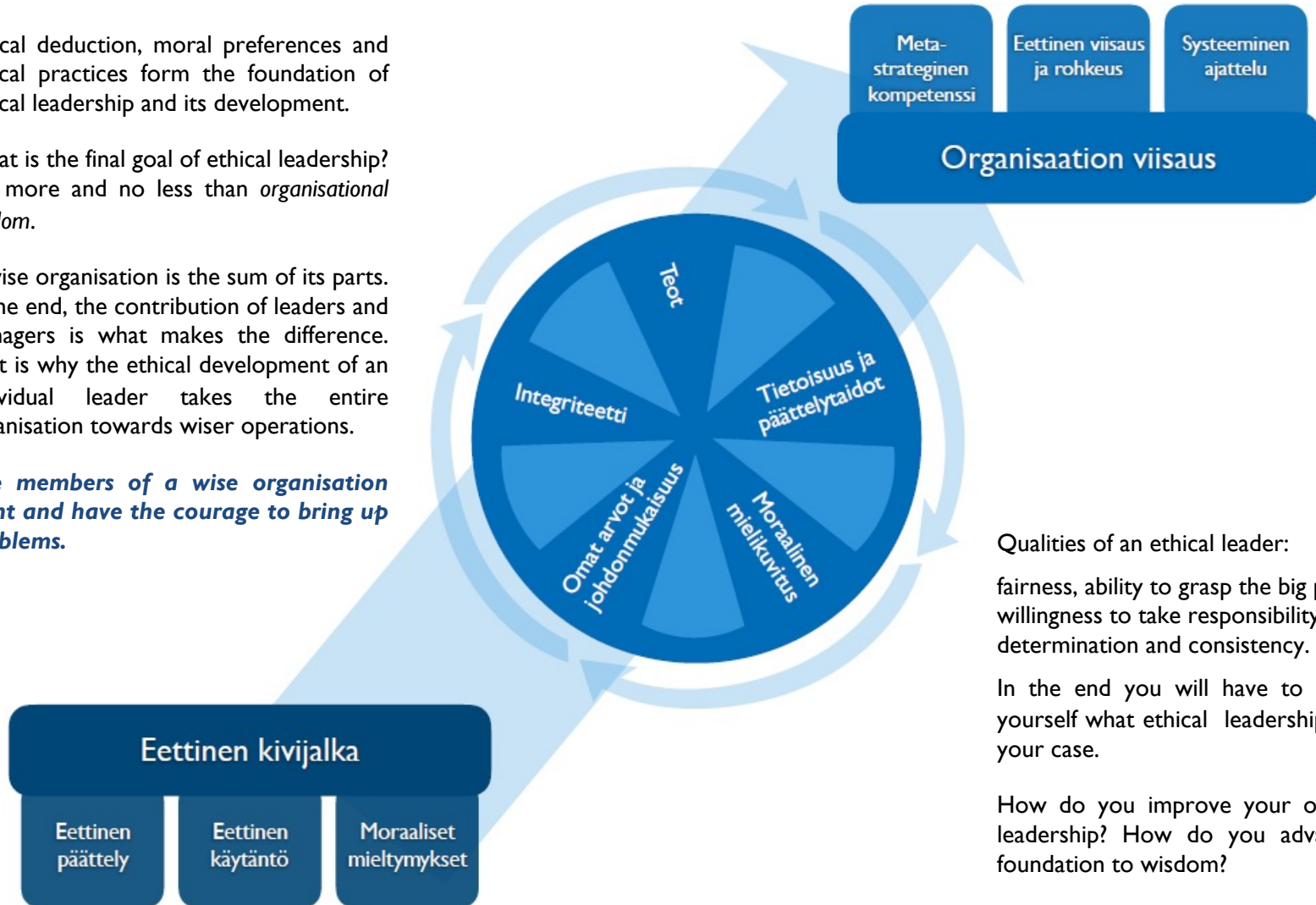
# Developing ethical leadership

Ethical deduction, moral preferences and ethical practices form the foundation of ethical leadership and its development.

What is the final goal of ethical leadership?  
No more and no less than *organisational wisdom*.

A wise organisation is the sum of its parts. In the end, the contribution of leaders and managers is what makes the difference. That is why the ethical development of an individual leader takes the entire organisation towards wiser operations.

*The members of a wise organisation want and have the courage to bring up problems.*



Qualities of an ethical leader:

fairness, ability to grasp the big picture, willingness to take responsibility, courage, determination and consistency.

