ROLE OF STRATEGIC LEADERSHIP IN ENHANCING ETHICAL PRACTICES: A REVIEW OF LITERATURE

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Abstract:-

This paper reviews literature on the role of strategic leadership in enhancing ethical practices. Management theorists and business leaders have a saying that ``good conduct is good business''. They have in time and again asserted the need to facilitate good behavior in organizations to help safe guard reputation and also to convey a commitment to responsible practice to both society and all the other stakeholders. It is evident that ethics is core to an organization and ethical conduct should be seen as a driver of business growth and therefore demanding the leadership's attention. Scholars have identified six critical roles of strategic leadership comprising of determining the firm's purpose and vision, exploiting and maintaining core competencies, developing human capital, sustaining an effective organizational culture, emphasizing ethical practices and establishing balanced strategic controls (Ireland & Hitt, 2005; Hagen, Hassan & Amin, 1998; Jooste & Fourie, 2010; Hitt, Ireland & Hoskisson, 2011; Serfontein, 2010).This paper examines the leaders role in these six areas. The paper is presented in five sections. Section one introduces the topic under review. Section two discusses the concept of leadership, followed by concept of strategic leadership in section three. The six critical roles of strategic leadership are discussed in section four while conclusion is found in section five.

Keywords: - *Strategic leadership, ethical practices, vision, mission, objectives, core competencies, human capital, corporate culture, core values, and strategic controls.*

INTRODUCTION

In this world, we go through various seasons. Currently, Kenya is going through the electioneering period, elections are to be held on 8th August, 2017. Most of the discussions and debates among individuals, politicians, FM stations and even on television have been mainly centered on the August elections. I have followed the conversations with a lot of interest and a week ago a debate in one of the television morning shows caught my attention. The discussion was on the audit report of the voters register whereby it was reported that some dead voters were still in the register and there were fears that `` the dead voters might vote''. What caught my attention was a comment by one of the panelists. He said that his worry was not on whether the dead voters were going to vote, but what worried him most was why those in charge would allow it to happen. This comment indicates that the issue of ethics is a matter that needs to be continuously addressed. It is a reality that moral failures and as well as successes occur in organizations. It is expected that organizations will behave in a certain way to ensure that they achieve their objective. It is also expected that people and organizations will behave in an ethically positive way to enjoy trust, positive reputation and image in the society. However, this is not always the case as unethical behaviors; corruption and bribery are always reported. The question of ethics is a societal concern. Ethics are the principles of right and wrong that is acceptable to individuals, social groups, organizations or the society at large. It is an issue of critical importance to the professionals that serve society and at the work place as it is in our personal lives. It is with this background, that this paper seeks to answer question is; what is the role of a leader as far as ethical practices are concerned? Can a leader make a difference? This paper review literature on the role of strategic leadership in establishing and maintaining ethical practices in the organization. The paper will provide definitions for the constructs strategic leadership and ethical practices and further describe the role of strategic leadership in establishing and maintaining ethical practices in an organization.

Strategic leadership is widely seen to play a role in enhancing ethical practices in organizations. It has become very important to embrace strategic leadership that enables the organizations' leaders to develop the organizations' vision, mission, strategies and culture (Gill, 2010) to ensure superior performance (Daft & Marcic, 2013; Daft, 2011). Gerras (2010) has asserted that through strategic leadership, the leader affects the desired organizational goals by envisioning, influencing the organization's culture, allocating resources, directing policy and building consensus on the future.

Today's organizations are very complex. They consist of many individuals, groups and subsystems that work independently to accomplish collective goals and outcomes. Since it is the leaders who formulate the organizational goals, develop structures, processes, controls and core competencies it is expected that they will be the role models to their followers and show them the behavioral boundaries set within an organization. There has been extensive research focusing on the role of leadership in establishing and sustaining an ethical climate, and past research has demonstrated that a strong relationship exists between ethical climate and ethical behavior (Mayer, Kuenzi, & Greenbaum, 2009). Victor and Cullen (1987), defines ethical climate as "the shared perception of what is correct behavior, and how ethical situations should be handled in an organization. As employees understand what is acceptable within an organizational context, their ethical choices can be shaped (Kish-Gephart, Harrison, & Trevino, 2010).This gives the leaders a unique opportunity to shape the ethical climate using the power that they have as leaders.

