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## ETHICS AND COMMUNICATION IN MANAGEMENT

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### Abstract

*Management ethics, the determination at what means "fair", "correct" and "just" in decisions and action that affect the others, passes the simple problems like corruption, steal and swindle. It is focused on human interrelations such as between employers and employees, sellers and clients, shareholders, creditors, distributors, community members. The solving of the ethics dilemmas in management do not represent just a delimitation between good and bad, correct and incorrect, but also it is a complex judgement aiming a balance between economical and social performance of the firm, taking into consideration all what could happened. Solving ethics dilemmas by managers is not easy, and the decision will depend all the time of their personality, experience, education, feelings, attitude and personal values. The communication is part of the organization infrastructure. Any effort for the development of an organization should be considered a priority for the human factor. An efficient communication is the only way in which employees can correlate their efforts, whose quality is leading to the organization success.*

*Key words:* ethic codes, organizational climate, communication, ethics, management

## INTRODUCTION

### Management ethics

Judge once as a trifle, ethics is seen today as a fundamental aspect of management.

Having the leading positions, ethics must be "a way on", a way of progress. An ethical conception is essential in setting up support and a positive involvement of all who take part to the firm success: employers, clients, shareholders, creditors, distributors or community members.

The main problem in management ethics is the permanent conflict between the firm economical performances, measured by incomes, costs, profits and the shareholders, firm social performances, clients, creditors, distributors, community members. So, management ethics dilemmas in management don't represent just a delimitation between good and bad, correct and incorrect, but also they are a complex judgement, taking into consideration all what could happened.

Every enterprise has a certain **responsibility** regarding the economical and social plan; this point of view is belongs to all the business "actors" of the world. In a classical way of

speaking about "ethics", the firms should bring benefits to the owners; economic and social approach - a maximum profit is the second priority of the firm, the first being the firm insurance.

In this respect, the **ethical obligations of the manager** would be:

-To the shareholders: fair administration, loyalty, information, transparency, confidentiality;

-To the employers: fair payment, professional development, respect to their personal life, respect to their petitions;

-To the clients: quality services/products, product warranty, information;

-To the community: protecting the environment, helping in solving the social problems, respecting the culture diversity.

Business ethics is essential for long term success.

Confidence means the diminishing of the risk and is referring to:

▪ Confidence in contractors relations;

▪ Confidence in consumers relations: a salesman wins client confidence when is honest, competent and kind with him. Clients are expecting from salesmen the promise of

quality and the correct information about the product;

▪ Confidence in employers relations: confidence must be taken to superiors and to subordinates, too. A confidence framework means a good communication, employer fidelity, trust, diminishing the conflicts between employers.

Under the conditions of an increased competition in business environment, it is not easy to decide all the time in favour of social performances.

On the other hand, it is not possible to decide every time in the favour of economical performances.

Regarding these problems, in fact ethical dilemmas, the legislation could be helpful, referring at a serial of standards given by the society to guide the person way into society.

For managers, it isn't easy to solve this ethical dilemmas, and the decision will depend all the time on their personality, experience, education, feelings, attitude and personal values.

This is available both at company level, but also when managers travels in the business world [2, 3]

## MATERIALS AND METHODS

**The practical fundamentals of ethical business are the following ones [1]:**

1. Respecting the informational confidentiality;
2. Sensibility to the conflict of interests;
3. Respecting the right rules;
4. Professional consciousness;
5. Loyalty and good faith;
6. The sense of responsibility;
7. Respecting the rights and freedom of others;
8. Respecting the human being.

In many business situations, it was proved that ethics represents a need and respecting the ethics fundamentals we will obtain good results in any area. The practice has demonstrated that ethics in business represents a good investment on long term, because it creates a favourable image and personality. Ethics is the best advertise that an organization can do it.

The fundamental relation on which business ethics is focused is due to the economical performances of the enterprise measured by incomes, costs, profits and due to the shareholders, firm social performances, clients, creditors, distributors or community members. Speaking about ethics at company level, we must think at all the dimensions involved by this such as:

- Personal ethics;
- Fellows ethics like organization members (achieving the purpose, respecting the internal rules);
- Organization ethics;
- Enterprise ethics in its relation with external environment (contractors, clients, mass-media, society, natural environment). [2]

Strategy and ethics are conjugated at organization level. We can conclude that ethics is profitable; it must be seen like an investment of the organization for a long run. It is not against profit, but only against an unfair profit obtained illegally and/or not morally.

