

CHAPTER ONE: INTRODUCTION

Definitions of key concepts

1.1.Profession

A profession is defined as any occupation/job/vocation that requires advanced expertise (skill and knowledge), self-regulation, and concerted service to the public good. It brings a high status, socially and economically. The characteristics of the 'profession' as distinct from 'non-professional occupation' are:

1. **Advanced expertise:** many professions require sophisticated skills (do-how) and theoretical knowledge (know-how-and why). Formal education, extensive training, continuing education, updating are needed. Entry into the profession requires an extensive period of training of intellectual (competence) and moral (integrity) character. The theoretical base is obtained through formal education, usually in an academic institution. It may be a Bachelor degree from a college or university or an advanced degree conferred by professional schools.
2. **Self-regulation:** professional societies play important role in setting standards for admission to profession, drafting codes of ethics, enforcing standards of conduct, and representing the profession before the public and the government. One should analyze the problem independent of self-interest and direct to a decision towards the best interest of the clients/customers. An autonomous judgment (unbiased and based on merits only) is expected. In such situations, the codes of conduct of professional societies are followed as guidance.
3. **Public good:** the occupation provides some important public good, by concerted efforts to maintain ethical standards. For example, a physician promotes health, a lawyer protects the legal rights; an engineer provides a product or a project for use by the public towards their health, welfare, and safety; Teachers shape and train the minds of students, young as well as old. One should not be a mere paid employee of an individual or a teaching college or manufacturing organization, to execute whatever the employer wants one to do. The job should be recognized by the public. The concerted efforts in the job should be towards promotion of the welfare, safety, and health of the public.
4. **Monopoly:** The monopoly control is achieved in two ways: (a) the profession convinces the community that only those who have graduated from the professional school should be allowed to hold the professional title. The profession also gains control over professional schools by establishing accreditation standards. (b) By persuading the community to have

a licensing system for those who want to enter the profession. If practicing without license, they are liable to pay penalties.

5. **Autonomy in Workplace:** Professionals engaged in private practice have considerable freedom in choosing their clients or patients. Practitioners usually have a high degree of autonomy in deciding how to carry out their job. Professionals are empowered with certain rights to establish their autonomy. Accordingly physicians must determine the most appropriate medical treatments for their patients and lawyers must decide on the most successful defense for their clients. The possession of specialized knowledge is thus a powerful defense of professional autonomy.
6. **Ethical Standards:** Professional societies promulgate the codes of conduct to regulate the professionals against their abuse or any unethical decisions and actions (impartiality, responsibility) affecting the individuals or groups or the society.

Some argue that jobs such as carpenter, barbers, porters, and drivers are to be recognized as professions. It is open for discussion. Such things cannot be decided by referring to dictionary alone. A thorough analysis of the activities expected of these jobs is to be made and checked with explanation of the requirements of a profession before deciding it a profession. For example, having been engaged for driving one's vehicle is not a profession. But an ace driving who is engaged by a travel agency to drive different types of cars for tourists extends courtesy to the customers, requires education, expertise (a valid driving license), and respect to the public his job may be termed as a profession. A mercenary is not a professional as he acts against public good.

In relation to the term profession, it is important to discuss other terms like professional and professionalism. **Professional** has to do with a person or any work that a person does on profession, and which requires expertise (skills and knowledge), self-regulation and results in public good. The term professional means a 'person' as well as a 'status'. **Professionalism** is the status of a professional which implies certain attitudes or typical qualities that are expected of a professional. Professionalism is defined as the service related to achieving the public good, in addition to the practice of the knowledge of moral ideals.

Professional Ethics

Professional Ethics is a set of standards that describe the professional behavior that is expected in all fields of work. Professional ethics is concerned with the moral issues that arise because of the specialized knowledge that professionals attain, and how the use of this knowledge should be governed when providing a service to the public. professional ethics may also be defined as a set of self-imposed professional ideals and principles, necessary for the attainment of professional excellence and self- satisfaction.

Professional ethics undertakes to examine the special ethical obligations and problems that people who work in professional occupations have because of their professional status. It seeks to reach normative conclusions about these; that is, it considers how professionals ought to behave in their professional work, not merely how they do conduct themselves. In order to accomplish this goal, it must consider the various professions in their historical, legal, and social contexts in society. Every legitimate occupation involves its own characteristic ethical obligations. Thus, firemen have a special obligation to rescue people from burning buildings even when it is dangerous for them to do so, and farmers have a special obligation to see that the foodstuffs that they produce are safe to consume.

Leadership

The topic of leadership has been of interest for many hundreds of years, from the early Greek philosophers such as Socrates and Plato to the plethora of management and leadership gurus. Seldom, however, has the need for effective leadership been voiced more strongly than now. It is argued that in this changing, global environment, leadership holds the answer not only to the success of individuals and organizations, but also to sectors, regions and nations.

Despite recognition of the importance of leadership, however, there remains a certain mystery as to what leadership actually is or how to define it. At the heart of the problem of defining leadership lie two fundamental difficulties. Firstly, like notions such as ‘love’, ‘freedom’ and ‘happiness’, leadership is a complex construct open to **subjective interpretation**. Everyone has their own intuitive understanding of what leadership is, based on a mixture of experience and learning, which is difficult to capture in a succinct definition.

Secondly, the way in which leadership is defined and understood is strongly influenced by one’s **theoretical stance**. There are those who view leadership as the consequence of a set of **traits** or characteristics possessed by ‘leaders’, while others view leadership as a **social process** that emerges from group relationships. Such divergent views will always result in a difference of opinion about the nature of leadership. Leadership appears to be, like power, an essentially contested concept. One could identify four problems that make consensus on a common definition of leadership highly unlikely.

Firstly, there is the **‘process’ problem** – a lack of agreement on whether leadership is derived from the personal qualities (i.e. traits) of the leader, or whether a leader induces followership through what s/he does (i.e. a social process). Secondly, there is the **‘position’ problem** – is the leader in charge (i.e. with formally allocated authority) or in front (i.e. with informal influence)? A third problem is one of **‘philosophy’** – does the leader exert an intentional, causal influence on the

behavior of followers or are their apparent actions determined by context and situation or even attributed retrospectively? A fourth difficulty is one of ‘**purity**’ – is leadership embodied in individuals or groups and is it a purely human phenomenon?

In addition to these relatively theoretical contentions one could also distinguish between attitudes towards coercion. Some definitions of leadership restrict it to purely non-coercive influence towards shared (and socially acceptable) objectives. Within such frameworks the likes of Hitler, Stalin and Saddam Hussein would not be seen as leaders, but rather as tyrants working solely for their own benefit and depending on threat, violence and intimidation rather than the more subtle processes of interpersonal influence more frequently associated with ‘true’ leadership. Such distinctions, however, are always problematic as the actions of nearly all leaders could be perceived more or less beneficially by certain individuals and groups.

In a recent review of leadership theory, four common themes in the way leadership now tends to be conceived are identified:

- a. Leadership is a process;**
- b. Leadership involves influence;**
- c. Leadership occurs in a group context; and**
- d. Leadership involves goal attainment.**

Thus, leadership could be defined as “a process whereby an individual influences a group of individuals to achieve a common goal”.

This is a good definition, but it still locates the individual as the source of leadership. A more collective concept of leadership says “Most definitions of leadership reflect the assumption that it involves a social influence process whereby intentional influence is exerted by one person [or group] over other people [or groups] to structure the activities and relationships in a group or organization”. Even this definition, however, obscures as much as it reveals. Just what exactly is the nature of this ‘social influence’; how can it ‘structure’ activities and relationships; and when applied in a group setting who is the ‘leader’?

In short, leadership is a complex phenomenon that touches on many other important organizational, social and personal processes. It depends on a process of influence, whereby people are inspired to work towards group goals, not through coercion, but through personal motivation. Which definition you accept should be a matter of choice, informed by your own predispositions, organizational situation and beliefs, but with an awareness of the underlying assumptions and implications of your particular approach.

Leadership ethics

For leadership ethics is a field of applied ethics, like business ethics or medical ethics, we first have to determine what is ethically distinctive about leadership. There is a sense in which ethics are ethics regardless of the role a person plays. So, one could ask the question this way: what are the ethical challenges that are distinctive to leaders and the practice of leadership or how are leaders different from non-leaders? These tricky questions require us to start by sorting out the difference between the noun leader and the verb leadership. We then have to break down the noun to someone who is a leader and someone who holds the position of a leader, such as a president or prime minister. Some people who hold positions of leadership do not lead, whereas some people lead but do not hold positions of leadership. A person has to lead to be a leader and we expect people who hold the position of a leader to exercise leadership. The point of studying leadership is to understand the nature of good leadership (and also bad leadership).

We define leadership as the art of persuading a follower to want to do the things, activities that the leader sets as goals. The role of leaders is therefore in the process of directing the individual's behaviour towards a desired goal. Leaders vary depending on the individual leadership style that stems from personality characteristics. Some leaders, particularly charismatic and transformational, have personal power through which they engage employees, whereas other exerts the positional, legitimate power. Leaders are characterized by different values, attitudes, beliefs, conduct, habits and practices and that is to a certain extent dependent upon the organizational, professional or institutional culture. So, leadership ethics is that part of ethics which tends to shade light on what ethical code of conducts should be followed by leaders to insure their effectiveness.

Public service

Basically, public service means acting on the mandate of the citizens, with the funds of the citizens and for the good of the citizens. When we talk about public service ethics and morals we mean the general values and principles which apply to public servants. The tradition of the Civil Service has been one of loyal and impartial service for the benefit of the country. To work in the public service is to work for the common good. The traditional values of the public service - honesty, impartiality and integrity - are about serving this common good. Standards of probity are high and must be maintained. These values must be the basis for the official actions of civil servants.

Public service ethics

Do public service ethics differ from professional ethics or, on the other hand, from personal ethics? A public service relationship is not a profession but a public-law service relationship. Because a civil servant has a special relationship with citizens, the service relationship involves values and principles related to it. These include impartiality, transparency and independence.

The Code of Ethics and Professional Conduct for Civil service is defined as public servants performing their duties faithfully, objectively and with integrity, and who work constantly to achieve the objectives of the entity they work for. It also means that they should perform their duties within the limits of the powers granted to them, and to do so in good faith, without any ill-intent, negligence, violation of any laws, or harming public interest to achieve any personal interests for themselves or others. A detailed discussion would be made in the next chapter.

Why professional and public service ethics

First, a clear set of mind which will be gained after studying professional ethics about codes of ethics increase the probability that people will behave in certain ways. They do this partially by focusing on the character of their actions and partly by focusing on sanctions for violations. In addition, reliance on codes can reduce the sacrifice involved in an ethical act. An example might be the case of a civil servant whose cousin has asked him to give him a government contract. Without a code it would be a moral choice on his or her part. With a code the civil servant is reminded that it violates expectations for civil servants, it could result in losing his or her job, and it moves the action from not helping a family member to doing the right thing.

Second, good ethics codes can focus public servants on actions that result in doing the right things for the right reasons. Ethical behavior should become a habit and effective codes allow both bureaucrats and elected officials to test their actions against expected standards. Repeated over time this kind of habit becomes inculcated in the individual and ingrained in the organization. An excellent example is in contracting or procurement. Government processes are often cumbersome to allow for fairness. If efficiency alone were the standard, contracting officials would be easily tempted to ignore the rules to expedite the process. However, if it is clear that the overriding principle is impartiality in carrying out your public duties it is very difficult to justify giving the contract to your wife's company on efficiency grounds.

