Management Ethics – Ethical Principles of Managers

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ABSTRAKT

Má bakalářská práce se zabývá problémem manažerské etiky. Je členěna na dvě části. Prvá teoretická část, seznámí čtenáře se základními proudy a východisky v oblasti manažesrké etiky. Praktická část pak vychází z poznatků uvedených v části teoretické a je vedena formou výzkumu za pomocí dotazníků pro manažery a studenty. Výsledky šetření obou dotazovaných skupin jsou následně porovnány a jsou stanovany patřičné závěry.

Klíčová slova: manažer, etika, podnik, společnost, sociální zodpovědnost

ABSTRACT

My bachelor thesis deals with the problem of management ethics. It is divided into two parts. The first, theoretical part, speaks about basic branches and solutions in the sphere of management ethics. The practical part is based on the theory and it is elaborated mainly on the basis of questionnaires distributed among managers and students. The results of the research of these two corresponding groups are consequently compared and evaluated.

Keywords: manager, ethics, company, society, social responsibility.

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CONTENTS

I	NTRODUCTION	9
ı	THEORY	10
1	ETHICS IN MANAGEMENT	11
	1.1 HISTORY OF MANAGEMENT ETHICS	11
	1.2 Definition of ethics	12
	1.3 QUESTION OF MORALITY	
	1.4 GOOD AND EVIL	
	1.5 DIFFERENT POINTS OF VIEW – RELIGION OR PHILOSOPHY?	13
2		-
_	2.1 SEVEN QUESTIONS TO ADDRESS ETHICAL PROBLEM	
	2.1.1 Solving ethical problems with Nielson's process	
	2.1.2 Ethical relationships with stakeholders	
	2.1.3 Types of managers in connection with ethics	18
3	APPROACHES TO SOLVE ETHICAL DILEMMAS	20
	3.1.1 Economic analysis	21
	3.1.2 Legal analysis	
	3.1.3 Ethical analysis	
4	3.1.4 Which approach to choose?	
4		
	4.1 HISTORY OF CODE	
	4.1.1 Code of ethics	
	4.1.2 Problems with creation of code	
	4.2 PARTICULAR PROGRAMS	
	4.3 OTHER FORMS OF ETHICS SUPPORT	
5	TRUTHS AND MYTHS IN MANAGERIAL ETHICS	26
	5.1 MYTHS ABOUT ETHICS	
6	6 REASONS FOR LACK OF INTEREST ABOUT ETHICS	28
II		
7		
•	7.1 Preparation of Questionnaires	
	7.1.1 Distribution of questionnaires	
	7.1.1 Distribution of questionnaires	
_	7.3 SUGGESTIONS FOR IMPROVEMENT	
	CONCLUSION	
B	BIBLIOGRAPHY	49

LIS	ST OF FIGURES	51
8	APPENDICES	52

INTRODUCTION

As companies are growing and our society becomes more crowded, the questions of what is "right" and "just" are becoming more and more relevant. That's why the discussions on ethics topics are becoming more and more prevalent (Hosmer 1987, 8). The topics of "just" and "right" behavior concerning companies are mainly stressed in business ethics. In this thesis, however, I mainly concentrate on one branch of this widely discussed problem – Ethics of managers. I found it important to deal with this question, because it is mainly the responsibility of managers to adhere to ethical principles and to broaden their ethic responsibility on co-workers and other people, who have some connections with the company.

As the main challenge in the theoretical part I consider to describe the theory of management ethics as it is – provide different views on this topic and different theories attempting to make ethics more clear and easy to understand – such as microeconomic theory, rule of law, normative philosophy. I view the problem from historical, as well as religious point of view.

The practical part attempts to use the information from the theory in the practical perspective by distribution of questionnaires. I use two responding groups – students and managers.

I. THEORY

1 ETHICS IN MANAGEMENT

Some of management axioms say that if there are at least two men concentrating on one activity, there will appear another subject, which will bring harmony to their job. This subject is management (Janotová 2005, 23). Thus managers are persons who lead other people and bring harmony to work. The ethics of management is just about decisions what is "right" and "proper" and "just" in connections with other people. It is not simply about questions of bribery, theft and collusion. It is mainly about relationships between customers, suppliers and stockholders on one side and managers and subordinates of the company on the other side (Hosmer 1987, 6). Another view brings Janotová (Janotová 2005, 30). She also supports the idea that management decisions affect lives of other people: Every activity of men is based on the needs of people. It means that also management ethics is here for people and for their interest. As every activity, also management ethics has its ethical dimensions. Nobody wants to be humiliated, discriminated.

Management ethics is a complex discipline and its importance is still growing. The view of the importance of ethics in the leading positions is stressed in many publications. Authors realize it's importance in leadership: Even though we are talking about an ethical activity of all workers, affectivity of all efforts is mainly dependant on managers, because it's them who give an example. Thus it is very important what ethical standards they have (Bláha 2003, 38).

1.1 History of management ethics

According to the length of existence, we can consider management ethics as relatively young professional discipline (Bláha 2003, 38). Also Janotová agrees (Janotová 2005, 28) that this is quite a new science, as well as Certo (Certo 200, 65) adds that "The movement to include the study of ethics as critical part of management education began in the 1970s, grew significantly in the 1980s, and is expected to continue growing into the next century." However, if we discuss the age of ethics itself, we can come much deeper into the human kind history. Philosophers have been discussing ethics for at least 2500 years, since the time of Socrates and Plato (http://www.managementhelp.org). Thus I think that if you want to understand management ethics more, it would be useful to look on ethics in general, from the views of philosophy and religion.

1.2 Definition of ethics

How to define the term ethics? We usually refer to ethics in plural, because most people usually have "a system of interrelated beliefs rather than a single opinion"

(Hosmer 1987, 92).

However, to define ethics is certainly not an easy task. There are many views and opinions concerning this topic. We can analyze it from the perspective of religion, philosophy or just take opinions of authorities in this field, because they can have valuable experience. To discuss definition of ethics and different points of view on this problem is the main theme of the theoretical part of my thesis.

1.3 Question of morality

Ethics is sometimes referred to as being a science of morality. The world morality is derived from Latin. The worlds like *moralis* or *mos* mean ethical (Janotová 2005, 13). Thus we can see that there are some connection between morality and ethics. But are these terms of equal meaning? As we read in Manažerká Etika (Bláha 2003, 16) they are slightly different – the term morality expresses the reality which "is", thus an actual situation. Ethics, on the other hand, expresses the situation that "should be". Helena Janotová in Profesní etika (Janotová Helena 2005, 13) adds: Morality, as opposed to ethics, has always its particular bearer, a subject of action, which can decide for the way he will behave. Ethics provides instructions for people how to behave in an ethic dilemmas.