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

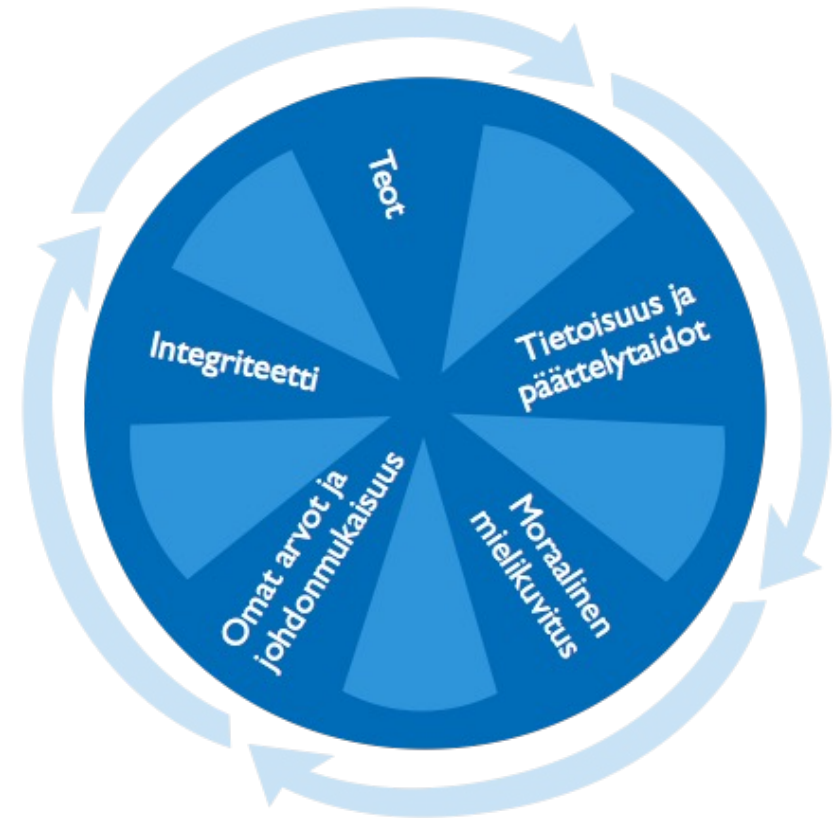
How do you improve your own ethical leadership? How do you advance from foundation to wisdom?

# From foundation to wisdom - the circle of development

The circle of development is the toolbox of an ethical leader. It enables you to systematically reinforce the ethicality of your leadership. The circle is based on the foundation of ethical leadership that was presented in the first guide and the goal is to approach organisational wisdom.

The circle of development has five stages:

1. Improving your own **consciousness** and **powers of deduction**
2. Building **moral imagination**
3. Sharpening your own **values** and **leadership principles**
4. Strengthening your own **integrity**
5. Taking concrete **leadership action**



# I) Consciousness and powers of deduction

Becoming an ethical and more energetic leader starts with consciousness. We have traditionally spoken about acknowledging truths or assessing the current situation. Consciousness is more than that, however. It is about shedding light in a wider context.

It includes the will and ability to question your own thinking, your own preconceptions about facts and your own values. As long as we take our own ideas as gospel, or believe that we know the whole truth, we prevent ourselves from seeing the big picture. We will never be able to grasp how others see and understand things. This includes our own employees and customers.

We have all been in situations where we have seen how someone else has missed something completely. When someone did not understand, see or want to consider something. Others are able to see this in us as they observe our actions.

***Our own routines, habits, ways, values and beliefs limit our ideas.***

It is also possible to learn about your own consciousness and how to enhance it through various stages. Developing these skills enables not only the development of thinking but also launches an ethical learning growth process.

## Stages of improving consciousness:

1. Motivation
2. More aware and self-critical thinking
3. Turning thought into words and speech
4. Continuous monitoring

## Try this:

1. Choose a meeting and stay quiet and observe the goings-on around you. If you think that is not possible, then challenge yourself and make it happen.
2. Sit in a café and observe people.
3. Do the observation exercise again but change your focus. Pay attention to things you have not focused on before. Who ensures that work gets done? How do different comments affect the atmosphere? What are your own feelings? What interests, frustrates or annoys you? Why?