Third, codes of ethics do not take away one's own moral autonomy or absolve the public servant from the obligation to reason. Codes of ethics provide at most a strong prima facie reason to act in a certain way. However, these can be overridden by strong, reasoned objection. The expectation is that the norm is not to violate the code and such violations can only be justified because of a higher ethical principle. The public servant who closes a coal mine before the owners have exhausted due process legal appeals can reasonably justify the action. Protecting the lives of the workers has a higher value than the obligation to objectively carry out procedures.

Fourth, codes of ethics can function as a professional statement. That is it expresses the public service's commitments to a specific set of moral standards. This has both cognitive and emotive value. Cognitively it gives a person joining a profession, civil service, a clear set of value to which they are expected to subscribe. Not all individuals are comfortable working as civil servants and

codes can clarify expectations. Codes can help provide the pride of belonging to a group or a profession. Pride is a critical emotion in motivating individuals to see themselves as professional.'

CHAPTER TWO: PROFESSIONALISM AND PROFESSIONAL ETHICS

2.1.Fundamental codes and principles in professional ethics

2.1.1. **Integrity:** Integrity is defined as the unity of thought, word and deed (honesty) and open mindedness. It includes the capacity to communicate the factual information so that others can make well-informed decisions. It yields the person's 'peace of mind', and hence adds strength and consistency in character, decisions, and actions. This paves way to one's success. It is one of the self-direction virtues. It enthuse people not only to execute a job well but to achieve excellence in performance. It helps them to own the responsibility and earn self-respect and recognition by doing the job. Moral integrity is defined as a virtue, which reflects a consistency of one's attitudes, emotions, and conduct in relation to justified moral values. Integrity also includes being straightforward and honest in all professional and business relationships.

2.1.1.2. Objectivity: The principle of objectivity imposes an obligation on all members not to compromise their professional or business judgment because of bias, conflict of interest or the undue influence of others. A member may be exposed to situations that may impair objectivity. Relationships that bias or unduly influence the professional judgment of the member shall be avoided. A member of an organization shall not perform a professional service if a circumstance or relationship biases or unduly influences their professional judgment with respect to that service. Objectivity requires intellectual honesty and impartiality. It is an essential quality for any professional.

2.1.1.3. Professional competence and due care: requires maintaining professional knowledge and skill at the level required to ensure that a client or employer receives competent professional service based on current developments in practice, legislation and techniques. A member shall act diligently and in accordance with applicable technical and professional standards when providing professional services.

The principle of professional competence and due care imposes the following obligations on professionals:

- To maintain professional knowledge and skill at the level required to ensure that clients or employers receive competent professional service and,
- To act diligently in accordance with applicable technical and professional standards when providing professional services,
- Competent professional service requires the exercise of sound judgment in applying professional knowledge and skill in the performance of such service. Professional

competence may be divided into two separate phases: **Attainment of professional competence and maintenance of professional competence.**

The maintenance of professional competence requires continuing awareness and understanding of relevant technical, professional and business developments. Continuing professional development (CPD) develops and maintains the capabilities that enable a member to perform competently within the professional environment.

One is competent only when one has attained and maintained an adequate level of knowledge and skill, and applies that knowledge effectively in providing services to clients. Competence also includes the wisdom to recognize the limitations of that knowledge and when consultation or client referral is appropriate.

2.1.1.4. **Confidentiality:** refers to the state of respect to secrecy of information acquired as a result of professional and business relationships and not disclose any such information to third parties without proper and specific authority unless there is a legal or professional right or duty to disclose. Confidentiality also involves the claim that information acquired as a result of professional and business relationships shall not be used for the personal advantage of the professional or third parties.

In general terms, there is a legal obligation to maintain the confidentiality of information which is given or obtained in circumstances giving rise to a duty of confidentiality. There are some situations where the law allows a breach of this duty.

The principle of confidentiality imposes an obligation on members to refrain from:

- disclosing outside the firm or employing organization confidential information acquired as a result of professional and business relationships without proper and specific authority or unless there is a legal or professional right or duty to disclose and,
- Using confidential information acquired as a result of professional and business relationships to their personal advantage or the advantage of third parties.

Information about a past, present, or prospective client's or employer's affairs, or the affairs of clients of employers, acquired in a work context, is likely to be confidential if it is not a matter of public knowledge.

A member shall maintain confidentiality even in a social environment. The member shall be alert to the possibility of inadvertent disclosure, particularly in circumstances involving close or personal relations, associates and long established business relationships. A member shall maintain confidentiality of information disclosed by a prospective client or employer. A member shall maintain confidentiality of information within the firm or employing organization. A member shall take all reasonable steps to ensure that staff under their control and persons from whom advice and assistance is obtained respect the principle of confidentiality. The restriction on using confidential information also means not using it for any purpose other than that for which it was legitimately acquired. The need to comply with the principle of confidentiality continues even after the end of relationships between a member and a client or employer. When a member changes employment or acquires a new client, the member is entitled to use prior experience. The member shall not,

however, use or disclose any confidential information either acquired or received as a result of a professional or business relationship.

The following are circumstances where members are or may be required to disclose confidential information or when such disclosure may be appropriate:

- where disclosure is permitted by law and is authorized by the client or the employer (or any other person to whom an obligation of confidence is owed),
- where disclosure is required by law, for example: production of documents or other provision of evidence in the course of legal proceedings or disclosure to the appropriate public authorities of infringements of the law that come to light disclosure of actual or suspected money laundering or terrorist financing to the member's firm's if the member is a sole practitioner, or
- Where there is a professional duty or right to disclose, which is in the public interest, and is not prohibited by law.

In deciding whether to disclose confidential information, members should consider the following points:

- Whether the interests of all parties, including third parties, could be harmed even though the client or employer (or other person to whom there is a duty of confidentiality) consents to the disclosure of information by the member,
- Whether all the relevant information is known and substantiated, to the extent that this is practicable.
- When the situation involves unsubstantiated facts, incomplete information or unsubstantiated conclusions, professional judgment should be used in determining the type of disclosure to be made, if any,
- The type of communication or disclosure that may be made and by whom it is to be received; in particular, members should be satisfied that the parties to whom the communication is addressed are appropriate recipients.

Members who are in any doubt about their obligations in a particular situation should seek professional advice.

2.1.1.5. Professional behavior: Professional behavior requires complying with relevant laws and regulations and avoiding any action that brings ones profession into disrepute. The principle of professional behavior imposes an obligation on members to comply with relevant laws and regulations and avoid any action that may bring disrepute to the profession. This includes actions which a reasonable and informed third party, having knowledge of all relevant information, would conclude negatively affect the good reputation of the profession.

Members of the organization should note that conduct reflecting adversely on the reputation of the organization is a ground for disciplinary action. An example of this principle is that in marketing and promoting themselves and their work, members shall be honest and truthful. They may bring the profession into disrepute if they:

- Make exaggerated claims for the services they are able to offer, the qualifications they possess, or experience they have gained,
- Make disparaging references or unsubstantiated comparisons to the work of others.

2.1. Principal sources of organizational code of ethics

Organizational ethics can directly impact the way employees, partners, customers and the community view an organization's image and reputation. As a result, most organizations strive to operate in an ethical manner and espouse a commitment to values such as honesty, integrity and trust. A code of conduct, also commonly referred to as a code of ethics, is a written set of principles that typically works in conjunction with an organization's mission statement to clearly identify expectations regarding appropriate behavior. In effect, the code serves as a type of ethical roadmap for employees, management, vendors and stakeholders to follow.

A Code of Ethics and / or Conduct is a useful tool to convey an institution's values, principles and expectations of how staff and the organization as a whole will conduct business in an ethical and responsible manner. When an institution's ethical standards are clearly communicated to both internal and external parties, and members of the organization are held accountable to enforce and uphold the standard, it supports and enhances the reputation of the organization.

A code of conduct can offer a number of important cultural benefits for any organization which includes:

- Helping the organization achieve its long-term ethics goals,
- Raising the "ethical bar" for the entire organization,
- Fostering an ethical decision-making process at all levels of the organization,
- Providing a solid framework for addressing ethical violations,
- Creating a healthy dialogue regarding potential ethical issues the organization may face.

While the specific content of a code of conduct will vary depending on factors such as the nature of the organization and the type industry in which it conducts business. Creating an effective code of conduct is a systematic process that should incorporate input from all areas of the organization, the mission of the organization being the principal sources of the code.

Even though the mission of the organization is the principal source of the code of ethics, it is not the only source. The importance of other source of code of ethics is vividly seen when approached from the procedures needed to be gone through for its development. For many organizations, a workable approach is to create a code development committee or task force consisting of a cross-section of employees and stakeholders. It is also essential that the code address areas that are specific to the organization and how it conducts business. At this juncture it would be important to mention the steps involved in the development of the organizational code of Ethics.

Step One: Gathering Information

The initial step in developing a code of conduct is for the code development committee to compile ideas as to what the code should include. A good starting point is to examine the values listed in

the corporate mission statement and make them a focal point of a brainstorming session. At this stage the following questions need to be properly addressed.

- What laws and regulations impact our business and require strict compliance?
- What types of ethical dilemmas have we faced in the past, and what types could we face in the future?
- Are there any ethical “gray areas” that we need to address?

The code development committee should consider topics that specifically pertain to the business. Soliciting input from employees to get a true sense of ethical dilemmas they face on a daily basis would be helpful to identify a broad set of issues that should be addressed by the code of ethics. This can be accomplished through an anonymous survey asking employees to list any situations they encountered in the past year that made them feel uncomfortable or possibly made them believe they were asked to compromise their integrity. Establishing focus groups can also be an effective information-gathering tool for larger organizations. The end result of the information-gathering process should be the creation of an outline that serves as the foundation for the development of the code.

Step Two: Creating the Draft

Once the basic content and structure of the code has been determined, the next step is to develop a draft. Many organizations make the mistake of choosing an attorney or other legal expert to create the document. This often results in a code that is filled with “legalese” that may be difficult to understand for most employees, thus defeating the purpose of its creation. A truly effective code of conduct is a positive, values-based document that serves as a guideline for appropriate behavior instead of merely a list of rules and regulations that must be obeyed at all costs. The draft of the code of ethics should use clear, concise language that is free of legal jargon.

A code of conduct may be viewed by some as a threatening document that is designed to intimidate rather than promote an ethical culture that benefits the organization as a whole. Consequently, it is important to keep the language positive and convey these benefits rather than dwelling on the negative implications. For instance, instead of stating that a particular activity is unethical or illegal, it can be pointed out how not engaging in the activity results in a business advantage for the organization, its employees and stakeholders.

Step Three: Reviewing the Draft

Upon completion of the initial code draft, it should undergo a comprehensive review process to ensure it complies with the parameters developed in the initial step. The code development task force should conduct the review and perform any necessary edits. “Test drive” the code by submitting it to a targeted group of employees and stakeholders who are not otherwise involved in the code development process and incorporate their feedback as appropriate.

If legal counsel is not included in the review process, the document should be presented to an attorney to ensure legal compliance. One should notice that the attorney **should not be** given actual drafting responsibilities for the document but instead serve in an advisory capacity only.

Step 4: Formally Adopting the Code

The code of conduct should be formally adopted by the appropriate parties, which typically involves presenting it before the organization's higher body usually board of directors (if it is administered by board of directors) for approval. Adoption legitimizes the code and expresses the organization's sincere commitment to instilling an ethical culture. In smaller companies, ownership or top management should bear the responsibility of adopting or approving the completed code.

