Role of Ethical Leaders in Sustainable Business:  
An Aristotelian Virtue Ethics Perspective

Rola liderów etycznych w zrównoważonym biznesie:  
perspektywa etyki arystotelesowskiej cnoty

Purnima Lenka, Sarita Kar

Department of Humanities and Social Sciences,  
Indian Institute of Technology (ISM), Dhanbad, India  
E-mails: purinmalenka93@gmail.com, karsarita@gmail.com

Abstract
Sustainable development is one of the major concerns of present time mainly because of the rapid proliferation of  
business organizations. In order to develop economically, business organizations excessively use and misuse  
natural resources that directly causes harm to environment and society. Besides, there are some other causes also  
responsible for the environmental deterioration these include population explosion, enormous industrialization  
and lots of anthropogenic activities. The present paper tries to bring in the cognizant how business organization  
unknowingly leads to environmental problems and juxtaposes economic development and environmental issues.  
On saying this, it precisely indicates that both economic growth and sustainable environment are equally required for  
our society but not at the cost of one another. At this point, it is argued that only by contemplating and by engaging  
ethical leaders the business organisations could be able to maintain the balance between plant, people and profit.  
In continuation with this, the present research would engage two significant questions: firstly, what does sustain-
able development mean and why it is predominantly needed for the present society? Secondly, what are the expected  
roles of ethical leaders in maintaining the sustainable development in an organisation?

Key words: business, environment, ethical leadership, sustainability, sustainable development

Streszczenie
Zrównoważony rozwój jest jednym z głównych wyzwań współczesności, w dużej mierze z uwagi na niesłychanie  
częste powstawanie nowych organizacji biznesowych. Aby rozwijać się ekonomicznie, organizacje biznesowe  
nadmiernie wykorzystują zasoby naturalne, co bezpośrednio szkodzi tak środowisku, jak i społeczeństwu. Istnieją  
tagże inne przyczyny degradacji środowiska, takie jak eksplozja demograficzna, olbrzymia industrializacja i coraz  
więcej szkodliwych działań antropogenicznych. W niniejszym artykule podjęto próbę określenia, w jaki sposób  
organizacja biznesu nieświadomie prowadzi do problemów środowiskowych i zestawiono rozwój gospodarczy z  
kwestiami środowiskowymi. Wskazujemy, że zarówno wzrost gospodarczy, jak i zrównoważone środowisko są  
w równym stopniu potrzebne naszemu społeczeństwu, ale nie kosztem siebie nawzajem. Argumentuje się wpraw-
dzie, że tylko poprzez rozważanie i angażowanie liderów etycznych organizacje biznesowe mogą być w stanie  
trzymać równowagę między przemysłem, ludźmi i zyskiem. Kontynuując to, niniejsze badanie wskazuje na dwa  
istotne pytania. Po pierwsze, co oznacza zrównoważony rozwój i dlaczego jest on przede wszystkim potrzebny  
obecnemu społeczeństwu? Po drugie, jakie są oczekiwane role liderów etycznych w utrzymaniu zrównoważonego  
rozwoju w danej organizacji biznesowej?

Słowa kluczowe: biznes, środowisko, przewodnictwo etyczne, zrównoważoność, rozwój zrównoważony
1. Introduction

In the 21st century the concept of sustainable development has a major concern for all. Business organisations with economic developmental issues need to be conscious of environmental and social development, because a holistic development is essential for a sustainable business. Industrial revolution is the reason to mark sustainability as a significant concept and it based on two fundamental thoughts; one, co-modifying nature and second, society comprises of just individuals. These two ideas have brought over-territory performance of people on regular habitat which has gotten an extraordinary change in the improvement procedure. It primarily affects both environment and society. Literature shows, more than half environmental concerns found because of the unethical activities in the organization. (Ferrell, Fraedrich, 1991, 5; Bennett-Woods, 2008; Daft, Marcic, 2016). This crisis of ethics exponential increase after the industrial revolution which unwraps different doors for human beings towards development. At the same time, it also allows human being to compromise with the environment. Sustainability development of business tries to accentuate the holistic development of profit, people and planet. This is the time to identify to endure triple bottom line in the business organisations. Although difficult for the business organisation to maintain the balance between business and environment for the wellbeing of society, as all three pillars of development are incompatible with each other. (Maheswari, 1997), but every organization depends on a leader who can maintain the balance of triple bottom line (profit, people, planet). The organisations recognised the role of a leader in an organization because leaders have the ability to take decision and motivate the followers. (Roper, Ayudhya, Prouska, 2010; Rudani, 2013). The character of the managers plays a vital role; moral character not only influences the financial benefit of the organisation but also wellbeing of the society and environment. The concern for ethical consciousness comes when the idea of leadership authenticity is questioned and when the public trust in the corporate organization is extremely low (Fulmer, 2005). The need of moral leaders are felt in organization, when the corporate scandals cross their limitation, and at the same time the stakeholder and stockholder raise the question against the organisation. Ethical leader are those persons who have the ability to tell about our identity, what we are and what we can become how we live and how could live better (Peterson, 2005).

