PROMOTING SOCIAL RESPONSIBILITY AND SOCIETY HEALTH WITH CARE FOR ENTERPRISE ETHICS

M. Sc. Tjaša Štrukelj
Prof. DDr. Matjaž Mulej

University of Maribor, Faculty of Economics and Business, Razlagova ul 14, SI–2000 Maribor, Slovenia and IRDO – Institute for Development of Social Responsibility, Preradovičeva ul 26, SI–2000 Maribor, Slovenia
E-mail: tjasa.strukelj@uni-mb.si, mulej@uni-mb.si

Abstract: In this paper we share our professional view and experiences in the field of enterprise ethics. We present approaches to enterprise's ethical decision-making from the theory viewpoint and the importance of enterprise ethics and social responsibility promoting from both the theory and practice viewpoints. As a possible strength of a possible enterprises' practice we suggest the implementation of enterprises' code of ethic. Experiences show that this is an effective routine decision-making tool, which is worth to be incorporated into business practice. Code of ethic is a document that expresses enterprises' social responsibility and thus leads towards better enterprises' competitiveness and healthier social life conditions.

Keywords: enterprise policy, code of ethics, social responsibility, strategic management, innovation.

POSPEŠEVANJE DRUŽBENE ODGOVORNOSTI IN ZDRAVJA DRUŽBE S POMOČJO SKRBI ZA ETIKO PODJETJA

Povzetek: V tem članku smo osredotočeni na strokovni vidik in izkušnje avtorjev članka o etiki podjetja. Predstavljamo možne teoretične pristope za sprejemanje etičnih odločitev podjetja ter tako teoretično kot praktično obravnavamo pomen podpiranja etike podjetja in družbene odgovornosti podjetja na primeru enega izmed možnih teoretičnih pristopov. Kot možno prakso podjetja, ki lahko podjetju predstavlja potencialno prednost, predlagamo implementacijo kodeksa etike podjetja. Izkušnje kažejo, da je kodeks etike podjetja učinkovito orodje za rutinsko etično odločanje, ki ga je smiselno vključiti v prakso podjetja. Kodeks etike je dokument, ki izraža družbeno odgovornost podjetja in zato vodi k boljši konkurenčnosti podjetja in bolj zdravim pogojem življenja družbe.

Ključne besede: politika podjetja, kodeks etike, družbena odgovornost, strateški management, inovacije.

1 Introduction

The financial, economic, and social crisis, which emerged in 2008 in the most innovative countries of the world shows that economy creates only a part of preconditions for well-being and happiness of people (Beyond GDP, 2011; Blanchflower and Oswald, 2011; Judge and Kammayer-Mueller, 2011; Wu and Wu, 2010; YBLICN, 2011). The innovation of planning and management criteria must therefore be oriented toward greater social responsibility (SR) and requisite holism (RH) (Dyck, 2011; EU, 2011; Hrast et al., ed., 2013; ISO, 2010; Motohashi et al., 2012; Mulej et al., 2013; Wang and Juslin, 2012). The process must lead toward enterprise ethics and socially responsible enterprise, as well (see also Epstein, 2010; Madu and Kuei, 2012; Wagner, 2012); therefore the future social and economic development will require even more creativity and innovation, both the technological and non-technological ones. New benefit for the current and coming generations should be provided also through the enterprise policy (corporate governance) innovation (Amman et al., 2011; Duh and Štrukelj, 2011; Šarotar-Žižek et al., 2011; Štrukelj et al., 2012). One of the possible modes of innovating the enterprise policy's implementation is achieving enterprise's credibility through the code of ethics we introduced in our research. But we have to emphasize that none of the studied fields makes sense, when enterprises are not willing to innovate their enterprise policy – when its governance and management are not able to adapt to market conditions, proactively, in a best case scenario.