Step 5: Introducing the Code

Another common error many organizations make is failing to properly introduce the code to its members. Like any important corporate initiative, a wide-scale introduction of a code of conduct is essential for its successful implementation. As a commitment to ethical behavior starts at the top of the organization and trickles down through its various levels, leadership is responsible for unveiling the code and providing educational resources to execute it effectively.

Ideally, the company's CEO (Chief Executive Officer) or other top executive should unveil the code at a company-wide kickoff meeting or similar gathering. In addition, all members of the organization should receive a written copy of the code, and the document should be a staple of the new employee orientation package.

Code training is also important for ensuring employees understand the code and how it should be implemented on a daily basis. Training methods can involve presenting employees with potential scenarios and ethical dilemmas and instructing them to resolve these situations based on the language found in the code. The use of relevant case studies also serves as an effective training tool.

Step Six: Enforcing the Code

A code of conduct is no more valuable than the paper it is written on unless there is a mechanism in place to enforce it effectively. For many organizations, code enforcement falls under the domain of the ethics/compliance officer. This individual is charged with the responsibility of developing and monitoring processes in areas such as reporting and investigating possible code violations as well as meting out appropriate disciplinary action. In smaller organizations, the ethics/compliance officer may be the company's human resources representative or a member of the management team.

An essential component of code enforcement is the deployment of an anonymous hotline to facilitate the process of reporting acts of misconduct. Reporters should be afforded protection through the incorporation of a comprehensive non-retaliation policy. Periodically reviewing the code to assess whether modifications or additions are in order is also important. Soliciting feedback from employees, managers and stakeholders as a means of assessing the "ethical temperature" of the organization as it relates to the code of conduct is again very vital.

Times to consider reviewing or updating a code of conduct include:

- Changes in external operating environment, such as the introduction of legislation that impacts the business,
- Periods of expansion or relocation,

- Periods when outsourcing is used or when high staff turnover occurs,
- Occurrence of an unexpected crisis or other event that is not adequately addressed in the existing code,
- Realization that employees are having difficulty understanding or using the current code.

In general in order to develop a good organizational code of ethics, the following question should be well taken care of.

- Are the code's provisions in line with the goals of the organization's overall ethics program?
- Does the code use clear, concise language that can be easily understood by employees at all level of the organization?
- Does the code adequately address all areas that impact the organization, particular those areas that offer the highest potential for risk?
- Is top leadership on board with the code development process, and has it been consulted as the process unfolds?
- Has input been sought from employees and stakeholders during the information gathering process?
- Has the code draft undergone an extensive review and editing process to ensure it adequately addresses the specific needs of the organization?
- Does the code provide guidance for employees when faced with an ethical dilemma?
- Does the code include relevant examples, case studies, or real-world scenarios that employees typically face on a daily basis?
- Does the code include access to resources such as a reporting hotline or website where individuals can go to obtain additional help or information?
- Has the code been reviewed by legal counsel?
- Has the board of directors signed off on the code?
- Has an effective method been chosen to unveil the code to the entire organization and its stakeholders?
- Are appropriate training methods being used, both during the code implementation phase as well as on an ongoing basis?
- Does every employee and stakeholder have easy access to the code?
- Is there a specific individual assigned to ensure code enforcement and to review it periodically for possible revisions?

All stake holders mentioned in those questions could be considered to be the major sources of code of ethics.

2.2. Professional ethics in public and private sector service

In this section, we will discuss public sector ethics (**the state**) and **business ethics (the market)**. When **organizational ethics** are associated with the principles, the values and norms of an organization, a logical next question concerns the content of ethics; which values and norms are part of organizational ethics? In this part we concentrate on values. Many authors have tried to sum up the basic values involved. Others distinguish between the two sectors. What are the core

values of both realms? And how do public and private sector values relate to one another? The answer is not an easy one.

On the one hand there is the thesis which can be summarized in two statements: "**moral dimensions and criteria can be applied to all kinds of organizations**" and "**business ethics and public sector ethics share basic values and norms (and thus are very much alike)**". For example, truthfulness, faithfulness, commitment, dedication, compassion, integrity, tolerance and social conscience, refer to both the private and the public sector.

On the other hand there is the opposite view which stresses that **there is a fundamental conflict between the moral foundations of politics and commerce which in other words referred as a 'commercial moral syndrome' and a 'guardian moral syndrome'**. Both are valid and necessary systems of morals, but organizations will sink in "**functional and moral quagmires when they confuse their own appropriate moral system with the other**". Warnings against the confusion of morals often lead to doubts about practices from the commercial world being applied in the public sector.

There are numerous attempts to sum up the basic **values** which might be seen as constituting 'public sector ethics'. Accordingly, holders of public office should decide in the **public interest**; private interests or obligations to outside individuals and organizations should have no influence (**selflessness and integrity**). They should make choices on the basis of merit (**objectivity**), they should be accountable for their decisions and actions (**accountability**) and they should be as open as possible (**openness**). Holders of public office have a duty to declare any private interests and resolve possible conflicts of interest (**honesty**). They should promote and support these principles by example and leadership.

Selflessness: Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family or their friends.

Integrity: Holders of public office should not place themselves under any financial or other obligation to outside individuals or organizations that might influence them in the performance of their duties.

Objectivity: In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.

Accountability: Holders of public office are accountable for their decisions and actions to the public and must subject themselves to whatever scrutiny is appropriate to their office.

Openness: Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty: Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.

Leadership: Holders of public office should promote and support these principles by leadership and example.

In addition acting in the general interest of the community and in complete independence, which requires that decisions are taken solely in terms of the public interest, on the basis of objective criteria and not under the influence of their own or other's private interests; Behaving with integrity and discretion and - the Committee would like to add -in accordance with the principles of accountability and openness to the public, which implies that, when decisions are taken, the reasons for them are made known, the processes by which they were taken are transparent and any personal conflicting interests are honestly and publicly acknowledged.

Professional public servants are in the best position to act as protectors of the public interest, **guardians** of their property and **stewards** of public welfare. They have to act as if they were dealing with their own personal affairs and were affected personally by everything the government does. Just as children are dependent on their parents so members of the public are dependent on public servants in many respects. Besides being patrons **of the helpless, the needy, the neglected, the underprivileged and the poor, they have now become patrons of the arts and sciences, wild life, the wilderness, scenic beauties, sustainable development, fair market conditions, more equal opportunities and a whole range of research and cultural amenities.** While we all may be responsible for one another, professional public servants are becoming increasingly responsible for everyone and everything that cannot stand on its own feet." Therefore, public servants will have to be open and transparent, be informed, honest and responsive.

BUSINESS ETHICS: CENTRAL VALUES

A company's **reputation** is one of its most important assets and "**Reputation is a result of continuous ethical action and of an ethical corporate culture**". Some general ethical norms apply to any business operating anywhere. The norms are universal because they are necessary either for a society to function or for business transactions to take place. Three basic moral norms applying to people everywhere are:

- The injunction against arbitrarily killing members of one's own society (including respecting the lives of those with whom citizens and companies do business),
- Truthfulness (to tell the truth, not to lie) and
- Respect for property.

In addition certain other norms are required if any business is to function. To mention just two more:

- honoring contracts: if one does enter a contract, one is obliged to honor it
- Exercising fairness in business dealings (each party to the contract having a reasonable expectation of gaining something by it).

These general ethical norms apply to all businesses in all countries and across all borders. All business actors will have to respect these norms.

PUBLIC AND PRIVATE ETHICS: SIMILARITIES AND DIFFERENCES

In public as well as in business ethics many different values are mentioned as important for governmental and commercial organizations. However, a comparable approach is possible to distinguish between values. We distinguish between values primarily considering:

- The organization and its environment,
- The organization and other organizations,
- The organization and its public,
- The organization and its employees,
- The employee and the organization,
- The employee and other employees,
- The employee

The value systems of organizations inevitably are complex entities with many values in different combinations and with different priorities. Nevertheless, one could argue that a set of core values can be selected, if we would succeed in determining the values which are most important for each of the categories. When the mentioned values are used as a starting point, and the values are grouped in subcategories, the following picture arises.

The first category of values points to the responsibilities of an organization for its social and natural environment. Most of them concern responsibilities towards society (being brother's keepers, common good, community orientation, dedication to country, equality, public ethos commitment, public interest, social solidarity) which might be summarized in 'social justice'. Of course, this includes respect for people. 'Sustainability' points to respect for the natural environment and ecology. In democratic societies, respect for the law, respect for the system of government and respect for property are elements of acting in accordance with laws, rules and regulations ('lawfulness').

In its relationships with other organizations, competing values are relevant. 'Cooperativeness' and reciprocity point at working together, trying to achieve a situation of mutual benefit with others, which might contribute to building sustainable relationships. 'Competitiveness' on the other hand aims at being better than others. Of course, this is related to profitability: trying to maximize gain. Honoring contracts is not included in these two values, but this element is embedded in the values 'honesty' and 'lawfulness'.

Most values point at the relationship between organizational policies and products and the public involved (citizens and customers). Many of them are related which makes it possible to cluster a number of them. An organization will value gain or benefits from their policies and activities (profitability in a broad sense), but this will be related to the expectations of the people they serve (customers and citizens).

The public will expect that an organization acts `consistent` (coherence, consistency, unity), within the legal framework (lawful), responsive (acceptability, attentiveness, readiness to learn, representativeness), effective (adequacy, functionalism), efficient (economy, hardness/go for the best, quality), service orientation (customer oriented, equality in treatment, fair, service to customer, serviceability) and with care (compassion, benevolence, humaneness), honest (credibility, faithfulness, trust (worthiness)), open and transparent (clarity, transparency) and accountable (accountability, responsibility).

Although organizations will often value the standards that favor citizens or customers, some of these values also have a strong internal logic of their own. The profitability (organizational gain or benefits) of an organization is of course related to its effectiveness (goal achievement) and efficiency (minimum waste, costs).

The fourth category concerns the organization and its employees. How important is it for the organization that it contributes to the well-being of its employees? (Employee- concerned fairness). Or in other words: does the organization value the self- fulfillment of its employees? This shows that this dimension is related to the last category of values, at the 'level' of the individual employee.

The fifth category more precisely looks at the qualities of employees and their work that the organization values. Several values can be distinguished. First, there are values that have to do with doing a good job. Partly, this is a matter of professional competence or 'expertise' (competence, expertise, informedness, political awareness, professional excellence, professionalism). It also matters whether employees are dedicated to their job (care, diligence dedication, economy, meeting targets, thoroughness, working hard) and whether they are innovative and creative and do have the courage to take risks when necessary. Another quality which more often is regarded among the most important values to be honored is honesty. Employees have to act truthfully and have to be willing to justify their decisions (accountability, discretion, honesty, truthfulness). Second, and very important, there are values concerning the interests that have to be taken into account. It is crucial that employees act to further organizational interests instead of the interests of themselves (selflessness, integrity versus self-interest) or the interest of other groups or organizations (objectivity, impartiality, independence, neutrality): This also means being loyal and obedient to the organization and to the superiors (obedience).

When employees value their colleagues and are loyal to them, collegiality is an important value (collegiality, loyalty, solidarity, teamwork). Additionally, leadership is often considered of crucial importance for the integrity of an organization. Leaders show which values are important and they can contribute enormously to organizational ethics. At the same time, itself it is not a value, a standard or a principle.

The last category has to do with the goals, ambitions and desires of the employees themselves. An organization which sees itself primarily as servant of its employees, will try to maximize the value 'self-fulfillment' (autonomy/self-determination, fun making, home and personal considerations, liberty, passion, self-determination).

Conclusion

The value systems of organizations inevitably are complex entities with many values concerning their environment, their relationship with other organizations, their policies and products and their employees. Nevertheless, for each of those elements or dimensions, a number of important values have been described and selected.

