

Ethical Leadership in the Age of Digitalization: Strategies for Effective Governance

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Abstract. The technological revolution has resulted in an unprecedented integration and use of digital technologies in automating and transforming business processes through transforming the traditional processes into digital ones. This digitalization has touched various aspects of the organization's operations including data management, communication and the other business processes with the aim of improving efficiency and providing new services and products. In the context of the organization, leaders are driven to take decisions and actions that not only fit with the company culture and the internal and external environments but also with the ethical standards and the sustainable processes. Ethical leadership is deeply affected by digitalization in the sense that it introduces new challenges and opportunities for organizations to uphold ethical principles and values. The limitless amount of data that organizations can collect and process thanks to digitalization are very useful for decision makers in processing and enhancing the customer experience. However, such abundance of data poses real risks and challenges such as privacy and security concerns, technological obsolescence, and the potential for digital divide and bias.

The current study explores the relationship between digitalization and ethical leadership in the context of effective governance.

Accordingly, ethical leadership is more crucial than ever in ensuring the appropriate and sustainable use of technology as digitalization changes the way firms function. The article offers a framework for efficient governance that includes incorporating digitization and moral leadership concepts into the company's culture, decision-making procedures, and avenues for communication. A list of best practices for moral leadership in the digital era are included in the blueprint, including encouraging responsibility, diversity, and inclusivity. Organizations may develop a culture of responsible digitization and support efficient governance that is advantageous to both the firm and society at large by implementing these principles.

Our methodology will involve an exploration of the relationship between digitalization and ethical leadership within the context of effective governance. The study is going to employ a mixed method approach based on different case studies and interviews with employees and company leaders to get an understanding of the experiences and perspectives of leaders in navigating ethical dilemmas in the age of digitalization.

Keywords: Ethical leadership. Digitalization. Governance. Strategy. Sustainability. Organization

I. Introduction

The digital transformations have transformed the traditional processes of doing things into digital ones through the integration of digital technologies; not only in the personal aspects of life but also the professional and business ones. Nowadays, artificial intelligence, big data, the internet of things and cloud computing are all terms that have invaded the jargon of individuals as well as organizations. People's activities and behavior have witnessed tremendous changes starting from shopping habits, teleworking, online education and so on. Such a quick technological advancement is reflected in the way people communicate, they live and work. Business operations, data processing and management, communication tools have been deeply affected by digitalization creating thus new opportunities for productivity, efficiency and development.

Leadership, as a fundamental component for goal setting and directing teams, followers' motivating, communicating with the other, and namely problem solving and decision making, has witnessed a profound influence from digitalization creating thus new challenges and opportunities for leaders to uphold ethical principles and values.

Leaders in the digital era are driven to make informed decisions on the basis of data. They do need to adapt to the new styles of communication and make decisions in quick and effective ways. Meanwhile, innovation and creativity remain

fundamental while upholding the ethical principles and values leaders tend to protect. And these represent real challenges for leaders on both social and professional levels.

Ethical leadership has revolved as a new style that emphasizes the ethical practices that stem from trustworthiness, mutual respect, responsibility, justice and equity, as well as integrity and fairness when interacting with the different stakeholders including employees, customers and suppliers. More focus has been on the company culture, sustainability, the general welfare and the social responsibility of organizations.

Therefore, it is necessary to analyze the principles of ethical leadership and explore its relation with digitalization in order to explain the effect of such a relationship on the effectiveness of governance in organizations. Besides, scholars are required to identify both the risks and opportunities of digitalization and explain the ways ethical leadership would contribute in the effectiveness of management. As a matter of fact, the current research aims at providing a practical framework for efficient governance that embraces both ethical leadership and digitalization into the organizations' culture namely in what concerns problem solving and decision making processes. A framework that could be used as a reference for the best practices for ethical leaders in the digital era. For the above reasons, the current study provides rich contextual information that allow comprehensive analysis of the strategies and the best practices employed by business leaders in their attempt to ensure effective governance.

