

The concept of ethics in business

MSc. Selma Binjaku ¹, MSc. Ina Sina ²

¹ Lecturer at Faculty of Economy, University of Durres, Albania

² Student at Mathematics and Informatics Faculty, University of Sofia ,Bulgaria

Abstract

In this paper we are going to speak about how ethics affects the business environment as we know that in a business the main purpose is to meet the entirety of the aims and objectives for which it was created. This should be done in a fair manner and without affecting others. Business decisions have a suspicious behavior after his success in most cases is measured with the profit, not the effect on people. For this reason, the first to reveal unethical behavior often, are managers themselves, as the main responsible in organizations affected by the situation they face and the factors that surround them. Within an organization it reflects the behavior of an individual to the group and directly to the customer. It should be emphasized `Ethics` the company codes in this case, which arises from the organization, have a very important role for associate and harmonize together personal ethics and those of the organization.

Keywords: Ethics, Business environment, Leaders , Managers.

Introduction

What is ethics?

Ethics or moral philosophy is the branch of philosophy that involves systematizing, defending, and recommending concepts of right and wrong conduct. The term ethics derives from the Ancient Greek word ἠθικός ethikos, which is derived from the word ἦθος ethos (habit, "custom").(1.comp, p.1)

Any organization with social responsibility should show interest in what is considered good for the customer, society, customers, vendors and general public .Through ethical conduct, managers

or directors of the organization do a whole face complex situations and external influence. Ethical behavior helps the organization to maintain the reputation.

Customers and employees who bring increasing its useful life. Business organizations of managing ethics in the work environment through the design and operation of the ethical management programs.

In a business the main purpose is to meet the entirety of the aims and objectives for which it was created. This should be done in a fair manner and without affecting others. Managers and executives of the organization, during the decision-making process, play the main role. This is because the management decision-making is one of the problems that has more interest recently. Business decisions have a suspicious behavior after his success in most cases is measured with the profit, not the effect on people. For this reason, the first to reveal unethical behavior often, are managers themselves, as the main responsible in organizations affected by the situation they face and the factors that surround them. Within an organization it reflects the behavior of an individual to the group and directly to the customer. If someone in the organization behaves unethically then create a negative image for the organization and vice versa. It should be emphasized `Ethics` the company codes in this case, which arises from the organization, have a very important role for associate and harmonize together personal ethics and those of the organization.

1. Principles of Ethics

Ethics are the principles or standards that govern our actions. Ethical behavior at work can be summarized as honesty, accountability and respect.(2.comp, p.1) There are few guides that indicate when a situation may have ethical implications. Recognition of moral context of a situation can precede any attempt to resolve it. Ethical principles at first sight appear trite and simple, but they should have a much more practical presentation. Ethical principles are organized in three categories: Personal Ethics Principles can be also called morality, being virtuous.

Another principle of ethics is principles of professional ethics. Individual action leads to a supplementary ethical responsibility. For example can take professional companies that have the code of ethics, and also include the desired behavior within the context of professional practice, medicine, law, economics or engineering. Written codes of conduct and laws define behavior based on the principles of professional ethics, which include: Equity, openness, trust, limits of care, reliability of professional responsibilities, avoiding potential conflicts of interest. Even when there is no writing codes , principles of professional ethics are generally well received by people in business, employees, volunteers, etc.

Global Ethics Principles is the most controversial of the three categories and less understand. Broad interpretation of how or when to apply these principles, sometimes can generate emotional responses and heated debate. Global Ethics Principles include: global justice, social , responsibility, maintenance of the environment, interdependence and responsibility for the world's esteem for country.

Governance is a measure to add another responsibility in the global influence of the organization. One of the tasks of each manager, leader or leadership is to influence the society in a positive manner. Foundations operating in a plurality of situations, but their contribution should appear in the interest of society, emphasizing here that the principles of personal ethics are the first checkpoints in every situation.

2. Key aspects of business ethics

"Ethics has to do with what my feelings tell me is right or wrong."

