

ETHICAL GUIDE FOR LEADERSHIP

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Abstract

Ethics are important in the management of an organization because they help in its success in the long run. As explained in the article, management needs to aid in the development and implementation of ethical practices within the organization. This article explains that there exists a gap in management's responsibility concerning organizational culture based on virtue and ethics -- how managers can shape employees' actions and transform the organizational ethical culture. These include formulating a code of ethics, training employees, practicing ethics by leaders, and establishing a reward and punishment system on ethics. The integration of ethical values in an organization has countless benefits: it leads not only to higher employee satisfaction but also boosts the organization's reputation. The article explains the impact of ethical management in promoting responsible and enduring organizational culture.

Keywords: management, code of ethics, ethical counseling, ethics management, ethics questionnaire, organizational ethics, ethical leadership, organizational culture.

Classification JEL: M12, M14, M52, M54,

1. Introduction

Creating and managing a business in today's era of globalization poses as a challenge mainly because of the need to adopt ethical responsibility. Therefore, ethical organizational behavior is important because it enhances the competitive value of the company in the global market in the long term [1].

An ethical organization has the ability to identify, anticipate and act on ethical matters. Within the context of organization behavior, ethics can be defined as a body of rules or principles which prescribe what is right and wrong and which provide standards of conduct for the managers and staff of any particular organization.

Principle based ethics aid in shaping and controlling behavior of managers and other employees in an organization [2]. The business practice or behavior under consideration which constitute business ethics is concerned with answering the question: Are the practices of the organization (with regard to all the stakeholders of its operation) morally justifiable? Ethics of business incorporated within legal norms not only observes laws regulating activities of the organization, rules and norms which are socially positive and accepted by the society.

2. The importance of ethics in management

In the current scenario, promoting ethics must be one of the foremost tasks to be undertaken by all organizations. Management does its bit to make this shift smooth by establishing certain tools that favor the application of ethical principles.

Management plays a fundamental role in creating and maintaining an ethical culture within the organization. Once leaders within an organization become ethical in their practice, this will have a direct impact on the behavior of the rest of the team members. Management ethics, secondly, establishes a culture of trust that can result in better organizational performance [3]. Organizations with a strong emphasis on ethical values are more able to attract and retain the best talent, maintain long-term customer relationships, and effectively manage their risks.

Promoting ethics within the company involves several key strategies. One essential approach is to develop a comprehensive code of ethics that serves as the primary tool for guiding acceptable conduct within the organization. This code should be accessible to all employees and reviewed periodically to ensure its relevance and effectiveness in addressing different situations.

Continuous employee development is crucial. Management should invest in ongoing ethics training to equip employees with the knowledge needed to navigate ethical challenges, such as managing conflicts of interest, ensuring legal compliance, and maintaining confidentiality. This helps develop a workforce capable of making ethical decisions.

Leaders should serve as role models, embodying the values of integrity, transparency, and respect. When managers demonstrate these qualities, employees are more likely to follow suit and adopt similar ethical behaviors in their own work.

To further promote ethical behavior, management can design an incentive system that rewards employees for demonstrating strong ethical practices. These rewards can be financial or take the form of public recognition or career advancement, encouraging staff to emulate the ethical behavior displayed by their leaders.

Creating effective mechanisms for reporting ethical violations is essential. Employees should feel confident in reporting misconduct without fear of retaliation, knowing that their concerns will be addressed promptly and fairly. When management acts decisively on these reports, it reinforces the message that ethical behavior is not optional but a fundamental expectation.

3. The benefits of promoting ethics in management

Embracing ethical management brings multiple advantages to an organization. It enhances the company's reputation, as organizations that demonstrate strong ethical values are often admired by the public and attract greater customer loyalty.

Ethical practices also help reduce the risk of legal issues by ensuring compliance with regulations, thereby protecting the organization from costly sanctions or lawsuits. Additionally, fostering an ethical workplace contributes to higher employee satisfaction, creating a respectful and appreciative work culture.

Ultimately, these factors contribute to improved organizational performance, as ethical companies are better positioned to attract top talent and maintain a motivated, productive workforce.

The benefits of ethical business practices are significant. One key benefit is the ability to build customer loyalty. When customers feel they are being treated fairly, they remain loyal to a brand, while unethical behavior can drive them away. A reputation for ethical conduct can create a positive impression in the marketplace, attracting new customers. Conversely,

unprofessional behavior by a manager can tarnish a company's reputation, making it difficult to attract customers, and customer dissatisfaction can spread quickly, damaging the business.

Ethical practices also play a crucial role in retaining talented employees [8]. When organizations treat their workers fairly and equitably, they attract top talent. A positive work culture is another benefit, as ethical employees are seen as cooperative team players, promoting trust and collaboration among colleagues and managers, which increases morale and overall productivity in the workplace.

Furthermore, ethical business avoids legal and regulatory challenges. By complying with laws and regulations – such as labor laws, environmental guidelines, and worker safety standards – companies reduce the risk of costly penalties and negative publicity. Failure to comply with these regulations can have serious consequences that affect both the financial situation and the long-term reputation of the business.

