

LEVELS OF ETHICS THAT CHARACTERIZE THE MANAGERIAL REASONING

Tutulea Anca

Universitatea „Lucian Blaga” din Sibiu Facultatea de Științe Economice Adresa de contact: Sibiu, Bld. Mihai Viteazu, Nr. 19, Bl. V9, Ap. 103, Cod 550350 E-mail: anca.tutulea@ulbsibiu.ro Telefon: 0744356382

Ethics in business has become a subject of increasingly important and topical due to the rapid change of technologies, internationalization of business, the impact of various economic, political and labor factors on public and private sector. Managers and employees should be aware, well informed about ethical issues that may arise in the process of adapting the organization to changes in business environment.

The ethics of business and its staff depend to a large extent on the qualities and leadership ability of its managers. Every manager has a special moral responsibility: it must show a high professionalism, to lead people so that they could achieve the business objectives, to be a model of conduct for its employees, moreover, the manager should contribute to the institutionalization of ethics within the organization through culture, media, rules, customs, practices, etc.

Keywords: ethics, manager, moral, imoral.

JEL Classification: M20, M21.

*"A person who values more privileges than her own principles will soon lose both."
(Dwight D. Eisenhower)*

1. The Manager – the decision factor of ethical behavior within organizations

Ethics seeks a rationalization of human actions that is based on the general ethical reasoning; it defines basic concepts (good-bad, right-wrong, values, beliefs, ethics, conflict of ethics, etc.) and it comes up with theories that can be developed into tools of decision making, of solving different types of moral conflicts and ethical dilemmas that may occur within organizations.

For a better understanding of the role of ethics in business it is very important the attitude of the superior in the company which shows a particular respect to ethics through their own actions as managers and through the policies within the company, through the decisions and delegated tasks, through wage policies adopted in the company, through the way of application of disciplinary sanctions, etc.

Thus, we can say that ethics is "image generator"²⁴⁵ both for the manager towards his employees and for the company towards the environment in which company operates.

Believing in the ethical principles is not an option. Regardless of the position held within a company and of the individual personality, the ethical principles should underpin all of its shares. For example, in positions of leadership, the ethics of the manager both in the internal or external relations is reflected automatically in the image of the company where he is employed. The manager represents a model of behavior both for the team he coordinates and whose team members are his subordinates and for his other colleagues.

Ethical principles²⁴⁶ should serve for each manager the basis for creating a personal system of ethics:

- central positioning of the "golden standard", implies the fact that the manager has the obligation not to show any unproper behaviour (a way he would not like to be treated himself) towards subordinates, management team, suppliers and customers;
- the manifestation of principiality in the life situation of duties, responsibilities, the right to benefit from the use of resources and establishing deadlines for completion and distribution of forces and means, rights and powers;
- adopting urgent measures to eliminate mistakes in one's own activity;
- participation in expanding and developing the application of ethics in business;
- supervising that in any action ethics should not violate rules or other ethical rules;
- ethical principles of respect of other firms, regions or countries;
- taking into account culture and traditions in the process of securing ethics in the company;
- implementation of involvement methods in management;
- the implementation of personal ethical beliefs when they are in accordance with the requirements of universal ethics and managerial ethics;
- avoid any signs of psychological aggression on subordinates;
- using constant influence through models and psycho-social means to achieve the ethical requirements imposed on the company;
- removing potential contradictions and conflicts likely to attack the quality and performance measures applied;

245 Petrescu, I., Managementul performanței, Editura LUX LIBRIS, Brașov, 2002, p.291.

246 Petrescu, I., Managementul performanței, Editura LUX LIBRIS, Brașov, 2002, p.309 .

- improving confidence in the ability of the company, of the management team and staff to meet the demands arising from ethical concepts and moral foundations of performance management;
respect for freedom of thought and action of employees;
- the development of the ethical way thinking and action of the subordinates.
Ethics Management operates with the following terms²⁴⁷: company, groups of interest, internal problems and personal problems.

The company is the general category towards which ethics management must define its behavior.

Groups of Interest define the correct paths in the initial steps to solve social problems of special Groups of Interest and how they are affected by managerial decisions.

