

Management Ethics and Development**Entrepreneurship**

Keywords: management, manager, human resource management, moral, business ethics, ethical code.

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Abstract

From the first beginnings of the operation and development of organizations and companies, creating a profit, the manner of work, wealth and other benefits provided by the successful operation, the question arises: whether the operation has nothing in common with morality and moral behavior of individuals and groups or as well as the management of organizations contributing to the development of ethics and ethical relations between employees? Observing the relationship between performance and ethics can be expanded to the manner of work, the use of economic and natural resources, management of the organization, property relations, and treatment of employees, quality of work, attitude towards the local community, the state and religion. The occurred changes within transition in the country Republic of Macedonia require research needs in this area. Therefore it is important to investigate the relationship of management and its contribution to the development of moral and ethical behavior in organizations. Variables in the study represent the managers from different organizations and their contribution through the management of human resources for the development of ethics in the organization. The sample is consisted of managers from many organizations in the municipality of Tetovo from different area. The obtained results confirmed the individual hypotheses, as well as general hypothesis: The role of the manager in the development of ethics in the organization will depend on several indicators including notably human resources, culture and ethics, by way of treatment and management of people with the manager in the business area of the organization in modern society.

Ethics In Human Resources Management**Concept of Ethics**

“Ethics is infinitely extended responsibility for everything life“

Albert Schweitzer

The word ethics derives from the Greek word **ethos** which means custom, habit, meaning, character.¹⁴ Ethics can be defined in many ways.

According to Aristotle, the ethics is a philosophical discipline that explores the meaning and purpose of moral requirements, fundamental criteria for moral evaluation and the general relation and the source of morality.

Ethics as a science of morality is mandated to educate people about what is moral and which are its basic components, but also to take a critical attitude to the existing practice of morality. The task of ethics is not only to warn and care for different views of people, but to give value judgments and refer to the actual values. Accordingly, subject to the study of ethics is moral or the activities and practices considering what is good and what is bad, and the rules governing such activities. Ethics deals with the behavior of people setting rules for moral behavior that are usually called ethical principles or codes of ethics. They covered the principles, rules and policies that guide people's behavior.¹⁵

¹⁴Prof.d-r Rakas Smilja 2004, „Sociologija menadzmenta“ str.179

¹⁵Темков, Кирил; 2011, „Професионална етика“ Дом на културата „Иван Мазов-Климе“ - Кавадарци; „Даскал Камче“; Кавадарци

From a practical point of view, ethics is usually defined as a code of moral principles and values that govern the behavior of individuals or groups with regard to what is good or bad.

Because ethics is defined as a personal belief in what is good and what is bad or what is right and what is wrong, from that three fundamental implications follow:

- Individual ethics – people possess ethics, not an organization;
- Ethical behavior can vary from person to person;
- Relativity, not absoluteness of ethics.

In terms of management, the ethics establish standards in relation to what is good or bad in conduct and decision-making.

Ethics in management deals with internal values that are part of the organizational culture and shapes decisions concerning social responsibility in relation to the external environment.

Ethical values and norms

When making decisions the management takes into consideration the different values and norms in managing individual decisions, feelings and actions, although individuals are not even aware of it. From these values derive ethical norms that make up the criteria for making ethical decisions, and the values and norms are sometimes opposed to each other.

There are two sets of values and norms:

- Traditional labor values and norms;
- Social values and norms.

There are three fundamental traditional values and norms

1. **Freedom of individual.** We need to preserve and protect the freedom of all members of the community, institutions that enable the best achievement of freedom. Economic progress is achieved at the expense of the freedom of the individual or employee.

2. **Individual responsibility.** We need to care personal responsibility and to favor institutions that encourage personal initiative and responsibility of individuals. Emphasized self-interest is a useful and realistic incentive to realize those values. Protestant work ethic especially emphasizes personal responsibility. Adam Smith emphasized the particular personal interest of the individual, claiming that the interest of individuals can be directed to the general welfare; starting from the desire of the individual to earn more money, he will work more, and thus contribute more to the organization or community.