I feel that these two terms are often misunderstood and are considered to be of the same meaning. The Czech nation is not used for using the term ethics; instead we use just term morality. But people should understand that morality and ethics have a little bit different meanings. To understand morality might help to understand questions from the following parts of good and evil and also religion. Janotová (Janotová 2005, 10) says that the morality is considered to be the oldest regulator of our behavior. It has two views: empiric and transcendent. Empiric view is looking for the origin of morality in the simple existence of a human, in his needs and interests. Transcendent view finds the origins of morality outside the life a person, as a gift from God or universe.

Of course, it is hard to say which opinion is right and people have discussed this question for centuries. Where is the origin of the internal speeches from my mind? Who controls my conscience and says this is right and that is wrong? Is it God, or is it something that my

brain has in ability? It will probably take centuries to answer these questions, if they ever will be answered.

Another question is whether our conscience is the subject we should believe and always rely on. According to Sikula (Sikula 1996, 105), our conscience is not a good indicator of ethical behavior. The problem is that people tend to rationalize their acting and decisions. For instance war or election campaign has always two sides and people on each of them think that they correct.

1.4 Good and evil

Good and evil – the terms strongly connected with morality and ethics. What is good and what is evil? Somebody feels that he can find the solution in God, others just believe in their internal feeling. Of course, they both can be right. First, it is important to realize, what is considered as "good" and "evil" in our culture. Bláha (Bláha 2003, 17, 18) suggests that the history has taught us that good is life and peace, love and care, as well as harmony. Evil is destruction, maltreatment, absolute power. It is also important to know that basics of many contemporary recommendations come from opinions of antic philosophers, such as positive thinking (Bláha 2003, 18). However, how should manager decide, what is right or good, and on the other hand, bad or evil? His decisions are extremely important, because if I exaggerate, he has lives of his employees in his hands. According to literature, managers should act in a way that brings the maximum amount of happiness to a maximum number of people (Bláha 2003, 19). This theory is called Utilitarism. However, there may appear problems, because something that brings a maximum happiness to a maximum amount of people can suppress the personal interest. Thus there is another theory that says managers not to do actions that may bring suffer and pain (Bláha 2003, 19).

1.5 Different points of view – religion or philosophy?

Let's try to look on the question which view on ethics is correct. Opinions in publications of different authors differ. Everybody, or at least a big number of writers, tend to consider their opinion as right and the only acceptable. That is natural. However, the aim of this work is not to decide which opinion is the only acceptable, but just look at them as they are - so why not to consider every opinion correct in some way? If we look at religion in

connection with ethics in more detailed way, it can provide some help in situations when ethical question cannot be solved by our knowledge and traditional ways of acting (Bláha 2003, 26). There are many religious branches and each of them provides its own philosophy. The most relevant for us, as inhabitants of central Europe, would probably be Christianity. It helps in ethical questions providing you Ten Commandments (you shall not murder, you shall not steal...). Of course many other religions, such as Buddhism or Judaism, have their own principles.

On the online journal (http://www.helium.com) we can even find the info that ethics and ethical behavior is connected with the Bible. We can see that many of businesses today have set up their ethical codes. These codes cover topics such as security of property, conflict of interest, or integrity. It may seem difficult to find any direct connections with Bible. However, they really do exist. For instance the topic "Security of property" will try to prohibit theft. This is what the seventh commandment also prohibits: "thou shalt not steal."

Integrity, on the other hand, is connected with honesty, which is dealt with in the eighth commandment – "You shall not bear false witness against your neighbor."

Sikula (Sikula 1996, 106) brings one interesting ethical misconception – a person who does not believe in God cannot be ethical. According to him, some people think that a person must believe God, or alternatively Bible, to be ethical. But this is not true. The fact that you believe in God/Bible does not always make you ethical. There is a big number of unethical Christians, and there exist also many ethical atheists.

2 MANAGERIAL DECISIONS

Managers are faced with making important decisions every day. This brings big amount of responsibility, because their decisions will affect not only their lives, but lives of the whole company and their stakeholders. (The internet [http://www.businessdictionary.com] says that stakeholder is every "person, group, or organization that has direct or indirect stake in an organization because it can affect or be affected by the organization's actions, very ethical decision has its own special character"). Ethical manager realizes that:

- Most ethical decisions have extended consequences. This means that decision
 manager makes does not lead only to first-level consequences. It has continuation in
 society and has an impact upon others not only company stakeholders, but also
 rest of society. It means that unsafe product can have effects on lives of individuals
 or that pollution affects environmental health.
- 2. Most ethical decisions have multiple alternatives. People tend to think that the problem is just simple and that there is just yes and no decision. Should we pollute the air or not? Should we produce an unsafe product or not? Try to think of a situation: Our Company would like to build a dam that would save energy. However, if they built it, it would block a river that was used for years by canoeists. Thus you can see that managerial decision is not just simple "yes" or "no" question.
- 3. Most ethical decisions have uncertain consequences. It might seem that ethical decisions in management are free of risk. In some countries there is a common practice paying bribe if you want to receive imported goods. So do you think that after paying a bribe you have your goods received always promptly? It is never clear what consequences will follow from most ethical choices.
- 4. Most ethical decisions are personal and have personal implications. Many people feel that ethical decision in management is impersonal, far from manager's live. But this opinion is far from reality. The problem is that managerial controls are concentrated on economic and financial results. They do not measure ethical quality bearing these decisions. (Hosmer 1987, 14).

2.1 Seven questions to address ethical problem

When an ethical problem appears, it is important to thoroughly analyze the situation and the problem. That is why there are some questions the manager should answer when some ethical problem appears. The internet (http://www.managementhelp.org) provides seven questions useful for managers when dealing with ethical problems:

- 1. Have you defined the problem accurately?
- 2. How would you define the problem if you stood on the other side?
- 3. How did the situation occur in the first place?
- 4. What is your intention in making this decision?
- 5. How does this intention compare with the probable results?
- 6. Whom could your decision or action injure?
- 7. Are you confident that your position will be as valid over a long period of time as it seems now?

2.1.1 Solving ethical problems with Nielson's process

Sometimes there are situations when managers might feel that there are disparities between managerial ethics and firm behavior. Thus managers should find and use techniques for solving these problems (Janotová 2005, 32). Almost every literature provides ways how to solve ethical problems. Hosmer (Hosmer 1987) provides four ways and views on solving managerial problems – from managerial ethics and the rule of law to managerial ethics and individual decisions. I will talk about these principles in next sections. Now I would like to concentrate on views provided by Janotová (Janotová 2005, 32). She speaks about principles called "Nielson's processes", which can be used in situations when ethics is breached.

They are:

- Do not dwell the problem
- Ignore the problem
- Protest
- Leave the organization
- Public anonymously
- Public externally
- Discuss the problem and reach consensus for change of unethical behavior

Do not dwell the problem makes managers unethical, as well as the ignorance of problems. Protest can be considered ethical; however there is a risk of being fired. To leave the organization is not ideal – you lose your job and make not a big change in the company policy. On the other hand, it is bad for the firm reputation. To public the problem needs a lot of courage and a lot of evidence material. You soon find it difficult to talk to people who have been in the centre of your critics. And finally, discussion about problem seems to be the best ethical and effective solution, even though there must be conditions and additional time provided for discussions. (Janotová 2005, 33)

So as we can see from the previous, being ethical is never easy. Janotová provides quite a lot of possibilities how to deal with ethical problems, but almost every time when being ethical you lose something. Maybe just the last possibility – discussing the problem, might be reasonable, because there is not big probability of losing job or friends as in other possibilities. Nobody said that ethical people will have easier lives. The reality and history shows that honest and right people often had more difficult lives then people who were just doing their own job and did not care. To be ethical is a really difficult task.