Therefore, after an extensive review of literature on ethical leadership, digitalization and governance as well as the inter-relationship between them. The article is presenting the implications of the findings in the relationship between ethical leadership and effective governance in the digital age as well as the challenges and opportunities identified in this relation. We also attempt to provide a framework for efficient governance that incorporates the concepts of ethical leadership and governance to be employed by leaders to get the best of employees and reach success in the enterprise.

II. Ethical Leadership in the Era of Digitalization

In the context of organizations, concepts of respect, integrity, honesty, justice and equity, trust and transparency as well as fairness are basic for managers. These concepts are considered fundamental in the relationship between the company and its internal and external stakeholders. The crucial role of Leadership in the organization also stems from these principles and it represents a developed level of management as Kotter defines it *"Leadership is different. It is associated with taking an organization into the future, finding opportunities that are coming at it faster and faster and successfully exploiting those opportunities. Leadership is about vision, about people buying in, about empowerment and, most of all, about producing useful change."* (Kotter, 2013, p. 59). Consequently we can infer the importance of creating vision for the future and empowering people to reach that vision in order to conduct positive change and promote the organization. This cannot be achieved separately from the company culture and the code of ethics it adopts. Here comes the importance of ethical leadership as a style of management that emphasizes the values and principles of transparency, fairness, integrity, honesty, sustainability and social responsibility. *"Ethical leadership refers to the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making"* (Brown et al., 2005, p. 120). The specificity of critical leadership is that it not only concerns personal behavior, but also emphasizes promoting and encouraging ethical behavior in others through the communication styles, feedback, giving examples and best practices etc. ethical leaders are supposed to set example to other employees and stakeholders through their behavior to enhance and develop ethical conduct in others.

Ethical leadership requires a distinct and strong sustainable company culture. On the one hand, the company culture can have a great impact on the effectiveness and quality of work that leads to competitive advantages in the market. On the other hand, it supports the ethical values and principles that benefit not only the organization but also the stakeholders and the whole society. This is what Ciulla refers to when defining ethical leadership as *"a process of influencing the behavior of people through moral principles, values and beliefs, and creating a sustainable culture that supports these principles and values"* (2014, p. 124).

As a fundamental component of the internal environment of an organization, company culture refers to the set of inherent values and principles (born in an organization) that characterize an organization and guide the behavior of its members towards achieving the common goals. It has a variety of definitions such as *"Corporate culture refers to the shared values, attitudes, standards, and beliefs that characterize members of an organization and define its nature. It represents the behavior, customs, traditions, and norms that shape the organization's character, style, and personality"* (Schein, 2010, p. 17). Similarly, Deal and Kennedy focus in their definition to the company culture on *"the way things get done around here. It is the sum total of the company's values, traditions, beliefs, interactions, behaviors, and attitudes. The culture determines how employees act, think, and feel, and influences their decisions and actions. It is a critical factor in determining a company's long-term success or failure"* (Deal & Kennedy, 1982, p. 11).

Armed with a strong corporate company culture, ethical leaders are driven to solve problems and take decisions that are complex and significantly influential on individuals, organizations as well as societies. Critical leaders analyze data, assess risks and make informed decisions under pressure, uncertainty, and ambiguity by weighing strengths and weaknesses, considering ethical and moral implications, and thinking critically is a real challenge for leaders. All this in accordance with perspectives of others. As a matter of fact, the process of decision making in critical leadership is a multifaceted process that involves cognitive, emotional and behavioral dimensions that require a combination of knowledge, skills and values. Decision making in critical leadership is very challenging as it is a complex process that basically involves different stakeholders with the conflicting interests sometimes. These conflicting values require leaders to make different trade-offs in order to avoid conflict especially when accompanied with limited information and time constraints. Therefore, some undesirable consequences do pop up and dealing with them require high level of critical thinking that combine moral reasoning, commitment and ethical conduct.