## 2) Moral imagination

Moral imagination is a tool that you can apply before facing a challenging situation or when you need to carry out a problematic solution. It enables you to analyse the people involved and their perspectives and to anticipate reactions and the consequences of alternative operating models.

The idea of moral imagination is to detach yourself from the situation also emotionally and to view the different factors from a helicopter perspective. Weighing up several perspectives helps you to see alternative solutions and their consequences from the point of view of the people involved. It is important to not get stuck in the first solution that comes to mind but to challenge yourself to think of other alternatives.

Such a decision-making process enables you to find creative and new solutions that benefit all involved parties.

***Moral imagination can be applied when facing a challenging situation or when you need to carry out a problematic solution.***

### Try this:

**1. Detach yourself from the situation and your own role** by mapping both the points of view and emotions of others and their meaning.

**2. Analyse the factors involved in the situation:** the history of the people involved, their roles in the organisation, characteristics of the organisation's culture, their needs and earlier experiences of similar situations.

**3. Imagine possible scenarios from different angles:** how might the situation develop and what are the alternative courses of action?

**4. Evaluate the consequences and ethical sustainability of alternative solutions:** can they be repeated and generalised and are they acceptable to the various parties.

# 3) Values and leadership policies

**What are your personal beliefs, values and principles on which your leadership is based? How do you assess and apply your own principles as an ethical leader?**

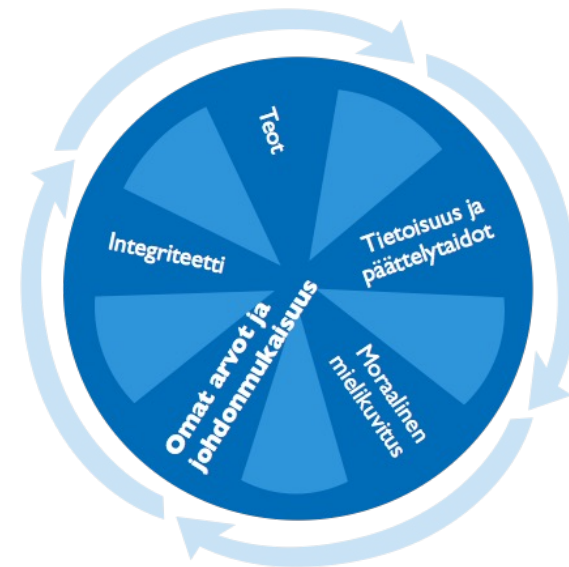
Sustained success is founded on identifying our own values and then being faithful to them both as organisations and as individuals.

Our personal values change and evolve, shaped by new experiences like crises, illnesses and the death of a loved one. You can and should stop to consider your values and what you hold dear before you experience a crisis, however.

Leaders who base their actions on values and are consistent are committed to the company's operations and honour common agreements. When employees feel that leadership is fair and just, their commitment, motivation and wellbeing at work also tends to be at a high level.

*The leader's own motivation and wellbeing are also at a high level when he or she can make decisions that are in line with their personal values.*

Justifying your own decisions and choices to others is a critical element of ethical leadership. Moreover, people judge the fairness of reasoning based on its quality and whether to take immediate action or complain about the decision.

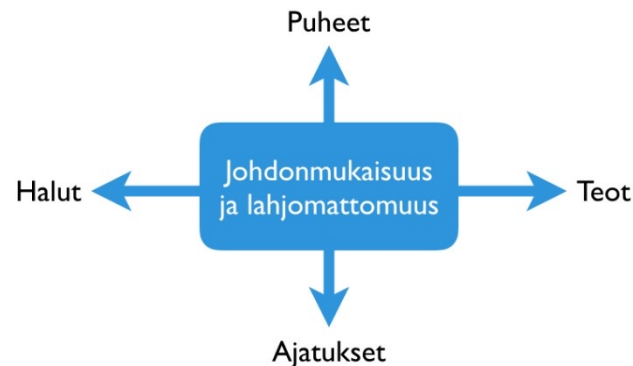


# 4) Consistency and integrity in the operating model

Personal integrity refers to a person's ability to act honestly, consistently and incorruptibly, true to his or her values and word. Integrity is not obstinacy: holding on to your opinion no matter what. An incorruptible leader thinks independently and is able to change his or her opinion as a result of a conscious choice.

However, there are factors in working life and other human existence that may erode a leader's integrity. A leader's spine may be broken by cowardice, exhaustion, financial bonds and other factors, such as personal relationships. Awareness of the effect of these matters helps leaders to act consistently and fairly.

