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MANAGERIAL ETHICS - STRATEGIC ISSUES

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Abstract. *Managerial ethics influences more and more success in the log run in business. In the present paper, the issue is discussed as a component part of the organizational culture, which is involved in the strategic decisional process, alongside with various economic-financial criteria.*

In this paper we intend to highlight some important aspects of the managerial ethics with the strategic approach and to present the specific of this relationship in the economy of the industrial companies in Romania.

The strategic, tactic and operative behaviour of the managers of a company is strongly influenced by their knowledge and culture they have in the field of business. The idea according to which managerial culture represents an efficiency element is shared by more and more experts (1), allowing the company to integrate as well as it can in the world of business, but also a stability factor as a system of values shared by the managers of the organization. managerial culture is a product having a special complexity, it is not only the result of the strategic approach of the industrial unit, coherently developed in time, but it also has its source in the history of the industrial unit and in its organizational culture.

Edgar Schein (2), the american researcher, includes in the organizational culture the following: the rules of interhuman behaviour; the inner rules of the team; the system of values shared by the organization; the philosophy inspiring the political behaviour of the organization concerning the employees and customers; rules governing an efficient work of the industrial unit; the spirit and environment of the unit, mainly expressed in the manner of contacting customers in the world of business.

Each company has a typical culture, this granting it identity. This identity corresponds to the characteristics of the company i.e. stability and coherence (3).

Managerial culture inspired by organizational culture is the philosophical expression of directing business, of the working style adopted by a manager, of the managerial

policy and strategies. They also include the traditions in management and the managers attitudes, managerial events and last, but not least the standards of the managerial ethics. The system of values is a reference factor, influencing the managers conception regarding the ethics they promote in relationship with their employees, their customers, their suppliers, the shareholders, the trade-unions, the foreign investor, the business community.

The close relation between the system of values and the ethic standards which have to be the basis of the organizational behaviour in general and the managerial one in special, lead to a growing interest of the companies for ethic codes. An ethic code (aiming at the companies for ethic codes. An ethic code (aiming at the company's businesses or the managerial behaviour) contains the rules and principles defining the proper, moral conduct in business, in relationship with the inner or outer environment of the company. usually it is very difficult to establish what is right, what is wrong, what is moral, immoral or amoral in the conduct of the company or in that of the managers. This difficulty is much amplified today by the turbulence of the business, environment, by the fast rhythm of the changes within companies, due to either new technologies, new financial politics, new steam-lining, latest information, or, frequent crisis the company has to face.

The companies and their managerial teams have to operate in a context highly influences by competition and instability, in a permanent change. As a consequence, more than in past, managers have to acquire and integrate these new data in their conduct, in their decision-making, and to direct in the long run the development of their companies, paying attention to the strategic approach based on the ethic code.

For a manager, the strategic decision is therefore much more flexible, more delicate and more risky. Making such a decision implies the responsibility of the decision-maker, inasmuch as it can affect the survival of the firm, the future of the employees, jeopardizing at the same time his credibility as manger for the shareholders. A manager should expect to be "judged" form the quality of his strategic decisions, for the way in which he uses his capacities, for how he hands them over and make them accepted by his subordinates in the company, and also for the degree of his intellectual honesty in the case of a failure, which he is expected to have the courage to admit.

Evaluation of strategic behaviour of a manager gives rise to a real dilemma in the sense that it implies a choice between two alternatives, both being equally unacceptable, i.e. considering the manager's decisions only on purely economic and financial criteria, to the prejudice of the ones belonging to managerial ethics and vice-versa, passing judgements on the managerial activity considering the morality and correctness criteria only, ignoring the economic-financial evaluation.

Facing such a dilemma, brings about difficulties form the manager in the sense that he is often in the situation when he has to opt between the standards of ethics or turning into account some opportunities which may bring some profit (4). Some examples to illustrate the above mentioned situation could be quoted such as: the option of turning into unemployed some of the employees so as to increase the profit of the company or the gradual politics of reducing the number of the unskilled employees, or the retirement of those who have a considerable length of service; the option between using in the production process of some noxious materials, dangerous form the health of the workers, but which included in the finished product would bring fabulous profits and the use of

some resources which are not a danger form the employees, but the use of which is not profitable enough for the company, the option between adopting a strategy which could jeopardize the competitive position of the company, but would ensure an adequate protection of the environment, and a strategy which would mainly ensure the rapid growth of profit and a better position in the market to the prejudice of quality of the environment. More examples could be given. Ethically a rapid reorganizing of the company should be promoted, with the unpredictable consequences on its personnel, under the circumstances of a void in the Romanian legislation in the field of social protection and then some radical structural changes in the company? Is it fair that an employee get a key-position by means of tribe, or only because he is very shy in business, or is it to be preferred a legal contest (examination) to be organized for that position?

The above mentioned cases and similar ones highlight the confrontation of the managers (of companies) with unattractive situation (under economic aspect), but are unacceptable form the moral point of view and vice-versa. These problems imply the managerial responsibility as for the priorities, the economic-financial criteria or the moral ones in decision-making.