Ethical decision making is very challenging in the sense that leaders generally find themselves facing some competing interests among the stakeholders which make it difficult to balance these interests. Let apart the bias of managers; leaders are human being and are susceptible to different biases that can hinder the processing of taking objective and balanced decisions. *"Leaders are humans, and like all humans, they are prone to cognitive biases that can affect their judgment. These biases can cause leaders to make decisions that are not in the best interest of their organizations or stakeholders"* (Kumar &Pansari, 2016, p. 184) Decision making is dilemmatic in essence and it is more challenging for leaders to handle ethical dilemmas in the case of situations with conflicting principles and this requires more critical thinking and moral reasoning to handle. The reason why many leaders fail in creating a culture of ethics within the organization. Moral complexity represents a challenge for ethical leaders as well; sometimes it is difficult to distinguish what is pure right and what is pure wrong. These grey areas might lead leaders to take tough decisions that are not necessarily popular and agreed on by all stakeholders.

Nowadays, the modern society is considered a digital society by excellence. The technological revolution has facilitated the process of converting analog information into digital ones. Digitalization has allowed the easy access, storage, use and manipulation of data regardless of the constraints of time and space. Digital devices such as smartphones and computers connected with the internet facilitates the production and the processing of information on larger scales. Digitalization has affected the people's life on different levels: many aspects of people's life has become affected by the presence of technology: social interaction, communication, education, entertainment as well as business. Social media have revolutionized the ways individuals and communalities interact with each other to the extent that we can speak now about the digital civil society and the digital values. Digitalization has countless advantages on people's life: during the pandemic Covid 19, schools closed their gates almost over the world but education did not stop thanks to distance learning. Even after the pandemic many societies are blending their educational systems in the sense that technology allows more flexibility among learners. In the same context, technology advancement has brought new forms of leisure and entertainment including streaming, tv shows and online gaming. The European commission in its report 2020 admits that *"Digitalization is fundamentally changing our lives and our work. It is creating new opportunities and benefits, but also new challenges and risks"* (European Commission, 2020, p. 4).

On the business level, organizations are closely related to their environments. They affect and are affected by the socio-economic, political, technological, environmental as well as technological changes (PESTEL analysis). Digitalization has largely influenced the ways businesses and organizations operate: technology affects almost all the processes and operations within organizations starting from designing products and services, to concepts building, marketing strategies developing and customer relationship managing. Besides the various disadvantages of digitalization on business as on other aspects of life, it has benefited managers in different ways. Technology has contributed in improving efficiency within the organization namely in the operations that have benefited from the automation of processes. This has led to a cost reduction and productivity development. The flow of communication has improved thanks to the extensive use of technology in interaction between managers, employees, customers, suppliers ... Many companies have managed to go global and reach customers over the world (online businesses).

The company leaders find themselves obliged to adapt with the technological development because *"Digitalization is rapidly altering the fundamental nature of competition. Executives must rethink the way their organizations are structured, operated, and managed to harness the power of digital technologies, respond more effectively to the market's evolving needs, and continuously innovate new products and services."* (Weill &Woerner, 2018, p. 1)

Decision making, in turn, has been influenced by digitalization. Ethical leadership in the digital era has become more complex and challenging. The limitless amount of information and data available for leaders does represent a potential for unintended consequences in the process of decision making. Ethical leaders are required to construct a clear picture of precisely what must be decided through compiling a list of requirements that must be met. Collecting information

implies collecting alternatives that meet those requirements and comparing them, considering the “what may go wrong” with them before taking any decisions and committing to them. *“Leaders must develop new decision-making strategies that take into account the complexity and speed of digital transformation. They must learn to balance data-driven insights with their own values and ethics to make decisions that are both effective and responsible”* (Makhija & Forster, 2020, p. 132).

The abundance of data brings about the challenge of gathering the various perspectives on the issue at hand to make sure that all viewpoints are taken into consideration. Besides they need to conduct an analysis of the that risks and benefits of the decisions to be taken and their impact on the other stakeholders. This is because it is the duty of ethical leaders to ensure that they are taking transparent decisions for which they are accountable; ethical leaders are required to consider the context of their decisions and their objectives in order to be able to explain to the stakeholders and justify the decisions taken. This brings about the need of proactivity when taking decisions because *“ethical leader in the digital era needs to be proactive and skilled in identifying the ethical implications of decisions before they are made. They must be able to weigh the benefits and risks of digital innovations and make decisions that are both ethical and strategic”* (Fernando & Jackson, 2019, p. 301).