3. **Growth (productivity).** Having the spirit of the institutions that encourage and initiate production and services, and economic health, the market economy with flexibility, competition and legal race to profit, achieves the best innovation and production. "The sovereignty of the consumer is the best means of distributing products. The productivity affects the social environment, economic situation, organization, technology, way of rewarding and many other factors."

Fundamental social values and norms are:

1. **The dignity of the individual.** Maintenance and support of the dignity of all people, honest behavior towards other people and their treatment as a whole, rather than as assets, is important for all people. Should all

individuals to enable the fulfillment of basic needs (life, health, safety, employment, etc.) that will realize the worth human life.

2. **Solidarity.** We need to encourage people to take care for each other, to their peers, colleagues, neighbors and society in general. The individual needs to develop a sense of participation and belonging. Each person or individual can develop only in community with others.

3. **Fairness and equality** means to aim to the correct classification of material goods, power and responsibility. It takes an honest and fair treatment of others, even to the younger generation. You need to create a structure that will support the unity and common good and benefit, and to change those that discriminate in any direction. Fairness is best achieved and achieved by political democracy. You can say that theoretically everybody agrees with the aforementioned ethical values and norms, but problems arise in practice when it needs to act according them.

Management ethics

When you start from the position that morality binds exclusively to the individual, it is not possible to talk about business ethics without having people who will uphold and enforce moral norms. Managers of high management position, despite being responsible for their actions, is also responsible for the behavior of others that manage and ones to whom with its own work and behavior can strongly influence.

After all, employees with their work and behavior represent the business ethics of the organization in which they work.

People who are employed in the organization are the foundation of this organization. Factor is the most important resource in any organization. Having this conclusion, the discipline of human resources management was born. The image of the organization to the public for the most part also depends on the human factor. By that logic occurs the management ethics also. Management ethics involves directing activity towards the common good, not just to the organizational interest.

Past research has shown that the values the manager possesses and his views have a crucial role in creating an ethical climate in the organization because their impact on employees is the largest and most prominent. Creating the ethical and productive environment is one of the most crucial functions of the manager. Ethics in the organization are promoted to the level of managerial discipline, and have a major role and according its importance fit to human resources management and public relations.

Managerial Ethics is subject to multiple prejudices.

Because the ultimate goal of any business is to create profits, many dilemmas arise because of which still we meet the notion that ethics and economics are two different entities.

Misconceptions and prejudices that arise in connection with managerial ethics are commonly expressed by the following attitudes:

- Our employees are ethical so on the basis of that the company should be ethical;
- Ethics is a scientific discipline that philosophers and theologians are occupied;
- With ethics religions should be occupied, not managers;
- Ethics interprets only good things;
- Ethics is not a tool that will bring benefit to the organization and management;

- Managerial Ethics and social responsibility are the same;
- The organization and management works according to the law, which means that it is ethical;
- Ethics and its application in the enterprise has no practical significance.

When we talk about managerial ethics we should say it has advantages. Its advantages are the reason for the introduction and cultivation of ethics as a management discipline.

As advantages of managerial ethics would emphasize the following:

- The application of ethics in management creates positive repercussions;
- Managerial ethics creates a positive climate in all segments;
- Managerial ethics creates an image of the organization in the public;
- Managerial ethics directs behavior towards the common goals of the organization;
- Managerial ethics contributes to reducing and eliminating crime;
- Managerial ethics guarantee that things are legal in the organization;
- Ethics encourages and supports individual development and progress of the person as an individual;
- Ethics emphasizes and develops a sense of teamwork, which directly affects employee productivity;
- Ethics maintain the level of morality, and often most pronounced in period of internal or external turbulence;
- Managerial ethics affect the advancement of society as a whole.

