

ORGANIZATIONAL ETHICS AS A THEORETICAL AND PRACTICAL INITIATIVE

Pavel FOBEL

Wydział Organizacji i Zarządzania, Politechnika Śląska; Centre of Applied Ethics (BB CAE, n.o.),
Banská Bystrica; pavel.fobel@polsl.pl, ORCID: 0000-0003-0594-2761

Abstract: Our analysis will focus on evaluating organizational ethics as a new theoretical paradigm and presenting its practical dimension. We will point out its interdisciplinary nature, the context of new trends in managerial and organizational theory. We consider applied ethics to be an important prerequisite for building its theoretical and practical intent. This specific scientific area is significantly involved in creating ethical competencies, advising on the creation of ethical frameworks of different types of organization. An emphasis will be put on the importance of organizational ethics in building the ISO quality systems.

Keywords: Applied Ethics; organizational ethics; paradigm; ISO quality systems.

We are certain that today the concept of organizational ethics is more prominent among applied ethics. This trend is evident in both practical and theoretical terms, in the training methods, in the implementation of new ISO quality standards, such as the well-known ISO 26 000 standard. This standard unambiguously declares the idea of organizational ethics as a new application intent, and overcomes the traditional model, which is rather based on the concept of business ethics. In this context, it is important to point out its contribution and conceptual focus.

1. Organisational ethics as a new theoretical paradigm

Organizational ethics can be generally considered as one of the possibilities of applying ethics to specific conditions of the organization. The problem is that many foreign, but also specialists in applied ethics make no distinction between, for example, organizational and business ethics, some professional and organizational ethics or public administration ethics and organizational ethics. Thus, there are some difficulties in classifying them as well as in expressing their relationship, methodological approaches to studies and research in individual

applied ethics. Although A. Luknič's *Fourth Dimension of Business – Ethics* (Luknič, 1994, p. 16-17) suggests such connection, and the professional-interpretative proximity does not give a clear answer to their competences within the applied ethics as well as their differences in question. Moreover, if we extend the given statement to the opinion of a prominent representative of management theory, P. Drucker, that the primary task of business is not profit but service, or that management is not a distinguishing feature of business work, but management is applied in most organizations, whereby autonomous and economically efficient functioning is expected of each of them, as well as the fact that they are more or less influenced by the market, then it makes the problem even more acute. Today, an entrepreneur manager succeeds in public administration or non-profit organization, while non-business environment creates conditions for successful business. Similar difficulties are evident in terms of the clarification of concepts such as organizational culture in relation to ethics, social responsibility and ethics, in terms of professional training in the field of soft competencies, the creation and congruence of visions and values and so on. In part, we can agree that this difference of opinions and concepts results from the fact that the issue is mostly studied in the context of management theory and, therefore, it is related mainly to business management and economic efficiency. Nowadays, in foreign countries (Anglo-Saxon countries), it is rather studied against the background of organizational behaviour and organizational theory, i.e. at the interface of sociology, management, psychology and economics as well as in relation to non-profit organizations.

Organizational approach allows us to express the equivalence (social function) of different types of organizations, but also their organizational elements. Their social equivalence is related to their equal gravity and utility, their functioning as special social institutions with their own normative profile and mission.

In terms of applied ethics in organizational ethics, it is generally the application of ethical principles in the organizational environment, respectively expressing specific conditions for the functioning of morality in organizations of various types. As proponents of moderate principlism (in our opinion on ethics of principles), we believe that it is not so much about universalizing the ethical requirements and approaches (although we must admit it to some extent), but rather accepting that the basic social mission of the organization does not formally guarantee a certain type of ethics. On the other hand, their marked distinction can lead to putting an emphasis on the excessive differences in professional, economic and social behaviour. For example, corruption or sexual harassment are equally morally unacceptable in business and in the environments of non-profit organizations. Decency and environmental behaviour are equally desirable in both small and large companies, government officials and entrepreneurs. Many management approaches are similar, often interchangeable, and even mutually enriching. Today, these approaches are also required in other areas, and are effectively applied or combined with practices implemented in the public administration or in the third sector. Everywhere, however, we encounter ethical problems related to employee behaviour,

i.e. the people, executives who always bear high economic and personnel-related responsibilities, struggle with layoffs and selection of suitable employees, difficult and imperfect legislative environment, struggle with financial problems and gaining recognition in a market environment. All are concerned with maintaining long-term performance which will enable further economic functioning or growth.