2. Genesis of Sustainable Development

The term sustainability became the burning topic after the world face the alarming rate from the environment. Furthermore in the year 1960, the word sustainability has a history; the concept of sustainable development was adopted as a reaction to environmental problems, and outbreak of social injustice brought by the industrial revolutions. It has been propagated and popularised by the WCED (1987), which takes account of the social, economic and environmental perspectives. As suggested in this report the present generations need should be met without sacrificing future generation requirements. The united nation environment and development commission (1987), later renamed Brundtland Commission; the commission main objective is to unite countries to seek sustainable development together. In the year 1996, There were three hundred documented definitions for ‘sustainability’ and ‘sustainable development’ (Keiner, 2006). The Google WWW search engine on July 12, 2005 recounted the huge number of 19.6 million hits for that. In addition they find 17.6 million entries for sustainable growth (Keiner, 2006). The above two definition clearly shows that, day to day snowballing demands and importance of this concept of sustainability. Defining sustainability needs a strong consensus about what is to be created, what is to be maintained and for how long. A thought need to be provoking how to inculcate the habits that are sustainable in nature (Keiner, 2006). The sustainability could not be achieve only in thought and discussion; it needs proper planning and strategy through which one can achieve the sustainable development. Sustainable development is now a key concept not only for naturalist or scientist but also for economists, scholars and policymakers. Sustainable development perceived by different persons in accordance with their interests (Keiner, 2006). Literature shows that, everybody need development but with sustainability (Si- vachiithappa, 2014;). Sustainable development cannot feasible only in thought and planning; it needs some systematic and reflective work. The techniques to establish economic and social and environmental change against corruption and exploitation in an organization is establishing ethical culture within. An ethical leader can make a change to make ethical culture in an organization (Work place…, 2011). Leaders with a moral compass set the tone when it comes to ethical dilemmas (Truxillo, Bauer, Erdogan, 2016).

3. Sustainable Development in Business Context: An Analysis

All socially necessary financial actions that are persuaded for profit purposes can be defined as business. It is one of the fundamental social activities needed to sustain and expand the collective body. Business environment must be taken into account in order to disinfect society (Kirkwood, Longley, 1994; Ujwary-Gil, Nalépka, 2018) As a result, the high status of enterprises emerged after the industrial revolution; industry has got enormous wealth and success. It has its good and bad sides, on the good side of industrial revolution; it provides economic development, comfortable life, science and technology. On the bad side, the craziness of success forced the
organisation employee to overlook duty and reponsibility towards the environment and society and at the same time tries to misuse the environment and society as much as possible. Globally industries are responsible for one-third of primary energy consumption (Mulia, Behura, Kar, 2017). Therefore, most of the Environmental degradation is due to extreme level of profit maximisation.

The deterioration of moral values in business makes workers unethical, as a result of which the company faces numerous ethical problems. Here are some examples which show the rate of unethical and immoral activities in organisations, as per the US based Ethisphere Institute Report 2019, worldwide 128 companies are recognised for exemplifying and advancing corporate citizenship, transparency and the standard of integrity. Whereas Wipro and Tata steel ltd. are the only two Indian companies who own the EQ (Ethical quantum) rank since 2007 (World’s most…, 2007). Ethisphere is acknowledging their critical role in shaping the business community and societies around the world and promoting positive change towards the society. Business organisations have both pros and cons. There are various examples how business organisation help to develop the society and day to day life style of human beings. At the same time, there are plenty of examples that illustrate business disaster steps towards the environment and society like In the Love Canal, Bhopal, and the Exxon Valdez cases, environmental controversies arose over the details of business’s liability (Frederick, 2008). The above instances are the clear indications of the brutality of organisation towards the environment and society.

