

Leadership and ethics

Business



Leadership and Ethics Ethical leadership is an important virtue that facilitates the success of an organization. In this regard, the founders of Stonyfield Farm, America's best producers of dairy products such as organic yoghurt, ice cream, and milk, have applied business strategies and ethical leadership skills to ensure sustainable business growth. As a result, the organization has attained an annual growth rate of 25 percent over the last eighteen years. Moreover, its brands have spread throughout the world including countries such as England and Ireland (Hsu, 2012).

The main driving force for increased success within the organization is the application of integrated transformational leadership technique. The integrated model provides numerous benefits to major organizations. The transformational model applies in departments that have a high level of communication. In this model, the leaders encourage their employees to enhance their productivity as well as their efficiency in production through communication of tasks to be performed and thereafter providing rewards when they accomplish the set goals. The rewards take the form of bonuses, salary increments. Alternatively, when employees fail to meet their goals they are given lenient punishments (Starratt, 2004).

The leadership style often requires full participation of all levels of management to ensure success. The top management is in charge of decision-making and policy formation. The middle and lower level management are in charge of providing necessary recommendations to top management to facilitate decision-making. Moreover, they are in charge of training employees, evaluating employee performance and correcting any production problems. In most cases, the low level management delegates authority to employees as well as group employees into production teams to

<https://assignbuster.com/leadership-and-ethics/>

evaluate their group performance (Walter, 2009). Ultimately, the leadership style focuses on organizational goals and delegation of small tasks employee group leaders to accomplish them. Successful organizations have therefore integrated sustainable excellence in their business strategies. Most successful leadership policies have implemented the V model in developing internal systems. In this regard, the organization focuses on product/project life cycle where results are obtained during the product development. This involves integrating the project definition and project testing and implementation within limited time. Project definition involves conception of operations, identification of project requirements and architecture as well as formulation of detailed design of the product. The project testing and implementation involves operation of the project and maintenance, system verification and validation integration of the project into the organization then testing and verification. If the project is successful, it is implemented. As a result, these organizations commit themselves to superior strategies that take into consideration of the surrounding society and environmental protection. Additionally, ethical leadership involves provision of quality products to their customers and providing reasonable after sale services to their customers at reasonable services. As a result, customers have a high utility for products that they buy from the organization (Manuel & Rabindra, 2006). The adoption of these ethical leadership practices promotes consumer attraction as well as their loyalty. Ultimately, products from such organizations have high preference thereby fetching higher prices resulting in profitability. However, for organizations to maintain ethical leadership practices, some policies are very expensive and in most instances, lack financial support from investors since they are uneconomical (Starratt, <https://assignbuster.com/leadership-and-ethics/>

2004).

Unlike Stonyfield Farm, the Archer Daniels Midland Company (ADM) is a food processing firm that have failed to adopt ethical practices especially in maintaining environmental and social sustainability. Though the company operates profitably, it has practiced unethical practices such as price fixation of the Lysine at international markets (Fusaro, 2007). Moreover, the company leadership has been charged frequently for international corruption. In 2001, the company was subjected to numerous legal suits due to air pollution. In this regard, ethical leadership plays a major role in the growth of all major organizations. Additionally, organizations need to maintain ethical leadership skills on all management levels within the organization.

References

- Fusaro, D. (2007, March 26). ADM's big bet on fuel . Food Processing Retrieved May 22, 2015 from Manuel, M.,&Rabindra, N. K. (2006). Ethical Leadership. London: McGraw-Hill Education.
- Starratt, R. J. (2004). Ethical leadership (Vol. 8). Jossey-Bass.
- Hsu, T. (2012, February 24)Greek yogurt stirs up the food industry. Los Angeles Times Magazine. Retrieved May 22, 2015 from Walter, E. F. (2009). Ethical Leadership: The Quest for Character, Civility, and Community (Prisms). Canada: Fortress Press.