The ethics of an organization represent a specific paradigm that has been formed against the background of long-term discussions in the area of social sciences and management theory – sociology, economic and business ethics, promoting humane approaches in management theory in the first half of the 20th century. This trend was significantly influenced by sociological, economic and ethical views of M. Weber, who – through his work *Protestant Ethics and the Spirit of Capitalism* – justified the idea that ethics affect economic life and economic performance. Later, it was, for example, the Human Relations movement and other theoretical initiatives in management, which confirmed the need to develop performance of businesses also by influencing interpersonal work and organizational relationships. The work of G. Burrell and T.G. Morgana (*Sociological Paradigms and Organizational Analysis*, London 1979), which initiated a broader discussion of the interconnection of different paradigms - sociological and organizational theory – constituted a breakthrough. This trend was deepened by the theory of discourse (K.-O. Apel, J. Habermas) and later also by the ethics of discourse.

The traditional trend of business ethics, which also persists in our country (Slovakia), perceives organizational ethics as a (sub)part of business ethics. This opinion is linked to such authorities in business ethics as Josep M. Lozano, Robert Solomon, Richard DeGeorg or, in Slovakia, for example Anna Remišová.

On the other hand, the work by G. Burrell and T.G. Morgana as well as some other influential conceptual works point to the constructive importance of organizational theory and its “soft factors”. The theoretical initiatives of E. Hartman (USA) or Henk von Lujik (EU) are particularly inspiring in our area, and constitute an important starting point and, thus, a suitable theoretical platform for reflection on organizational ethics. They created a new theoretical trend, which is also important for adopting an innovative approach in the world of business.

In this connection, the ethics of an organization can be understood as a consequence of a long-term discourse of interdisciplinary nature. It is a specific (communication, theoretical, competent) approach and mutual enrichment of ethics and theory of organization, i.e. as the conjunction of relevant views. In principle, organizational ethics is also influenced by ethical discussions and conclusions in the field of special applied ethics such as business ethics, managerial ethics, public administration ethics or other professional ethics. In this aspect, it represents a new synthesis, more complex conjunction and mutual enrichment in the field of applied ethics. Each of these fields of ethics has brought new experiences, ideas and solutions to organizational ethics with a specific focus. They expanded its content and theoretical framework.

In this area, organizational ethics are often wrongly identified with managerial or business ethics. Organizational ethics has a broader subject-matter and its reduction to narrower conceived managerial or business ethics can lead to more serious methodological and theoretical mistakes and distortions. Organizational ethics focuses not only on management, respectively business, but also on the equivalence of all of the components of the system – the employees, the owners and the stakeholders, the internal and the external environment of an organization. Its aim is to address the ethical issues in a complex environment in which they actually function.

Organizational ethics has a descriptive and normative-prescriptive side. In terms of fulfilling the expert role of ethics, they are complemented by another research strategy – ethical analysis. As a descriptive research strategy, it focuses on describing and expressing moral problems and contexts in the actual functioning of various types of organizations. In the normative – prescriptive sense, it focuses on the formulation of (desirable) standards, their justification and implementation, the ethical prerequisite for decision - making and evaluation, the required behaviour of employees and the way in which it is achieved. In the analytical aspect (ethical analysis), ethics focuses on identifying and evaluating the real state of morality, estimating the trends of development and decline of moral culture, as well as the frequency and nature of moral problems.