Internal problems generate management attitudes that need to define the nature of relations between the company and employees, including managers.

Personal problems are those related to the relations of a person towards another person within the organization.

Ultimately, the manager must take into account of issues²⁴⁸ with ethical values:

- interest of the general public;
- objectives for whom he works;
- understanding of all participants involved in the business and of the changes taking place in the organizations they manage.

Managers have two main priorities²⁴⁹, which sometimes can be contradictory:

- the public;
- their own organization.

In general, what is considered moral for a manager, at the same time it may be considered immoral by the other actors involved in conducting business, thus ethical dilemmas may result.

2. The main levels of ethics that characterize managerial reasoning

The reality today confirms increasingly more clear and more often that managers of corporations are subject to considerable pressure to compromise on their personal ethics in order to achieve company goals. A research²⁵⁰ of over 238 managers from various industries, showed that almost 65% of the total agree with the following statement: "Managers now feel pressure to compromise personal standards to achieve organizational objectives."

The results of the research suggest that managers live in a real pressure or perceive it, a pressure of making a compromise among moral standards, personal or organization to meet prospects. The research also suggests that this pressure is perceived more by middle managers and those on lower levels than the top managers.

Regarding this analysis of the behavior of managers in terms of ethics or unethics in business, Gheorghe Militaru suggests a guide for managers in the decision-making process, a simplified model of extremely valuable ethical behavior. This model highlights three types of ethical behavior of reference²⁵¹:

1. *Maximum personal benefits (selfishness)*. A manager with a selfish behavior would evaluate alternatives in terms of having personal gains such as salaries, prestige, power or anything else that has value for him. If the organization or the company gains certain benefits, these are simply at random. Therefore, to maximize personal wealth is a priority for the management.

2. *Maximum social benefits (altruism)*. A selfless decision to select the version that will provide maximum welfare benefit. In practice, taking decisions on a selfless basis is difficult because it is hard to establish personal benefits that they generate unselfish behavior.

3. *The obligation of a formal principle*. It is placed between the two extremes previously submitted. Selfishness is an act valid only if the benefits of individual counts. Altruism is good only if the benefits of the company count. In reality, the criteria which will establish a standard of ethics for managers is the consequences. In contrast, adherence to ethical principles is formally based on the idea of verticality of the manager because the correctness/fairness or incorrectness/unfairness of an act/action depends on principles rather than on consequences.

Continuing the idea presented above, we can say that **the main levels of ethical or moral that characterizes managerial reasoning**, are the following:

1. The immoral manager is characterized by selfishness that cares only for his own profits and for the benefits of the company. He has a negative position/attitude towards what is moral and his objectives are set out towards profitability and performance achieved at any cost, the legal violation and exploitation of opportunities strictly for the benefit of the company.

2. The moral manager can be characterized in opposition to the immoral manager. The moral manager is acting within an ethical standard, showing the sense of honor, righteousness, sense of duty and accepted values and

247 Popescu, D., *Cultura organizațională și etica în afaceri*, Editura ASE, București, 2006, p.190.

248 Popescu, D., *Cultura organizațională și etica în afaceri*, Editura ASE, București, 2006, p191.

249 Popescu, D., *Cultura organizațională și etica în afaceri*, Editura ASE, București, 2006, p191.

250 Ionescu, Gh., *Dimensiunile culturale ale managementului*, Editura Economică, București, 1996, p.252.

251 Militaru, Gh., *Comportament organizațional*, Editura Economică, București, 2005, p.154.

practices. Profitability is situated within legal and ethical standards and he considers law as a basic minimal ethical behavior. He calls for action beyond what the law requires and solves ethical dilemmas and he highlights self-interest.

3. The amoral manager is acting from a legal point of view, taking decisions beyond the area of application and of the management activities, beyond the moral order of a specific code. His motivations are well-meant but selfish. The objectives of his plan are based only on profitability, the others being considered that they lack importance. The expression justifying his behaviour is: "the law is the ethical guide, and managers are responsible only to legal mandates and require these mandates".