Organization and its environment

- social justice

- sustainability

Organization and other organizations

- competitiveness
- cooperativeness

Organizational policies/products and its public

- | | | |
|------------------|------------------|-----------------------|
| • accountability | • honesty | • service orientation |
| • consistency | • lawfulness | • transparency |
| • effectiveness | • profitability | |
| • efficiency | • responsiveness | |

Employees and their work

- | | | |
|--------------|------------------|----------------|
| • courage | • honesty | • obedience |
| • dedication | • impartiality | • selflessness |
| • expertise | • innovativeness | |

Employee and other employees

- collegiality
- employee
- self-fulfillment

Research will have to clarify how important the different values are for public and private sector ethics. At the same time it is clear that the presented examples from business ethics and the ethical involvement of companies show that private companies can share a number of the ethical concerns which are discussed in public settings.

Values like honesty and openness, often prominent in public sector codes of conduct, are also present in lists of 'business values'. Earlier we suggested that some values seem to be associated more often with the private sector, some with the public sector and a number might be good candidates to be part of a common ethical core of all organizations.

Core values for both the public and the private sector seem to be efficiency, expertise, honesty, dedication and lawfulness. Values which seem to be important for business while they are not at the core of public sector ethics are profitability, competitiveness, innovativeness, service orientation, collegiality, self-fulfillment and sustainability. Social equity, transparency,

responsiveness, accountability, impartiality and selflessness (act unbiased by self interest) are fundamental values for public servants and politicians, but management and employees in the business sector do not have to take them into account (to the same extent). Values of which the importance is less clear are consistency, courage, cooperativeness and obedience.

To conclude, there are similarities as well as differences and contradictions between public and private sector ethics. Business and government differ and both sectors will have to take into account these differences and contradictions. Whether this leads to problems and conflicts, is another question.

Business Values

- Profitability,
- competitiveness,
- service orientation,
- innovativeness,
- collegiality,
- self-fulfillment
- sustainability

Public Values

- accountability,
- impartiality,
- selflessness,
- transparency,
- responsiveness
- social equity

Common core values

- efficiency,
- expertise
- honesty,
- dedication
- lawfulness

Common other values:

- consistency,
- courage,
- cooperativeness,
- obedience

Brief historical review of Ethiopian experience of professional ethics in public sector service during the imperial and Dergue regimes

The Civil Service in the Menelik II Period

‘Modern’ administrative system in Ethiopia is believed to have been established on the turn of the first decade of 20th century during the reign of Emperor Menelik II. Prior to this period, the country was under a different indigenous administration. As part of the effort to ‘modernize’ the country’s public administration, the Emperor established nine ministries which marked the beginning of ‘modern’ administration. The ministers were not salaried and appointment was based on loyalty and the number of followers that they could mobilize during wartime. The civil service was also small in number and was primarily engaged in maintaining law and order. So, the setting up of the ministries by Menelik was the beginning of a new era in the administrative development of the country and the inception of the civil service.

The Civil Service in the Imperial Period (1930-1974)

Emperor HaileSelassie had the best claim of instituting the so called ‘modern’ public administration in Ethiopia which was started by his predecessor. It was during his reign that the process of centralizing and ‘modernizing’ the state reached a relatively advanced stage and the ‘modernization’ of the state was promoted. Here are the administrative reforms undertaken during Haileselassie’s reign.

- The Administrative Regulation Decree No. 1 of 1942 which **ended the strong power and autonomy of the provincial governors** by instituting the appointment of governors general, directors, governors, principal secretaries and police to each province by the centre. The governors-general and the officers were attached directly to Addis Ababa and received their salaries from the central treasury.
- Order No.1 of 1943 to **define the Powers and Duties of the Ministries** and Order No.2 of 1943 to amend the Ministers (Definition of Powers) were issued. Through these two orders **the Council of Ministers was created. Twelve ministers were listed**, their powers and relations were defined, and **the Office of the Prime Minister was established**. The Office of the Prime Minister was made head of all ministries and was responsible for the good administration of all the work in the ministries, harmonizing their duties and transmitting the Emperor’s orders.
- The revised constitution of 1955 made a clear distinction between posts of confidence and career posts. In Article 66, it states that the Emperor has the right to select, appoint, and dismiss the Prime Minister and all other ministers and vice-ministers. The appointment, promotion, transfer, suspension, retirement, dismissal and discipline of all other government officials and employees was to be governed by regulations made by the Council of Ministers, to be approved and proclaimed by the Emperor.
- The **establishment of the Imperial Institute of Public Administration** in 1952 as a joint venture of the Ethiopian Government and the technical assistance program of the United Nations. Its objectives included training of civil servants, consultation and research.
- The establishment of the **Central Personnel Agency** by Order no. 23 of 1961 and subsequent amendment by Order no. 28 of 1962.
- The enactment of basic regulations governing the civil service through the Public Service Regulation no. 1, 1962 and the Public Service Position Classification and Scale regulation no. 1, 1972. The creation of the Central Personnel Agency was a landmark in the proper formation of the civil service administration. The agency’s primary objective was to maintain an efficient, effective and permanent civil service based on a merit system.

The basis of a ‘modern’ administrative system and the moral basis of the state were laid in the imperial period. Hence, this period constituted a period of high moral values on the part of the population and civil servants. On the other hand, the emperor and the aristocracy in this period had a dominant influence on the governance processes and this usually served to undermine ethical direction and consistency in the civil service. Public Administration under the monarchy suffered from irregularities that resulted from the rampancy of several ills, which included, among others, cronyism, discretionary interventions, prevalence of political clientelism, and the taking effect of individual and group interests to the detriment of established rules and procedures. Such malpractices militated against the smooth functioning of the civil service thereby reducing its prowess to gear the development of work ethic in the desired direction.

Moreover, the absence of strict adherence to the civil service rules and regulations, and political interference in administrative affairs were seen as chronic problems of the time.

Thus, it has to be noted that the country started to introduce Modern type of administrative system after the victory of the Battle of Adwa over a powerful metropolitan European power. In October 25, 1909 Menelik II appointed ministers but maintained the personal link with the monarch or lords and was limited to maintaining law and order. The civil service made structural and functional change during the days of Emperor Haile Selassie's especially after issuance of the Public Services Order No.23/1961, which created the Central Personnel Agency with the duties, and responsibilities of setting a homogeneous Public Service. Ethiopia was thus among the few independent African countries, which introduced what was called "Administrative Reform" in the early 1960s.

The Civil Service in the Dergue Period (1974-1991)

In 1974 a self-proclaimed socialist government came to power through coup d'état. It was a highly centralized unitary government following a Soviet-inspired centralized economic planning and command economic system. The Dergue exerted all it could to radically redesign the administrative machinery in line with its socialist/central-planning ideological ethos. Within few years of its incumbency, the Dergue politicized the civil service by fusing the single party within the institutions of state and government. This resulted in the proliferation of parallel party structures and appointment of party functionaries to key civil service decision-making positions. In such processes, merit and professionalism gave way to political clientalism and patronage. The ever centralization of administrative decision making in the hands of political decision makers witnessed a situation where corruption, inefficient service delivery and increased neglect of due process of law in matters of public concern became a routine exercise. Furthermore, the Dergue regime questioned the basis of the accepted norms and codes of behavior within and outside the civil service. It attempted to foster new socialist ethical foundation in the society and the civil service, which culminated in a state of moral confusion and turbulence ultimately undermining ethics in the hearts and minds of the people.

Ethics and the Public Service

The Penal Standards Code is the legal basis of crimes committed by civil servants. The 1957 Penal Code provides for some offence against public office. However, there is no legally acknowledged Code of Ethics as such except the code of medical practitioners issued by the Ministry of Health in 1947. The fulfillment of duties and responsibilities by public servants fairly and squarely, however, are stipulated in the civil Seville laws as canonized in the interest of the public. Order No.23/1961, Public Service Regulation No.1/1962 and the Disciplinary Manual of 1984 contains some provisions, which provide elements of a code of conduct for civil servants. As time elapsed, the reputation of the civil service began to decline. Corruption is perceived to be growing and gnawing problem in the Ethiopian civil service. Traditional value of loyalty, honesty, obedience and respect for authority are giving way for breach of trust and dishonesty. Successive regimes have, over the years, used political rather than technical criteria to make appointments into top positions in the civil service leading to low morale, poor performance and absence of role models for lower level officials. Deficit or deficiencies of professionalism in the top have consequently

eroded the neutrality of the civil service and the public administration is not in a position to resist change in the political arena.

FDRE

The General Structure of Public Administration

Currently, Ethiopia is a Federal Democratic Republic comprising the Federal State and the State members with each having legislative, executive and judicial powers, including powers not given separately to the Federal Government. The Federal Parliament is bicameral, consisting of the Federal Council and the House of Peoples' Representatives. The House of Peoples' Representatives or Parliament is the highest authority of the Federal Government. The Federal Council is composed of representatives of nations, nationalities and peoples of each nation, which are represented in the Council by at least one member. The highest executive powers of the Federal Republic are vested in the Prime Minister and the Council of Ministers. The Proclamation that defines the Powers and Duties of Executive Organs of the Federal Democratic Republic of Ethiopia Proclamation No.4/1995 is the legal base of the Federal public administration organization.

The Legal Dimension of the Public Administration

The strength of the Public Administration prevalent in the legal system originates from the Proclamation No.4/1995 issued to define the Powers and Duties of the Executive Organs of the Federal Democratic Republic of Ethiopia. This Proclamation defines the Powers and Duties of the Prime Minister, Deputy Prime Minister, the Council of Ministers, Members of the Council of Ministers, establishes ministries, and stipulates their Common Powers and Duties, including their individual Accountability and Responsibility. The weak points are however rules and regulations are not respected, accountability is loose

The Council of Ministers Regulations No.17/1997 Article 68(1&3) regulates that all public bodies shall solicit bids before entering into any contract and stipulates the manners in accordance with generally accepted practices. The same applies to foreign purchases which as per the regulation exceptions provided in the directives of the Ministry of Finance. During the emperor time, there are administrative tribunals at Federal and States levels established by Legal Notice No.69 of 1962. Public service employees have the right of appeals against declaration made on their appointment or downgrading or dismissal or question relating to the interpretation of Central Personnel Agency and Public Service Order.

Today, Citizens have general legal rights under the constitution to dispute the decision taken by public administration authorities, the most common means of complaint is however the Press; whilst some institutions have complaint boxes as formally established complaint procedures

Civil Service

The legal basis of civil service at the Federal level is Public Service Order No.23 of 1961 as amended by Legal Notice No.28 of 1962, which created the Central Personnel Agency. The Federal Civil Service Commission as an organ of the Federal Government Administration is responsible in all matters related to civil servants recruitment, selection, promotion, transfer, salary

increment, position classification, salary scale and exclusive right to issue regulations after approval by the council of ministers. All vacancies shall be advertised by suitable means and application for recruitment is made to the Commission or other public authority to which delegation has been made. Public Authorities are delegated to appoint a selected candidate on probation for 6 months and if a new entrant satisfactorily completes s/he shall be appointed as a permanent Public Servant.

Outstanding Performance, anticipation of aptitude for the new position and seniority are the basic criteria for promotion and in selecting a Public Servant for promotion periodic reports on staff are taken into due consideration. Public Servants are covered with pension scheme at the age of retirement.

