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Social Responsibility and Ethical Leadership

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Organizations and individuals are continually interacting with changing environments. The political, economic, governmental, regulatory, legal, demographic and social factors affect organizational performance, operation, and workforce. An examination of the environmental forces can assist organizations in identifying those trends and issues they want to adopt. Organizations should focus on stakeholders’ issues and concerns. Understanding stakeholders’ issues requires one to understand these environmental factors and proceed to address them in an ethical manner. The question is how does an organization respond socially, ethically and responsibly? Corporate social responsibility (CSR) is a business strategy that helps organizations become accountable to internal and external stakeholders; this strategy may help organizations to decide how to become socially responsible. Ferrell, Fraedrich & Ferrell (2015) discuss social responsibilities that address environmental issues that relate to the environment. However, organizations must also be accountable to the social issue relating to employee well-being. Just as ensuring there are adequate physical resources to remain profitable it is also important that organizations are ethical in their relationship with their employees.

**Social Responsibility to Employee Well-Being**

Corporate social responsibility (CSR) is an initiative to one’s social responsibility to advocate and implement policies, make ethical business decisions the organization’s stakeholders have identified as having societal value(Uysal & Tsetsura, 2015). Social responsibility focuses on economic, ecological, political and social issues. Society is particularly concerned with the sustainability of energy, water, climate, health, education, and employment issues (Ferrell e al). An organization’s employee well-being commitment should ensure all organizational activities are compliant with all applicable federal and local laws and regulations. This learner believes it is the employees (human capital) who are the contributing factor in the economic growth and social development of the organization. Improving healthcare, education, and employment opportunities contribute to organization success (Slaus & Jacobs, 2011). This strategy promotes having a moral value to one’s environment; organizations realize they are responsible for participating in making the world better for non-profit reasons.

This learner believes when developing a CSR strategy the following issues should be addressed to minimize the effect on employees:

* Fair wages and working conditions at facilities inside and outside of the United States
* Training of workforce to ensure employability
* Adherence to statutory laws governing employees
* Fair disciplinary process
* Fairness in negotiating employee contracts
* Engagement of best work practices to include an ethics training

The same forces ( political, legal, economic, social, technology and competition) as described by Porter (1980), the local and national economy, the skill set of the local and national labor force and the global marketplace are examples of forces that affect the development of social responsibility initiatives for employee well- being. Ferrell, et al. also discusses sustainability; strategies and behavior that do not deplete resources to achieve a specific outcome. For example, Dr. Homes (2015) referred to Wal-Mart’s policy of hiring part-time employees to avoid paying benefits which appears to be an objective to maximize the company’s profits. These resources time, labor and, finances affect the health and sustainability of an organization (Slaus et al.).

**Implication, Opportunities, Challenges for Ethical Leadership**

From our readings (Ferrell, et al.) ethical leaders are honest and trustworthy, transparent in their decision-making, aim to treat everyone equal, gives everyone respect and is collaborative in leading the organization. Doing the right thing is a part of his or her leadership style.

One of the major challenges for leaders is to develop an ethical culture within the organization and to persuade stakeholders that one can be ethical, make a profit and be fair with workers. For leaders to develop an ethical culture he or she must first demonstrate that he or she is a moral person (Sukbong, Ulltah & Wong, 2015).By doing this; it is easier for stakeholders to believe in one’s leadership approach, moral behavior and decision-making abilities to integrate ethical principles in all actions. Once a level of trust is recognized long- term relationships can be established. Sukbong et al. states once trust is established, stakeholders are more likely to follow one’s vision. Stakeholders will begin to realize the leader’s concern for people because he or she treats everyone with respect and dignity. Stakeholders will believe the leader is objective and fair in making decisions. By showing concern about the external environment, stakeholders will become more engaged in working towards organizational goals. This learner believes one must be a moral person in order to become an effective ethical leader. In order to demonstrate this attribute, one has to be able to make ethics and values the priority in all organizational actions. Leaders must share their values with stakeholders via role modeling.

**Addressing Challenges**

Leadership in the public or private sector will continue to experience challenges in meeting their social responsibilities in an ethical manner because of increased accountability, limited resources and the pressures of stakeholders’ concerns. Regardless of these challenges leaders must ethically respond to these challenges. How does one address these concerns with authority, stakeholders’ support and ethical awareness? The leader must be objective and fair, display integrity and engage stakeholders to follow his or her vision for the organization. Ethical leaders must have the power to affect ethical outcomes and determine ethical approaches to address these concerns. Leaders must lead one’s organization and be cognizant of internal and external factors.

In order to be successful according to Slaus et al. leadership must:

* Determine if the organization has a clear vision and objectives
* Engage internal and external stakeholders
* Be a visible ethical leader
* Motivate stakeholders to share the vision and advocate utilization of ethical principles
* Make difficult decisions fairly and objectively
* Actively communicate an ethical tone

Ethical leaders realize successful organizations rely on its relationship with various stakeholders.

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