2.1.2 Ethical relationships with stakeholders

Many publications try to stress the importance of ethical behavior to stakeholders. What are the principles of this acting, what it should look like? Ethical behavior has its own principles and differs from one interested group to another:

1. RELATIONSHIPS WITH OWNERS

In relationship with owners/investors, managers should be:

- Assured of legitimacy and expediency of interests of the owners of the company.
- Responsible for the fulfillment of business and owner strategy
- Loyal and responsible

2. RELATIONSHIPS WITH CO-WORKERS

In relationship with co-workers, managers should be:

- Democratic
- Self confident

- Responsible and interested in the development of personalities of all his co –
 workers and support their next development of qualification and creativity
- Objective transporter of the information inside the team
- Honest and emphatic personality

3. RELATIONSHIPS WITH COMPETITION

In relationship with competitors, managers should be:

- Honest and fair
- Bounded to respect rules of the "invisible hand" of the market
- Reject illegal practices, such as industrial espionage

4. RELATIONSHPS WITH CUSTOMERS

In relationship with customers, managers should be:

- Righteous and honest
- Flexible
- Incorrupt
- Responsible

(Janotová 2005, 48)

2.1.3 Types of managers in connection with ethics

Every man in the world is a personality. We have many types of people and temperaments among us. And thus there are many types of managers and many approaches to ethics. Let's have a look at four main categories:

- A) First type of managers has absence of ethical behavior. He is indolent to all ethical principles.
- B) Second type of managers adheres legitimacy and does not think about the consequences of his decisions.
- C) Third type of managers thinks a little more of ethics, however in practice implements pragmatically. He is ethical as long as it has some advantage for him.
- D) The last type of managers differs from the previous. This type implements ethics which is not in the opposition with his morality and he also adheres ethics in practice. He is just right man on the right place.

As you can see, most of managers have problems with adhering ethical principles. Three types of managerial behavior are quite far from being ethical and just one managerial type is ready to follow ethical principles.

(Janotová 2005, 31)

3 APPROACHES TO SOLVE ETHICAL DILEMMAS

Never ending conflict between economic performance, profits and revenues on one side and the social performance of the firm on the other side is one of the most often discussed questions in management ethics. For example, if we fire our employee who has been working for our firm for thirty years and is no longer needed, our profits will probably rise. On the other hand, life of this man may be ruined. (Hosmer 1987, viii).

This question is really difficult. Should we maximize our profits, and still cause damage to our society? People often wonder, whether these two factors – profits and ethical responsibility, have some relationship. According to Bláha (Bláha 2003, 53), being ethical is really economically important: The research has shown that companies which adhere to EOA ethical principles (which is Ethics Officers Association) have 7 % higher profits than companies which do not follow ethical principles (namely EOA programs).

So we may ask why people still tend to maximize profits instead of being ethical. Is it in the nature of people, do we think just in numbers? Maybe the problem is little more complex. Bláha suggests (Bláha 2003, 49) that the problem is that ethics and ethical behavior is difficult to measure (Even though sometimes it is possible, such as for example in the case of EOA programs). Good example is indicator the number of workers. These indicators tell us about sex, education and so on. However, these indicators cannot measure things like loyalty to the company, workers creativity, incorruptibility and so on, even though these characteristics of employees also plays role in complex decision making of managers. One interesting view on topic profits versus ethics brings Andrew Sikula (Sikula 1996, 118). His publication stresses the fact that the society should realize that ethics is more important than economics. For instance, in America a lack of money is less prevalent than lack of self – control, and obesity is more prevalent than poverty. He says that more than 20 % of the population in the USA is obese, as in contrary to less than 10% of USA population living in poverty.

Maybe a quotation from Applied Management Ethics (Sikula 1996, 7) might help. There is said that "What is "right or wrong" and "good or bad" are far superior decision –making standards than "What is in it for me?" or "How much can I make?"

3.1.1 Economic analysis

We can solve ethical problems by means of microeconomic theory. It relies on impersonal market forces. When deciding between profits and social issues, microeconomic theory prefers profits. Reduction of workforce may be unpleasant, but fired workers can find another job. According to this theory, the maximization of profits leads to well – being of society. To maximize profits may sound good, however a problem of injurious practices or others may appear – the effort to maximize profits and cut costs have permitted dangers on workplace or environmental pollution.

(Hosmer 1987, 24)

3.1.2 Legal analysis

We can solve ethical problems by means of legal analysis. This theory suggests using of law in every ethical dilemma. Reduction of workforce may be unpleasant, thus we can pass a law to solve this problem. If you follow the law, you should be treated as justly as possible. The question is whether:

- The law represents the needs of the whole society, or just exists as commands of unresponsive legislators.
- These laws passed by political processes have often to be modified by judicial court.

3.1.3 Ethical analysis

We can solve ethical problems by means of ethical analysis using normative philosophy with the rule "The greatest good for the greatest number." This means maximal concentration on society and a little concentration on company profits. It is based on rational thought process. This method stresses the fact that managers should act according to single principle of behavior. However, some problem may appear:

"It is a useful method of moral reasoning, but there are no priorities and there are no degrees." (Hosmer 1987, 24, 102)

3.1.4 Which approach to choose?

I have presented three possible approaches. Each of them has both positives and also some negatives. But they did not answer the question which approach to choose when managers

face with ethical dilemma. Hosmer (Hosmer 1987, 124) says that when you are faced with dilemma of economic performance and social or ethical behavior, the best method is to use all three methods of analysis. Of course, it would be fine if we had just one decision rule, but we do not. Thus, if our decision brings an adequate economic return, is in accordance with law and benefits large number of people, than it is correct.

Andrew Sikula (Sikula 1996, 121) provides quite interesting quotation from Samuel Clements, suggesting that profits or economic analysis is not always dominant. "If you pick up a starving dog and make him prosperous, he will not bite you. This is the principal difference between a dog and a man."

4 IMPLEMANTATION OF ETHCICAL BEHAVIOR

How to secure that the people in our firm will obey the orders of managers? How to secure that orders of managers will be ethical? Should a firm introduce some controlling department? How should stakeholders know that their partner makes effort to implement ethical behavior? Some firms were thinking how to solve these questions and found a solution. They wrote ethical code for their company. It is neither a policeman, nor a law, still it helps in maintaining ethics in management and employees in entire company. Other methods are based on educating managers how to act ethically in various situations.