The above statement does not mean that the Commission is unbridled. In fact, proclamation No.41/1993 the instrument by which the Commission and the civil service offices of regions are created categorically lay down the scope and functions of both the Commission and the Regional Civil Service Bureaus. Thus both the Commission and the Regional Bureaus have enjoyed executive, legislative, and judicial powers vested in them by proclamation to establish homogenous and efficient public service which is the sole objectives for their establishment. At State level the Bureaus of Public Administration have similar powers in their state and have more or less the same legal base adapted to their specific conditions.

The Civil Service in the EPRDF Period (1991- to date)

Following the fall of the Dergue regime, the EPRDF Government embarked on a long term strategy of “state transformation” characterized by bold attempts to implement multiple reforms in parallel; the massive scale-up of institutional development efforts across tiers of government; and the deliberate expansion of the scope of public sector capacity building initiatives. Spanning nearly a decade, Ethiopia’s transformation agenda has evolved over three phases in response to growing awareness that pervasive deficits in capacity have hampered the ability of the state to secure the fundamentals of poverty reduction and democratic development such as responsive service delivery, citizen empowerment, and good governance. As part of its national transformation drive, the government has embarked on a national capacity building programme with fourteen key components under it. Within the framework of the national capacity building programme, the Government initiated a comprehensive civil service reform programme (CSRP) in 1996 as an integral part of a broader programme of multi-faceted reforms intended to build and strengthen public sector capacity for the attainment of the Government's socio-economic development goals and objectives. The total number of civil servants in the country reached 926,716 by the year 2012. Different sources estimate the number to have increased to 1.3 million by 2014.

The Ethiopian Civil Service Reform Programme (CSRP) in Brief

The CSRP was initiated with the aim of creating an enabling environment which will allow the civil service to function effectively and efficiently. It focuses on the development and implementation of appropriate legal and regulatory frameworks, and institutional and human resources as well as the introduction of improved management systems and best practices. The overall purpose is to build a fair, effective, efficient, transparent and ethical civil

service through institutional reforms, systems development and training. The CSRP consisted of five components:

- i. Expenditure Management and Control,
- ii. Human Resource Management,
- iii. Service Delivery Improvement,
- iv. Top Management Systems, and
- v. Ethics. The Ethics subprogram was mainly designed to address corruption and other impropriety.

The Government of Ethiopia began the task of a Civil Service Reform Program (CSRP) with the establishment of a taskforce comprised of 23 senior government officials and civil servants to examine the overall management system and operation of the civil service at all levels of government. The taskforce came up with a comprehensive report on the performance of Ethiopia's civil service. The study revealed that there was a lack of a coherent strategy for ensuring ethical standards in the civil service. In order to carry out a comprehensive reform, under the ethics sub-program, the following six projects were designed:

- i. development of codes of practices and a legislative framework;
- ii. Establishment of a government central body on ethics;
- iii. Strengthening of the capacity of police, prosecutors, and the judiciary;
- iv. Strengthening the capacity of the mass media;
- v. Ethical education; and;
- vi. A corruption survey.

The above-mentioned projects were further subdivided into a series of components. Based on the recommendations of the taskforce and as one component of the ethics subprogram, the Ethiopian Government established the Federal Ethics and Anti-Corruption Commission (FEACC) in May 2001, which is the first of its kind in the Country's history. According to the revised 433/2005 establishment proclamation, the Commission is entrusted with the following objectives:

1. In cooperation with relevant bodies, to strive to create an aware society where corruption will not be condoned or tolerated by promoting ethics and anti-corruption education;
2. In cooperation with relevant bodies, to prevent corruption offences and other improprieties;
3. To expose, investigate and prosecute corruption offences and impropriety.

Additionally, seven of the nine regional states have established their own ethics and anti-corruption commissions to fight and prevent corruption in their respective regions since 2007. The FEACC has adopted Hong Kong's three-pronged approach to fighting corruption, which includes the functions of ethics education, corruption prevention, and law enforcement, and has tailored the model to fit the Ethiopian context. In its fight against corruption, Ethiopia attaches a significant premium to international and continental conventions. As a result, the country is a party to both the UN convention Against Corruption (UNCAC) and the African Union Convention on Preventing and Combating Corruption AUCPCC. According to the report, it has

also been actively participating in various initiatives such as the Construction Sector Transparency Initiative (CSTI) and the Extractive Industries Transparency Initiative (EITI).

CHAPTER THREE: LEADERSHIP AND LEADERSHIP ETHICS

Ethical leaders think about long-term consequences, drawbacks and benefits of the decisions they make in the organization. They are humble, concerned for the greater good, strive for fairness, take responsibility and show respect for each individual. Ethical leaders set high ethical standards and act in accordance with them. They influence ethical values of the organization through their behavior. Leaders serve as role models for their followers and show them the behavioral boundaries set within an organization. They are perceived as honest, trustworthy, courageous and demonstrating integrity. The more the leader “walks the talk”, by translating internalized values into action, the higher level of trust and respect he generates from followers.

The purpose of this section is to shed light on ethical leadership by providing definitions for ethical leadership and describing an ethical leader’s personality. Furthermore, we evaluate the major determinants of leader’s ethical behavior in an organization. Questions like: what are crucial personality characteristics of an ethical leader and what is his typical behavior? What is the leader’s role in fostering followers’ ethical behavior and how do followers perceive an ethical leader? are some of the questions attempted in a bit detail. A basic look at ethical leaders and the followers’ perception of ethical dimension in leaders is also discussed.

ETHICAL LEADERSHIP

Ethical leaders speak to us about our identity, what we are and what we can become, how we live and how we could live better. (Freeman & Stewart, 2006)

Ethics is a philosophical term originating from Greek word “ethos” meaning custom or character. It is concerned with describing and prescribing moral requirements and behaviors, which suggests that there are acceptable and unacceptable ways of behaving that serve as a function of philosophical principles. Ethical behavior is defined as behavior which is morally accepted as “good” and “right” as opposed to “bad” or “wrong” in a given situation. Ethics is the code of values and moral principles that guides individual or group behavior with respect to what is right or wrong. Ethical behavior is both legally and morally acceptable to the larger community. Ethical dilemmas though, are present in uncertain situations, in which different interests, values, beliefs pertaining to multiple stakeholders are in conflict.

Narrowly, in an organizational context, ethics can be viewed as a frank conversation about those values and issues most important to stakeholders and to businesses. In a way, it is a continuous discovery and reaffirmation and evaluation of own values and principles. Ethical behavior in organizational context has been most frequently described in terms of ethical standards of senior leaders (CEOs) and the culture to which they substantially contribute.

We define leadership as the art of persuading a follower to want to do the things, activities that the leader sets as goals. The role of leaders is therefore in the process of directing the individual’s behavior towards a desired goal. Leaders vary depending on the individual leadership style that stems from personality characteristics. Some leaders, particularly charismatic and

transformational, have personal power through which they engage employees, whereas others exert the positional, legitimate power. Leaders are characterized by different values, attitudes, beliefs, conduct, habits and practices and that is to a certain extent dependent upon the organizational, professional or institutional culture.

Leadership signifies a relation between a leader and his followers within a situational and organizational context. According to insights and research by Rost (1993) leadership is defined as a power- and value-laden relationship between leaders and followers/constituents who intend real changes that reflect their mutual purposes and goals. Leadership in the context of normative organizational ethics would be defined with regard to how individuals should or ought to behave in an organization. This includes speculations about criteria that define ethical decisions and personality characteristics. Ethical leadership is crucial and vital in providing direction that enables the organization to fulfill its mission and vision and achieve declared goals (Kanungo & Mendonca, 1996). Ethical leadership is regarded as a key factor in the management of an organization's reputation in the external environment and in comparison with competitors (Blanchard & Peale, 1996; Kanungo & Mendonca, 1996). An organization's moral health depends upon the standards and the example of the chief executive (Kelly, 1990). According to Hitt (1990) senior leadership has two key responsibilities:

- To ensure that ethical decisions were made;
- To develop an organizational climate in which ethical follower conduct was fostered.

Ethical leadership is a construct that appears to be ambiguous and includes various diverse elements (G. Yukl, 2006). Instead of perceiving ethical leadership as preventing people from doing the wrong thing, authors propose that we need to view it as enabling people to do the right thing (Freeman & Stewart, 2006). An ethical leader is a person living up to principles of conduct that are crucial for him. To be an ethical leader one needs to adhere to a more universal standard of moral behavior (Thomas, 2001). Leading ethically is believed to be a process of inquiry – asking questions about what is right and what is wrong – and a mode of conduct – setting the example for followers and others about the rightness or wrongness of particular actions (Guy, 1990).

Ethical leadership can be viewed in terms of healing and energizing powers of love, recognizing that leadership is a reciprocal relation with followers. Leader's mission is to serve and support and his passion for leading comes from compassion (Kouzes & Posner, 1992). That ethical leadership is starting to receive attention is even shown in an effort to boil ethical leadership down to love (Kouzes & Posner, 1992).

Ethical leadership is defined as “the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement and decision-making” (Brown et al., 2005, p. 120). This definition proposes that:

1. Ethical leaders' conduct serves as role-modeling behavior for followers as their behavior is accepted as appropriate;
2. Ethical leaders communicate and justify their actions to followers (i.e. they make ethics salient in their social environment) (Bass & Steidlmeier, 1999);

3. Ethical leaders want to continually behave according to ethics, therefore they set ethical standards in the company and reward ethical conduct (Minkes et al., 1999) on the part of employees as well as punish unethical behavior;
4. Ethical leaders incorporate ethical dimension in the decision-making process, consider the ethical consequences of their decisions and above all try to make fair choices.

The above definition places ethical leadership among the positive forms of leadership and focuses on leader behavior and thereby disentangles personal characteristics, attitudes from the actual behavior.

Ciulla (1995) proposes that an ethical leader is an effective leader. In practice though, we more frequently find effective and unethical or ineffective and ethical leaders. Ciulla argues that at times just the fact that one is regarded as ethical and trustworthy makes him effective, whereas sometimes being highly effective makes one ethical. There is also the problem of criterion of good leadership as such; sometimes being ethical seems reasonable and appropriate in the short run and it is not right in the long run. A particular behavior might be correct from the intra-organizational perspective but is incorrect in society. Sometimes it occurs that leaders have moral intentions, but due to their incompetence create unethical outcomes (Ciulla, 2005).

Enderle (1987) proposes two goals of (managerial) ethical leadership:

- The first is to explicitly state the ethical dimension that exists in each and every managerial decision,
- The second is to formulate and justify ethical principles (that are an essential aid for responsible leadership) which cannot substitute for personal responsibility in decision-making.

Leader – Follower relationship and unethical behavior

It's not enough to espouse high standards. To live up to them – and help others do the same – requires an ethical cast of mind that lets you practice your principles consistently (Kannair, 2007, p. 51).

Being ethical is about playing fair, thinking about welfare of others and thinking about consequences of one's actions. 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. Ethical leaders think about long-term consequences, drawbacks and benefits of their decisions. For the sake of being true to their own values and beliefs, they are prepared to compete in a different battle on the market, where the imperative is: Do what is right.

Leaders serve as role models for their followers and demonstrate the behavioral boundaries set within an organization. The appropriate and desired behavior is enhanced through culture and socialization process of the newcomers. Employees learn about values from watching leaders in action. The more the leader “walks the talk”, by translating internalized values into action, the higher level of trust and respect he generates from followers. When leaders are prepared to make personal sacrifices for followers or the company in general for the sake of acting in accordance with their values, the employees are more willing to do the same.

