



# The Ethical Code – A Means to Express Ethics and Values in the Organization

Elena Jordanova<sup>1</sup>

**Abstract** Unethical behavior is a complex problem that is difficult to solve in contemporary organizations. It is also a problem that must be addressed by all structural levels in a particular company. Counteracting the unethical actions and influencing the behavior of the human factor towards ethical behavior must be a priority of a company's policy. The research and recommendations in this direction outline the necessity of an Ethic code that shall comprise individual and company values, and whose harmonious interaction shall provide stability and efficiency of the management process. This code shall serve as a balancing force among the various interests and systems of values, which shall thus establish common ethical standards of behavior.

**Key words:** ethical code, ethics and values in organization

**JEL:** M1; M12;14

## I. INTRODUCTION

Eliminating unethical behavior requires strengthened managerial supervision and adequate reactions by the employees (disapproval, recommendations, mentoring, signals, etc.). In addition, there must be imposed methods of sanctioning unethical behavior or praising ethical behavior. Superiors and employees must always work in an atmosphere of mutual understanding and responsibility. This involves counteracting unethical behavior and stimulating positive examples. Conforming to the ethical values of the organization and the effective application of company culture as a leading factor in the managerial process is accepted by managers as a fact that should not be questioned. However, a pertinent issue is also *the practical application of the idea of positive and constructive relationships in the managerial communication.*

*In this respect, the real expression and application of the humanistic trend in contemporary management can be traced in the organization strategies that increasingly apply ethical codes.*

## II. EXPRESS ETHICS AND VALUES IN THE ORGANIZATION

*A key element of an effective managerial strategy is the development and adoption of a comprehensive ethical code of behavior which shall guide through practical and unambiguous rules what the behavior of all employees*

*shall be.* In its role of a behavior supervisor, the ethical code regulates the ethical norms and imposes penalties for violating them. Such penalties must correspond to the seriousness of the violation and must be supported by adequate administrative and legal regulations that must be explained to the employee upon his/her appointment in the particular organization. The ethical code regulates the relationships among work colleagues and their professional and personal behavior. It also determines the ethical norms that strengthen the trust and moral in the organization.

*The ethical code aims at determining the ethical standards of employees' professional activity by:*

- developing company culture and professional values based on the principles of humanity and accepting human rights;

- facilitating the adoption by the organization of processes of developing a common system of values in the conditions of globalizing economy;

- by facilitating the training of employees towards achieving professional ethical behavior in their work activities.

*Among the underlying principles of every ethical code, there must be values like:*

- *Lawfulness* – the employee carries out his/her work duties in compliance with the accepted internal regulations of the organization;

- *Loyalty* – the employee cooperates towards a state policy and in particular – company policy based on the principles of a law-abiding state;

- *Honesty* – the employee, depending on the functions assigned to him/her performs tasks, proposes and makes decisions, aiming at eliminating unethical behavior and strengthening the trust in the organization;

- *Objectivity* – the employee performs his/her duties objectively and diligently as he/she aims at collecting, analyzing and evaluating precisely and objectively all facts and circumstances related to his/her duties without allowing the influence of personal or external interest;

- *Competence* – the employee performs his/her duties by using and applying his/her knowledge and experience and constantly improves his professional qualification and skills in the interest of the citizens;

- *Political neutrality* – the employee does not allow his/her work to be influenced by his own or external political interests;

- *Responsibility* – the employee behaves in a way that does not damage his/her company's reputation, not

<sup>1</sup> Elena Jordanova, Ch. Assist. Prof. "D. A. Tsenov" of Economics – Svishtov, Bulgaria

only in carrying out his/her work duties, but also in his/her public and private life;

- *Respecting the individual* – in performing his/her duties the employee must be polite and respectful to everyone, and respect the rights and dignity of the individual without allowing any forms of discrimination;

- *Clarity* – the employee performs his/her work duties in a way that allows a monitoring on his/her actions and the results of the work done.