In the context of business enterprise, sustainable development means accepting business strategies and activities that meet the needs of the organization and its stakeholders today while protecting, sustaining and enhancing the human and natural resources that will also be desirable in the future (Sujata, Das, 2004). At this time of crisis, it is imperative to find out a way of preserve both profitable improvement and environment, both are required for the growth and welfare of the human world and, moreover, the world of non-human also. Evidence from history and pre-history, however, shows that many regionally based economic have collapsed because of environmental overexploitation (Gowdy, 1995). The prime duty of the business organisation is to maintain the profit bar with sustaining the environment and society. With this there are three additional responsibilities that depend on this basic responsibility: the legal duty to obey the law, the ethical duty to find out what is right and avoid harm and philanthropic duty to be a good corporate citizen. (Boone, Kurtz, 2013; McAdams, Freeman, Hartman, 1999). Sustainability presupposes responsibility, so in order to practically implement corporate environmental sustainability; there is a demand of corporate agents to act morally.

Business leaders are the important pillar in an organisation, who balances the business organisation with profit, people and planet. Profit: The first and foremost vital concern is profit as business sustainability depends on the financial stability of business organisation. Literature shows the ultimate motto of any business is profit making (Michalowicz, Gujral, 2016). The Economist Freidman described him as the most influential economist of the second half of the 20th century... possibly all of it (Edwards, 2015). He supports the profit part as ultimate aim for business in his classic and proactive essay The social responsibility of business is to increase its profits, and a business only responsibility is to maximise wealth for its stockholders (McAleer, 2003). People: The development of one ensures others benefit. No business can run in isolation. Each component of the society contributes to business success. Both society and business is interdependent. A socially conscious business cannot function exclusively for profit maximisation, for the benefit of various part of society should also be pursued. Corporate social responsibility refers to its duty to take those decisions and to carry out certain acts that are appropriate in terms of the goals and purpose of the society.

Planet: Degradation of environment reduces the business sustainability chances. So it is a demanding situation for business to take necessary steps to make our planet healthy. Each and every business organisation operates in an interactive environment. Absence of healthy environment, organization cannot sustain for a long. It must draw its inputs such as manpower, energy, machinery, materials, etc., from its environment after transforming the inputs into outputs, and the organization must sell them to the various segments of society, which are essential environmental components. Environment and business organisation are both important factors for people to live in a society.

Ethical leaders in an organisation can bring a positive and ethical attitude and help for its sustenance. It allows their company to explore methods to protect the inherent value of the system that can be difficult to do and hard to achieve to its fullest. Our current social world is most definitely a commercial one. On the off chance, we are concerned about the natural environments signature properties, so we should have to choose appropriate approaches to facilitate it. The responsibilities and the ethical atmosphere are needed for effective business which can only be maintained by the business leader and this helps the business organization to run effectively to achieve the goal of sustainable development. Sustainable development is the principle put in order to achieving the ultimate goal of human development while at the same time maintaining the capacity of natural system to provide the natural resource and
ecosystem services on which the economy and society depend, need a leaders who make the principle in action and finally reality. It seems very difficult to achieve the goals of sustainable development in an organisation but not impossible. To achieve the sustainable development business organisation has some rule and regulation. One way to do this is to put in place simple guidelines that accurately describes what the employees are expected to do and what they should avoid. It cannot go successfully because it’s not so easy to make employee realise the value of business and practice the regulation in their day to day work. Written code and conduct are not enough to make the employees successful to execute towards sustainable development requirements. In corporate practice, the absence of moral and good restrictions corrupts and exhausts the regular and social assets that help it. (Ikerd, 2005). As it’s an implication that today market requires integrity or ethical behaviour in order to function effectively. (Montefiore, Vines, 2005; Rezaee, 2008). To uphold the ethical standards in a business organization, the role of leaders is valued by both by academicians and practitioners. (Al-shammari, Almutairi, Thuwaini, 2015).

