

THE PRINCIPLES AND VALUES OF MANAGEMENT ETHICS

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Abstract

The intermediate results of this study complete the rather limited research focus of the field, which seeks to contribute to elucidating, based on theoretical and practical grounds, the mechanisms underlying the modern practices related to management principles and ethics values, as we advance towards a liberal knowledge-based economy. The research undertaken as part of this study has identified the current need of the Romanian economy for practices in management ethics. Certainly, in Romania, it is difficult to ensure compliance with ethical standards and relational behaviour, due to economic and political instability, legal uncertainty, and aggressive government tax policy; nevertheless, in the future we expect increasingly a return to the traditional values of Romanian merchants, namely: ***the penchant for honesty, competence, democratic orientation, rational risk-taking, safe partnerships, and openness to communication.***

It is well known that ethics in management is emerging as a new discipline that aims to define the proper conduct of managers, focusing on what is good, just, fair, and moral in decisions made by managers. Having a good conduct means observing certain values, which ultimately represent the wellbeing of all people.

Keywords: management, relational behaviour, behaviour, moral judgments, partnership.

Behaviour represents the observable activity occurring during interaction with one's environment. It has been proved that the body reacts to stimuli, mounting targeted responses. Our behaviours are determined by what we think and feel, and are not isolated, but rather they influence one another, both in the present and throughout the evolution of human persons. The cognitive behavioural approach links the cause, thought, ideas, accompanied by emotional experiences that trigger a particular behaviour.

Ethics integrates biological and social factors, being determined by psychophysical responses to some stimuli, in addition to cultural factors and features of the social background.

Behaviours are therefore "**complex reactions**" integrated and hierarchically organised according to the characteristics of the set of stimuli. Any behavioural act is motivated, regardless of whether sometimes we may not be aware of why we perform a particular action.

Motivation represents the set of internal factors that determine behaviour and the mechanism that explains the effects. Under the effect of internal and external stimuli, motives drive the individual into action and support activities for a particular period of time, against any obstacles that may arise. They also may cause

the individual to pursue a particular goal or another and establish a certain hierarchy of possible goals.

RESEARCH ISSUES AND METHOD

Management ethics seeks to understand and accept certain stages and behaviours in the decision-making process, assessing them in terms of moral, therefore focusing on the moral side of management practice.

Ethics in management is a field of applied research targeting the moral conduct of managers, the views, aspirations, skills, principles, etc. underlying daily decision-making. The scope of management ethics is very broad, as it includes a wide array of moral issues often occurring in organisations' activities, at levels of management functions (planning, organisation, management, coordination, control) and firm functions (R&D, production, commercial and marketing, financial accounting, human resources).

Below, we present a brief inventory of some issues related to **perceptions of ethics within an organisation** (table 1).

The list could go on, but we believe that the essence of ethics must consist in training and developing moral competence in managers, i.e. a person's ability to understand moral behaviour and actions, to implement them in compliance with existing moral law.

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Table 1

Perceptions of ethics within an organisation

Levels	Negative values Bans	Positive values that must be promoted
1.Ethics in general	• no cheating or stealing, no betrayal of promises, not seeking revenge	• honesty, loyalty, truth, tolerance, rigour, respect for others and their work
2.Professional ethics	• no breaking of: - legal regulations; - confidentiality of information; - freedom of others	• respect for colleagues • normal hierarchical relationships • cooperation, transparency, teamwork
3.Firm ethics	• eliminate: - nepotism, discrimination of any kind - abuse of power - tyrannical, authoritarian, abusive work climate • avoid or detect and manage conflicts of interest	• hierarchy based on competence; • clear rules, fair rules, fair and incentivising remuneration, information, participation, motivation, sharing success (profit) between participants • aiming for quality and competitiveness
4. Ethics and strategy	• avoid strategies based on: - abusive marketing - trivial and transitory advantages - short-term benefits - coalitions and corruption - privileges given to certain people only - status quo, immobility	• long-term competitiveness strategies based on: - development efforts - calculated risks, investment, research and development, staff training and development, innovation, communication
5. Market ethics	• eliminate: - violence, intimidation - fraud, corruption - privileges, monopolies - antisocial practices	• transparency, justice • liberalisation • aid given to people (not companies) affected by recessions or crises

6. Government ethics	• eliminate: - barriers to market entry - subsidised competitiveness - kickbacks to political parties - support for bankrupt companies	• information • providing a framework for real competitiveness • social responsibility
7. Ethics in the banking sector	• avoid: - loans made to insolvent companies or individuals; - representation of firms with tainted ethical reputation	• advising clients to ensure proper management • conducting banking ethics reviews
8. Ethics in business	• avoid: - blackmail - chummy negotiations - personal benefits derived from closing a deal.	• keeping one's promises, punctuality • supplier-customer cooperation to achieve mutual benefits

Source: Data processed by the author

One should not neglect the statement that any practical moral is both worse and better than the society. Worse as it contains remains troublesome remnants or relics, and better owing to its progressive elements that help us adapt to the future.