4.1 History of code

The ethical codices are used by people for a long time. Hippocratic Oath, formulated 2400 years ago, is considered to be the first code in history. Since then many codices have appeared, for instance craftsmen used them, and even students had their code at medieval universities. Ethical codices are permanently developing and nowadays a code can be found in every sphere of social life. (Bláha 2003, 98; 99).

Many professions have their own code. I would like to concentrate on code and its connections with management ethics.

4.1.1 Code of ethics

There is some relationship between strategic management of the organization and its overall ethical profile. These are mainly values, which specify behavior of its employees and these values are basis for creation of code of the given institution. There are many positives in usage of codices:

- 1. Ethical code may help in relationship between managers and employees that they can share the same principles and values.
- 2. Code can help managers in situations when they are not sure how to act when they do not know which decision is more accurate when dealing with ethical issue.
- 3. Code helps manager when he is speaking with partners from other companies.
- 4. Code helps both managers and employees to realize their duties and competence. It is a guide for both employees and managers.

(Bláha 2003, 109; 110)

4.1.2 Problems with creation of code

Even though codices seem as an ideal solution, some people and firms are against implementation of them. Some firms stress that it is just a stylistic exercise good for society, but speaking about company, it has no effect. Some add that in companies work people who have already some values implemented in their mind and code cannot change them. The first objection is not true in real, and the second may be considered realistic in some way. However, some objections should be taken seriously. Firms insist that code is often much general and does not comprise the real ethical problems the firm has to deal with. They are often discussing an ethical problem for a long time, but they finally solve nothing. Some people also think that thanks to code, the economical situation will dramatically improve, which is not realistic (Bláha 2003, 113). Even though there is disagreement, I consider code of ethics a good step for the firm. Code is the first think the company can implement to improve its ethical thinking and it is the document that helps managers to maintain their ethical sense.

4.1.3 Programs for supporting ethical thinking

When a company accepts a new manager, they do not usually ask about his ethical thinking. The priority is that he understands his profession, has relevant experience and is capable of leading people. Ethical thinking is often considered as something that is natural, and this view can lead to problems. However, a lot of companies solve this problem by providing support programs for managers, so that they realize the fact that ethical thinking is really important. Janotová (Janotová 2005, 41 - 44) suggests that these programs are:

- Educative
- Communicative
- Motivational
- Evaluative

4.2 Particular programs

Educational programs: They are most widespread and considered as the best variant. "Education is the best investment into future." Thus we have:

- ethical workshop
- ethical round tables
- ethical discussion forum
- 1. **Ethical workshop**: This is more practical part of education. Managers are put into situations which may happen in everyday managerial practice. However, they try to solve the problem in a group of their co workers, thus they can learn something new and gain experience.
- Ethical round tables: This method is used in companies where the ethics was not
 considered important, however its demand is becoming more and more prelevant.
 Round tables must adhere to some principles in order to be successful. They must
 be flexible, democratic and tolerant.
- **3. Ethical discussion forum:** It is also a form of active education. However, there may be present also people from public. (Janotová 2005, 41;42)

4.3 Other forms of ethics support

Communicational programs:

We have books of wishes and complaints, questionnaires, advertising materials, company newspapers. There are also some other methods which are popular abroad. Unfortunately in the Czech Republic they were not still implemented much. These methods are:

- Hot lines
- Ombudsman for ethics
- Director for ethics
- Committee for ethics
- Motivational programs
- Evaluative programs

5 TRUTHS AND MYTHS IN MANAGERIAL ETHICS

In my thesis I have discussed many times ethical principles and behavior. I posed a question how a manager should act when he faces with a dilemma – which decision is good, proper or wrong. However, there exists some kind of truths and principles which could help managers when they encounter these ethical dilemmas. Bláha (Bláha 2003, 67) names these principles:

1. ENLIGHTENMENT APPROACH

Maximize your benefits, but not in the way that it would harm the others.

2. PROFESSIONAL ETHICS

You should behave only in the way that you are able to defend your actions if you stood face to face your co-workers.

3. ETHICS OF EXPOSAL

If you decide for some action, ask yourself whether your decision is acceptable by your co-workers, family and friends. If the answer is "yes", your decision is correct and you should act in that way.

4. BUSINESS ETHICS

Act in a manner of loyalty to the company (there is a problem that you should be loyal even though the company is harming ethics).

5. CONVENTIONAL ETHICS

Act in a way to satisfy your interests, and still do not break the law.

6. ETHICS OF RESPONSIBILITY

When making a decision, consider consequences of your actions and accept your responsibility for these decisions.

7. INTUITIVE ETHICS

When you are making decisions, listen to your intuition, which should help you recognize whether your decision is correct.

8. KANT'S PRINCIPLE

Act not to breach the law of a particular person or a group of people.

5.1 Myths about ethics

People still do not realize the importance of ethics. They sometimes consider it as something that is a luxury they cannot venture. But as we can see from previous texts, we

are dealing with a really important issue. However, not everybody realizes it. Thus some myths in managerial and business ethics have appeared, as stressed on the internet (http://www.managementhelp.org).

- Ethics in management and business is more the subject of religion than business
- Employees in our firm are ethical, thus we do not need to pay attention to business ethics
- Ethics in business and management is a subject for philosophers and theologians
- Ethics is about good guys preaching to the bad guys
- Ethics is quite a new discipline
- Ethical behavior can be managed
- Managerial ethics and the responsibility to the society are the same things
- If we know that our company does not have problems with law, we must be ethical
- Management ethics in the workplace does not have any practical usage

Also Sikula (Sikula 1996, 104) adds some myths in the managerial ethics field. These are:

- Everyone is ethical
- Different cultures and different countries have different ethics
- Ethics cannot be taught
- Your conscience is a good ethical indicator
- A person who does not believe in God cannot be ethical

How many people do still believe these myths? I think that their number is still high, especially in the post-communist countries. Even though I feel that these trends are slightly improving. Companies are implementing ethical codes and managers are becoming more and more ethical responsible, because it is mainly their task to implement ethical principles on their subordinates. Managers should not concentrate only on maximizing profits, but also on ethical thinking of people they are responsible for.

6 REASONS FOR LACK OF INTEREST ABOUT ETHICS

Many experts agree that there is little awareness of the importance of ethics in management. We cannot just limit managerial ethics on view of morality – it does not have to be a rule that moral manager is successful; he still has to respect moral principles, educate for his whole life and be able to motivate his subordinates. Managerial ethics is not just a subject of large industrial companies; it should be practiced anytime we lead somebody. Management ethics is needed to create a cultural environment in the company. However, quite a lot of managers are afraid to implement ethics in the workplace. We are mainly speaking about those who are working in the companies which breach ethics. They think that if they want to succeed while negotiating with business partners, they should use the same unethical practices which are used against them. Managers are afraid that being ethical can complicate their lifestyle. Acting ethically in every situation is really a difficult task. However, to fix ethical thinking, a manager must act ethically even though he is alone and nobody can see him. It is similar to God worship – many people think that they should behave well only when they are in the church, and when they are out, act like they never would in the church. They forgot that God is everywhere. Managers should not hide behind codes and legislative norms. He cannot just say: "We have Code of ethics, thus we are ethical," and still act unethically. They also must become a good example for their subordinates. When new manager comes to work, his boss usually wants him to bring positive results in a short time. However, there is some risk that when they are in rush to reach the best results; managers may not adhere to ethical principles. This can lead to the situation that this manager tries to be successful in fields that are measurable, such as economic results, and thus forgetting about ethics. Managers are not sure whether being ethical would be profitable to them when they can see that many other managers were successful when they did not act ethically and vice versa. Lack of interest for ethics is also stressed thanks to media – their ignorance to this topic. However, its importance is growing and this trend shows that future society will be based on high culture and ethical attitudes of the companies.