III. Towards Effective Ethical Decision Making

Decision making is such a complex and comprehensible process that involves a lot of factors and uncertainties. The context of decision making, the risks and benefits, the resources and the potential impact on stakeholders are all challenges. Add to this the personal biases of leaders and the impact of cultural and societal norms that make the process of decision making inherently complicated and difficult. Peter Drucker believes that the source of difficulty of making decisions resides primarily in the ability to make appropriate analysis of the issue from different perspectives. He claims that *“The most common source of mistakes in management decisions is the emphasis on finding the right answer rather than the right question”* (Drucker 1985, P. 145) and this implies the importance of deciphering the situation and looking at the issue from different perspectives to ask the right questions before seeking for any results.

The effectiveness of decision making and precisely ethical decision making is not available for any manager especially in the digital era and the challenges of Artificial intelligence (AI). Lots of studies have been conducted and suggest that some managers and business leaders are not fully ready to handle ethics in decision making. In 2019, the multinational professional and service network Klynveld Peat Marwick Goerdeler (KPMG) conducted a survey entitled “thriving in an AI World: Redefining Leadership in the Era of AI”. The survey included 400 CEOs and board members over the world and concluded that *“65% of CEOs and 48% of board members expressed concerns about the ethical implications of emerging technologies, such as artificial intelligence. ... only 38% of the organizations surveyed had a clear and coherent strategy for AI, and only 17% had a process for addressing ethical considerations related to AI.”* Similarly, the Ethics Resource Center (ERC)² has concluded in a National Business Ethics Survey (NBES) in 2013 on a random sample of employees in the United States with the aim of gauging the state of ethics in the workplace. The survey found that 41% of the employees have come across various forms of unethical treatment and misconduct. The survey showed that *“only 43% of employees felt that their leaders exhibited ethical behavior at all times, and only 18% felt that their leaders were effective at addressing unethical behavior in the workplace.”* (ERC, 2013)³. The ERC survey pointed out to an important issue when employees happen to be mistreated or to observe unethical behavior; the majority of these employees do not report on the unethical behavior because of fear of retaliation, the belief that their complaints will bring no change and the fear of disbelief and passive reaction of managers...

For the above reasons, we assume that managers in general need some training on the importance of ethical decision making. Leaders are required to be enhanced to ethical leadership and effective decision making. Companies must implement an ethical framework in the workplace and train the leaders on the good practices of ethical decision making. Companies have to foster a culture of transparency and accountability based on the necessity of doing the duties and asking for rights; employees need to feel comfortable about reporting unethical decisions and leaders have to assume their ethical responsibilities in front of company issues.

¹KPMG. (2019). Thriving in an AI World: Redefining leadership in the era of AI. <https://home.kpmg/xx/en/home/insights/2019/02/thriving-in-an-ai-world.html>

² A non-profit organization established in 1922 and is based in the United States. It provides research, consulting, and educational services to organizations regarding business ethics and corporate social responsibility.

³Ethics Resource Center. (2013). National Business Ethics Survey: Workplace Ethics in Transition. <https://www.ethics.org/wp-content/uploads/2021/01/2013-National-Business-Ethics-Survey.pdf>

Effective decision making is a process shared by the different stakeholders: leaders need to be prepared for considering the ethical component regardless of the cultural and personal biases, employees need to feel secured and protected from any ethical abuse and stakeholders too, need to accept the ethical decisions away from the personal considerations.

In this context we are concerned with the leaders as being the cornerstone of any ethical culture in the company because we assume that *"effective leaders in the digital age are those who can navigate the complexity of data-driven decision making while staying true to their ethical values and principles"* (Meyers, 2017, p. 6).