"Ethics has to do with my religious beliefs."

"Being ethical is doing what the law requires."

"Ethics consists of the standards of behavior our society accepts."

"I don't know what the word means." (3.comp, p.1)

This is what different business people answered the question of “What does ethics mean to you?” made by a sociologist Raymond Baumhart. Ethics generally identified with the principles governing the behavior of an individual or specific group of individuals. The issue of business ethics, although it seems simple at first glance, often loaded with a strong sense of emotion, accompanied at the same time with a series of myths and misunderstandings. A code of ethics issued by a business is a particular kind of policy statement. A properly framed code is, in effect, a form of legislation within the company binding on its employees, with specific sanctions for violation of the code. If such sanctions are absent, the code is just a list of pieties.(4.comp, p.1)

The emphasis on the concept of ethics stands on what makes specific assessments of what is right or wrong, claiming further for what to do and what not to do, in relation to production, service and relations with shareholders. Therefore, business ethics should be paid attention during the periods that have to do with fundamental changes. Business ethics are implemented in order to ensure that a certain required level of trust exists between consumers and various forms of market participants with businesses.(5.comp, p.1)

Leaders and managers seeking to have more practical information for managing ethics, as this type of management benefits the moral and practical benefits in the workplace, which become more and more accessible today, when it takes a special importance to understanding and managing diversity values.

One of the other areas of widely addresses business ethics is management in terms of moral confusion, which include a host of ethical problems with which managers deal almost daily. As such one can mention the potential conflict of interest, wrong use of resources, mismanagement of contracts and agreements, etc. While performing that activity, managers should take note of the way of providing information, the issuance of the production, care to reporting, etc.

Business organizations treat various concerns of ethical character as treatment of employees, the way environmental protection, treatment of employees; determination of the prices of products and services; social responsibility, etc. Ethics except carries positive terms, per se it addresses issues related to bribery, theft, etc.

Also take into consideration the relationships with employees, customers, subordinates, suppliers and all stakeholders participating in an activity of the organization. Ethical business decisions mainly depend on two main factors: first of moral standards and values of the individual, secondly by the influence of managers and associates.

3. Factors affecting the ethical behavior

The most important influence on ethical behavior in the workplace is overall company culture, which determines whether employees are valued or belittled and whether stakeholders are treated with trust or suspicion.(6.comp, p.1)

In one organization, often executives and its managers face a number of problems of different nature which are caused by factors beyond the realm of a different environment. An important management challenge, is the operation of the organization in such a way where each employee to develop in its activity within the bounds of ethics management.

Organizational factors that influence ethical behavior are external factors that already exist in the environment of the organization and internal factors that are in the environment inside.

In external factors we can include: competitive environment, sources available, extreme dependence. The competitive environment factor promotes unethical behavior in the environment where the organization operates, where competition is strong. The existence of a high-level competition drives organizations behave unethically by performing different actions like illegal connection agreements etc. Unethical behaviors emerge as we profit making organizations.

The existence of a limited number of resources gives rise to unethical behavior. Every organization aims to increase revenue, performance as well as its image, but the insufficiency of these resources needed to develop its activity leads to committing unethical behavior. But we should not forget the fact that even though there may be enough resources can still have unethical behavior.

Because of the type of activity it carries an organization. It is that it be associated with a number of other organizations. And that could lead to the emergence of various misunderstandings, of bribery, corruption etc.

In Internal factors we have: pressure, discontent, delegation of authority and promote innovation. Pressure promotes work in a business, not paying great importance to high-quality production and promised to clients, on time and production process. This brings inferior product and not desirable. Discontent has been viewed by employees in a work place can lead to unethical behavior.

The manner of delegation of authority, the development of contemporary technology, this also leads to a non-desirable behavior, unethical. Important in the identification of factors must have for both groups. With great interest it should be shown by managers who are the leaders of an organization. Pressure falls on managers of medium level and lower.