Nature of Leadership

Leadership has been a concept of interest to many scholars but has been very hard to define. Leadership is arguably one of the most observed, yet least understood phenomena on earth (Burns, in Abbasialiya, 2010). There are many definitions by different authors and the number seems to have been increasing as quoted by Volkmann (2012):"I heard that there are approximately 1,400 different definitions of the words leader and or leadership". What these numbers, real or exaggerated, simply mean is that there is no consensus about what leadership is and therefore the search for a better definition goes on. Further, McCleskey (2014), citing Bass (2008) and other authors, argues that the search for a single definition of leadership may be in vain since the correct definition of leadership depends on the interest of the researcher and the type of problem or situation being studied.

Leadership is therefore important and many authors have tried to define what it is. For many centuries, leadership was seen as a personal quality as summarized by Carlyle (1841/2011) in his leadership theory of the ``the great man''. To him, leaders were exceptional persons or heroes that were able to use their charisma, intelligence, wisdom and political skill to have power and influence over people. Stogdill (1950) has defined leadership as the process or the act of influencing the activities of an organized group in its efforts towards goal setting and goal achievement. Other authors such as Avolio, 2007; Jordan, 2010; Jariden, 2010 and Kellerman, 2014 argues that leadership is not just a personal quality but leadership also occurs in a given context. They distinguish the leadership role from the managerial role, stating that managers merely use the authority inherent in formal positions to obtain compliance from organizational members. An effective manager will however have to possess and utilize significant leadership ability.

There are as well many different views of leadership as there are characteristic that distinguish leaders from non-leaders. While most research today has shifted from traditional trait or personality-based theories to a situation theory, which dictates that the situation in which leadership is exercised is determined by the leadership skills and characteristics of the leader (Avolio, Walumbwa, & Weber, 2009), all contemporary theories can fall under one of the following three perspectives: leadership as a process or relationship, leadership as a combination of traits or personality characteristics, or leadership as certain behaviors or, as they are more commonly referred to, leadership skills. In the more dominant

theories of leadership, there exists the notion that, at least to some degree, leadership is a *process* that involves *influence* with a *group* of people toward the realization of *goals* (Naylor, 1999; Wolinski, 2010).

From the many different views, Alberto(2016) has concluded that leadership is an evolving concept but it could be defined as 'the process of interactive influence that occurs when, in a given context, some people accept some one as their leader to achieve common goals'.

It is generally accepted that leadership is a key determinant of organization's performance and hence it can be confidently stated that leadership makes the difference. The rise and fall of many organizations can largely be associated with its leadership.

Strategic Leadership
According to (Yulk, 2010), there has been an increased interest in strategic leadership by top executives in the recent years. Scholars have identified six critical roles of strategic leadership which comprise of determining the firm's purpose and vision, exploiting and maintaining core competencies, developing human capital, sustaining an effective organizational culture, emphasizing ethical practices and establishing balanced strategic controls (Ireland & Hitt, 2005; Hagen, Hassan & Amin, 1998; Jooste & Fourie, 2010; Hitt, Ireland & Hoskisson, 2011; Serfontein, 2010).These six roles are discussed here below:

1. Strategic direction
The modern organizations are operating in a rapidly changing world with a very competitive and unpredictable environment and therefore the need to understand better the organization's environment (Serfontein 2010). One of the roles of a strategic leader is determining strategic direction for an organization which involves developing a long-term vision for the organization as suggested by Ireland and Hitt (2005) who observed that the task of determining the direction of the firm rests squarely on the strategic leader. Bateman and Snell (2009) argue that strategic leadership gives purpose and meaning to organizations. This is so because; strategic leadership involves anticipating and envisioning a viable future for the organization and working with others to create the desired future.