Essentially, management ethics can be defined as *the study of the manner in which decisions affect people and social groups, areas in which rights and duties are defined, and the rules to be observed by decision-makers in the organisations that they lead.*

RESULTS AND DISCUSSIONS

One question that managers often ask themselves with respect to a situation and the action-based interpretation of the situation is *What should I do?* The analysis of this question reveals that a moral (ethical) position is defined as follows:

- it is a problematic situation, as highlighted by the question itself;
- it is a personal situation as the subject of the interrogative sentence is in the first person, singular;
- it is an action (or behaviour)-driven situation because the object refers to a manner of performing or acting;
- it is a normative statement as indicated the presence of the deontic factor in the question;

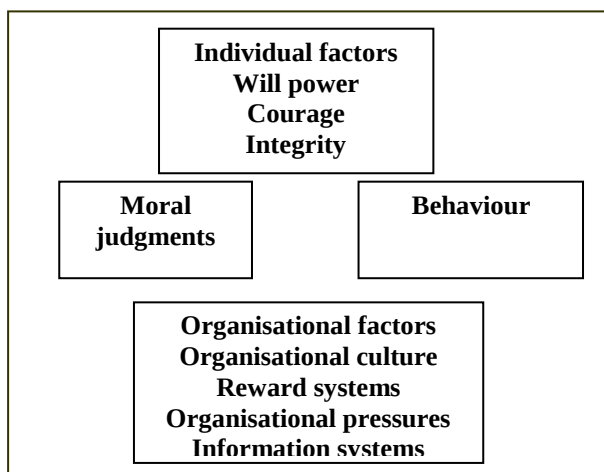
- it is a matter of value (choice) as the answer to the question involves the assessment of alternatives as goals and solutions;
- it is a significant event (semiotics) as the answer to a question must be meaningful in relation to the problem and intelligible for the one judging the action.

Most times, it is particularly difficult, even in the simplest cases, to distinguish between ourselves and the others, between benefits and obligations.

The voice of conscience calls on us not to be evil, cowardly, selfish or disingenuous. Sometimes one must persevere in seeking the paths of justice and of truth, which demand on the one hand a measure of equality, and on the other hand a degree of achievement of one's obligations, duties or individual preferences. One must therefore take decisions particularly aimed at efficiency and effectiveness.

Peter Drucker stated that the manager must consciously take on responsibility for the common good and to rein in personal interest and authority when their exercise would be contrary to individual freedom and the common good. This conservative, demanding vision stems from the view of a social order based on a moral purpose, in which accepting responsibilities and obligations justifies the claims to particular rights.

Knowing that which a person believes to be moral or ethical does not necessarily mean that such behaviour is compatible with such knowledge. As shown in figure 1, ethical behaviour is a function of judgments resulting from ethical reasoning, as a sum of individual and organisational factors.



Source: Data processed by the author
Figure 1 **Moral judgments and behaviour**

Related to the above issues, Garabet Ibrăileanu argued that *most false judgments on human matters are due to moral shortcomings and not to intellectual weakness, because man*

tends to lose sense of reality on his moral side, rather than on the intellectual.

A manager is able to make better decisions and choices as long as these match or are shared with those of his business partners.

Ethics in partnerships is grounded in two fundamental principles:

- a) the supremacy of man;
- b) achieving goals or common good by observing moral principles.

Any partnership is primarily based on trust, on moral and predictable behaviour and the partner's capacity to cope with crisis.

Creating strong partnerships involves the following ethical qualities that both part must share:

- **Responsibility** - each member must take responsibility and confront difficulties and opportunities head on;
- **Integrity** - members should follow their commitments and engage in an authentic way;
- **Openness** - each member must express his/her opinion openly, without causing any harm or offence to another;
- **Synergy** - combining the talents and creativity within the partnership, in order to expose new ideas and ways of achieving goals.

The introduction of ethics as a priority in management training can be achieved in one of the following main ways:

- a specific policy or a code of ethics;
- a committee made up of board members;
- a management development program which incorporates relational ethics.

Segments of behaviour are viewed as forming a "**torrent of ethics**" that integrates such the motivation of human actions.

Behaviour depends only on stimulation, whereas ethics also involves regulation. Ethics reaches different quality levels, through learning, as a result of the interactions between the body and the natural and social environment.

Thus, the identification and communication of one's principles and values one to identify and address sensitive situations even before they occur. Consequently, one can view the integrated role of the manager as a mediator between the interests of investors and employees. The manager must exhibit sound ethics and morals, especially in tackling problems and in decision making under sensitive crisis situations.

1. Ethical language – below are listed some benchmarks that cause a management decision to be ethical:

- legality, justice;
- the search for truth;
- fairness, impartiality;

- honesty and respect for people;
- usefulness for the company;
- first and foremost to do no harm;
- getting involved, taking actions when one enjoys responsibility.

A management decision is easier to make and assume if one applies a structured process to analyse the reasons for and against a particular solution, as follows:

- short-term profit versus long term gain;
- fairness, justice versus mercy;
- truth versus loyalty;
- individual versus community, the collective;
- the better against the good;
- consensus against compromise;
- risk-taking versus personal peace of mind.

In management decisions, *less well* does not necessarily mean *bad* and *much better* is not always *well*.

CONCLUSIONS

In conclusion, we reach the following postulates, which summarise most of the issues in management ethics:

1. Without ethics there is no future for a manager, partnership or the present-day society.
2. In business, management ethics above all refers to the moral of the use of money.
3. Progress depends more on the practice and conduct of ethics and rather than on its mere contents.
4. It is not enough to impose a particular ethic in an organisation, system of penalties is also needed.
5. Transparency is the ethical weapon of our time.

6. Having a management ethics means abiding by certain values, which ultimately represent the common good, and certain moral principles.

In the future, one can expect that the traditional values of Romanian merchants will be reclaimed, namely: ***the penchant for honesty, competence, democratic orientation, rational risk-taking, safe partnerships, openness to communication.***

The motto of past entrepreneurs was “***profit is above all, but honour above profit***”.

Nothing will change our lives unless we change our own behaviour.

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