There are a number of mechanisms which create an ethical climate within the organization, as training on the ethics codes of ethics, ethical committees etc etc.

4. Ethics in Albanian business

Unethical solutions are the result of a group of factors that can be considered as general, for any crop .So, ethical decisions are individual decisions and some people have conscience corrupted in some cases the organizational culture itself contains within it a ton unethical pressures continued competition administrators and employees make you do things that in normal conditions may seem impossible etc.

The prevalence of small businesses in Albania for a long time this business dominates the Albanian economy .This is a phenomenon known not only for the poor economy of our country or other countries in Eastern Europe but also for countries with a consolidated market economy to develop. This is explained by the fact that simple things like working conditions that maybe for big business do not pose a serious problem for the small business can be a major expense that can endanger the "life" of the latter. This brings a control deviation and corruption of civil servants from entrepreneurs.

An unethical behavior may exist due to the fact that Albania is a country where per capita incomes are lower than in Europe and where most small businesses can exist as to keep the family. This constitutes a trend. At the beginning of transition, Albania was a country rich in tradition of a centralized economy inherited from the socialist system.

Capitalist tradition did not succeed to create as well as the existence of those few capitalist elements that were formed before the war were eliminated during the communist regime and their access was never as happened in another countries. This creates a gap not only institutional but also Albanian society's mindset taken during this time began to create institutions with European standards rapidly aiming .Laws were dropped on paper, but their implementation in practice is difficult. The main objective consists in the fact the implementation of legislation in practice and not in its modernity. The issue of legislation, related to the degree of development of society and respect for the law by its members and on the other side of the level of control in the organization. This poses a problem for foreign firms, which have invested capital to bring to market high quality products, not fake etc. In addition, these companies must show their interest for measures relating to the identification of their products in the market, which offer guarantees. A distinction the company of competitive products, the firm provides a positive image and high performance.

Start of transition made that the Albanian economy flourished a number of small businesses and medium without clear rules of the market economy. Many people began to deal with business without the relevant education to run a company under conditions different from the centralized economy As a result, many of them were destined to fail. .This Risk led many individuals in the top of the utilities to violate certain rules of conduct.

On the other hand, Albanian businessmen not used to the new rules of the game, but the lure of high levels of profit to reach the first 2-3 years of transition condition we just wanted to be maintaining this high level of profit taking oriented in some cases of unfair competition. Unethical behavior can appear also in non-profit organizations. Here we can mention the illegal contribution in electoral campaigns.

The prevalence of small businesses in Albania, creates the possibility of expanding them to their future. The purpose of the suggestion of architects, encourages firms to use illegal street, banned earlier. This situation can be realized by many different firms which have as target market expansion.

Albanian businessmen stand for a concentration of power and using an authoritarian management style. But in medium firms and large, managers are required to make certain

delegation of authority. Subordinate managers, to which it is transferred the right to make decisions can be oriented and act contrary to the law. This situation may become clearer if the control exerted by them is weak. This happens in cases where managers have an overconfident against their subordinates, which is negative for an organization.(7.book, page 25-32)

Another notable point is displayed unethical behavior is an example that shows the manager that the act unethically is something relative, and when the company brings revenue, it has been desirable behavior in different ways. This phenomenon occurs outside the territory of our country. Chaotic, massive unemployment, destruction of work psychology that had the actual effects on business ethics in Albania. But a true impact dignified in Albanian ethics was the existence of the informal sector.

The informal sector understands that part of economic activity that is realized whole or part outside the scope of legal authority in the country. In Albania, the informal market has a high level of development. Impact on the development of this sector has been the macroeconomic branch, which is focused during the years of transition to a market economy. Among these steps emphasize them, which relate to the waiver of state intervention in the economy, liberalization of trade and prices, as well as creating the legal and institutional conditions for competition.