Successful enterprises need answers to many questions, and often they have to place in the background the logic of the industry, in which they are active, and bring to the fore "endless" ways of thinking. Business ethics, which deals with criteria of business practice with regard to good and bad decisions/actions, is one of the key success factors of today business performance. This article deals in addition to business ethics in decision making (Chapter 2) also with the contents of routine ethical decision-making (Chapter 3): the ethical dilemmas are dealt with in an ethics code, which is becoming increasingly important enterprise ethical tool for routine decision-making. Code of ethics presents to an enterprise its clear orientation in the decisions that are repeated, and additionally frees managers of the routine decision-making/guidance. Ethical codes are also among the essential components of the high ethical standards in business performance, because enterprises write their routine ethical business performance rules into them. Some conclusions are introduced in Chapter 4.

2 Ethics and decision-making

Ethical decision making is demanding (Možina et al. 2004: 397) when the manager during coordinating the interests of enterprise stakeholders estimates the often opposing or incompatible values and chooses between them the right decisions. The ethical climate, which the authors of this paper understand as affection and willingness of enterprise stakeholders to promote enterprise ethics, in the enterprise changes (Belak, Je., Mulej, 2009); hence enterprises implement enterprise ethics by active care and regular measuring of enterprise ethics (Belak, Je., Milfelner, 2011). Enterprises can implement the enterprise ethics by ethical decision-making: there are different ways of ethical routine, analytical and intuitive decision-making (Table 1). Routine decisions on ethical matters should be upgraded with the analytical decision-making and that one with intuitive decision-making.

Table 1: Approaches to enterprise's ethical decision-making

Interdependent approaches to ethical decision-making
Ethical routine decision-making
• pre-defined choices for foreseeable conditions for (more or less mandatory instructions for treatment: what should be done in individual cases and how) • quick and efficient • suitable for simple situations • rules may be inappropriate for special cases and circumstances • best suited for the operational level of realization management and tactical level of realization management* • most commonly used by lower – first line managers (who decide on the optimal allocation of executive tasks) and middle managers (who decide on providing and optimal allocation of resources)* • forms of expression: a vision, mission, mission statement, fundamental objectives, regulations, rules of procedure, (moral) rules, patterns of ethical decisions for individual cases and circumstances, instructions, manuals, standards, codes, etc.* • frame-work rules of procedure for partly foreseeable conditions, capturing the routine parts of the work procedures, providing more time and capacity for the creative parts of the work procedures*
Ethical analytical decision-making (according to the model, method, theory)
• takes into account the circumstances • attains high quality • requires identification of the values of people in individual cases and in specific environments (and the

identification of rules for the observance of these values or for selection from among them) • requires more knowledge, dedication and time, so for it often there is no time (nor capacity) • concerns an area of philosophy (bases on the application of philosophical theories and knowledge of philosophical and ethical theories) • may be very difficult: it requires in-depth and broad knowledge and skills from managers • most appropriate for the level of strategic management* • most commonly used by senior – top managers, i.e. principals, the Directors-General (decision makers on strategies)* • forms of expression: more complex methods, models, algorithms*, for example: ethics of benefits (teleological approaches), ethics of justice and rights, ethics of duties (deontological approaches), the mixed approaches, a number of other approaches • frame-work rules of procedure for partly foreseeable conditions, capturing the routine parts of the work procedures, providing more time and capacity for the creative parts of the work procedures*

Ethical intuitive decision-making (is happening in decision-makers' sub-consciousness)
• provides creative decisions (which may be encouraged, but more difficult to manage) • is useful in conditions of partial information and risk • often provides a rapid response to unforeseen events • is strongly dependent on the knowledge, experience, values and level of moral development of decision-maker • provides advantages (creativity, commitment), as well as disadvantages (thoughtlessness, the greater risk, the greater stress caused by ethical dilemmas) • is the foundation of knowledge about the possible philosophical and ethical models as in the analytical decision-making • its foundation is the knowledge and consciousness of the reality; the decision makers should attain the highest possible level of development regarding ethical decision-making and moral operation [Tavčar speaks about the level of personal ethical/moral development]; mature human personality, upright and strong people are needed* • characteristics of the decision-maker: knowledge, experience, honesty, fairness, self-esteem, rational assessment, confidence, creativity, temperance, responsibility, conscience, perseverance, wisdom, no short-term and narrow-minded orientation* • most appropriate for the level of enterprise policy* • most commonly used by business owners (who decide on the vision, mission, purposes and core objectives)* • forms of expression: general methods of mental models*

Legend: * = Authors' contribution.