In modern terms, the success of the organization cannot be imagined without ethics developed in it. The question is how the most successful organizations in ethics can be applied, in order to give effectiveness of its application. Each organization must develop its own program for introducing ethics in the area of operations, which are usually based on the values of an organization. In function of ethics, often are used codes or rules of conduct, but the values of the organization and their ordination is essential force of ethical programs.

In this section the role of managers is very important, they need more information and practical ways to be able primarily to identify the right values, and then to support and initiate. One of the essential roles of the manager is that he achieves results. Often the manager is faced with ethical problems in the implementation of the results expressed as profit. One of the most serious and most difficult challenges in the work of modern managers is to achieve high profits, while considering the ethics in decision-making in the work.

Throughout the managerial function managers encounter numerous ethical dilemmas which the most common are the following:

- Does the manager should report to the government any intentional illegal operation of his organization?
- Does loyalty to the organization that is managed should be ahead of loyalty toward colleagues?
- What is the upper limit of the confidentiality of the data? Does the name "secret" should tolerate certain works, data, making insults that received unacceptable dimension?
- Do managers from higher instances should support the decisions of lower-instance managers even in case that they are inadequate?
- Whether and to what extent is reasonable to bribe representatives of other organizations with intention to conclude treaties in the interest of the organization?

For these dilemmas there are two approaches for dismissal.

One is the establishment of strict moral principles to which would comply no matter what condition or conditions has and work the organization.

The second approach is more flexible. The manager is the one who will decide whether and how consciously to control and modify their behavior to each case.

If you use the first solution to solving the dilemmas the manager will get rid of the ability to create ethical problems.

Conscience remains clean because in advance is regulated and determined the limit that can go, and thus the problem of ethics is regulated.

The flexible approach requires the ability of the manager to assess the situation and to change their moral views depending on it.

In this case the moral dilemmas are usually very large. Factors that influence the choice of one of the above approaches are: personal experience, cultural environment of origin and living community of the manager, education and his type of character.

One of the many definitions of managerial ethics says that it is the management norms or moral judgment that managers use to perform the set of tasks and objectives.

Norms of management often reflect and derive the general norms and values adopted in the family, society, institutions, and they are drawn from own experience.

There are three basic levels of moral ethical decision or judgment that are characteristic for the managers:

- Moral management;
- Immoral management;
- Against moral management.

The role of management on resources as people in modern society is of great importance to the organization and it depends on their culture and ethics of behavior, the top management of the organization will plan and control the human knowledge and skills with already prescribed norms and rules of conduct for all that to lead to successful implementation of organizational goals.

QUALITATIVE ANALYSIS OF THE RESULTS

The qualitative analysis of the gained data from the research, the results are described, interpreted, and analyzed and through them prove the individual hypotheses as well as general hypothesis. The discussion of results emphasizes what most influences the development of ethical behavior in the organization.

Ethics in the organization largely depends on the behavior of management. This research should show whether the practice will confirm the general hypothesis.

PARTICULAR HYPOTHESIS 1: If the management is committed to ethical norms in the organization, then it contributes to the development of ethics in the organization.

It is explored whether management contributes to the ethical norms of the organization. According to the results of the quantitative analysis, the most of the managers said that they are committed to the ethical norms of the organization.

If management has set ethical standards of conduct and act according them that leads to the development of ethics in the organization. With the obtained quantitative results it confirm the individual hypothesis 1, that, if the management has established ethical standards and is committed to ethical norms in the organization and act according them, then it contributes to the development of ethics in the organization.

The value of the independent and dependent variable are presented in Figure 1.1.