To promote and maintain ethical conduct within an organization, managers must lead with integrity and professionalism, applying both traditional ethical principles and modern practices in the dynamic business environment. Achieving this requires a comprehensive approach, including defining the organization's core values, mission, vision, and codes of ethics, as well as providing ethics training at all levels, making ethical decisions in organizational change, and promoting the development of leadership with a solid ethical foundation.

Additionally, to support organizational ethics programs, management must adopt its own ethics and integrity standards. Success in implementing ethical behavior is dependent to the extent of the gaps between professed and lived values. The wider the gap between them, the lower the success possibility.

It is the management's job to establish the organization's mission and vision statements, and leaders must lead by example with integrity, so that ethical behavior becomes a model for the entire team to emulate. Effective leaders not only make ethical decisions, but also stand by them, positively influencing employee behavior. When managers impart true ethical behavior, they not only demonstrate their own integrity, but also deal fairly and justly with employees, employing high standards of ethics. They serve as good role models for employees, demonstrating behavior worthy of imitation.

Ethical behavior entails a balancing of stakeholders' needs and desires, such as employees, customers, suppliers, investors, communities, and the environment. It is a process marked by ongoing challenges and tensions within the organization [4].

4. Management support for ethical orientation

In the present scenario, economic activities that are ethical are characterized by their capacity to generate value added not just economically, but also socially. Management plays the function of leading organizations in the application of ethical principles in everyday strategies and practices, so that decisions taken are aligned with moral and legal principles.

To foster ethical orientation within the organization, management can take several key actions. One essential step is the development of a lasting code of ethics, which provides clear principles and norms to guide employee behavior across all areas of the organization. In addition, regular ethics training should be a priority, ensuring that employees have the opportunity to learn and apply ethical standards at every stage of their work [5].

Leaders also play a crucial role by setting a personal example; their behavior should embody integrity and transparency, motivating others to follow suit. Furthermore, a reward system for ethical behavior can help encourage employees to adhere to organizational standards, recognizing those who consistently demonstrate ethical conduct.

Finally, establishing a safe and confidential reporting mechanism is vital. Employees should have a reliable way to report ethical violations without fear of retaliation, with management committing to investigate any concerns thoroughly and enforce appropriate penalties when necessary [9].

Employees can evaluate management through an ethics questionnaire that includes key questions designed to assess the organization's ethical climate. These questions might include whether management consistently promotes ethical conduct through personal example, if their decisions reflect the organization's commitment to ethics and integrity, and whether they support employee requests in alignment with the Code of Ethics. Additionally, the questionnaire can explore whether management encourages the reporting of unethical behavior without fear of retaliation and if they are actively supporting employee training in professional integrity and ethics [6].

The use of an ethics questionnaire is an essential method for assessing ethical behavior within the organization, providing managers with a systematic tool through which employees can analyze and evaluate the practices and decisions made by management. It facilitates the identification of possible discrepancies between the values promoted by management and the concrete behaviors observed in the organization [7].

The questionnaire can include questions aimed at the transparency of the decision-making process, the promotion of a climate of respect and integrity, as well as the ways of managing reports of ethical violations. In this way, management can obtain valuable feedback that will contribute to the consolidation and improvement of the organization's ethical culture.

Similarly, interview questions for management candidates are intended to assess their ability to lead teams effectively, make sound decisions, and navigate the challenges of a dynamic work environment.

5. Conclusions

Growth of an organization is reliant upon there being a robust code of ethics and conduct aimed at informing both management decision-making. Human resource management assists in establishing a system of values that delineates and influences ethical conduct at work. Management's role in fostering ethical direction in business is crucial for directing economic flows towards sustainability and responsibility. By establishing defined parameters and incorporating ethical principles into organizational policy, management is central to enhancing transparency for sustainable economic practice. In so doing, clarification enables investors to make qualified choices, thereby choosing to invest capital with organizations that uphold ethical standards and that reflect a genuine approach to social and environmental accountability.

Management here is needed to lead organizations to practice and cultivate ethical conduct, so that business decisions would no longer simply follow laws, but also demonstrate an actual commitment to ethics. Ethical guidance enhances the company's reputation, but also invites investment.

Without a well-trained, qualified, and motivated workforce operating within an effective human resource management system, organizational development is impossible. One of the challenges of human resource management is integrating ethics. Managers are the first to adopt the tenets of ethical codes when they feel market pressure. Organizational-level ethical behavior helps to enhance the company's image, particularly if the provisions of the ethical code are integrated into respective training programs. Here, it remains up to the management to be aware of the attitude of the young employees regarding potential ethical code violations and their perceived efficacy to act against them through warning policies.

The managerial function to promote ethical orientation is the cornerstone of an organization's long-term success. By establishing a definable moral guide, ongoing employee

training, encouraging behavior from managers, and reward and punishment systems for ethical behavior, management can establish a healthy company culture based on moral and ethical values. Ethics not only safeguard an organization's reputation, but also lead to better performance and a trust culture, which is critical to the success of any enterprise.

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