Some of the guiding principles of common sense that can help managers to consider the ethical implications of managerial decisions and behaviors are the following:

1. obeying the law, as far as it regards content and spirit;
2. to tell the truth. Telling the truth is important in winning the confidence of the business partners;
3. to show respect for people, a fact that has deep roots in the study of ethics;
4. use and comply with the 'Golden Rule', which means treating individuals fairly and honestly, as managers would be treated if the business would belong to an individual.
5. most important than anything is not to cause anyone damage, or hurt. This principle is considered by some American researchers to be the baseline of any ethical consideration, and also an easy guideline to apply in business;
6. active involvement without paternalism. It refers more to learning about the customers' needs, than deciding what it is best for them;
7. always act when you have responsibilities.

In the paper, 'Ethics of the effective leader or leadership based on principles', Stephen Covey presents the results of a study and a detailed research of 500 managers conducting their business based principles. Characteristics of such managers²⁵² are:

1. They always learn, read, prepare, learn with your eyes and ears; they are curious, always developing their skills, new abilities.
2. The purpose of their life is to serve others; they consider that their life is a mission, not a career.
3. They glow with positive energy, they have cheerful, pleasant, happy appearance' they are optimistic, enthusiastic, confident (not sullen, peevish, paranoid).
4. They believe in other people, they do not exaggerate towards negative behaviors, critics and human weaknesses, they are not vengeful; they do not label others taking into account prejudices and stereotypes.
5. They lead balanced lives, perceive their own value which consists of courage, integrity and lack of need to brag; they are simple, direct, open, not manipulative.
6. They believe that life is an adventure; relishing her life, without prejudices, their safety lies in their initiative, resourcefulness, willingness, courage, force, native wit.
7. They are synergetic (synergy is the condition in which the whole is the sum of the parts); they believe in the power and capabilities of others, they do not feel threatened by those who are better; they know to make a distinction between man and matter.
8. They constantly practice for self-renewalness; they regularly participate in a program physical exercises to strengthen their physical and mental health, they practice their minds through reading, writing, visualization and problem solving; they are patient, they listen to others with genuine empathy, unconditional love; they are responsible for their own lives, decisions and reactions; from the spiritual point of view they are interested in prayers, studying the Scripture, they practice meditation and fasting.

True leadership principles have profound moral bases. Practitioners of this type of management are recommended to forbid the so-called "seven sins"²⁵³ that anyone could fall onto, namely:

1. *Wealth without work*. Nowadays, there professions built on the idea to make a fortune without work, to earn money without paying taxes, to benefit from government programs for free, without any financial liability bear etc. (types of network marketing, pyramid organizations).
2. *Pleasure without awareness*. Many people seem to want pleasure without consciousness or sense of responsibility.
3. *Knowledge without character*. Development of pure intellectual development in the absence of the same nature "is silly as high as if you give a sports car of high power in the hands of a stoned teenager". Action must be taken (in the education system) so that there should a balance between the development of intellect and character.
4. *Business without morality*. Adam Smith is the one who in the work "The richness of nations" explained how important is moral to our success, that it is important how to behave towards each other, the spirit of goodwill, of service, of help. If you ignore the moral foundation and allow economic systems to function without it and without constant education, there is the a risk of the appearance of amoral or even immoral companies and business.

252 Stephen, R., *Etica liderului eficient sau conducerea bazată pe principii*, Editura ALLFA, București, 2006, pp.23-30.

253 Stephen, R., *Etica liderului eficient sau conducerea bazată pe principii*, Editura ALLFA, București, 2006, pp.83-90.

5. *Science without humanity*. Although we see very well prepared people, rapidly climbing on the scale of the scientific success, we notice that this step ladder lacks human kindness and it cannot rely on the wall which should support it (a normal, natural scientific accumulation of knowledge and teaching competence).

6. *Religion without sacrifice*. It takes sacrifice to help others in distress, killing our pride and prejudices.

7. *Politics without principles*. It is dramatic is that within many large economic organizations which support their existence on questionable statements, there people robbed in the broad daylight with witnesses, or somebody steal their self-respect, money, position and nobody is judged for this. And yet there is consolation that the best companies and organizations are run by natural laws and principles. That is why we advocate for such an ethics board and its corresponding attached.