According to the ethical code, regarding the *relationship manager-employee*, the employee must act in a way that is professional, unbiased and active in developing and carrying out managerial decisions. Performing the duties in the organization must convince the managers that the employee can be trusted and he/she can be relied on. This objective requires, in modern management the importance of ethical leadership [1]. The employee must discuss with the managers and his/her immediate superior openly and honestly the problems encountered in the process of his/her work.

*The relationship employee-employee* requires trust, honesty and tolerance, which means no behavior is accepted that will harm the dignity and rights of an individual. The employee must be ready to help and assist his/her colleagues in their carrying out their work duties with his/her own competence. Employees must strive towards preventing situations of conflict among one another. The responsibility for honest and professional relationships among the employees is borne by the immediate superiors. A manager must set an example to the other employees in the administration by performing his/her duties diligently and punctually, and by showing high sense of responsibility.

In performing his/her work duties and in his public life the employee must not damage the company's reputation and must not allow *personal behavior* that does not conform to the accepted moral norms whether inside or outside of the organization. The employee must strive to avoid conflicts, but if such arise, he/she must solve them in an ethical way.

*The ethical code shall be followed strictly, since it has been voluntarily adopted by all managers and employees in the organization, as any violation to the regulations described in it shall be considered a motive for bringing charges of disciplinary responsibility.*

*Preventing the instability in managerial communication can be aided by the implementation of an appropriate mechanism of control, which the ethical code is.* It is a lawful system of rules for ethical behavior which aims at achieving sensible balance between positive managerial communication, encouraging a high level of team cooperation, identifying and eliminating instances of violation of the norms adopted by the organization. Basically, the code is not a normatively binding act, but this does not free managers and employees of responsibility.

*Organizations' ethical codes unite, bind and organize ethical values. They represent the beliefs and outline the employees' responsibilities. The organizational code of values is a system of principal priorities, arranged*

*hierarchically depending on their significance. It is a sustainable structure that refers only to the accents in the company strategy. The values in the code are in the form of principles, general prescriptions and requirements of the activity, norms and standards of behavior.*

Among the major principles that must be included in the code of ethical behavior are: altruism, honesty and sincerity, objectivity, responsibility, openness.

*Some of the common principles that must be the basis of ethical behavior in the organization are:*

1. I will always work in compliance with the ethical principles of the organization;

2. I will perform my work duties by obeying the law and emphasizing on the organizational values and regulations;

3. I will be honest and loyal to the employer and will work in favor of the team;

4. I will strive to maintain the necessary professional competence and constant improvement of my professional skills;

5. I will conform to the requirements of the managers and will accept the necessary training, new knowledge and skills;

6. I will carry out orders and assignments objectively and steadily;

7. I will recognize and follow the main aim of the organization;

8. I will make decisions according to my competences and experience and if necessary will advise my colleagues in a spirit of understanding and cooperation;

9. I will maintain the positive public image of the organization.

The ethical code must be accepted and signed by everyone employed in a particular organization. Thus every employee will have the necessary basis of ethical behavior and will be aware of what to expect in following it and respectively that no behavior contradicting the clauses of the code will be tolerated. Therefore, the ethical code is a starting point and a necessary base for every organization that conforms to the ethical principles and norms of behavior of its employees.

Ethical behavior must be tolerated. Measures in this direction must be taken by managers who must set a personal example, good attitude towards employees, avoiding rudeness, arrogance, abuse of power. Appropriate behavior and just managerial decisions strengthen trust. Such managerial decisions are the basis of the ethical code. Conforming to them is subject to internal control and it is useful to create an organ or unit of at least three representatives of different levels in the structure of the organization. They must have the role of an ethical committee in cases of ethical conflicts and must monitor the practical application of the ethical code.