(http://www.hn.ihned.cz)

ANALYSIS

7 HOW TO MEASURE ETHICAL OPINION

To measure or describe ethical feelings or ethical opinions among people is a difficult task. I think that the best method to analyze this process is by means of distribution questionnaires. For this purpose I have chosen two groups of people to answer prepared questions. The first group represents university students, second one managers themselves. However, students in this task are studying the program English for business administration, and many of them should become future managers. Thus I consider it challenging and interesting to compare the results of these two groups. Most of present managers were brought up in the totalitarian regime, where ethics was not of a big importance. Present students, on the other hand, are brought up in the society that is trying to point out the importance of business ethics. Thus we are comparing two different groups. They differ not only in present occupation (student x manager), but we have also different groups according to age. (Some managers are obviously of the same age as students, but most present managers I consider as being older than questioned students. The difference can be even one generation). Thanks to these samples, I should be able to describe the present state of ethical thinking among certain people. I have also decided to bring some positive effect of this questioning and the whole bachelor thesis. Thus after analysis of questionnaires there will be a chapter suggesting some improvements in the field of management ethics, mostly based on the results from questionnaires.

7.1 Preparation of questionnaires

Every simple questionnaire consists of ten questions prepared mostly on the basis of facts from the theoretical part. I tried to prepare questions that make people think so the results should have some contribution. The answers are in the form of multiple-choice. Questionnaires were edited in two versions – Czech and English. Even though the mother tongue of people whom it was addressed is Czech, they still should have a high level of foreign language – both managers and students. I also found it interesting to test what number of people will choose a foreign language instead of their native tongue.

7.1.1 Distribution of questionnaires

I tried to distribute as much questionnaires as possible so the result would be more close to the real situation. Taking this fact in account, I used more ways of distribution. However, I was disappointed by the lack of interest from the side of asked firms, even though I stressed the fact that after evaluation the results can help to support managerial ethics by means of considering the suggestions for improvement.

Questionnaires were distributed and completed in the following way:

- A, 55 questionnaires were distributed personally, 55 were completed (100%).
- B, 50 questionnaires were distributed via email, 5 were completed (10%).
- C, 60 questionnaires were distributed via post, 20 were competed (33%).

Thus the total number is: 40 questionnaires competed by students.

40 questionnaires competed by managers.

Appendix P I shows distributed and completed questionnaires graphically.

Chosen languages

Every person asked to fill the questionnaire was free to choose between Czech and English version. Of course, both of them were provided. However, the result of chosen languages was significantly unequal: 35 managers (88%) have chosen Czech version, the rest (12%) have chosen English.

Eight students (20%) have chosen English version, the rest Czech one (80%). The main reason for this trend I consider laziness, because both English administration students and managers should be skilled in English. However, both groups were free to choose, thus I respect their decision. Appendix P II shows languages chosen by managers and students graphically.

7.2 Questionnaires analysis and comparison of results

1. When you are asking what is ethical, you decide according to:

- A, Your conscience
- **B,** Generally accepted rules, which are provide for example by religion (Ten Commandments)
- C, Opinions of co workers

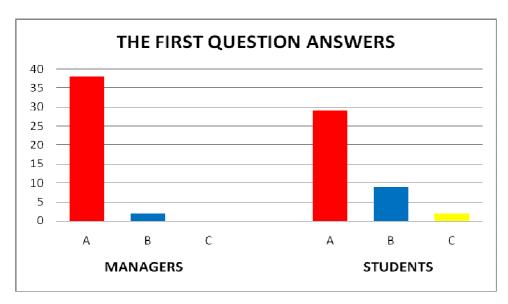


Figure 1: The first question answers

The First question in numbers:

Managers	Students	
A, 38 answers (95%)	A, 29 answers (72%)	
B, 2 answers (5%)	B, 9 answers (23%)	
C , 0 answers (0%)	C , 2 answers (5%)	

Question overview

The aim of this question is to find out how questioned people deal with ethical issues. Which element prevails in the situation when ethical decision has to be made?

Question results evaluation and comparison

The results of managers and students quite match. Both groups have agreed on answer A as the most adequate result and answer C as being not relevant. Thus we can say that manager or future manager is a person that mostly relies on himself, his own opinion and abilities. When he has to decide on ethical issues, he does not rely on people around him very much. However, a few students (5%) have marked option C in contrast to managers (0%). Thus we can guess that students believe more in supernatural powers – or maybe practice has taught managers not to rely on these factors. However, we should take in account that most of present mangers were brought up in the system where religion was somehow prohibited. On the other hand, 5 percent is really a small number of people, thus it would be difficult to make some conclusions.

2. Do you think that adherence to ethical principles has some effect on profits?

- A, Yes, when adhering to ethical principles, company profit is rising
- **B**, Yes, but very little
- C, No, ethics has no relationship to profits of the company

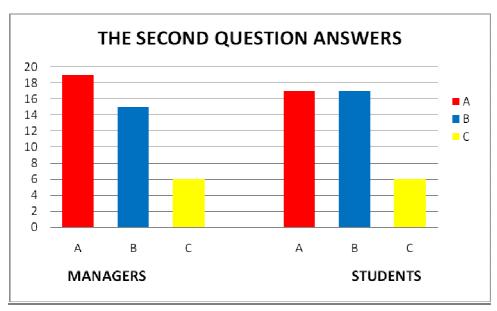


Figure 2: the second question answers

The second question in numbers:

Managers	Students	
A, 19 answers (47%)	A, 17 answers (42%)	
B , 15 answers (38%)	B, 17 answers (43%)	
C , 6 answers (15%)	C , 6 answers (15 %)	

Question overview

This is one of the crucial questions in the management ethics and ethics of company in general. As I have stressed before, the problem is that ethics is not measurable, so we can only guess whether being ethical has for example attracted other people to make business with us. Thus I consider it challenging to see what the opinion is on such a controversial issue.

Question results evaluation and comparison

Again, the result answers of managers and students do not considerably differ. I think that in this particular case we can consider the opinions of managers more valuable than that of the students, because their experience with this topic is certainly higher. The final result is quite positive. The basic function of a company is to gain profit. According to a great number of managers (47 %) and students (42%), this fact comes hand in hand with ethics.