The advantages offered by the application of business are:

- Market advantage;
- Employers' superior performances;
- Earnings in management reputation.
- Legal and financial advantages.

The ethics quality of the firm and of its personnel depends on the leaders and managers' quality.

This study started from the model established by Luthans et al., in 1988, regarding the managerial effectiveness based on canonical correlations which pointed out that there are two types of managers [4]:

**(a)the quality oriented manager**, where the correlation between productivity-quality is -0.79, the correlation between quality and interacting with outsiders is -0.48, the correlation between quality and productivity is -0.79 and the correlation between quality and planning is -0.31;

**(b)the quantity oriented human resource manager**, where the correlation between productivity-efficiency is 0.50, the correlation between productivity-quantity is 0.76, the correlation between effectiveness and staffing is 0.53 and between effectiveness and

motivating 0.37.

In fact, the main conclusion is that the most successful manager is the one who performs fewer activities.

In this study case, it was selected a sample of 10 managers of agricultural and food processing companies from various counties of Romania in order to evaluate the effects of their orientation in human resource management destined to increase the performance of the company, therefore, it was considered that all of them belong more to "**the quantity oriented human resource manager**".

For this reason, considering that the results of their human resource management is the best reflected by economic indicators, there were taken into account two important economic indicators: turnover/employee and profit/employee.

Also, it was considered another sample of 10 employees from each company whose purpose was to evaluate employees' satisfaction for their work, incentives, salary, atmosphere, management in the company, based on a scale between 1-4, where: 1-Very satisfied, 2 - Satisfied, 3-Less satisfied, 4-Unsatisfied.

For each criterion, each company received a point using a scale from 1 to 10, one meaning the top position for the best result and 10 the lowest one.

Then all the points were summed, and finally, each company received its position in the company ranking.

## RESULTS AND DISCUSSIONS

**Ethics and employers.** The activities regarding leading human resources as: personnel recruitment and selection, formal evaluation, record analysis, remuneration etc) are the ones which frequently are the causes of the ethics dilemmas. To encourage ethics, in human resources management, the leaders should support some activities like:

- Recruiting of personnel in the departments with a sensitive ethics, and these persons should know all what this domain involves ethically speaking;
- Recruiting people whose ambitions are

temperate of other objectives; excessive ambition can determine employers to break the law and ignore ethics;

- Encourage their trust and loyalty; this will determine the employers to feel good when ethics is available;
- Growing the relation between personnel and managers will improve communication;
- Dividing work tasks so that the employer to be motivated and feel that is appreciated;
- Establish the internal mechanisms against illegal behavior and without ethics;
- Creating some standards to give awards according to the performances;
- Establish some moderate sanctions if the case.

Ethics and consumers is a relation close related to marketing policy, quality and product safety. At the individual consumer level, the critics are regarding misinformation and cheating, whose purpose is to denigrate some companies and firms. At social level, the main concerns are regarding social and cultural impact of marketing communication.

### **Roll of ethical codes in organization management**

Frequently, the levels of the managerial ethics application are clear mentioned in the ethics codes.

At the beginning, the codes were developed by professional groups as deontological rules and only later it was noticed an explosion of this inside the organization.

The ethic code is available only if all the members of the organization respect it; when the manager does not give importance to it, for sure even the employers won't respect it.

Ethics codes are the ones which give status, standards and trust to the organization. This norms are in general suggested, discussed and defined by the leading board and then published and distribute to the employers. The norms express the way in which the organization members must act in a given situation.

So, through ethical codes, the board tries to encourage the way of thinking and attitude who lead to the wanted goal.

The importance of ethic codes of the organization is given by:

- A higher involvement and loyalty coming from employers and superiors;
- A deeper staff selection and promotion based on the values of firm;
- A higher trust and cooperation from the moment when the working team is interested in.

### Objectives of a behaviour code

A behavioural agreement is concluded between ethics when one is trying to promote professional values. In addition to this desideratum, there are some other purposes such as:

- Concluding a moral contract between beneficiary and organizations, and with the members of that organization, too;
- Protecting the organization from the unfair acts;
- Promoting a positive image of the organization;
- Offering a way to establish the members devotion;
- Creating a feeling of one less for group members;
- Showing managers' commitment;
- Making agreements based on trust and responsibility;
- Guiding behaviour in case of some ethical dilemmas.

If we would like to set up a hierarchical system of the importance of ethical standards, we could say that the basic rules that should be respected by the organization and also by clients and employers.