According to Mutia (2015) determining strategic direction entails articulating the organization's mission and vision, developing the organization's strategic goals, objectives, and coming up with a strategic plan. It is therefore the primary goal of a strategic leader to gain a better understanding of the business in totality. This means understanding the business conditions, the environment and all other aspects that identifies the challenges of the future. The leader must have the ability to keep one eye on how the organization is currently adding value and the other eye on changes that are taking place, both inside and outside the organization, that either threaten its position or present some new opportunity for adding value.

Strategic intent aligns the actions and beliefs of everyone in the organization towards the organizations' goal. Strategic intent assists strategic leaders to develop the criteria to guide and measure progress, active management, and leadership processes which lead the organization to achieve its goals (Szpakowski, 2011). Makori (2014) opines that strategic thinking is the basis upon which strategic intent emanates and it is intent-driven. According to Odita and Bello (2015), strategic intent positively and significantly relates to the organizations' performance and it is found in the mission, vision, and objectives. Further, Makori (2014) observed that strategic intent provides direction, discovery, and destiny for the organization. Strategic intent conveys the future opportunities of the organization (Collins, 2010).

The Vision
What is a vision statement? Taiwo, Agwu, and Lawal (2016) opine that the vision statement sets out what the organization wants to accomplish and it inspires members, staff and supporters alike. It is the vision that guides everyone in the organization to ensure that all are walking on the same path and at the same pace (Hitt, Ireland, & Hoskisson, 2011). According to Prokesch (1997), the purpose and vision of an organization is to align people's actions across the entire organization. A vision statement explains what the firm wants to be in the future and the level it wants to attain in the future (Ozdem, 2014). A vision statement aids an organization in the future events. The leader ensures that the people understands the vision and lives it. A vision is inspiring and exciting, it fosters long-term thinking, risk-taking and experimentation, it helps in creating the common identity and shared sense of purpose, is competitive, original and unique, and represents integrity and is truly genuine (Jyothimon, 2014). A leader ensures that the vision is filled with drive and energy inspiring the people enough to proudly speak about their organization's purpose and vision. The vision statement must reflect the organization's values and aspirations and it is intended to capture the heart and mind of each employee and stakeholders (Candemir & Zalluhoglu, 2013). It prepares the organization for the changes and innovations anticipated in the future and forecasts desired changes suggested by customers and other stakeholders (Powers, 2012). A vision statement explains what the firm wants to be and the level it wants to attain and communicates the organizations' dream (Ozdem, 2014). A vision assists the people in having an idea of the culture of the organization.

The Mission
A mission statement defines an organization's unique and enduring purpose (Gharieghi, Nikbakht, & Bahar, 2011). It describes why an organization exists and what the organization does to achieve its vision. It identifies the scope of the

organization's operations in terms of products/ services offered and the market served (Candemir & Zalluhoglu, 2013).During the strategic planning process, it is the mission statements that guide and explains what organizations want to be and whom to serve (Ozdem, 2011).It must therefore be very clear in a leaders mind on where the organization needs to go and what must be done to reach the desired future.

The Objectives
After stating the desired future and describing the organization's purpose, the next step is to describe what is to be achieved. These are the organization's performance targets. Objectives describe what an organization is hoping to achieve (Koontz, 2011). Setting objectives is beneficial to the organization. Peter (2014) listed ten benefits of organizational objectives: determining strategy, providing guide to action, providing a decision making framework, coordinating activities, facilitating prioritization and conflict management, controlling performance, concentration on long-term factors, motivating employees, bases for decision making, and clear idea of the organization.