Also a great number agree that it has some connection (38% of managers and 43% of students). So we can guess that quite a high number of managers and students will try to behave ethically because it will make the company profitable. The question is whether the managers do realize this fact when they make everyday decisions. As I stressed before, it is not possible to say: We have reduced the amount of wastes exposed to the air, so our profit should rise about million crowns. Thus when manager tries to act ethically, he does not see any direct profit for the company and that may be a problem.

3. Do you consider the term morality as having the same meaning as the word ethics?

- A, Yes, they are of the same meaning
- **B**, Yes, but very little
- C, No, these are two different terms

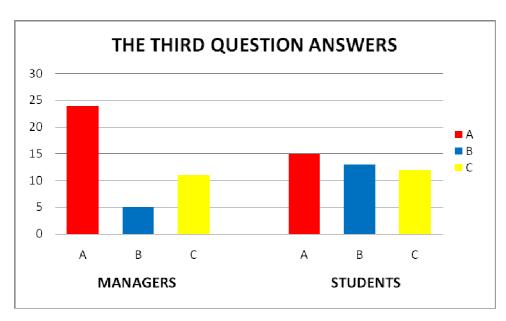


Figure 3: The third question answers

The third question in numbers:

Managers:	Students.
A, 24 (60%)	A, 15 (38%)
B, 5 (13%)	B, 13 (33%)
C, 11 (28%)	C, 12 (30%)

Question overview

I have posed this question because I wanted to know whether the managers and students understand and know the meaning of basic terms from ethics fields.

Question results evaluation and comparison

The results of both groups are dissatisfactory. Most of managers (60 percent) do not see the difference between these terms at all, and just a few of them probably understand it. According to my theoretical part, these two are really of a different meaning. Thus the most accurate answer was B or alternatively C. On the other hand, it is not of much importance to understand the terms if managers really do adhere to ethical principles. The result that students have provided are more positive – Almost half of the students (33 percent for B and 30 percent for C) understand that there is a difference between these two. But still I do not think that we should consider students as being more clever or talented than mangers. The fact is that university students should be really familiar with basic theory terms, including those from ethics sphere.

4. Do you think that conscience, or internal voice, which tells us how to act ethically, is led by God (Universe), or it is just a voice produced in our brains?

- A, Conscience is a natural think, the ability of our brain
- **B**, There is some superior force, such as God or Universe that tells us what is wrong or right
- C, Never thought about it

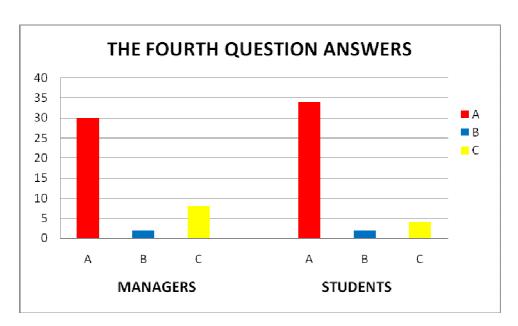


Figure 4: the fourth question answers

The fourth question in numbers:

Managers:	Students:
A, 30 (75%)	A, 34 (85%)
B, 2 (5%)	B , 2 (5%)
C, 8 (20%)	C, 4 (10%)

Question overview

The basic aim of this question is to find out the opinion on the problem of our conscience and which factors influence it –is it God or something else?

As I have stressed in the theory, the religion or God is one of the subjects that may influence ethical behavior and that have played an important role in shaping ethical opinion in history and also in presence.

Question results evaluation and comparison

Again, we can see that the opinions of managers and students are basically the same and the results are similar to those from the first question – managers and students (maybe future managers according to their study program) tend to rely on themselves when deciding on what is ethical and the religion or God is seen as not being adequate solution (only 5 % of students and mangers believe that our decisions are connected with the internal voice led by God). We can just guess whether 75, or respectively 85 % of asked people are really atheists, or if some of them believe in God or Universe, but do not consider ethics (together with conscience) and belief as having some relationship.

5. When you find out that firm you work for or will work with acts unethically, which tactic you choose?

- A, Protest
- **B**, Leave the organization
- C, Ignore the problem

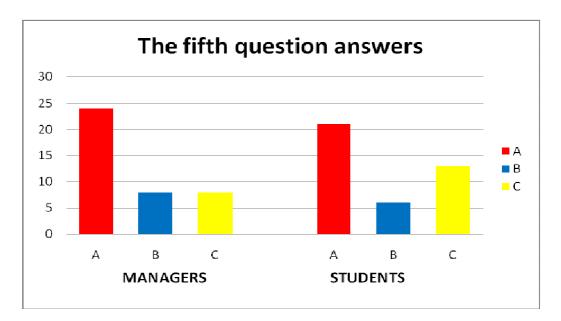


Figure 5: The fifth question answers

The fifth question in numbers:

Managers:	Students.
A, 24 (60%)	A, 21(53%)
B , 8 (20%)	B, 6 (15%)
C, 8 (20%)	C, 13 (33%)

Question overview

The goal of this question is to find out what is the manager or future manager ready to sacrifice for ethics – would he give up his place if he saw that his firm does not act ethically? Is the manager ready to fight and maybe lose his place to protect ethical behavior?

Question results evaluation and comparison

Both managers and students have provided quite satisfactory results here. Most managers (60%) and students (53%) agree that they should fight for ethics to be adhered in the firm. According to me, this is really a best variant how to deal with this problem. Of course, to protest against ethics being not adhered in the firm may be uncomfortable for you and even can lead to your being fired. However I hope that asked people realize this and would implement this opinion to practice. This is one of ways how to strengthen ethical opinion in our countries – fight for ethics, even though it may bring you into unpleasant position and situation. Another important fact is that when you protest against unethical practices, it usually brings you no benefit, you can only feel better that you helped others and ethics in general. Quite interesting is the C result for students group. Quite a big number (33%) choose to leave the organization which does not act ethically. Both B and C options have similar consequences. When you leave or ignore the organization that acts unethically, you actually change nothing. You may feel better that you do not agree with these unethical practices, but that is probably all that would change. Of course I understand the opinion of students that just want to ignore the problem and make nothing. Maybe they will have to support their own family and a chance of losing their work is something they cannot venture. Being ethical may sometimes bring a lot of problems. However it is the reality. Only a few students (15%) and managers (20%) would leave the unethical firm. This low numbers are satisfactory, because high percentage of option A brings much more changes to ethics. On the other hand, leaving the organization changes nothing.