Regarding the client, negotiation must start from the idea that the both parts have the power of discernment, that they could see the risks, and are responsible and have good intentions. Regarding the employers, we must remember that people often are like a work force. Relationships between employers and firms on ethic bases are required for the existence of the most active values of the work process –the human resources.

### Communication in Management Activity

The specific forms of the communication process are in accordance with the specific management activities.

Based on experimental studies performed on the management activity of the successful

managers, Luthans, Hodgetts and Rosenkrantz (1988) and Sharp (1998), also have drawn the conclusion that the management activities are [4, 5]:

- communication, that is an information exchange of various types, representing one third of the working time;
- traditional management, meaning prognosis, decision, and control representing one third of the working time;
- management of human resources, meaning the development of employees, their motivation and conflict management.

The concrete targets for which the manager communicates are based on the following communication functions:

*Information Function:* the organizations need interaction with the outside environment in which they perform, but also inside the organization, within the departments and also between employees. The manager has to deal with 2 types of information: external (marketing, advertising and public relations) and internal information.

*Control and Training Function* refers to the way in which the employees and the departments are operating in the direction of their target. Decisions and instructions ensure the conformity to the organization policy, the uniformity of procedures and the safe achievement of work targets. They are important in the process of formation and development of new employees.

*Inducing, Convincing, Consulting and Advising Function* refers to: the correct use of communication channels, keeping the team in operation by flowing information, selection, and checking of data. Communication is the way through which employees can be motivated and which influences their attitude and behavior. This is the context in which management communication activities represent the bond that keeps the organization united towards the general benefit.

*Specific of Communication in Management:* the characteristics of management communication are generated by the communication purpose, aim and role, by the organization's structure and culture. At the same time management communication is

subject to the ethic norms of the organization culture and policy, as well as to the individual ethics of managers. The process and products of the management communication rely on specific principles, standards and rules and take specific shape.

The performance management has appeared after 1980. Since that moment, the manager has become entrepreneur, resource administrator and leader. As an administrator and leader, he works for the best results for which there is a market, products, services, and technologies. This means that the administrator draws the effective decisions and become the core of decision and leadership. Thus, the management communication is not only a way of sending messages, training, motivation, but it also becomes a dynamic force to be shaped by its environment. The communication system creates instruments necessary to adjust the organization structure and processes to continuously changing conditions. The manager's role is to develop the communication system to help the implementation of the organization's strategy. Communication is vital in all management functions. Thus, planning based on foresight defines the targets of performance, decision on work targets, and necessary resources to achieve goals.

The organizational work implies the construction of the relational framework of the information system, reception and use of feedback, motivation on targets, all these being achievable through communication. Coordination and control will make the activities and resources ensure achievement of the proposed targets. In fact these targets depend on the efficiency of communication, on

how responsibilities are shared, on a good cooperation climate, on the employees' motivation. The control function is done through communication means and takes into consideration the evaluation of employees' performance, and working behavior. Without an efficient communication, there is no other way to adjust the organization, to operate changes and to implement strategies.

Even if the importance of the code ethic increase, a few companies are counting ethics considerations in them programs of managerial development, few are firms who establish ethical and social responsibilities at Directory Council or at every other level of the organizations.

The existence of an ethical code of organization isn't a guaranty that the employers will act properly, but could reflect a certain level of culture organization.

Some codes are only a policy for some organizations, trying to give an incentive to employers ethical management. Some other codes are making rules for establishing a proper management of business meetings and establish the procedures for a normal act.

Nobody can say exactly which code is more efficient and even if a certain code guaranties a proper employers' conduct. It seems that a general rule is that these ethic codes to be more simplified; the more complicated they are, the more chance to result a negative effect. [6,7]

**The managers activities** followed in this study on a sample of 10 managers of agricultural and food processing companies are presented in Table 1. In the same table, there are shown as term of reference, the results found by Luthans et al., 1988.

Table 1. Managerial activities

Activity	Percentage in this study	Percentage found by Luthans et al.1988
Planning/coordinating	25	23
Processing paper work	6	19
Interacting with outsiders	18	13
Monitoring/Controlling performance	15	11
Socializing	12	9
Training	10	8
Staffing	7	5
Managing conflict	4	5
Motivating	3	4