2. Exploiting and maintaining the core-competencies
Strategic management tries to answer the question on why organizations differ. Why do some organizations perform better than others? What is it that they are doing that we are not doing or what is it that they have and we don't? Grant (1996) argues that core competencies are the resources and capabilities that give an organization a competitive advantage over its rivals. Organizations consist of many individuals, groups and subsystems that need to work independently to realize collective goals and results. It is the leader's role to facilitate implementation and co-ordination and integration of this work. Thompson et al 2007 suggested that senior management need to put constructive pressure on the organization so as to continuously improve performance through:
- Nurturing a results oriented work climate
- Promoting an enabling culture and
- Setting objectives and expectations.

House & Aditya, 1997 asserts that the top leaders have the ability to align human resources in an effective way directly to the business strategy. Great leaders are judged as much by what they leave behind as by what they achieve during their tenure.

3. Developing Human capital
Strategic leaders' views employees as a valued and critical asset on which core competencies are built and through which competitive advantage is exploited successfully. Hagen, Hassan, and Amin, (1998), Ireland and Hitt (2005) and Slawinski (2007) describes human capital as the knowledge and skills of the firm's entire workforce. Employees are a capital resource that is worth investing in. This view is shared by McIsaac, Park, and Toupin (2013) who notes that the importance of human capital cuts across all sectors of organizations and human capital refers to the collection of skills, knowledge, competencies and personal attributes that create value in the workforce. Developing human capital is key for improving a firm's productivity and competitive advantage Mutia (2015) .This means investing in training and development .Training and retraining are important when organizations require different skills, competitive capabilities, and operating methods. Training is strategically important in organizational efforts to build skills-based competencies (Thompson et al., 2014).This is affirmed by authors such as Laing, 2009; Masood, 2010 and Khanfar, 2011, who views training as an indicator of superior skills, knowledge, and capabilities of the employees that result in effective performance. Others have argued that training provides employees with necessary job-specific skills to enhance their performance (Luis, David, & Robert, 2010).

According to Vinesh (2014) training covers essential work-related skills, techniques and knowledge in employees. Saleem and Mehwish (2011) averts that training is an organized increase from the know-how skills and sensations needed for staff members to execute efficiently their work in the organization.

The development of human capital is successful when supported by top management through provision of the necessary resources. The human resource departments have a central role in developing the human capital but they too cannot succeed without the support of the top management. Strategic leader's makes decisions intended to help their organizations develop, maintain, strengthen and leverage and exploit core competencies. Developing employees creates a motivated and well educated workforce.

4. Sustaining an effective corporate culture
It is suggested that culture and leadership are conceptually intertwined Schein (2004) .Culture and leadership can be seen as the two sides of the same coin. Culture is a system of values, beliefs, and behaviors that shape how real work gets done in an organization. Watson (2006) emphasizes that an important trend in managerial thinking in recent decades has been one of encouraging managers to try to create strong organizational cultures. When organizational culture is aligned to business strategy, the workforce will act and behave in ways that support the achievement of business goals. It's the leader's duty to uphold the values and beliefs of the organization's culture through their actions and decisions which in turn, will enable the execution of strategy

5. Emphasizing ethical practices

Success and superior organizational performance is significantly attributed to sound ethical practices as affirmed by Alshammari, Almutairi, and Thuwaini (2015). 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 (Minkes, Small, & Chatterjee, 1999). According to Perry et al, 2014, ethics is a key component of good governance and has significant potential to affect public trust in all forms of government (Joyce 2014). Further, according to Hale (2013), ethical practices in organizations have been associated with greater reputation, trust, confidence and above all organizational performance. A lot of studies have been conducted regarding the relationship between ethics and healthy organization. Ethics plays an essential internal and external role in increasing productivity and in saving organization from crisis. Previous research has identified a number of factors that can shape standards of conduct within an organization, among which the role of leadership has attracted significant attention (Grojean et al. 2004; Steinbauer et al. 2014).

Ethical practices can be enhanced through codes of conduct, core values and ethical practices.