6. When deciding in the matters of ethics, you prefer or would prefer:

- A, Economic performance to social performance
- **B**, Social performance to Economic

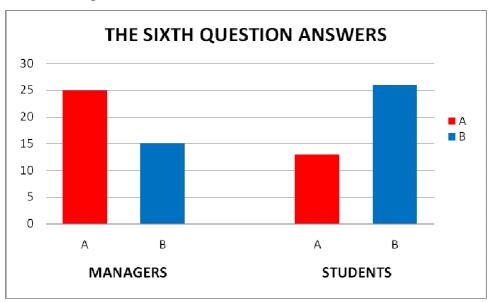


Figure 6: The sixth question answers

The sixth question in numbers

Managers:	Students:
A, 25 (63%)	A, 13 (33%)
B, 15 (37%)	B, 26 (67%)

Question overview

I used this question to find out which factor is more valuable for managers and students-whether gaining a profit of social responsibility, in other words ethics. This question is a little bit similar to question number two, but they are different. The aim of the question two is to find out what the reality is in connections with relationship between ethics and profits. The aim of this question is to find out what the preferences are of students and managers – whether being ethical or profitable.

Question results evaluation and comparison

The results and chosen options when compared are very interesting. It seems that students have completely different opinion on this problem than managers do. Most managers (63%) agree that economic performance is more important than social performance, and on

the other hand, 67 % of students think the contrary. Thus it seems that managers "like money" more than well being of others and students do not prefer gaining money at all. So what are the findings? I do not consider generation differences as relevant reason. Present society brings up people in more consumption way than the communist society, where managers in this task were born. Still it shows that they prefer money much more than students. I consider these answers as results of the present state of groups – managers have to make money to support themselves and their families. In the case of students, this task is mainly on their parents. I think this could be one of the reasons, however there may be many others and I think that more detailed analysis is needed to find appropriate resolution.

7. Do you feel that a document like Ethical code of the company can help managers to act more ethically? (Code – a document that contains the basic ethical principles of the given company).

A, Yes, it is the best way how to strengthen ethical principles

B, Yes, but very little

C, No, it is just a stylistic exercise

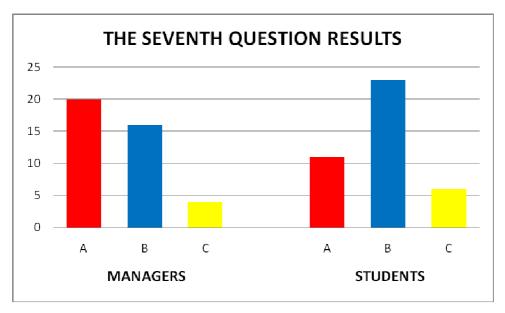


Figure 7: The seventh question results

C4-- J --- 4--

The seventh question in numbers:

Managers	Students
A, 20 (50%)	A, 10 (28%)
B, 16 (40%)	B, 21 (58%)
C, 4 (10%)	C, 5 (14%)

Question overview

I have prepared this question because I wanted to find out how is the Ethical code important for questioned groups. The results are quite interesting.

Question results evaluation and comparison

When we look at the options chosen, we can see that the results of managers and the results of students are completely unbalanced. Most of the managers (50%) think that Ethical code is of a great importance when we speak about ethics. Also a big number of them (40%) think that this document has some value. The rest of mangers (10%) do not support this kind of document. On the other hand, only 28% of the students consider Ethical code as really important and 58% think it is of a little importance. What could be the reasons for these unequal results? I will discuss this problem at the end of the practical part in the section "Suggestions for improvement."

8. Do you think that the Czech Republic is on the same level as western states when speaking about ethics of managers?

- **A**, Yes, we succeeded to catch up with them
- **B**, Yes, but there is still a lot to do
- C, No, a long period of communism has had a tremendous impact on ethics and we are falling behind developed countries

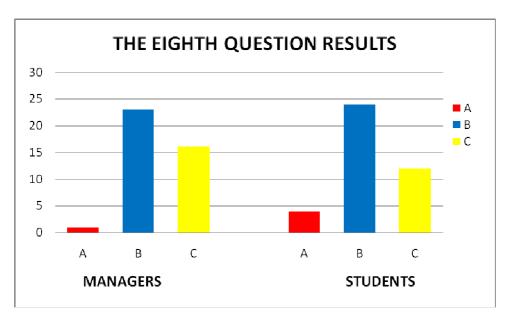


Figure 8: The eighth question results

The eighth question in numbers:

Managers	Students
A, 1 (3%)	A, 4 (10%)
B, 23 (58%)	B, 24 (60%)
C, 16 (40%)	C, 12 (30%)

Question overview

The eight question shows us what the opinion is on communist era and its consequences – the differencies betwen post-communistic countries and capitalistic west. There cerainly must be some differencies, as the result shows us. On the other hand, can we say that the ralationship to ethics in eastern countries has dramatically changed in the last few years? As we cas see from the results on question 6 (63% of managers prefer economic to social performance, and the rest prefer social performance), most of the present managers still do not give ethics a big value. It would be intersesting to have answers on questions 2, 6 and 8 also from our western neighbours, thus we could see what is the value of ethics in their countries.

Question results evaluation and comparison

In this case, both groups have agreed on the similar options. Very little number of managers (3%) and students (10%) think that we are on the same as western countries in the matter of managerial ethcics. On the other hand, 58% of managers and 60% of students think that we have a lot of work to do, but we are close to these developed economies. The

rest of respondents is pesimistic about this matter. As I stressed in the eight question overview, the question is whether our society is so different from the previos one (totalitarian) – the results from the previous questions suggest that the main aim of many present companies is gain profit (6th question results for managers) instead of social responsibility. But according to results, both responding groups seem to think positively about the differences between the West and our country. Both students and managers are ready to make changes and agree that there is still a lot to do. So we can guess that the managers and future managers will try to make this differences smaller and smaller. Quite a big number of respondents (40% of managers and 30% of students) try to be realistic and feel that the differences between West and East are really big. They may be true, because the communist era was long and I think that ethics and the rights of people were violated many times. We can only hope that the situation will improve.

9. Do you think that if there was a subject of management ethics taught at schools, it would affect managers to decide more ethically?

A, Yes, this subject is really needed. It would help managers to realize the importance of ethics

B, Yes, I would introduce this subject, but it would be optional, because it is mainly responsibility of parents to teach children act ethically



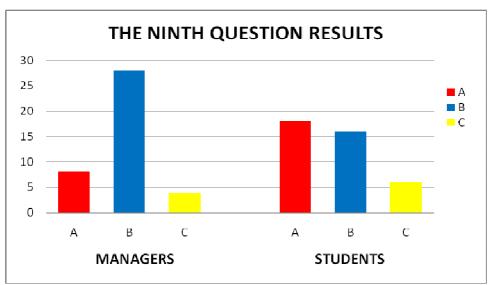


Figure 9: The ninth question results

The ninth question in numbers:

Managers Students
A, 8 (20%)
A, 18 (45%)

Question overview

The basic aim of this question is to search whether it would have some contribution to teach a subject of management ethics at school. The result is quite surprising.

Question results evaluation and comparison

Both groups have mostly agreed only on the option B (managers 70%, students 40%). Only a few of managers (10%) and students (15%) have chosen option C. Option A is quite preferred by students (45%) and less by managers (20%). I will discuss these results lately in the section "Suggestions for improvement."