An effective framework for ethical leadership starts with the leaders who are required to be committed to self-reflection and recognize their own biases, values and beliefs. Leaders have to establish ethical policies and procedures that would govern the process of decision making. This principle of self-reflection and recognition of one's biases is clearly stated by Brown & Treviño who insist that *"Ethical leadership requires a commitment to self-reflection and a willingness to recognize one's own biases, values, and beliefs, and how they impact decision-making. It also involves creating a culture of transparency, accountability, and trust, where ethical behavior is modeled and rewarded"* (2006, p. 607). That implies modeling ethical behavior in a framework to which they are themselves accountable as they expect of others because *"The ethical leadership framework involves creating a culture of integrity, where employees feel safe to speak up and are encouraged to do so. It also involves setting clear ethical expectations, and providing training and resources to support ethical decision-making. Finally, ethical leaders must model the behavior they expect from others, and hold themselves and others accountable for ethical lapses"* (Eisenbeiss et al., 2008, p.268)

In case companies have an established culture, leaders have to defend it and support it, but if the company lacks such culture it is their duty to establish a model for ethical culture in the organizations they operate in. Ethical leadership framework and company ethical culture is based primarily on the awareness from the part of leaders of the moral component and on the ability to enhance and encourage moral conduct among stakeholders. Besides the ethical framework should not be based on loose and general slogans; rather this requires implication and dedication of the stakeholders to implement ethical decision making. *"The ethical leadership framework is built on four pillars: moral awareness, moral judgment, moral motivation, and moral action. Leaders who are aware of ethical issues, have good judgment, are motivated to do the right thing, and take action to implement ethical decisions are more likely to create a culture of ethics within their organization"* (Treviño & Brown, 2004, p. 120). These four pillars; awareness, judgement, motivation and action, offer a thorough framework for ethical leadership and can help leaders foster an ethical workplace environment because morally capable managers are more likely to foster a climate where moral behavior is appreciated and rewarded in their workforce. Besides, they can also inspire moral awareness, judgment, motivation, and action in their teams and among the stakeholders.

Ethical leaders are then required to lead by example; they are expected to demonstrate ethical values and principles they wish to be upheld in their organizations. Then, they can set ethical expectations through providing clear guidance and policies to ensure that employees are ready to deal with the company culture. Ethical behavior needs to be reinforced through showing feedback and holding individuals accountable for unethical conduct. These ingredients are highlighted by Johnson when claiming that *"the ethical leadership framework consists of four elements: modeling ethical behavior, setting ethical expectations, reinforcing ethical behavior, and holding individuals accountable for unethical behavior. These elements can be used to guide leaders in their decision-making and behavior, and to create a culture of ethics within the organization"* (Johnson, 2016, p. 4).

IV. Achieving Governance through ethical leadership

Different organizations have different styles of management. They are directed and controlled in terms of some processes, principles and systems that impact their practices and performance. Governance in business is related to the mechanisms through which businesses are regulated and held accountable to their stakeholders.

The term governance is differently defined according to the field/s wherein used. In the sociological field governance is defined as *"the process of decision-making and the implementation of those decisions by designated actors in society. It includes formal and informal mechanisms, as well as the actors involved, and their relationships, rules, and procedures."* (Kooiman, 2003). On another hand, the world bank in its 1992 discussion paper connected governance with development in the sense that it encompasses both practices of the authorities as well as the citizens' mechanisms of articulating their rights: *"... governance encompasses the traditions, institutions, and processes by which authority in a country is exercised. It includes the mechanisms by which citizens and groups articulate their interests, exercise their legal rights, meet their obligations, and mediate their differences."* (World Bank, 1992)⁴

⁴World Bank. (1992). Governance and Development. World Bank Discussion Papers.

As we are more concerned with governance in business and organizations field we will adopt John Kay's definition of governance as *"the system by which companies are directed and controlled. It is the framework of rules and practices by which a board of directors ensures accountability, fairness, and transparency in a company's relationship with its stakeholders."*

Governance is a system of direction and control, a framework of rules and practices that govern the behavior and actions of the company and the stakeholders namely in what concerns decision making. Moreover, governance underlines the central role that the manager or the board of directors play in overseeing the management of the company and ensuring best practices for the interest of the stakeholders. These managers are responsible for making strategic plans as well as strategic decisions and provide guidance and oversight to employees with the aim of safeguarding the long-term success of the company.