Source: [4], Own calculations

Table 2. Turnover, gross profit and number of employees per company in 2013

Crt.No.	Name of the Company	Turnover	Gross Profit	Number of Employees
1	SC Agroindustrială Panteliomn SA, Ilfov	4,403,307	163,405	58
2	SC Avicola Buzau SA, Buzau	187,314,306	329,155	449
3	SC Ilya Agro Valcele SA, Calarasi	7,844,338	1,609,231	27
4	SC Casa Pepenilor Verzi SA, Dabuleni, Dolj	179,663	8,377	1
5	SC Hibridul SA Harman, Brasov	3,043,419	9,454	1
6	SC Agricola International SA Bacau	363,291,288	961,676	1,755
7	SC Meda Prod 98 SA Bucuresti	101,341,028	493,794	487
8	SC Agrovet SA Bucuresti	19,456,507	353,855	33
9	SC Avicola Slobozia SA, Ialomita	62,743,128	3,521,656	386
10	SC Agro Pol Popesti-Leordeni SA, Ilfov	1,026,390	40,242	12

Source: Balance Sheets and Profit and Loss Accounts, 2013

**Turnover, gross profit and the number of employees per company** are presented in Table 2.

**Turnover/employee, profit/employee, overall performance, employee satisfaction, total points and the ranking of the companies** based on these criteria reflecting the effect of the managers' activity oriented to company performance but also to human resource satisfaction are presented in Table 3.

**-Turnover/employee** varied between Lei for 3,043,419 for the Company 5, occupying the top position and Lei 75,919 for the Company 1, situated on the last position. The average turnover was Lei 526,059. The companies with a turnover per employee higher than this average have been only 5 and 8.(Table 3).

**-Profit/employee** ranged between Lei 59,601 in case of the company 3 situated on the top position and Lei 547 in case of the company 6, coming on the 10th position. The average profit/employee accounted for Lei 2,334. The

companies which registered a higher profit per employee than this average there were:1,3,4,5,8,9,10. Therefore, only 3 companies: 2,6,7 registered a lower profit per employee compared to the average profit.(Table 3).

**-Overall performance.** Summing the points received for these criteria, it was established the number of points for overall performance for each company, where only three companies:5,8 and 3 recorded the lowest number of points, reflecting the best activity. On the last position was situated the company 1 with the highest number of points. (Table 3)

**-Employee satisfaction.** The individuals included in the sample, used to evaluate the employees' satisfaction giving marks in the scale between 1 and 4, had only two alternatives, 1 meaning " Very satisfied" and 2" Satisfied". For this reason there are not significant differences between companies. (Table 3)

Table 3.Companies ranking concerning the economic effects of human resource management oriented on company performance, based on various criteria and points method

Crt. No.	Turnover/Employee		Profit/Employee		Overall performance Total points	Employee satisfaction	Total points	Firm position
	Lei	Position	Lei	Position				
1	75,919	10	2,817	7	17	2	19	7
2	418,295	3	713	9	12	2	14	3
3	290,531	4	59,601	1	5	1	6	2
4	179,663	7	8,377	5	12	2	14	3
5	3,043,419	1	9,454	3	4	1	5	1
6	207,003	6	547	10	16	2	18	6
7	208,092	5	1,013	8	13	2	15	4
8	589,591	2	10,722	2	4	1	5	1
9	162,546	8	9,123	4	12	2	14	3
10	85,532	9	3,354	6	15	2	17	5
Average	526,059	2,334	-	-	-	-	-	-

Note: Employee's satisfaction 1-Very satisfied 2- Satisfied

**Total Points** has been determined by adding all the points received for Overall performance to Employee satisfaction. (Table 3)

**Company ranking.** Based on the total points, there were identified two companies for the top position: Company 5 and Company 8. On the second position is situated Company 3 and on the third position there are coming three Companies: 2, 4 and 9. On the last position is situated Company 1. (Table 3)

## CONCLUSIONS

An ethics code must have the following properties:

- To strictly and clearly establish the ideal elements and also the obligations;
- To be used to every bodies satisfaction. They wouldn't be used to serve the individual interest against the public interest;
- To protect the public interest;
- To honest and peculiar to the work domain.

Managers can improve communication diagnosing dysfunctions in sending messages.

The first steps to a good communication are:

1. Increasing trust level by: solving problems by means of reciprocal collaboration; using a descriptive speech; spontaneous and honest attitude; describing the targets clearly; avoiding employees manipulation; discussing and analyzing each operation; practising an egalitarian attitude, avoiding superiority.
2. Leading productive meetings
3. Changing organizational structure
4. Avoiding communication barriers with the aim of improving it.

Regarding the study case, the main conclusion in Ethics and communication at company level, it is obvious that most of the managers belong to the type "oriented quantity human resource manager", because their goals are to increase production, turnover, profit, firm performance but also the employees' satisfaction that they accomplished their responsibilities.

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