4. Role of Ethical Leaders in Business Sustainability

Leadership considered as the process of influencing the activities of an organized group in its efforts toward goal setting and goal achievement (Scott, 2003, 30; Rost, 1991; Greenberg, 2003). Literature shows that, today’s business requires ethics and integrity; ethics play an important role for the organisation. It basically deals with the actions that are right or wrong. An ethical leader means leadership that is motivated by ethical beliefs and values to protect others interest. It’s all about trust, charisma, consideration, integrity and fairness. The ethical leader primarily tries to create a positive environment over the company with the aid of good relationship for the wellbeing of the individual. An ethical leader doesn’t just mean leader (as the term implies), it means the entire organisation. Leader as a moral leader play a crucial role in shaping the culture and organisational system. Ethical leaders play an important role in every organisation and organisational practice in general because ethical leader mean who promote ethical conduct and action and inspire others to follow their example. They have the capacity to carry out ethical initiatives in organisation. One of the main task of organisational ethics to explain ethically acceptable actions in different types of organisations, and also to design and implement ethical strategies and initiatives that explicitly incorporate sustainability and sustainable development principles and values. They need to remember that this organisation’s work environment is also affected by their behaviour. Such organisations have ethical obligations to examine the impact of their activities on sustainable justice, fairness, fair play, credibility, and environmental duty. Organisations involve a specific kind of morality that can provide a technique to the restore organisational culture and the making of moral agreements, as well as initiatives that promote sustainability and production of sustainability. That helps in project development and systematization.

With changing time, profit making is not the solo aim of business, but have responsibilities towards environment and society. (Gitman, McDaniel, 2007; Fernando, 2011) Business leaders will be responsible both to the environment and society; otherwise sustaining organisation become difficult (Ciulla, Scharding, 2019; Murthy, 2009; Habisch, Jonker, Wegner, Schmidpeter, 2005). It is necessary to have the sustainability agenda transparent in an organization culture. There are several targets in sustainability agenda which could be considered with the support of a business leader and depends on the forward-looking approach of the leader of organization. According to Heifetz (1994) adaptive leadership theory provides an important insight into environmental sustainability leadership. Boirai et al. (2010) examined this connection between the two systematic type of literature on environmental management and the stage of consciousness growth for managers. Jim MacNeill, Chair Emeritus of the International Institute for Sustainable Development, addresses one of the most articulate recent statements on the relation between leadership and sustainability. He argues that influential people in the best leadership positions in government and the private area will be critical to achieving sustainable development: Institutionalizing sustainable development will not happen, certainly not in any significant way, if the person at the top is not determined to make it happen (Redekop, 2010; Laszlo, Christensen, Fogel, Wagner, Whitehouse P. J., 2010). The leaders have the ability to convince the employees and inspire the followers to adopt the code and conduct for the benefits of organisation, at the same time to maintain the sustainable development agenda.

The character of a leader in an organization plays a significant role for business success. Some specific character like dignity and respectfulness, serving others, honesty and leader principle procedure standard, result standard moral guideline and justice, which recognized the most, desired virtue of an ethical leader. To be virtuous is a pivotal requirement of ethical leaders. Aristotle virtue ethics in a moral framework help to determine the role and rights of ethical leader. The Nicomachean Ethics and Rhetoric, Aristotle provided us with a vivid description of what an individual should strive for in life, which many have applied in all walks of life, including leadership (Nelson, 2015). The virtue identified by Aristotle in the Nicomachean ethics offers an important foundation for developing virtuous leaders (Bauman, 2017). The leaders should understand the
value of virtue and their motivation, if the leaders really want to guide their followers ethically in critical situations. There is fourfold connexions between Aristotle’s virtue ethics and business sustainability in order to understand the role of leaders. Leaders may monitor this fourfold virtue in business organisation for sustainable development. Four fold links which obliging to business sustainability are prudence, practice, protection and distribution and the last one is profit.

5. Imparting Aristotelian Virtue Ethics for Business Sustainability

The virtue theory upholds the idea that development of good character leads to ethical action. It examines the intrinsic character which makes someone virtuous. A system of ethical thought which consider the development and nature of the moral character as the best way to affect moral behaviour and a moral society (Palanski, Yammarino, 2009). Virtue ethics broadly focused on moral attributes which will be the best possible mode to influence the other human beings moral behaviour towards the society. The central concept of virtue ethics is the excellence of character like the courageousness, self-control, honesty, compassion, truthfulness and fairness. This concept of Excellency would encourage one’s own self, as well as others. Virtue represents the ancient belief that human beings have an essence of a fixed nature and that the way we succeed is through obedience to that definition. Virtue is fundamental to character (Sarass et al., 2016) and is seen as moral integrity in leadership (Hendrix et al., 2004) and it can be established (Peterson, Selgiman, 2003, 2004). Imparting Aristotelian virtue ethics in regard to ethical leadership would lead to a positive result. Aristotle submits that if we can only reflect on how one can be a virtuous person then the right action will follow without effort. Aristotle provided us with a vivid description of what an individual should strive for in life, in his works, The Nicomachean Ethics and Rhetoric, which many have applied in all walks of life, including leadership (Nelson, 2015). Four cardinal virtue of Aristotle are courage, temperance, prudence and justice are paramount importance for business leaders to perform at the roadmap of sustainability agenda.