Accountability, fairness and transparency are crucial components of organization governance and they imply integrity in company practices. Managers are driven to act with a sense of honesty and responsibility towards the stakeholders and ensure that businesses are able to take ownership of their actions and decisions. Besides, they have to ensure that stakeholders are treated without bias or discrimination in order to ensure good reach of the organization goals.

Professionals in the field underline these three concepts (accountability, fairness and transparency) among others and relate them to efficiency and effectiveness of management styles and strategies. *"Fairness, accountability, and transparency are the bedrock principles of good corporate governance. They create an environment of trust, integrity, and responsible decision-making, which are essential for sustainable business success"* (Institute of Directors. 2018. Good Governance Principles and Guidance for Not-for-Profit Organizations). These principles ensure that the rights and interests of the company stakeholders are respected and they foster trust in both the organization actions and decisions. They are core pillars of governance in the sense that the ones in the position of power do find answers for their actions and decisions in a way that they hold their responsibility for the outcomes and impacts of their choices fostering thus a company culture based on ethical behavior and shared responsibilities.

We read in the toolkit for the board of directors in the international Finance Corporation which states that *"transparency is the cornerstone of effective governance. It enables stakeholders to understand the organization's operations, performance, and decision-making processes. Transparent disclosure of information builds trust, fosters engagement, and facilitates informed decision-making by stakeholders"*. (International Finance Corporation (IFC) 2012. Corporate Governance.) and this promotes openness in the process of decision making and builds trust among stakeholders by allowing them access to information about the ways the business operates, its financial performance and the level of competitiveness as well as the position of the company in the market.

Good governance necessarily requires ethical leadership: effectiveness of an organization management style and practices depends largely on the interaction between ethical leadership and good governance. A culture of integrity and responsible decision-making is developed inside a company through ethical leadership, which sets the tone and develops the ethical norms. Accountability, openness, and justice in an organization's activities are within a framework that englobes ethical leadership principles and governance tools.

Ethical leadership and governance are interrelated concepts because *"Good leadership requires ethical practices... Ethical leaders understand the importance of governance and create a culture of integrity"* (Bennis, 2009).

Achieving governance in business through ethical leadership requires a variety of factors and steps in order to have efficient results that pave the road to success and prosperity:

A/ Definite A value system: ethical leaders need to establish a clear system of values that they wish their companies to uphold. Leaders have to establish and articulate a set of principles and beliefs to be referred to in guiding action and behavior within the organization. These values as we mentioned earlier include fairness, honesty, transparency etc. such a framework would specify the stakeholders expectations within the organization. Upholding values in the business is a way of embodying them in the actions and decision making of stakeholders. Communicating these values in clear and precise ways is the leaders' responsibility through different channels of communication or during training sessions. Reinforcing behavior continuously is of paramount importance through recognizing and rewarding any sort of behavior that align with the company value system and addressing the deviations in prompt and appropriate ways. *"While laws and regulations provide a baseline for governance, it is the development of a strong value system that truly drives ethical behavior and effective governance within a company."* (Arjoon, 2005, pp 349-350)

B/ Leading by example: ethical leadership is not a matter of rules and principles given to others; rather it is a practice. Leaders are expected to give good demonstration of the desired behavior. They are to be good role models who align their words to actions in consistent ways. This, again, brings about the principle of consistency to ensure that the actions reflect the values and principles that leaders promote among their teams. *"Leadership is not about being in charge. It is about taking care of those in your charge. Leading by example is the most powerful way to influence others, as actions speak louder than words."* - John C. Maxwell

It is highly recommended that if leaders expect employees to behave ethically they have to show the model and behave the way they want them to behave. Employees get the high standards from the actions of their leaders rather than from their words. Among the modal ethics that managers have to exhibit we find hard work, commitment, dedication, respect, fairness, personal growth and continuous learning.