*When a leader takes responsibility for decisions or events and does not blame them on the acts or decisions of others, the employees' opinion of the leader as bold and honest will be reinforced.*



Integrity is related to a leaders' thoughts and actions and to the actions of an organisation. Strengthening an organisation's integrity has several benefits for stakeholders (common ethical principles) and individual employees (preventing conflicts of interest between the individual and the organisation) and the functions of the organisations as a whole (taking responsibility and efficient organisation of functions and procedures).

## Try these:

1. Make an honest assessment of the employees in your workplace who you feel are the best employees. Analyse the reasons for your assessment. Pick up a magnifying glass and take a close look at the way this assessment is felt by those whom you appreciate and those who did not place at the top.
2. How clear is the organisation's strategy to you? Can it be seen as a clear principle in your decisions?
3. Consider whether you have sufficient resources to act predictably and proactively.

# 5) Action and courage

The final target for development is taking concrete action because action and non-action ultimately decide whether a leader is ethical or not.

You can easily and unintentionally avoid taking responsibility, especially when you are busy and under pressure. In fact, ethical leaders are distinguished by the fact that they do shoulder their responsibilities and speak and act accordingly.

***Ultimately, it is action and non-action that decide whether a leader truly is ethical or not.***

An ethical leader must show ethical courage to be successful. It takes courage to intervene and seek better solutions because intervening always involves assessing and commenting on decisions that others have made.

Intervening is not easy, so it is important to carefully decide *what to intervene in and how* so that others will not see you as a straight-laced nitpicker. It is also important to explain why intervention was important.

You should immediately intervene in major issues but it is easy to be lax with smaller ones, which may eventually, as they recur, become major issues. Through small things an organisation can improve and adopt a culture of continuous improvement, and then intervening becomes constructive development.

You can also bring up matters in different ways. It is more effective to get someone else to say how things should be done than to say them yourself. Besides, complaining afterwards is always more inefficient than offering encouragement in advance.

## Try this:

1. Present an improvement that is needed in the form of an observation and a question: "I've noticed that this doesn't work very well, What should we do about it?"
2. Also present requirements that must be met: "We have to stay in budget, keep to our strategy, keep customers happy..."
3. Do things that scare you, too. Easy matters do not require courage.

# Questions to support your ethical leadership

Ethical actions and fairness are lines drawn in sand. Solutions to and interpretations of a situation vary according to your point of view. In fact, ethical leadership demands the ability to consider situations and the consequences of decisions from several points of view simultaneously.

Here are a few concrete questions to support you as an ethical leader:

## ***Consciousness and powers of deduction***

How often do you have to say: “I never thought of that!”?

Do official and unofficial workplace roles make us act as we have always done?

Is it clear to the organisation what the underlying big picture is in this situation?

## ***Moral imagination***

How often do I think that there is only one possible solution?

Do we look at the consequences of our solutions from the perspective of various people or organisations? And do we think of the consequences of consequences?

Can our organisation’s solutions stand the test of time? Will they still feel good ten years from now?

## ***Values and consistency***

Do I act according to my own values - right now, even in small choices and decisions?

Is it enough for us as a workplace to act according to laws and regulations?

What kind of a world are we building with the work we are doing? Which values do we endorse with our actions?

## ***Personal integrity***

Do I listen to everyone’s views and opinions equally?

Do we recognise our affiliations and potential conflicts of interest?

Would we be proud if we were to read about our work and solutions in tomorrow’s papers?

## ***Concrete action***

Do I take action as I see right and just, despite my fears and doubts? Or do I just say: “It’s none of my business”?

Do we admit our mistakes and failures? How do we deal with them as a workplace? Do we look for someone to blame or can we learn from our mistakes?

As an organisation, where do we place our ethical standards? Do we want to be passive followers or uncompromising leaders?

# Want to know more?



This guide is based on Erika Heiskanen and Jari Salo's book **Eettinen johtaminen - Tie kestävään menestykseen** (Ethical leadership - The path to sustainable success) which deals in more detail with the model of ethical leadership and ethical leadership in general through practical examples.

[Order the book here.](#)

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## Juuriharja Consulting Group Ltd.

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

*Leadership development, management team and manager training and coaching values, ethical rules of the game and building trust in a workplace the strategic effectiveness of culture and reinforcing its ethics*

As a result of our work,

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

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