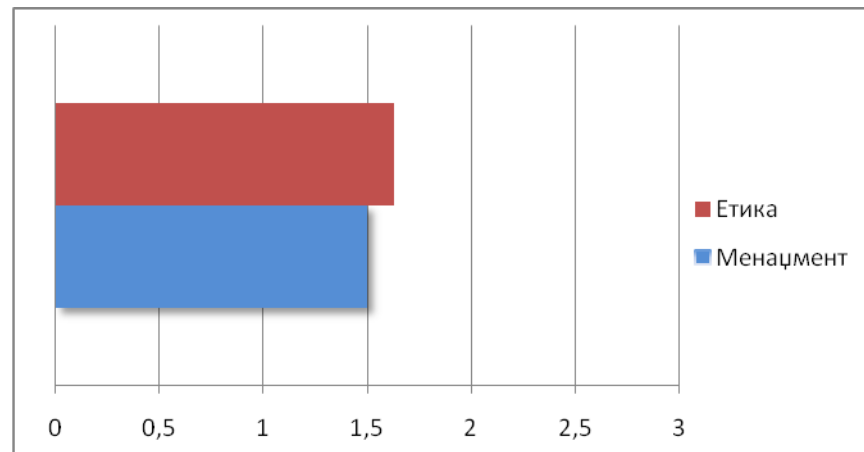


Figure 1.1 Values of variables for a particular hypothesis 1

According to the above mentioned, it can be testable that individual hypothesis 1 or if management contributes and stands for ethical norms in the organization, then it means that it develops ethics in the organization.

PARTICULAR HYPOTHESIS 2: If management respects the code of ethics and ethical concerns toward staff, then it will develop the ethical behavior in the organization and initiate changes in the development of ethics.

It is researched whether management respects the code of ethics and ethical concerns toward employees. According to the results of the quantitative analysis, the most of the managers said that they respect the code of ethics and ethical concern toward employees. The value of the independent variable is 1, 50.

From the quantitative analysis is visible that most of the respondents said yes, which means that consider the ethical conduct develop and initiate changes in the development of ethics. Dependent variable has a value 1.68, suggesting that management initiated changes to the development of ethics in the organization.

The value of the independent and dependent variable are shown in Figure 1.2.

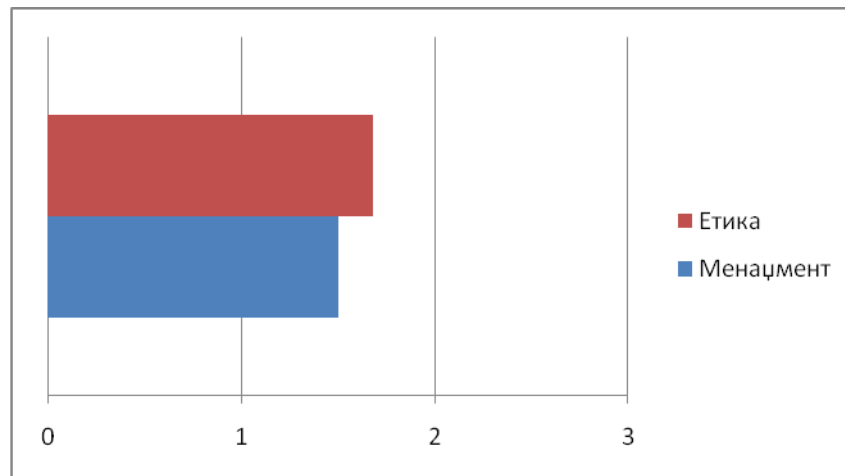


Figure 1.2 Values of variables for a particular hypothesis 2

Thus we can say that specific hypothesis 2 is confirmed, or if management respect the code of ethics (which has previously made) and behave ethical toward employees then it means that he initiated the development and changes in ethics in the organization.

PARTICULAR HYPOTHESIS 3: If there is ethical behavior among management and employees, then there is ethics in the organization and it is subject to changes, innovations and sanctions.

It is researched whether there is ethical behavior among employees and management. According to the results of the quantitative analysis, the independent variable with value 1.50 shows that overwhelming majority of managers respond that there is ethical behavior between management and employees.

In this hypothesis the dependent variable represented by ethical conduct that is subject to changes, innovations and sanctions is taken in terms of respondents' answers where the quantitative analysis shows that an equal number of respondents answered with **partial** and **no**, which means that ethical behavior is subject to insufficient changes, innovations and sanctions. Its value is 1.81.