The incompatibility between the economic-financial criteria and the moral ones used in the decision-making process is only apparently. The more highlighted this appearance, the longer the time interval implied by the managerial decision. Why? Because the managerial team has in view the log lasting performance and their objectives are profitable businesses in the log run and does not steadily consider any opportunity to be profitable at any cost, regardless the ethic code of business.

What we considered so far bring us to a definite conclusion: the economic-financial considerations and the moral ones, to the extent to which they are correctly interpreted, are not contradictory by al means During a longer time interval, conditions for them to converge could be created. in the decision-making process, a manager with a responsible conduct cannot avoid the moral code, the economic-financial aspects cannot be ignored either inasmuch as the economic issues have an impact on the developing strategy of the company in the log run. The strategic approach of the company must be admitted as legitimate by the environment in which the company develops. However, H.I. Ansoff (5) even suggests an legitimating the aim of which is to evaluate the economic strategy of the company; to implement the social responsibility strategies, and to influence the evaluation development of the company by correlating the managers desires to the society needs.

This view in business and the managerial conduct has a very firm foundation and an economic viability, generating competitive advantage in the log run. in other words the company managers should learn to lose in the short run if they want to gain in the log run by obeying the moral code of business and being responsible for the decisions made.

This success in business of the sound enterprises, who guide their conduct according to moral standards, deny the idea according to which where moral is implied, profit is diminished.

Managerial ethics and, generally the ethics of business according to their deontological values have a growing importance in the field strategic management of the companies seeking form log-lasting performance. Moral conduct within these companies is more and more promoted in implementing and controlling the cost strategies, the

relationship with the shareholders, customers suppliers and last, but not least with the trade unions and the local community.

The managerial teams of the money-making companies realize more and more that ethics is the art ensuring success in the long run, implying respect for the employees, and the whole business community.

A study on successful companies (during the recent 5 years) of the Timiș county especially, companies doing business with West European companies, we could identify some moral standards taken into account and they guided the managerial conduct in the long run:

- a) rules of general ethics: honesty, loyalty, reliability, tolerance, rigour, mutual respect;
- b) rules of professional ethics of managers: prompt delivery and respect for customers, consideration for workers and employees, obedience for inner rules and law, promotion of loyal relationship, developing the team spirit, increased "transparency";
- c) rules of morals of the companies - hierarchies based on acknowledged competence, fair pay of the employees, adequate motivation, transparency of the 'rules of game', avoidance of: nepotism, breach of trust, any kind of discrimination;
- d) norms of ethics in the strategic approach; establishing and implementing competitive strategies in the long run, based on the right perception of the inner and outer environment of the company, on taking into account of the risk implied, on promoting the new and optimum communication, avoidance of strategies based on abusive marketing, on getting an as big profit as possible by all means, on "underground" arrangements and coalitions;
- e) rules of market ethics: correct information, regulation of free markets, removing violence of the market, of intimidation, fraud, corruption, anti-social behaviour.

A lot of managers are tempted to ignore ethical conduct and their social responsibility under difficult circumstances or profound crises. In Romania, during the recent 7 years, most companies were affected by global crises, and they often ignored the existent laws and the moral standards in business.

On the basis of our researches in time, we reached the conclusion we can establish (according to the existence or non-existence of a moral code of business and the respect for legislation) the following types of companies units:

Amoral Companies. Generally they are small-size companies set up after 1989 which permanently ignore legislation and its owner has no idea of morality. He secures a great deal of his necessary resources from the "underground network" and does not realize the responsibility he has to take for his acts. The number of this type of companies is rapidly decreasing because of the new legislation and the strict control of their activity by the legal authorities.

Immoral Companies. This type of company exists mainly because of the immorality of the managerial team who ignores the standards of legal conduct and those of general ethics, the only reason inspiring their conduct is profit at all costs. Their managerial culture is undeveloped and, accordingly the ethics of business is non-existent.

Illegal Companies. This type of companies are not exactly companies specifically, since they do not have a legal status and are not recorded in "The Register of Commerce". They operate illegally and belong to the "underground" economy. For the legal authorities their existence, in most cases, is not motivated. Most of these companies

are illegal "exchange offices" in the street, the trade with smuggled goods.

Legal Companies. Most companies belong to this type. they were set up according to the existing legislation and at the same time, managerial culture is based upon consideration of law in business. the companies belonging to this type operate according to the principle: "What is not forbidden by law is permitted". In business activities and their managerial conduct pay little respect for the moral code and for the social responsibility.

Ethic Companies. managerial culture incorporates the values of ethics. Accordingly, the managerial conduct is guided by the existing ethic-legal standards. One can notice the balance between legality and moral standards in decision-making process and business environments.

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ETIKA UPRAVLJANJA - STRATEGIJSKI PRISTUP

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Etika upravljanja predstavlja faktor uspešnijeg poslovanja preduzeća u dugom roku. U radu se naglašava strategijski pristup etici upravljanja, kao sastavnom delu organizacione kulture, involviranom u proces strategijskog odlučivanja, zajedno sa različitim ekonomsko-finansijskim kriterijumima.

Namera autora je da analizira neke značajne aspekte etike upravljanja u strategijskom kontekstu i da ukaže na specifičnost tog pitanja u poslovanju industrijskih kompanija u Rumuniji.