Ethics of organizations is a study of what is right and wrong, ethically acceptable and unacceptable, good and bad in the conduct of an employee organization in the private or public sector. It deals with the moral problems that arise wherever employers and employees meet. Each organization is a group of people working together to achieve a common goal. This may be an effort to offer a product or service to the market to meet the interests of people, such as citizens, customers, clients, buyers, etc.

Since the study of organizational ethics is a part of a broader interdisciplinary discourse, it is necessary to perceive the area in question in connection with the new trends in ethical theory, ethical application. Professional theoretical-ethical preparation is an important prerequisite for true ethical application and ethical analysis. Ethical audit, creation of code of ethics and ethical program, measurement and creation of a model of social responsibility etc. should be entrusted to experts who are well disposed in ethics as well. In some major organizations (e.g. IBM), there are professionally prepared ethical consultants or external ethical institutions. Ethical disposition becomes a fundamental prerequisite not only for recognizing what is or is not ethically right, or wrong in the actions of individuals or entire organizations, but also in addressing ethical issues and identifying ethical strategies.

Ethics in an organization is primarily a form of a consensus between the owners, managers, employers and employees. The consensus is expressed in the idea that everyone is interested in a common goal. It means:

- Organizational ethics is an expression of an integrated interest of the employees, employers and their management.
- Addressing the solving of the moral issues that arise wherever the interests of employees and employers, managers and subordinates meet.
- Addressing the effective achievement of common goals based on consistency in values and requirements, defining a vision, mission, standards of conduct, recommendations, conflict resolution, recognition of common and generally applicable standards.
- Consensus in values and common interest in achieving goals is seen as an action part of an organization's modern policy, as an expression of achieving goals in a non-economic way, as a maximum effort to gain trust towards the stakeholders, seriousness, responsibility and decency.

What is the role of applied organizational ethics?

- To explain what is ethically right and ethically wrong in an organization.
- To offer a critical analysis of the current state (underdevelopment) of ethics in a particular organization rather than just describe or declare it.
- To formulate and propose specific ethical standards and requirements on which both the employees and the management agree.
- To articulate ethical recommendations at which an organization should aim in order to gain the reputation of a responsible and socially beneficial organization and high employee loyalty and commitment.

2. Organisational ethics as a specific type of application

In the context of our considerations, organizational ethics can be seen as a specific type of application and institutionalization of ethics, with an emphasis on the organizational phenomena and behaviour. This is evidenced not only by a number of influential publications and convincing arguments, but also by implementation practice, which is best expressed by the ISO 26000 quality standard. These types of applications represent a fundamentally different ethical strategy in terms of analysis, interpretation and institutionalization. Its underestimation often leads to misunderstandings in the professional community in both the theoretical and the application aspect. The arguments why we should distinguish between them in the ethical analysis itself are now sufficiently convincing and even defended, yet they are often ignored or at least underestimated. The perception of business ethics at these levels is also essential for the implementation of the latest ISO quality standards. This approach is also convincing in the concept of social responsibility, or the practical effectiveness of ethical guidance. Basically, there is a difference between focusing ethical initiatives on individuals (individual morality),

professional groups or organizational components (e.g. top management) and wanting to make (systemic) changes in the overall functioning of an organization.

Institutionalization of ethics as well as ethical counselling should be comprehensive in its nature and perceive individual components, processes and changes in interconnection both internally and externally in a particular organization. Organizational theory itself must be seen as a suitable constructive basis for the successful application of ethics in the life of business organizations. This type of thinking will make it possible to overcome the traditional dilemma of business ethics: profit versus ethics, priority business mission versus ethical behaviour, economic versus ethical rationality and so on. Advocates of this new thinking, respectively the perception of organizational ethics as a new business ethics strategy, are not only the creators of the latest ISO quality standard, but also such authorities of corporate ethics as Robert Phillips, Edwin Hartman, Henk von Lujik, Edward Freeman, Charlotte McDaniel, Patriot Werhan and others.