The values of the dependent and independent variable of specific hypothesis 3 are presented in Figure 1.3.

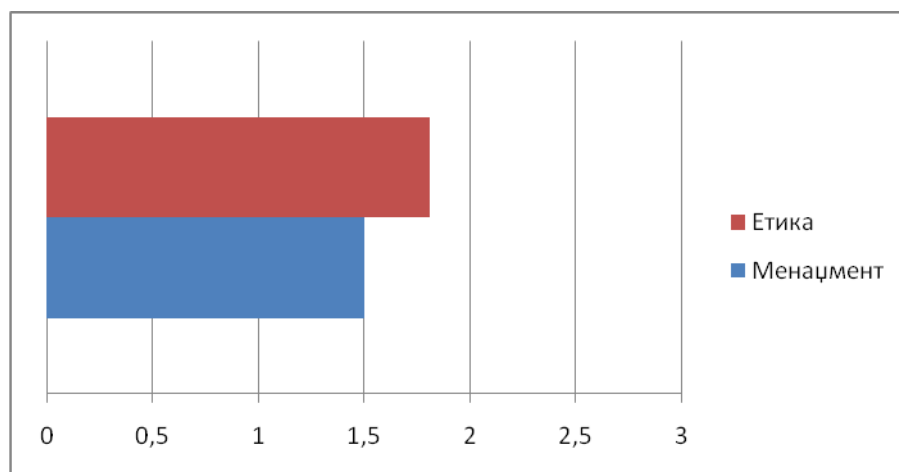


Figure 1.3 The values of the variables for specific hypothesis 3

According to the above mentioned, the specific hypothesis 3 has been confirmed, that the ethical behavior of management toward employees initiates existence of ethics in the organization and its changes, innovations and sanctions.

The author assumes that labor in highly developed countries, where standards, ethics and culture of the population is at a higher level and employees are well paid to perform their duties, is much more developed ethical behavior among employees and management have more developed criteria regarding their behavior towards employees and their rights and obligations.

This research was conducted in order to prove the assumption that the contribution of management is of great importance for the development of ethics in the organization. The employees working in organizations are working in atmosphere and relations that are not entirely dependent on the employees themselves.

The challenge for the author of this research was to prove that the main creators of behavior in an organization and interpersonal relations in the organization largely depends on the behavior of the management of the same, i. e. how management will treat employees, how to regulate relations, remunerations, promotions and salaries of employees. How ethical would implement these things the more will contribute to the development, changes and innovations in the ethics of the organization. The results of the survey conducted among 65 managers from multiple organizations with different activity shows that the ethics is not developed on the level as is the case in developed countries, but anyway management contributes a lot to the development of ethics in organizations in which the research was conducted. All ethical behaviors in the developed countries are the result of culture, in our areas most of them are governed by certain codes, norms, which often are not respected and must be punished. However the situation is not alarming, and there is a growing tendency to ethical and correct behavior by management, which allows employees to feel satisfied with the work, and to follow the example of their managers and to develop ethical behavior in the workplace.

The conclusion of the author is that it is necessary to put effort by managers at all levels of organizations to improve the motivation of employees and to behave ethically and have a pleasant working atmosphere and good interpersonal relations, which is very important for success of an organization. It is required management to contribute for ethical norms and relations in the organization and thereby to contribute to the development of ethics in the organization. To initiate development of ethical behavior and contributes to changes in the organization in a positive direction, everyone needs to give his own contribution; especially the management with their behavior should be the main driver of these changes.

Equal treatment of all employees by the management team, their respect and valuing equally the efforts of employees is the motivation for their greater commitment and sense of ethics in the organization.

All previously mentioned can serve as a guideline for proving the general hypothesis, and therefore the conclusion is that if management is committed to the ethics, then it contributes to its development and ethical behavior in the organization.