As managers take the issue of ethical responsibility seriously, they immediately become more sensitive to followers' needs and problems of those who will be affected, thereby becoming more able to discern intuitively the emerging conflicts (Enderle, 1987). Good leaders are designated by an enhanced capacity to feel morally obligated to a wide range of followers and this is not a skill, but knowledge and world perspective (Ciulla, 2005). Ethical leadership brings favorable consequences for followers and organization that are reflected in perceived leaders' effectiveness, followers' job satisfaction, increased dedication and problem reporting (Brown et al., 2005).

With regard to leader-follower relationship ethics should be a process rather than a one-time sporadic event. To be able to influence followers' ethical behavior, leaders must communicate ethical standards and continually evaluate real examples (Brown, 2007). This means that solely writing a code of ethics is not a sufficient step towards implementation of ethical behavior in organizations. Ethics should be ingrained in each and every pore of organizational life. Ethical leaders are perceived as people who do not tolerate ethical lapses; they rather discipline people for wrong behavior (L. K. Trevino, Brown, & Hartman, 2003).

The possibilities to behave unethically in an organization are limitless and unfortunately, this potential is too often realized. Why do ethics matter? Ethical companies can recruit candidates more efficiently, choosing those recruits that will fit the existing organizational values. Namely, people usually want to work for a high-quality organization with excellent reputation. Consumers want to deal with a reputable company and business partners search for renowned companies as only with such companies it is possible to foster trust based relationships (Bazerman, 2008). Why do people (leaders and followers) in organizations not behave as ethically as they should?

According to young managers because they are pressured to comply with four powerful organizational commandments: performance is what counts in the end; by all means show that you are loyal and a team-player; do not break the law; do not over-invest in ethical behavior. These rules are hardly sufficient to create an ethical organization. What is even more interesting is that only a minority of young managers believes that ethics pays in terms of career advancement (J. L. Badaracco & Webb, 1995).

Gentile interviewed managers in their early career trying to find out what impedes people to stay silent when encountered with an ethical issue. She found there to be four classic rationalizations for doing nothing. The first is the excuse that "it's standard practice", everyone in the companies does this on a daily basis. The second is that an individual attempts to find an apology in the phrase "it's not a big deal". This is a common argument we can hear among co-workers particularly when they are under time pressure. Third statement is "it's not my responsibility". One just might be tempted to speak his mind, but as he does not have the authority (particularly if he is a younger employee) and it is not his responsibility, he remains quiet. The last statement refers to "I want to be loyal". On many occasions people feel there is a conflict between doing what is right and being loyal to the leader and co-workers, which can be an ethical dilemma as well (Gentile, 2010).

For majority of employees, speaking up about an ethical issue is more difficult than disagreeing in starting a conflict. That is why it is the leader's job to foster an ethical climate that enables sincere and open communication and culture that promotes and rewards ethical behavior. Of the values

that make up an organization's culture, those referring to ethics are the most important. Leaders should shape ethical values primarily through ethical (value-based) leadership both through their personal behavior as well as organizational policies and processes. Ethics committees, chief ethics officers, ethical training programs, disclosure mechanisms and code of ethics can support employees in raising concerns about ethical practices as long as the leaders at the top set the example. It is important that the leader shows and encourages employees to speak up, because if employees do not perceive that they can voice their values, they will not even bother trying.

Gentile suggests the following in order to confront the problem of not reporting unethical behaviour: Treat the conflict as a business matter; recognize that ethical dilemmas are a part of your job; be yourself, act authentically; challenge the rationalizations (challenge the so-called standard practices) turn newbie (new-comer) status into an asset; expose faulty thinking; make long-term risks more specific; present alternative solutions to unethical actions (Gentile, 2010).

Ethical leadership characteristics

Ethical leaders always know how to do the right thing. It may be difficult to define exactly what "right" is, but a leader who is ethical is not afraid to do what they truly believe to be right – even if it is unpopular, unprofitable, or inconvenient. Here are the basic ethical leadership characteristics:

1. Justice

An ethical leader is always fair and just. They have no favorites, and treat everyone equally. Under an ethical leader, no employee has any reason to fear biased treatment on the basis of gender, ethnicity, nationality, or any other factor.

2. Respect others

One of the most important traits of ethical leadership is the respect that is given to followers. An ethical leader shows respect all members of the team by listening to them attentively, valuing their contributions, being compassionate, and being generous while considering opposing viewpoints.

3. Honesty

It goes without saying that anyone who is ethical will also be honest and loyal. Honesty is particularly important to be an effective ethical leader, because followers trust honest and dependable leaders. Ethical leaders convey facts transparently, no matter how unpopular they may be.

4. Humane

Being humane is one of the most revealing traits of a leader who is ethical and moral. Ethical leaders place importance in being kind, and act in a manner that is always beneficial to the team.

5. Focus on teambuilding

Ethical leaders foster a sense of community and team spirit within the organization. When an ethical leader strives to achieve goals, it is not just personal goals that they're concerned about. They make genuine efforts to achieve goals that benefit the entire organization – not just themselves.

6. Value driven decision-making

In ethical leadership, all decisions are first checked to ensure that they are in accordance with the overall organizational values. Only those decisions that meet this criterion are implemented.

7. Encourages initiative

Under an ethical leader, employees thrive and flourish. Employees are rewarded for coming up with innovative ideas, and are encouraged to do what it takes to improve the way things are done. Employees are praised for taking the first step rather than waiting for somebody else to do it for them.

8. Leadership by example

Ethical leadership is not just about talking the talk, this type of leader also walks the walk. The high expectations that an ethical leader has of employees are also applicable on the individual level. Leaders expect others to do the right thing by leading from example.

9. Values awareness

An ethical leader will regularly discuss the high values and expectations that they place on themselves, other employees, and the organization. By regularly communicating and discussing values, they ensure that there is consistent understanding across the organization.

10. No tolerance for ethical violations

An ethical leader expects employees to do the right thing at all times, not just when it is convenient for them. Don't expect a leader of such high values to overlook or tolerate ethical violations.

Key traits of ethical leadership

- **Transactional Leadership**
 - ✓ Emphasizes getting things done within the umbrella of the status quo In opposition to transformational leadership
 - ✓ "By the book" approach - the person works within the rules
 - ✓ Commonly seen in large, bureaucratic organizations
- **Situational leadership**

Whilst behavioral theories introduced the notion of different leadership styles, they gave little guidance as to what constitutes effective leadership behaviors in different situations. Indeed, most researchers today conclude that no one leadership style is right for every manager under all circumstances. Instead, situational theories were developed to indicate that the style to be used is dependent upon such factors as the situation, the people, the task, the organization, and other environmental variables.

Fiedler (1964, 1967) proposed that there is no single best way to lead; instead the leaders' style should be selected according to the situation. He distinguished between managers who are task or relationship oriented. Task oriented managers focus on the task-in-hand tend to do better in situations that have good leader-member relationships, structured tasks, and either weak or strong position power. They also do well when the task is unstructured but position power is strong, and at the other end of the spectrum when the leader member relations are moderate to poor and the task is unstructured. Such leaders tend to display a more directive leadership style. Relationship oriented managers do better in all other situations and exhibit a more participative style of leadership.

Hersey and Blanchard (1969, 1977, and 1988) had similar ideas but proposed that it is possible for a leader to adapt his/her style to the situation. They argued that the developmental level of subordinates has the greatest impact on which leadership style is most appropriate. Thus, as the skill and maturity level of followers increases, the leader will need to adapt his/her task-relationship style from directing to coaching, supporting and delegating. A similar model was proposed by Tannenbaum and Schmidt (1958) who presented a continuum of leadership styles from autocratic to democratic.

Another influential situational leadership model is that proposed by John Adair (1973) who argued that the leader must balance the needs of the task, team and individual as demonstrated in his famous three-circle diagram. The effective leader thus carries out the functions and behaviors depicted by the three circles, varying the level of attention paid to each according to the situation.

- **Transformational Leadership**

- ✓ Creates and sustains a context that maximizes human and organizational capabilities;
- ✓ Facilitate multiple levels of transformation; and
- ✓ Align them with core values and a unified purpose

To respond to a dynamic environment, The Transformational Leadership Make change happen in:

- Self,
- Others,
- Groups, and
- Organizations

James MacGregor Burns was the first to put forward the concept of 'transforming leadership'. To him, transforming leadership "is a relationship of mutual stimulation and elevation that converts followers into leaders and may convert leaders into moral agents" (Burns, 1978). He went on to suggest that "[Transforming leadership] occurs when one or more persons engage with others in such a way that leaders and followers raise one another to higher levels of motivation and morality". At the heart of this approach is an emphasis on the leaders' ability to motivate and empower his/her followers and also the moral dimension of leadership.

Burn's ideas were subsequently developed into the concept of 'transformational leadership' where the leader transforms followers: "The goal of transformational leadership is to 'transform' people and organizations in a literal sense – to change them in mind and heart; enlarge vision, insight, and understanding; clarify purposes; make behavior congruent with beliefs, principles, or values;

and bring about changes that are permanent, self-perpetuating, and momentum building” (Bass and Avolio, 1994).

The transformational approach has been widely embraced within all types of organizations as a way of transcending organizational and human limitations and dealing with change. It is frequently contrasted with more traditional ‘transactional’ leadership, where the leader gains commitment from followers on the basis of a straightforward exchange of pay and security etc. in return for reliable work.

A Comparison of Transactional and Transformational Leadership

Transformational Leadership	Transactional Leadership
• Builds on a man’s need for meaning	• Builds on man’s need to get a job done and make a living
• Is preoccupied with purposes and values, morals, and ethics	• Is preoccupied with power and position, politics and perks
• Transcends daily affairs	• Is mired in daily affairs
• Is orientated toward long-term goals without compromising human values and principles	• Is short-term and hard data orientated
• Focuses more on missions and strategies	• Focuses on tactical issues
• Releases human potential – identifying and developing new talent	• Relies on human relations to lubricate human interactions
• Designs and redesigns jobs to make them meaningful and challenging	• Follows and fulfils role expectations by striving to work effectively within current systems
• Aligns internal structures and systems to reinforce overarching values and goals	• Supports structures and systems that reinforce the bottom line, maximize efficiency, and guarantee short-term profits

- **Charismatic leadership**

Charisma: a special leadership style commonly associated with transformational leadership; extremely powerful, extremely hard to teach.

The concept of the ‘charismatic leader’, although introduced earlier (e.g. Weber, 1947; House, 1976), became popular in the nineteen eighties and nineties when charisma was viewed as an antidote to the demoralizing effects of organizational restructuring, competition and redundancies dominant at the time. The charismatic leader was seen as someone who could rebuild morale and offer a positive vision for the future.

This approach, in effect, combines both notions of the transformational leader as well as earlier trait and ‘great man’ theories. Researchers have taken different positions, but overall four major characteristics of charismatic leaders can be identified: (1) a dominant personality, desire to

influence others and self confidence; (2) strong role model behavior and competence; (3) articulation of ideological goals with moral overtones; and (4) high expectation of followers and confidence that they will meet these expectations (Northouse, 2004, p171).

Despite the hype, confidence in this approach to leadership is rapidly declining. A number of high profile corporate scandals, plus the tendency of charismatic leaders to desert organizations after making their changes (often leaving even more significant challenges), has highlighted that this may not be a sustainable way to lead. Because of the way in which charismatic leadership presents the leader as a savior, it is now often referred to as 'heroic leadership'¹. There is a resistance to this view of the leader within many industries and organizations are seeking alternatives that develop quieter, less individualistic leadership (Mintzberg, 1999; Badaracco, 2002).