Source: Adapted from Tavčar 2000 in 2002, supplemented with our own findings; authors' expose/design.

3 Code of Ethics as a tool of ethical routine decision-making

Code of ethics or ethical code is becoming an increasingly important rule of enterprises' routine ethical decision-making; enterprises focus on their ethical routine rules in writing. Codes of ethics and similar documents (Tavčar 2002: 218) are very useful, as they provide to managers a solid guidance in repeating matters; managers are in addition relieved of the routine decision-making and guidance. Codes of ethics (Možina et al. 2004: 396–397) can be important assets in many everyday decisions as they clearly and simply set out the rules of conduct. Code of Ethics should be used critically, in accordance with own values and the values of the people who are affected by decisions, and always consider whether it corresponds to the circumstances in which one would like to use it. Code of Ethics by itself does not provide adequate ethical decision-making for every circumstance, so it should be used in accordance with the actual decision and adjusted, if necessary. However, one must also consider the fact that a code of ethics is a way of ensuring enterprise's ethical practices and that the enterprise ethics (Belak, Je. et al., 2010) should be planned. Proposal for a Code of Ethics of e.g. the Faculty of Economics and Business, University of Maribor (EPF), is shown in Table 2.

Table 2: Proposed Code of Ethics of the Faculty of Economics and Business (EPF), University of Maribor

The academic staff (faculty teachers and associates) of EPF is striving toward high ethical standards and fully moral handling in all aspects of our work and behavior. Management provides transparent use of public money and for informing of all employees about important matters and we all together strive to continuously improve the quality of our work. From the scientific research point of view we want to co-create and expand trends of social and otherwise responsible development of science and incorporate this science in our pedagogical (teaching) work and into our collaboration with organizations outside university. We perform our teaching responsibly and in accordance with all of the duties entrusted to us. We equip future graduates with the consciousness (why) and the knowledge (what and how). We educate them into the intellectual elite of critical thinking of the Slovenian nation, and we give them the latest economic and business skills and methodologies. In this way, they develop into major actors of Slovenian, European and world economies. Our expertise and professionalism of Slovenian enterprises is deepened with the cooperation with the business sector, because on the one hand we have the responsibility to transmit the latest scientific research findings into practice and, second, we are responsible for the dissemination of practical experiences in science. Whatever the scope of our appearance, we innovate and upgrade our work, we are role-models of good and honest humans, and we present an upright pillar of ethics and moral behavior of Slovenian society.
Professional staff of EPF timely and correctly carries out our professional support for academic staff as well as students and graduates of EPF, as we co-create the goodwill of EPF in its immediate and wider environment together with them. We are aware that every service of EPF is better with the excellent support services and this is why we offer the best possible quality of them and constantly search for different aspects of their possible improvements. In our professional field we are tracking the innovations being developed in order to improve our performance in the work that we have been entrusted. We perform our work with full responsibility. We are aware that we are ambassadors of the exchange of all and right information within EPF and between EPF and its environment, and in this way we co-create the success of EPF.
We, the students of EPF, are aware that we need to acquire our knowledge in a responsible manner. As more knowledge and experiences means better personal preparedness for the future of our working life, in addition to regular duties as are prescribed in our study program and study direction, we continuously look for opportunities for further education, training and practical experience in the Slovenian business practice. So we try to work individually and in teams to gain as much knowledge and experiences as possible from the study of mandatory contents, and we are also upgrading this knowledge: we participate in lectures of visiting experts from outside EPF, and actively participate in the organization and execution of events, excursions and complementary educations, that are for us organized by EPF, or are otherwise available to us in an environment where we live and work. Already during the study, we link the transfer of knowledge, experience and

information from EPF in the business practice and vice versa.