The currently existing ethical codes are rather general and do not offer particular practically applicable elements. In this respect the governing body must propose and adopt clear and adequate measures that must be stated as enforceable in the code. There must also be mechanisms for detecting and sanctioning unethical behavior, which must be developed and proposed by those who are



dependent on the ethical code. As already mentioned, an Ethical committee (or a committee of evaluating ethical behavior) must be established. It must control the conformity to the Code of ethical behavior and applying its principles. This time it may be a three-member committee with the following *functions*:

- to work objectively;
- to follow the adopted in the ethical code measures;
- to maintain a high level of ethics in the organization;
- to strengthen the company's values and culture;
- to monitor and evaluate the behavior of the managers and employees in either ethical or unethical way;
- to propose measures that can lead to more effective ethical actions;
- to inform about the made decisions concerning the employees performing their work duties in an ethical way;
- to receive signals about ethical and unethical behavior and to act appropriately according to the law and moral.

The committee chooses among everyone in the organization and reports to everyone at a general assembly.

The ethical mechanisms and the efforts of the ethical committee for monitoring ethical behavior will be successful only if they are supported by the governing body and the company culture. One of the means of supporting the ethical behavior is the establishment of a structural mechanism of ethics management.

*The principal objectives* of a structure, such as the ethical committee, are as follows:

- to advise the governing body on ethical positions;
- to monitor staff about ethical behavior;
- to inform about ethical violations;
- to carry out ethical policy;
- to persuade towards professional ethics.

The establishment and confirmation of the code is a process that calls for training, being concrete about encouragement and punishment, mechanism of filing complaints and registering violations of ethical behavior in the organization. The role of such a mechanism accepts the ethical committee within the framework of the organization which has the rights to consider the separate cases and to impose measures described in the code.

The ethical code is a tool for introducing clear ethical parameters for influencing and regulating the behavior of the employees in the particular organization. Honesty, justice and politeness form the moral basis, which along with the mutual interest in the organization are the fundamentals of the ethics. Among the managerial decision and the ethical behavior exists a strong bond and management is impossible to exist without ethics. The ethical code is a dynamic document that has to take into account the constant changes in the contemporary business world, as well as the specificity of the particular organization and the already existing company culture.

*The efficiency in the ethical code is expressed mainly in:*

- its uniting effect on the human factor – it arises from the shared ideals, from the sense of availability of common managerial beginnings in the activity;

- strengthens trust and loyalty;
- creates clarity and correct orientation in work activities;
- forms common criteria of evaluation;
- has a positive effect on the company image and facilitates its long-term success.

The ethical code must be accepted by everyone and employees must behave in compliance with it. The code, as a common principle of appropriate ethical behavior, contributes to a better and more effective managerial process through overcoming difficulties and conflict situations, as well as finding decisions when various ethical dilemmas arise.

Ethical codes are transformed from ordinary documents in theory to practical means of training, education and communication. They are the most visible indication of the ethical philosophy of the organization. In order for the ethical code to be applicable and meaningful, there must be a clear outline of the rules and ethical requirements. The employees' expectations regarding their ethical behavior must be realistic and the solution of potential ethical dilemmas must lead to specific results in favor of ethics. Employees are pre-instructed with the contents of the ethical code; they can choose and realize that they must conform to it. This means that the content of the code must be carefully developed by taking into account the various systems of values, company aims, strategy and specificity of the organization. In order to be effective, ethical codes must be created openly, with the participation of more interested people, as everyone asks questions and makes propositions. In some organizations, managers encourage the separate units to have their own codes of solving specific ethical dilemmas. This strengthens the influence and importance of ethical behavior in the organization. In the contemporary economic and social reality the necessity of ethics in the relationships is being realized more and more both in the public and private sector.

#### IV. CONCLUSIONS

The dynamic economic environment faces company managers with the ethical dilemma: whether they should be ethical role models or whether they should yield to the pressure of the situation and the circumstances and act according to their interests and material profit. This is a major ethical issue of the contemporary society. There is no doubt, however, that the high ethical standards are positive factors for long term development.

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