Table 1: Ethical and unethical leadership

The Ethical Leader	The Unethical Leader
Is humble	Is arrogant and self-serving
Is concerned for the greater good	Excessively promotes self-interest
Is honest and straightforward	Practices deception
Fulfils commitments	Breaches agreements
Strives for fairness	Deals unfairly
Takes responsibility	Shifts blame to others
Shows respect for each individual	Diminishes others' dignity
Encourages and develops others	Neglects follower development
Serves others	Withholds help and support
Shows courage to stand up for what is right	Lacks courage to confront unjust acts

The traits that CEOs most often attribute to ethical leaders are honesty, trustworthiness and integrity. Trust is associated with credibility, consistency and predictability in relationships, honesty is the crucial element needed in a trust-based relationship. Ethical leaders treat people right, have a high level of moral development and play fair (L.K. Trevino, Hartman, & Brown, 2000). The leader who is honest with and about himself and with others inspires trust that encourages followers to take responsibility. For more than a decade, Kouzes and Posner have been asking employees around the world what they most value or want from a leader and what would it take for them to follow him willingly. And without exception honesty (integrity, trustworthiness) is the first on the list (Kouzes & Posner, 1992). And how do employees know that leaders are (dis)honest? They observe the behavior and the consistency of behavior in similar conditions. If a leader constantly changes his behavior, followers perceive him as unpredictable, unreliable, and therefore unworthy of trusting. Another thing that undermines trust is if a leader espouses one set of values (the way he should behave) and actively promotes them, whereas personally practices another set.

- **Situation:**

All are different. What you do in one situation will not always work in another. You must use your judgment to decide the best course of action and the leadership style needed for each situation. For example, you may need to confront an employee for inappropriate behavior, but if the confrontation is too late or too early, too harsh or too weak, then the results may prove ineffective. Various forces will affect these factors. Examples of forces are your relationship with your seniors, the skill of your people, the informal leaders within your organization, and how your company is organized.

PERSONALITY CHARACTERISTICS OF ETHICAL LEADERS

Traits

Leader's character influences his ethical performance, but solely poor character does not fully explain ethical lapses in corporations. However, it is true, that a strong character plays an important role in effective self-leadership and in the process of leading others. Leaders therefore must rely on their inner voice, inner compass that points them in the ethical direction (Brown, 2007). In his book, Covey addresses the issue of ethical leadership with the term "Character ethics", that he understands not as of individual character, but of "principles that govern human effectiveness" being self-validating natural laws (Covey, 2004, p. 32). The mode in which ethical standards and consequently conduct are neglected or applied is a function of individual characteristics. Covey's view on effective leadership with a strong ethical component is described in the following sentence: "To value oneself and, at the same time, subordinate oneself to higher purposes and principles is the paradoxical essence of the highest humanity and the foundation of effective leadership (Covey, 2004, p. 19).

Jones asserts that ethical conduct is a result of one's personal dispositions, his character and not a result of learning experience. He asserts that ethical leader is an ascetic construct, whereby ascetic describes a self-controlled, purposeful person who is mindful with regard to consequences (Jones, 1995). He continues that "the ascetic person lives from within. He or she is a person who regards life as the occasion for commitment to ends higher than one's own immediate happiness and well-being (Jones, 1995, p. 869). He believes that being ethical is a personal quality tied to characteristic habits, therefore training programs emphasizing self-evident moral principles might not be as effective as we wish. It is assumed that consistently ethical behavior is the result of the process of socialization infinitely more thoroughly than any organizational training program.

The criteria relevant for judging ethical behavior of a leader include individual values, conscious intentions, freedom of choice, stage of moral development, types of influence used, and use of ethical as well as unethical behavior (G. Yukl, 2006). Some of the characteristic behaviors of ethical and unethical leaders are shown in the table below.

Values

Ethical values in an organizational setting are emphasized and strengthened primarily through values-based leadership, that can be defined as a relationship between leaders and co-workers, based on shared, internalized values, that are acted upon by the leader (Daft, 2007). Values are general principles that guide action. Values are not actions; they are codes which underlie the sanctions or punishments for some choices of behavior and rewards for other.

Throughout history values have sparked interest of many researchers in various sciences. With staggering growth of companies, management researchers became interested in this topic as well. They came to realization that values have a profound effect on a leader's performance. According to Dolan et al (2006), ethical moral values refer to forms of conduct that one has to live by in order to reach desired outcomes in the form of final values. The word "moral" derives from the Latin expression "mores" which means customs. In the table below are examples of different types of values that can be attributed to leaders.

Table 2: Examples of final (personal and ethical-social) and instrumental values (ethical-moral and values of competition)

Personal values: What are the most important things in your life?	Happiness, health, salvation, family, personal success, recognition, status, material goods, friendship, success at work, love.
Ethical-social values: What do you want to do for the world?	Peace, planet ecology, social justice
Ethical-moral values: How do you think you should behave towards people that surround you?	Honesty, sincerity, responsibility, loyalty, solidarity, mutual confidence, respect for human rights
Values of competition: What do you believe is necessary to compete in life	Money, imagination, logic, beauty, intelligence, positive thinking, flexibility,

Business ethicist, Professor Baradarcco believes that over the course of his career a leader needs to embrace a more complex code of ethical behaviour compared to the one learned in childhood and adolescence. He contends that real morality is not binary it rather emerges in many shades of gray. That is the reason why leaders need ethical codes that are as varied, complex and indeed subtle as the situation they face. Consequently, leaders need to embrace a wider set of human values and constantly evaluate their basic values (J. J. L. Badaracco, 2006).

On the basis of virtue (value) theory five values are crucial for ethical leaders (Blanchard & Peale, 1996):

- **Pride.** Lacking self-esteem an ethical leader will hardly receive esteem and respect from followers. Ethical leaders demonstrate healthy pride, not vanity, as the dividing line between them is thin due to strong egotistic tendency in human beings. Ethical leaders recognize that inordinate self-love is a vice not virtue.
- **Patience.** In the process of implementing strategies that enable an organization to reach its goals, a leader is faced with obstacles from internal and external environment, reluctance and lack of commitment from followers. As it takes time to overcome barriers patience is of utmost importance.
- **Prudence.** Prudence is a virtue that refers to exercising sound judgment in practical affairs. It is considered as the measure of moral virtues as it provides a model of ethically good actions. A leader in the habit of exercising prudence and fortitude is not inclined to resort to unethical practices even in times when things do not go as planned.

- **Persistence.** It refers to leader's striving for goals and his continuing quest to take all the necessary steps to achieve them, even if they involve sacrifice and personal risk. Persistence lies in trying to overcome the "practice" of justifying unethical conducts when one feels overwhelmed by mounting pressures, because of a sense of duty to others.
- **Perspective.** It is understood as the capacity to perceive what is truly important in any given situation.

Researchers showed that executives preferring principled ethical reasoning are more likely to be effective. Namely, when confronted with ethical dilemmas, effective executives engage in significantly more complex cognitive reasoning about these issues than less effective executives. The effective executives base evaluations of moral decisions on calculated rights, values and own principles, rather than on public opinion. They are also more likely to make a decision that may be unpopular in society but is right from the ethical stance. Consequently they are willing to accept the ensuing conflicts that may result from these decisions (Jurkiewicz & Massey Jr, 1998). Less effective executives do the right thing within the context of "doing one's duty in the society", display obedience to authority, are more concerned with how their decisions might be viewed by others (in and outside the organization). (Jurkiewicz & Massey Jr, 1998).

Integrity

Today one of the traits most cited as required in order to exercise effective leadership is integrity. In fact, a crucial point that distinguishes a Fortune 500 organization from its competitors is the integrity of profit making and other resource allocation practice by managers and owners (Blanchard, O'Connor, O'Connor, & Ballard, 1997). Or as Minkes and colleagues put it: "Leaders without integrity are only putting on an act; once values are agreed upon and in place, the CEO should put them into practice." (Minkes et al., 1999, p. 330).

The leaders that demonstrate integrity are honest with themselves and others learn from mistakes and are constantly in the process of self-improvement. They lead by example and expect as much of others as they do of themselves. They take responsibility to be judgmental about important decisions and strive to balance competing interests when in the process of reaching crucial organizational goals (Hoenig, 2000). An integrity-based approach to managing ethically combines obedience of the law with an emphasis on managerial responsibility for ethical behavior. Integrity strategies define companies' guiding values, aspirations and patterns of thought and conduct. Once these are implemented and integrated into daily organizational activities, such strategies help prevent damaging ethical lapses (Paine, 1994). Raytheon's CEO, Dan Burhnam shares his view on integrity within ethical leaders: "The CEO must be the chief ethics offices of the firm. Her or she cannot delegate integrity...The CEO must make everyone understand that the organization's future is dependent on its reputations. The organization has to be personal, human and individual...If unethical behavior is uncovered, it's important to act swiftly and decisively (Fulmer, 2004, p. 310).

The leader's role in fostering ethical behavior in organizations

Leaders are the primary influence on ethical conduct in an organization (Hitt, 1990; Jansen & Von Glinow, 1985). And they are responsible for the norms and codes of conduct that guide employees' behavior (Bennis & Nanus, 1985; Cyert, 1990). For Enderle there are three ethical tasks a

leader should normatively involve in: perceiving, interpreting and creating reality; showing responsibility for the effects of one's decisions on the human beings concerned; being responsible for the implementation of organizational goals (Enderle, 1987). Thomas believes that the motivation to be ethical comes from one's decision to live life in a certain way. If people opt to follow your leadership, they tend to follow that same conduct that you exhibit (Thomas, 2001). The people namely watch the walk, they usually do not listen to the talk. In real life one's behavior depends both on the situation one finds himself in, as well as on standards of behavior. Rost contends that the majority of people do not use particular ethical frameworks to judge morality. Instead, they use personal and cultural values, religious beliefs, ideology, organizational mores, family upbringing practices, own behavioral experience and intuition (Rost, 1995). Gardner even believes that it is more difficult for businesspeople to adhere to an ethical mind than it is for other professionals, because in business one does not need a license to practice. It is relatively easy to wander off the correct path, as professional standards are more a vocational option than part of the territory (Kannair, 2007). In business world, an organization can voluntarily take on corporate social responsibility. However, there are no penalties if it chooses not to. Gellerman asserts that management/leadership in an organization holds the responsibility for developing and sustaining conditions in which people are likely to behave themselves, and for minimizing conditions in which they may be tempted to misbehave (Gellerman, 1989). It seems that setting the tone at the top is a crucial but not sufficient condition. Leadership must actively pursue that its quest for greater efficiency and effectiveness does not inadvertently lead people into more temptation than they can resist. Leaders who fail to provide ethical leadership and develop procedures that facilitate ethical conduct share responsibility with those who conceive, execute and benefit from corporate misdeeds (Paine, 1994). In the table below, the criteria for evaluation of ethical and unethical leadership are presented.

Table 3: Criteria for evaluation of ethical leadership

Criterion	Ethical Leadership	Unethical Leadership
Use of leader power and influence	Serves followers and the organization	Satisfies personal needs and career objectives
Handling diverse interests of multiple stakeholders	Attempts to balance and integrate them	Favours coalition partners who offer the most benefits
Development of a vision for the organization	Develops a vision based on follower input about their needs, values and ideas	Attempts to sell a personal vision as the only way for the organization to succeed
Integrity of leader behaviour	Acts consistent with espoused values	Does what is expedient to attain personal objectives
Risk taking in leader decisions and actions	Is willing to take personal risks and make necessary decisions	Avoids necessary decisions or actions that involve personal risk to the leader
Communication of relevant information operations	Makes a complete and timely disclosure of information	Uses deception and distortion to bias follower perceptions about problems and progress

	about events, problems and actions	
Response to criticism and dissent by followers	Encourages critical evaluation to find better solutions	Discourages and suppresses criticism or dissent
Development of follower skills and self-confidence	Uses coaching, mentoring and training to develop followers	Deemphasizes development to keep followers weak and dependent on the leader

In their essay Kouzes and Posner offer practical suggestions for being an ethical leader, explaining that this emanates not so much from the head as it does from the heart. Based on numerous interviews they conclude that love constitutes the soul of ethical leadership. They also observe that when working at his personal best - that means leading with love, with a feeling of warm personal attachment - leaders are transforming their followers into leaders.