3. Measures adopted to ensure the level of ethics

To prevent the occurrence of unethical practices, organizations adopt specific objectives²⁵⁴ such as:

- understanding the typology of ethical concerns;
- recognition of the pressure exerted on managers and formulation of measures to implement the - - ethical concerns;
- understanding how decisions can be encouraged and targeted according to ethical criteria;
- counteracting ethics violations or abuses in the employment practices;
- familiarizing the management team and the employees with the steps that should be taken in the decision making process to achieve knowledge and application of ethical standards.

In order to preserve competitiveness and confidence in the activities, organizations distinguish themselves by intense concern for moral action. In this respect, the ways²⁵⁵ in which ethical behavior can be encouraged are the following:

- publishing its own code of ethics, according to recognized social standards and values;
- training managers on issues of ethics in business;
- developing programs to resolve ethical conflicts;
- institutionalization of committees to oversee ethical behavior;
- granting proper rewards and sanctions.

To improve ethical behavior²⁵⁶ several ways have been proposed among which we mention:

1. *Top management involvement*. Managers determine organizational culture as patterns of behavior for employees, through what they say but especially through what they do.

2. *The selection of employees*. Managers, in the selection process, shall hire persons whose characteristics show morality.

3. *Ethic codes*. The document which includes a set of values which the organization supports and defends, as well as general rules of behavior that the employees are expected observed.

4. *Ethical behavior training*. Using the training programs to strengthen ethical values of the organization specified in ethic codes.

5. *Independent audit of ethical behavior*. Evaluates the morality of the employees' behavior, aiming at finding inaccuracies.

6. *Formal protection mechanisms*. The establishment of formal mechanisms of protection (ethical issues counsels or committees, ethical issues officers, communication systems of ethical incidents), to protect employees who face ethical issues so that they act in the spirit of moral correctness.

An organization can not be ethical if its members do not have an ethical behavior, an organization that promotes moral principles through the institutionalization of a set of rules of conduct will not tolerate within itself individuals who violate these moral rules or values. Practice shows that compliance with moral principles within the company extends in its relationship with the external environment, ie it contributes to promoting values, to creating and maintaining a good image of the company in the community in the short and long term.

Bibliography:

1. Burduș, E., *Tratat de management*, Editura Economică, București, 2005
2. Burduș, E., Gheorgiță C., *Managementul schimbării organizaționale*, Editura Economică, București, 2008
3. Dygert, C., *Managementul culturii organizaționale*, Editura Polirom, Iași, 2006
4. Ionescu, Gh., *Dimensiunile culturale ale managementului*, Editura Economică, București, 1996
5. Johns, G., *Comportament organizațional*, Editura Economică, București, 1998
6. Jones, T., Wicks, A., Freeman, E., *The Blackwell Guide to Business Ethics*, ediția electronică, 2001
7. Mccollum, J., *Idei americane pentru manageri români*, Editura Universitară, București, 2006
8. Militaru, Gh., *Comportament organizațional*, Editura Economică, București, 2005
9. Moldoveanu, G., *Analiză și comportament organizațional*, Editura Economică, București, 2005

254 Petrescu, I., *Managementul performanței*, Editura LUX LIBRIS, Brașov, 2002, p.314.

255 Militaru, Gh., *Comportament organizațional*, Editura Economică, București, 2005, pp.154-155.

256 Ursachi, I., *Management*, Ed a3-a, Editura ASE, București, 2007, pp.332-335.

10. Nicolescu, O., Verboncu, I., Managementul organizației, Editura Economică, București, 2008
11. Ogorean, C., From business corruption to business ethics – new challenges for the competitive strategz of the firm, în Studies in Business and Economics, no. 2/2007 (ISSN 1842-4120);
12. Petrescu, I., Managementul performanței, Editura LUX LIBRIS, Brașov, 2002
13. Popescu, D., Cultura organizațională și etica în afaceri, Editura ASE, București, 2006
14. Preda, M., Comportament organizațional: teorii, exercitii si studii de caz, Editura Polirom, Iasi, 2006
15. Stephen, R., Etica liderului eficient sau conducerea bazată pe principii, Editura ALLFA, București, 2006
16. Ursachi, I., Management, Ed a3-a, Editura ASE, București, 2007