Some may consider it as a resource for increasing the income of the population, but in fact it represents a barrier for the rapid economic and a ground where they meet a series of problems of business ethics. The existence of the informal sector has made to sit in the income of the state budget, social security as income non-registered of private entrepreneurship represent a large volume of income to avoid fiscal obligations, also has reduced unjustly wage level, has hampered fair competition between private entrepreneurs and damaged in a certain amount of the labor market by creating a layer of people are vulnerable.

One of the reasons for this situation, is, apart from insufficient education of entrepreneurs and legal act that most of them are simultaneously owners and managers of businesses that they exercise.

Lack of sufficient experience of fiscal administration, inadequate safety controls and non-functional of its state structure and administration presence in this type of individuals who see their place of work as a position to earn income. The main objective of legalization appears to

reduce the informal sector and greater connectivity with the best of interests between employers and employees and the state. Here plays a role in public education and the expansion of powers of local government in administering the revenue provided by the exercise of the activity of the business.

In the '90s Albania went on the difficult way of building a capitalist economy .Although emergence of a plurality of obstacles, entrepreneurs and private business are developed with a rapid pace relatively . There are currently tens of thousands of businesses distributed in many sectors of the economy but the trade dominance in the construction sector, small private farms and in the services sector in general. But it is difficult to imagine that in a poor country like ours with a powerless state that lacks proper legislation with a political situation is confusing and unstable ground created a fraud and speculation.

The existence of different activities in an organization also includes within itself unethical activities, illegal. Than negative or not is an unethical behavior cannot be measured, since there is such a measure, but it is very necessary to have carried out improvements of ethics .Practices of unethical behavior in business are numerous enough .But one case widespread is concealing income in a business in order not to pay tax to the state, defined as an obligation for every organization. Ethical issues are factors which affect business significantly to make the right decisions.

In most Albanian businesses entrepreneurs do not sign contracts for their employees and not social contributions for employees shed. Unethical behavior in the industry is closely connected with the existence of the informal sector, which in Albania and Kosovo is very evident. The informal sector in Albania has occupied over 40% of the economy, while Kosovo authors and publications of calculating the informal economy of Kosovo is estimated to be between 40% - 60%, using indicators such as the number of employees in the formal and informal economy, the number of companies working in the field of formal and informal as well as comparative figures from other countries.(8.book, page33-49)

Ethical decisions and actions, from the standpoint of a person, depend heavily on individual perception and values that person may possess. But it is found not only individual values and characteristics that influence a person to make decisions independently, whether they are fair or not fair.

The decisions and actions of people, especially those who are involved in the business world, depends very much on the influence and impact of individuals who enjoy the role of supervisor (manager). According to these findings, we can say that employees, executives or business owners - people who may have high positive moral values and personal - will not agree to take any decision not honest.(9.Book, page45-50).

However, there is also another part of the people who may also be at high personal standards and values, but when affected by executives or associates, can you make decisions that do not match their more personal character. These actions can be manifested in different activities and business functions, eg an accountant may be required to manipulate and hide financial data in order to avoid the payment of business taxes, or, production supervisors may be asked by his manager to decide percentage scarce raw materials to final product manufacture and not as advertised in its packaging.(10.Book, page60-63)

In conclusion we can say that in our country, issues of ethical character are numerous and perhaps more evident than in other countries in transition.

References

- 1) <https://en.wikipedia.org/wiki/Ethics>
- 2) <http://www.jobsearchonline.bc.ca/Job%20Maintenance/ethics.htm>
- 3) <https://www.scu.edu/ethics/ethics-resources/ethical-decision-making/what-is-ethics/>
- 4) <http://www.inc.com/encyclopedia/code-of-ethics.html>
- 5) <http://www.investopedia.com/terms/b/business-ethics.asp>
- 6) <http://smallbusiness.chron.com/important-influence-ethical-behavior-workplace-41952.html>
- 7) Ventures Small Business Management, Donika Kercini
- 8) Anti-corruption initiative in Albania, World Bank
- 9) Human Resource Management , Galantina Canco
- 10) Human Resource Management , Galantina Canco