The virtue fortitude helps one to overcome fear, and face the trials and tribulations of life. The strength of character and power of endurance give momentum. When our strength is exhausted we build stamina but our resolve is not stifled. Fortitude makes us brave in circumstances where our natural inclination is to be shy. Fortitude is defined by the power we exhibit and practice in the workplace. Strength, courage, endurance, resiliency qualities present in any leader with fortitude. This quality makes the leader more strong and sharp rather than the followers which help the leader to face every situations it may be good or bad. Role of the virtue as temperance in the business world is significant. Under certain conditions leader needs to balance their approach. When a complex project’s rigors sap resources and generate discouragement, it is self-discipline that keeps you on going. The challenges that interfere with our path to success can be denied to us, which pushes us forward in a positive way. Self-control helps you to postpone gratification as a trade-off for longer term success today. And, above all, people who make temperance part of their daily habits win! Being more in charge of your decisions will drive you much more quickly to your desired destination. A winner who practices temperance, self-denial, self-control, self-disciplinary characteristics is the most important feature of a leader.

Prudence helps leaders to escape judgmental actions. Confused? Perhaps saying Wisdom makes it clearer for you to make the right choices and business decisions. Leaders need the insight to explain what the future needs to look like, what actions will be successful and what actions should be avoided. While exercising a bit of discretion clarifies decisions, options and essential obligations. Discretion shows good judgment and clear ability to discern the right place for success. The wise person decides and guides action, and is capable of applying moral behavioural concepts to overcome doubts and accomplish success. Being careful means knowing goals, what is important in the long run, and what actions make all this possible. Leaders who understand how they can make the right call in all circumstances take on a wise leader’s persona. Leaders who concentrate on the future have to make choices and who show good judgment when dealing with people are really the wise leaders we all need.

The fourth virtue Justice is a vital point not just for the business leader but for all leaders. All want justice for themselves, and for others. All want to be treated fairly, without discrimination or partiality. Literature shows that integrity is a most important point for ethical leadership. (Parry, Proctor-Thomson, 2002; Heres, 2010; Huberts et al., 2007; Resick et al., 2006). If their behaviour and actions are deceptive, then no leader would be recognized. Everybody expects truthfulness and consistency in all aspects of the company and our leaders want predictability. No surprises is the slogan of leaders trying to justify protect the community. Everyone has a chance that is dependent on their ability, not their connections. Justice requires leaders to represent, to support those who need shoring up knowledge and expertise to improve their careers. And the leader would never obstruct an employee’s advance, because they need them to remain alongside them. A single leader glorifies their staff in progressing because it speaks well of the chief. The just leader creates working environment where everyone is treated fairly and done in an honest fashion, and an atmosphere full of honesty.
people. Justice is not perfect, but leaders need to stimulate the vitality in the workplace constantly. The business organizations, however, have acknowledged the need for sustainable development in order to operate efficiently. As a result, many progressive companies began reporting their environmental and social results annually. It would be only possible with the assistance of the leaders, because the organization without their commitment and participation cannot retain responsibility for society and the environment. Steve W. Percy (2000) also argued that the company’s chief environmental officer should be its chief executive. He also describes the environmental leader’s supporting effect on an organization’s environmental sustainability. The environmental leader simply means the corporate greening criteria members (Egri, Herman, 2000; Flannery, May, 1994). It has the ability to influence individuals and mobilize organizations to realize a vision of long-term ecological sustainability (Egri, Herman 2000), environmental leadership has guided the greening of many organisations. It is therefore very important to start by actively thinking about importance of social and environmental issues that affect and impact the business organisation.

6. Conclusion

The motto of sustainable business depends upon the business leaders who take decisions towards the benefit of society, environment and business. The business leaders must have the consciousness business first responsibility towards profit, secondly towards social up-liftment and thirdly towards environment. A business leader needs to be ethical leaders whose virtues support the triple bottom line of business sustainability. This vision of business sustainability should not be in speech but only in action. Virtue ethics make a business leader to be ethical and help them to take right decisions towards plant, people and profit. The leader must follow the virtue ethics in their day to day life which help them to guide them to take the right decision not only for the business organisations but conscious about the present need and need of the future.

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