Love in an organizational sense creates the desire to see others grow and become better (Kouzes & Posner, 1992). Another “recipe” to keep oneself on the path of ethics is to undergo a “positive periodic inoculations”, which happen when one meets individuals or experiences situations that force him to examine what he is doing or is trying to do to set a good example for others (Kannair, 2007).

Basic rules of conduct that ethical leaders should follow in order to be considered true leaders are outlined as follows (Freeman, Martin, Parmar, Cording, & Werhane, 2006):

- Leader principle: a leader is foremost a member of the company and its spokesman, therefore his deeds must serve the purpose and benefits of the corporation
- Constituents principle: leaders respect their co-workers and perceive them as people who share common purpose. Their individuality and freedom is accepted within the borders of ethical behavior
- Outcome principle: a leader connects values to stakeholder support as well as societal legitimacy. Company mission, vision, values and goals (strategy and tactics) are outlined within an understanding of ethical ideals
- Processes/skills principle: the leader is open to different opinions and ideas, views and creates an atmosphere of dynamic and fruitful communication
- Situation/context principle: moral judgements are used to make ethical decisions and when crossing the boundaries of different ideas. The ethical leader knows the limits of the values and ethical principles they live.
- Ethics principle: a leader understands leadership and ethics as an integrated process and frames actions and purposes in ethical terms.

Murphy and Enderle studied examples of ethical behavior of four retired CEOs who have written or spoken about ethics, using a narrative approach in order to understand ethical behavior and learn from it. After studying their behavior, interviews and writings about business and ethics they summarized the following common themes. All four leaders demonstrate a strong commitment to perceive and interpret reality within the context of honesty and openness. The latter traits are particularly sought after in times of crisis when a leaders

needs to maintain. Next, leaders are able to create reality by continually reaffirming the ideals and beliefs of their respective organizations. They are also particularly concerned for how their decisions affect other people. Namely, they realize that managerial decisions have an enormous impact on professional and private life of stakeholders (starting with employees). From the perspective of personality, leaders possess an exceptionally strong motivation and are emotionally strong, courageous, fair in treating all employees, just and advocate temperance. Finally, leaders hold strong religious values, as their moral commitment seems to be rooted in religious conviction that brings a sense of unconditional obligation to others (Murphy & Enderle, 1995).

The determinants of highly ethical organization according to Pastin include: 1) individuals who recognize and accept personal responsibility for the actions of the organization; 2) a profound devotion to fairness with an emphasis on the other person; 3) being comfortable with interacting with external groups; 4) tying all activities in with an overall purpose (Pastin, 1986). CEOs have an important role to play in implementing an organizational culture which Hitt refers to as clarifying values (Hitt, 1990).

CONCLUDING REMARKS

Can a company be successful and competitive on the market and at the same time ethical? Akers believes that market success and ethical conduct go hand in hand: “Ethics and competitiveness are inseparable. We compete as a society. No society anywhere will compete very long or successfully with people stabbing each other in the back; with people trying to steal from each other; with everything requiring notarized confirmation because you can’t trust the other fellow; with every little squabble ending in litigation; and with government writing reams of regulatory legislation, trying business hand and foot to keep it honest”(Akers, 1989, p. 69). It pays to be ethical, is one of the key findings in a study by U.K. Institute of Business Ethics. In a sample of 350 large U.K. “ethical” companies (where performance was measured between 1997 and 2001) there was strong indicative evidence that companies with codes of business ethics produced an above-average performance when measured against a similar group without codes (Fulmer, 2004).

Chapter: 4

Civic Virtues

The Greek word for virtue is “arête”, which means excellence. Socrates does not use the term "civic virtue" in Plato's Republic, but highlights courage as a virtue that is derived from what one learns from a city. This distinguishes spiritual virtue, which is mandated by a higher being, from civic virtue, which follows the laws and customs of a city.

In Aristotle's discussion of virtue, he recommends that humans take pleasure in virtue. Virtue, both civic and moral, is the way in which humans achieve their greatest happiness. Aristotle holds that humans must know about these virtues before they can hope to better the community. Aristotle also maintains that it is easier to teach a person about the virtues who has been "well brought up." This implies that the education of virtue, both civic and moral, must begin at home.

St. Thomas Aquinas followed Aristotle's Nicomachean Ethics and held that the highest good comes from God. The aim, then of acquired virtues, is to flourish. Aquinas noted a difference between civic virtues that sought political good and spiritual virtues that were ordained by God.

In short, civic virtue is morality or a standard of righteous behavior in relationship to a citizen's involvement in society. An individual may exhibit civic virtue by voting, volunteering, organizing a book group, or attending a public meeting.

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Civic virtue helps people understand their ties to the community and their responsibilities within it. In many ways, an educated citizen who possesses civic virtue is a public good.

Pillars of Civic Virtues: civic disposition and civic commitment

Civic virtue is also described in terms of civic dispositions and civic commitment.

I. Civic Dispositions

Civic dispositions are habits or characters of citizens that are conducive or helpful to the healthy functioning and common good of a democratic system. In other words, civic dispositions include all the behaviors and actions that are good. It refers to the behaviors that are desirable and acceptable such behaviors or habits are expected from responsible citizens. Responsible citizens are expected to manifest such behaviors in the society.

◆ Some of the element of civic dispositions that are required from citizens are the followings:

1) Civility:

Civility is a polite way of acting or behaving towards others. It is the need to respect others. This includes the respect and politeness you show to those with whom even you may disagree. In this case, thus, you are expected to respect the rights of those who are in dispute with you.

Civility is an element of civilized behavior; and it is a way of peaceful living and co-existence with others. This is required from all of us at home, in the school, at work place and anywhere else and at any time.

2) Self Discipline

Self-discipline means acting and behaving according to some acceptable standards. In all situations, there are some rules and regulations to be observed. These rules and regulations help to guide our actions. Thus, we should be able to respect these rules and standards in our day-to-day activities. When we do this freely and from our own initiative, our action can be referred as self disciplined. That is, we perform the acts without external controls or impositions. Thus, self discipline comes from inside us without being forced or controlled by outside expectations believe and think that the behavior is good.

3) Individual Responsibility

As member of different groups at different levels and as Ethiopian citizens, we all have some duties or obligations to fulfill. As we would like to demand and enjoy our rights and benefits, we should also be ready to discharge the responsibilities that are expected from each and every one of us. Fulfilling these requirements is referred to us individual responsibility. Thus, being a member of a certain group or a nation always involves some responsibilities or duties.

4) Civic-mindedness

Civic mindedness is citizens' readiness and desire to give concern to public interest. It is a commitment to give priority to the common good and make sacrifice ourselves to the society and to our nation. As we think and work for ourselves, we are equally expected to do our best for the good of our societies. This does not mean that we completely neglect our private interests. However, when our country calls for our service to the nation, we ought to be able to effectively respond to this call.

5) Open-mindedness

Open –mindedness refers to our willingness to listen to the ideas, views and arguments of others. It is the tolerance we should show to carefully examine what others say or suggest. It is also our ability to express what we feel and what is in our mind. It requires our genuine and unreserved presentation of what we believe. This does not mean necessarily to agree with what others say, but we must respect their views.

6) Compromise

Compromise is one form of behavior that should be observed in setting conflicts peacefully. It involves the readiness and willingness to spare something on both sides of the conflict in favor of the peaceful resolution of the problem and its outcome. That means, whenever we are in conflict with others on a certain issue, there is a need to give up some of our positions or interests. However compromise never allows abandoning basic principles and interests. This is in fact required from both parties involved in any conflict.

It is an essential practice in order to solve difference. It is a civilized way of living in a democracy. Compromise is necessary in our day-to-day life at home, at school, and in the community. It is a means of dealing with differences at various levels and situations. Compromise should also be an important method of dealing with disagreements between two or more countries that may arise due to various causes. Among others, border disputes between countries can be settled through compromise in the process of peaceful resolution of problems. However, sometimes it may be difficult to get into compromise when both or either of the parties in the dispute is unwilling to arrive at a compromise. This can occur either at the individual or country level. In such situations, the dispute could be aggravated and may result in violence.

7) Tolerance

Tolerance is the ability and willingness to accommodate differences in ideas, outlooks, views etc. It is the heart of peaceful co-existence in diversity. This is true at home, in the community, at a national level, and in the world at large. Nature and societies by themselves are full of diversities, so is life. Ethiopians are also diversified in different ways. So, unless we systematically deal with our diversities, our mutual peaceful co-existence would face a problem.

8) Honesty

Honesty is the behavior and attitude of not telling and not accepting lies. It is the habit of not cheating or stealing. It is being truthful. Honesty is being loyal to one's fellow, one's responsibility and to one's country.

Sometimes it is observed that individuals with public responsibility abuse public properties. This is dishonesty. All these are not qualities of responsible citizens. Corruption does not only cause misuse and abuse of resources, but also affects the minds of people. It generates selfish, illegal and unjust practices that harm society at large.

Thus, as responsible citizens, we all have to fight against dishonesty and corrupt behaviors. These are harmful to development and progress. Honesty is required of all of us at home, in our community, at work places and anywhere, at any time in our life.

9) Compassion:

Compassion means that citizens develop empathy to other citizens and exhibit concern about their welfare.

10) Generosity:

Generosity means to unreservedly spend time, effort and resources for the good of other people. It would be a sign of civility if a citizen appears generous for the good of the public.

II. Civic commitment

Civic commitment is an active participation of citizens for the private as well as the common good in democracy. It is the expressed devotion of citizens for the importation of the fundamental principles of democracy. It is also related to the extent in which citizens strive to the implementation of the rights of citizens.

The degree of civility of a citizen is measured by the extent of his/her commitment to work for the good of and individuals and society at large. Some of the civic commitments are the following:

1) Paying Fair Taxes

Paying fair tax, as a member of the society, is one of the responsibilities and obligation of good citizen in addition to other civic dispositions mentioned above.

Paying taxes helps the government to undertake its activities. Therefore, every member of the society must contribute towards the support of the government. The contribution must, as nearly as possible, be in proportion to their respective income. In other terms, the more one gets money, the more she/he should pay in form of taxes.

2) Staying informed:

It means updating oneself by reading newspapers, listening to the radio, and watching television. This would help citizens know what the government is doing and would help them make informed decisions accordingly. This could also help citizens to bear responsibilities and discharge them effectively. It would also help citizens to know what they are expected to do.

3) Participating in public government:

You have already realized that in a democracy, the political authority resides in the people. That is, democracy is the self-governance of peoples. Thus, it requires an active participation of citizens in their own affairs. Participation includes being involved in various affairs at different levels and situations. This can take place at home, in the local regional and national levels. Some of the ways and conditions in which you may participate include the following:

- attending community meetings
- debating on issues of major concern

- becoming a member of association, organization or clubs
- joining campaigns
- voting in elections
- reading and writing about issues
- Serving in the defense force, and in other institutions.

4) Developing apathy:

This refers to developing feeling or interest and concern about others problems. A citizen is expected to be apathetic towards other people who confront some problem. Thus, a citizen is expected not only to have the feeling and apathy but also to go beyond that to solve the problem.