We, the graduates of EPF, are integrated into Slovenian, European and / or world economic/business practice and society, and we take care of ethical and responsible work in organizations where we work and we work with, as well as ethical and responsible behavior of the society in which we live. So we are with our operation and behavior expanding ethical practice on all people and all environments where we are present, and we are personally responsible to them for the transfer of the knowledge and experiences gained from studying at EPF. We are also obliged to continually improve and expand our expertise, spread it to others and use it responsibly. We remain loyal to EPF also after graduation, because we are aware that due to personal transformation during our study, we are EPF's lifelong stakeholders. Therefore, we will use our best opportunities for unselfish help in the development of EPF, and will actively collaborate with EPF also after graduation.

We, the academic staff (faculty teachers and associates), professional co-workers, students and graduates of EPF, are morally obliged to create, disseminate and maintain high ethical standards of all stakeholders of all organizations and environments in which we are active. Thus, we co-create sustainable development and invest our share into the efforts for survival of the planet Earth and for the preservation of the existing society/human civilization. This is achieved by constantly innovating both our personal as well as institutional values, culture, ethics, norms and habits, improving the (inter)human relationships, upgrading our expertise, and honest realization of our profession, as well as by innovating business processes of EPF and other organizations and environments, which we can influence. We commit ourselves that we will always take full responsibility for our actions and behavior, and the consequences that will result from it, and that we will provide with true and correct/complete information all our business partners. We are aware that only in such ethically acceptable manner, and with the joint efforts, we will preserve the honor of EPF.

Source: Own.

4 Conclusions

The experience, reported in public press, proves that innovative enterprises succeed even in crises, because they have appropriate requisitely holistic enterprise policy and strategies, including enterprise ethics and social responsibility (SR), exposing interdependence and holism, as important sources of productivity, efficiency, and profitability. Invention-innovation-diffusion processes (IIDP) are natural consequences and components of such business practices that deserve imitation and require a transition from a traditional, self-enclosed and non-cooperative behavior of key enterprise stakeholders by the (dialectical) systems approach (Mulej et al., 2013). This approach can be – theoretically speaking – informal, e.g. supported by the ISO 26000 Standard on SR (ISO, 2010)[1]. Responsible organizations (as institutions of interest-linked people and property) define their basic, general and long-term characteristics in their enterprise policy as an important management instrument influencing their development and operation. The differences in enterprises' policies result from differences in (stakeholders') interests, reflecting their values, culture, ethics, and norms (VCEN; Potočan and Mulej, 2007). The future enterprise policy, therefore governance and management, is also influenced by the existing enterprise policy. To reach enterprise excellence, enterprise policy should be innovated toward SR (EU, 2011) through responsible and sustainable enterprise policy (Štrukelj et al., 2012) resulting from enterprises' VCEN, thus (also) from enterprise ethics, for better stakeholder quality of life.

Due to globalization and the increasingly harsh competitive conditions, which the owners, managers, professionals and other employees face during their enterprise development and business practice, it is important to pay more attention to the topic of business ethics as one of the enterprise's key success factors. This article presents our own view on the basic starting-points of business ethics and focuses on routine ethical decision-making: decision making with pre-defined choices for the foreseeable circumstances that are similar and predictable in

[1] Ethical behavior is defined in it as human's values of honesty, equity and integrity, i.e.: concern for people, and the environment and commitment to address the impact of its activities and decisions on stakeholders' interests (ISO 2010: 10–14). This ethics differs crucially from e.g. ethics of Hitler' Nazis on power in 1933–1945.

countries/areas/industries with similar business practices. In the contribution we included – in our opinion – all essential and only essential viewpoints, with the aim to increase knowledge about the business ethics, which is useful for both for-profit and non-profit oriented enterprises/organizations.

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