This means that the development of ethics, its application, change for the better, entering innovations in the field of ethics in the organization, the relationship between employees largely depend on the management team of each manager separately. The more management concerns under the ethical rules of the organization, the more conduct to encouraging ethical behavior among employees in the organization. Most of the managers in their organizations have established ethical norms of conduct and act according them, the organizations in which the research was conducted in general have adopted a code of ethics and management generally refers

according to him, also behaves ethical towards all employees thereby encouraging ethical behavior in the organization.

Most managers believe that ethics in the organization depends on them, that they make efforts to develop ethics, that develop ethical behavior in the organization, introduce innovations in ethics and initiate changes in the upward development of ethical norms in the organization, and partly sanction the unethical behavior.

Each management in its own way in own organization can and should contribute to the development of ethical behavior among employees.

Conclusions and Recommendations

This section lists conclusions from the conducted research, as well as information derived from the processing of the results obtained from the questionnaires.

This research was conducted in order to prove the assumption that the personal example of managers and their ethical behavior towards employees will contribute to the development of ethics in the organization.

The challenge for the author of this research was to prove that the main factors for the development of ethics in an organization is the behavior of managers, or their treatment towards employees, respect for the worker as a subject, the proper reward for effort, the active participation of employees in decision making and many other elements in the behavior of managers that contribute to a positive work atmosphere and good interpersonal relationships.

The results of the survey conducted among 65 managers from organizations of different activities show that most managers believe that they behave ethically towards their employees and thus contribute to the development of ethics in the organization. The obtained results indicate that in most of the organizations which performed the research, the management has established ethical standards and a code of conduct, and for some of them, like for example banks, the code is mandatory.

In most of these organizations despite the difficult working conditions in modern conditions of economic crisis and unfavorable economic environment, the management refers ethical toward employees trying to respect the most ethical norms, and consequently to those employees also behave ethical toward managers.

Managers who were surveyed believe that their exemplary behavior encourage ethical behavior in the organization and ethics in their work environment depend on them greatly, and with that ethical behavior they contribute to the development of ethics, initiate the changes and innovations in the development of ethical action and working.

Given that ethical and unethical behavior in the organization is subject to learn, we can assume that where is not enough ethical behaviors the situation can be improved. It needs more education of management as a whole, for its business ethics and principles, moral and ethical values in work and for their greater engagement in terms of respect for all aspects of ethics.

The attitude of the author is that managers need to invest maximum effort with a personal example in behavior and performance of the organization and the environment, to contribute to develop ethics and ethical behavior.

Nowadays, the business ethics receive a dynamic character. The process of globalization requires rapid flow of money and capital. Money correct values, develop a different culture and change the business ethics.

The need for sustainability of enterprise, in heavier conditions, influences the behavior of managers and decision makers. Business ethics is an element of competitive advantage in the market.

By itself, the ethical behavior does not bring success, but without ethics and ethical norms established there is no commercial success.

Therefore crucial for any organization is the commitment of management to operate ethically. The author of the paper believes that this research will help to serve its purpose, that will empower managers to make more effort to contribute to ethical conduct and behavior in their organizations and in the wider environment. Major role in the development of ethics and development has the awareness and consciousness of employees and managers, which in the future should be raised to a higher level.

No organization can function ethically just using the prescribed norms, codes, and regulations that can easily breach and violate. It is needed the ethical to be in the minds of employees and their managers, and to not have to be regulated by laws. Unfortunately, due to the low development of social consciousness everything which in developed countries is normal and ethical behavior, as part of the culture of behavior, in our territory must be governed by law or norms, which in practice is difficult to implement despite the sanction. However, the personal example of managers and their fair and ethical treatment of employees in the organization, can contribute to the development of ethics and ethical behavior of all employees.

In the future need to conduct more research about which factors would improve ethical behavior and ethics in organizations where management will be an independent variable and the employees a dependent variable in the survey.

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