B/ Linking responsibility with accountability: good governance and ethical leadership agree on the principle of ensuring that individuals and entities are held accountable for their actions and responsibilities. They are directly responsible for the consequences of their actions. Fostering accountability within an organization requires primarily a defining roles and expectations in clear ways. This passes through establishing standards to be referred when needed because effective framework for governance is based on establishing the mechanisms for ensuring the roles, duties and responsibilities of individuals in clear and transparent manners. Besides, fostering accountability aligns with the stakeholders expectations who need to feel that the organization does demonstrate their commitment to the ethical conduct and responsible styles of governance. *"Accountability is a core pillar of governance, ensuring that those in positions of power are answerable for their actions and decisions. It holds them responsible for the outcomes and impacts of their choices, reinforcing ethical behavior and fostering a culture of responsibility within the organization."* (Global Reporting Initiative (GRI). 2013. G4 Sustainability Reporting Guidelines)

C/ Encouraging feedback: good governance cares about employees growth, and growth comes with encouragement. Encouraging feedback is said to be like adding fuel to the fire of growth and improvement. It opens the wide doors to new perspectives of creativity and innovation. *"Feedback is a powerful tool for growth and improvement, providing individuals with valuable insights and guidance to enhance their performance and achieve their full potential."* (Sheila Heen. 2015)

In business, feedback refers to the set of information, input and reactions given about the employees' performance and behavior. It is a way of providing insights for improving or reinforcing some behaviors or outcomes. It is of great importance for the professional development of individuals as it opens horizons for new learning and continuous improvement. Ethical leaders are responsible for providing continuous assessment and feedback on the performance of the stakeholders namely employees in order to make the best use of their competences and qualities. Ken Blanchard states that *"feedback is the breakfast of champions"* (Ken, B 1985)

D/ Implementing continuous training: the world of business is going very fast and the practices of governance are not stable as well. Employees and leaders need to ensure that they are exposed to an up-to-date system of values and standards. This would happen when companies are equipped with the recent knowledge and skills that keep them updated with the changing governance principles and trends with the challenging practices and requirements. Ethical leadership programs are doomed to improve employees behavior towards good practices of ethical conduct.

Continuous training programs allow individuals to have a deeper understanding of their roles and duties in the organization and this develops the faculty of critical thinking, problem solving and effective decision making. Moreover, the more training employees have, the more they become ready to understanding and comply with the company regulations and standards for ethical conduct. This understanding is very helpful for raising the leaders and employees awareness of the potential risks and challenges because *"continuous training is essential for effective risk management in organizations. It equips employees with the knowledge and skills needed to identify, assess, and mitigate risks proactively. In a rapidly changing business environment, ongoing training ensures that risk management practices remain current, enabling organizations to navigate uncertainties and protect their interests"*

V. Conclusion

In the age of digitization, ethical leadership is crucial for developing strategies for effective corporate governance. Ethical leaders are called to understand and deal with the complexities and issues that arise as sectors and communities continue to be transformed by technology. By fostering an environment of transparency, accountability, and responsible decision-making, ethical leaders can lead their teams toward engaging in ethical digital activities. Ethical leaders understand the importance of data privacy, cybersecurity, and ethical use of emerging technologies. In order to remain competitive in the quickly evolving digital economy, leaders also give a high importance to agility, open communication, and continual learning. They are committed to moral leadership, which helps them promote trust, advance ethical digital governance, and create successful, long-lasting businesses in the digital era.

The current study has revealed the different ways digitalization has influenced ethical decision making practices and the ways how the integration of technology brings about new challenges and opportunities for businesses. It has also justified the strong relation and correlation between ethical leadership and effective governance in the sense that

businesses that prioritize ethical conduct and responsible digitalization in their culture are more likely to reach success and promote effective governance.

Finally, fostering a culture of responsibility, transparency, diversity and inclusion as well as establishing good practices of ethical decision making are the key steps for governance and sustainability of businesses.

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