Codes of conduct

Codes of conduct also called code of ethics are those ethical instruments designed to anticipate and prevent behaviors such as conflict of interest, self-dealing, bribery, and inappropriate actions in the organization. They are management tools written to guide behavior. They help set the organizational values, responsibilities and ethical obligations. They provide the foundational framework for which the employees in the organization will use as they carry out their daily tasks. They set the behavioral boundaries as well as the expected behavior in the organization. They clearly articulate the behavior that is acceptable and also what is not acceptable. A strategic leader will ensure that everybody observes the organizations codes of conduct that gives the organization the desired reputation. According to Winthanage (2010), a code of ethics supports the best practices, behaviors, and standards in an organization and is observed to prevent unethical work place.

Core Values

Strategic leaders are also concerned with observation of the organizations' core values. According to Anwar and Hasnu (2013), core values are the universal system of belief and behavior, which purpose driven and clarify the vision of an organization. They are the beliefs, traits, and behavioral norms that management has determined to guide the pursuit of its vision and mission (Thompson et al., 2014). Further Thompson et al., (2014) urge that core values relate to fair treatment, integrity, ethical behavior, innovativeness, teamwork, top-notch quality, superior customer service, social responsibility and community citizenship.

6. Establishing strategic controls

Lastly, a strategic leader ensures that there are strategic controls mechanisms in place. Strategic control is a major part and tool of strategy implementation process. It is used to assess the external and internal environment and also to provide feedback or feed forward to the strategy management process (Chikwe, Anyanwu, and Edeja, 2016; Ndegwa, 2013).It is the feedback system that monitors and evaluates the processes of implementing the organizations strategic plan as opined by Chikwe et al., (2016) who states that strategic control involves tracking strategy implementation. This means that strategic control is also concerned with detecting problems or changes/deviations in the process of strategic plan implementation through monitoring and evaluation. Likewise, Ndegwa ,2013; Daft and Marcic ,2011; Mutia 2015) adds that strategic control is a critical component in strategic management process and it involves tracking, monitoring and evaluating the effectiveness of strategies as well as making any necessary adjustments and improvements on the strategy. Volberda, Morgan, Reinmoeller, Hitt, Ireland, and Hoskisson (2011) notes that balanced strategic controls help strategic leaders to build credibility, demonstrate value of the strategies to stakeholders and promote and support strategic change.

Conclusion

Reviewed literature has reflected that the role of leadership is of fundamental importance to the performance and success of organizations. It is the role of the leader to give the organization a strategic direction that will ensure that they out perform their rivals and achieves the organizational goals. This therefore requires the leader to align his brigade towards a common and shared commitment to reaching the desired future position. This is not a simple job as it calls for the organization to do things differently, employees to behave in a certain way and to adhere to some standards that will ensure the organization performs. This takes us back to our question on the role of the strategic leader in enhancing ethical practices. From the reviewed literature, it is evident that the ethical responsibility lies with the leaders as they have the power to influence culture and behavior. It is also said that employees will not believe a message until they hear it repeated by the executives seven times. The leader must therefore use every chance they get to communicate and communicate the vision and mission of the organization and how to realize the set objectives. This is opined by Kirimi and Minja (2010) who states that) organizations' failures results from the leaders' failure to sell the organizations' vision to its followers and not being able to convince followers to be passionate about the organization and also failing to make employees loyal to the organizations' vision. This argument is also supported by Ireland and Hitt (2005) who observed that strategic leaders are important because they create organizational meaning and purpose. Strategic leadership practices enable organizational leaders to influence their followers to contribute effectively to the accomplishment of the goals and objectives of the organization (Obiwuru, Okwu, Akpa, & Nwankwere, 2011.

This paper concludes by stating that, strategic leaders should focus on ethical practices as much as they leaders focuses on the mission, vision, values, culture, strategy and goals of their organization. Ethical practices play a major role in the success of organizations.

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