Although this trend is perceived as an alternative, it is becoming more powerful at the theoretical and institutional level. It is important to follow this development, two specific reflections on business issues, their application effectiveness and contextual manifestations in our conditions. We may also need to adapt our interpretations and educational practices in applied ethics to this trend.

3. Possibilities of ethical consulting in organizations and ISO 26000

A higher level of setting up an organization's ethical model is to maintain it in a certain ethical regime, which requires a systematic consultation process and its development into modern stakeholder forms. The ISO 26000 quality standard is a catalogue of current requirements for organizations that want to demonstrate responsible behaviour on a voluntary basis and cooperate on the global and humanization challenges of the current community. The ethos of this standard is that it is based on the voluntary nature of organizations, their conscience and creation of a good life. The requirements which ensure the moral sense of this standard include: sustainable living, respect for human rights, quality of life, respect for cultural specificities and traditions, fair behaviour, etc. The standard also respects some innovative theoretical trend – a shift in thinking from business to organizational ethics. Unlike the lower standards dealing with CSR (Corporate Social Responsibility), it perceives the standards at a wider but also deeper level. It is a response and a natural outcome of the latest debate in this area, especially to the fact that business is a function of organization and entities, that ethics has a more systemic background also in the context of CSR. That is why approaches in the sense of the organization concept are more suitable for the implementation of ethical mechanisms. This idea corresponds to the organizational paradigm, a deeper understanding of

the mechanisms for the functioning of institutions and their interconnection. In addition, the ISO 26000 standard declares applicability in different types of organizations. Frankly, today it is harder to distinguish between pure business and public institutions. In modern organizations, the integrity of different types of activities and functions is more apparent, albeit with some prevailing activity or form of legal personality. As a comprehensive modern standard, it expresses a set of requirements in the form of certain standards aimed at complex building of CSR in organizations and its management from within the organization. In developing the CSR model, it also emphasizes specific ethical objectives. Therefore, professional ethicists see it as a new professional and counselling challenge. Also at this point, I would like to emphasize the terms courage and professionalism. If we do not take on this role as ethical implementation experts, this role will be taken by laypeople or people with no professional competence in the field. Within this standard I therefore see not only a chance, but also an obligation for qualified ethical advisors and experts. Based on practical ambitions of ethical expertise – a specific higher education program, i.e. acquiring professional competencies and skills acquired in education in applied ethics, relatively wide possibilities of institutionalization of the ISO 26000 standard can be seen. The information overview in the annex to the ISO 26000 standard can serve as a basis for competence development. Because the overview itself is a starting point rather than a complete model, it can also be a stimulus for discussion and help prepare or improve ethical competence in the area of social responsibility.

In terms of the specifics and recommendations of the ISO 26000 quality standard, several intentions meet synthetically – the practical mission of ethics, practical guidance and ethical requirements of this standard itself. It is a current challenge for applied ethics as well as a new type of collaboration with organizations that are committed to taking this path of fundamental change in thinking and realizing shared responsibility for the future.

Our mission is to participate in changes, economic innovations, ethical revitalization, eliminate unethical practices in various areas of practice, offer solutions in an ethical way and solve problems in an unconventional way. Unfortunately, in comparison with the traditional sciences, we do not have such elaborated methodologies and procedures in the area of counselling, analyses or practical procedures. We must therefore make more efforts to acquire and practice them. This task requires cooperation of experts and professional discourse.

Despite some disadvantages in the area, the absence of specialized ethics advisory institutions, adoption of a legal standard on ethical auditing, creation of a specific professional position in the professions catalogue, we believe that we will succeed in advising on the implementation of ethics in organizations, and thus participate in changes that support the ethical environment. This is the case in developed economies, and high meaning as well as social importance are attached to it. We also believe in the effectiveness of the idea: "There is an infinite number of problems, but also the same number of solutions".

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