10. Do you agree with the opinion that management ethics has practical usage on the workplace?

A, No, management ethics is just for philosophers and the reality is completely different

B, Yes, but it is not of a big importance

C, Yes, the ethics on workplace is important and has practical usage – it strengthens relationships and has an impact on the atmosphere in the company and also outside the firm

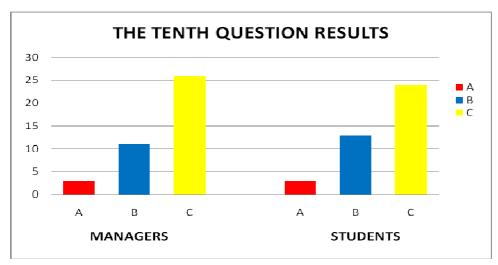


Figure 10: The tenth question results

The tenth question in numbers

Managers	Students
A, 3 (8%)	A, 4 (10%)
B, 11 (28%)	B, 12 (30%)
C, 26 (64%)	C, 24 (60%)

Question overview:

This final question shows the importance of ethics on the workplace usage. This question quite summarizes the results of the whole questionnaire and help to solve the question whether the management ethics is really important, or whether it is only science for philosophers, without any practical and reasonable usage.

Question results evaluation and comparison

If we compare the results from both responding groups, we can say that in general the result is positive and optimistic. Most of managers (64%) and students (60%) say that ethics on workplace is really important and has affect on the atmosphere of the firm and also outside the company. Taking this in account, we can expect that the position of the management ethics will become stronger and stronger. The firms will still concentrate on gaining profit, but probably not in the way that would break the interests and well being of their employees. I am glad that both groups of respondents have agreed on these facts. Only a few of respondent (10% for students and 8% for managers) think negatively and do not see any future for management ethics on workplace and outside.

7.3 Suggestions for improvement

Management ethics is quite a new discipline in our country, especially when we speak about its importance, that is significantly changing nowadays. I think that we can learn a lot from our western neighbours. These countries have longer experience in the field of ethics and can help us to find answers to many questions. Zdenek Dyrtr (Dyrtr 2000, 22) provides interesting example. The author speaks about the subject of management ethics tought at the university of Huddersfield in the United Kingdom. This subject is optional, however a great number of students want to visit it. According to the response from them,

this subject helps them in the process of formating their values. Values, which they believe and appreciate both in their practical and professional life. Thus my first suggestion would be to bring this subject to our schools, even though optional for the beginning. What were the reactions on this idea can be seen on the result of the question nine in my questionnaire. 20 percent of managers and 45 percent of students really do support this idea. Thus it seems that introducing this subject is quite supported, mainly from students. Option B has added the condition that this subject would be optional, and it has strongly changed the managers opinion (70% of managers and 40% of students support option B).

The rest of respondents disagree with this idea. So the result corresponds with my opinion – we should introduce this subject at our schools, but at the beginning it should be rather optional. Andrew Sikula (Sikula 1996, 106) also stresses the importance of ethics education. He says that children may not inherit the talents of their parents, but they will reflect their values. So we can say that ethics can be taught at home, school, church... Moral development is a lifelong process.

My next intention was to introduce some law that would motivate firms to set up ethical codes. The bonus for them could be some tax cut (event though this may seem radical and could remind of tatalitarian period where the state tried to govern every business). I think that the code itself is able to bring many positive effects on company and can attract new customers. However, not every company realize this. Thus I would support the idea that the government would print manuals where the company managers could find relevant information about codes, such as the positive affects it brought to other firms and also samples of other well-known codes of renovated companies. However, as we can see from the result of question 7 in my questionnaire, the opinions on this matter differ. 50 percent of managers support the importance of ethical code in comparison to 28 percent of students. Fifty eight percent of students and forty percent of managers think it helps a little. The rest disagree with any importance. I did not find this result much positive. It seems that managers really realize the importance of this document, as opposed to students. However, I assume that this is a little connected with my first suggestion for improvement. I guess that if there was a subject of management ethics tough at school, students would know that this document is really good and important. This result aslo indicates that students probably do not know much about this document and its importance. I think that the booklets that the government would provide

or school ethical subject could help students to get relevant information. Thus I still stand for the idea of suppurating codes, even though the seventh question results show that we should not always value this document so much.

I also found one interesting suggestion for improvement in the publication Manažerská etika 2 from Zdenek Dyrtr (Dyrtr 2001, 53). He describes some firm where there is a policy of opened doors. Managers never shut the door of their office and people can come to them without having to knock. It helps to make more familiar atmosphere in the firm and employees are less stressed when they have to meet their bosses This is one way of ethical treatment of employees. Thus the booklet I introduced in the previous suggestion for improvement could also contain a passage about this matter to be implemented in our companies.

CONCLUSION

The basic aim of my work was to discuss the subject of management ethics. I wanted to provide the general view to a reader that he could understand it properly. In my theoretical part I looked at this discipline from different views – ranging from philosophical to religious and historical. I also viewed different approaches to solve ethical dilemmas. I have discussed the document ethical code. At the end of the theory I stressed the reasons for lack of interest in ethics.

Practical part was carried out by the distribution of questionnaires. I have compared two different groups of people – students and managers. Questionnaires were prepared on the basis of facts from the theory. The aim of the questionnaire was to find out what the opinions are on discussable themes and topics in the sphere of management ethics. The samples of both corresponding groups were compared and then evaluated. Some questions were prepared in the way that they could contribute to the section "Suggestions for improvement" at the end of the practical part.

The results from practical part have made me think a lot. Whose results should be considered more relevant and helpful? Of course, managers have probably a good practice and should understand management ethics. Students, on the other hand, were brought up in different system that is more pro-ethical (in fact I hope so). This may be also the result why options chosen by managers and students significantly differ in some cases. However, if I take the result of research in general, I must admit that the results are positive and satisfactory. Both groups support ethics in management and do not consider the profits of the company always dominant.

We can only hope that the situation of management ethics will be better and better. I would be interested in distribution of the same questionnaires ten years after this research to see in what way our society is changing.

Even though the situation and opinions on management ethics will change in time, there still will be similar problems and questions on this matter. People still will ask whether to prefer profits of the company, or to support social responsibility. It will never be completely clear whether being ethical has brought or attracted our customers.

Even though the situation of adherence to ethical principles is improving, there is still a lot to do. Where to begin with changes? Maybe we should start from ourselves.

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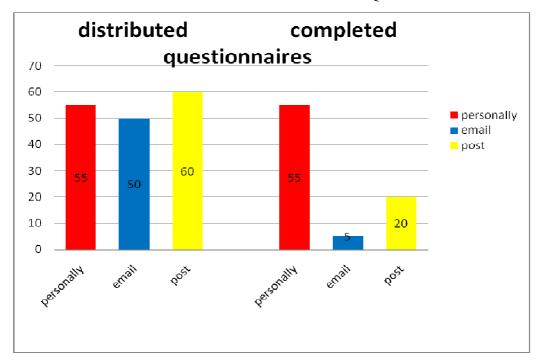
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LIST OF FIGURES

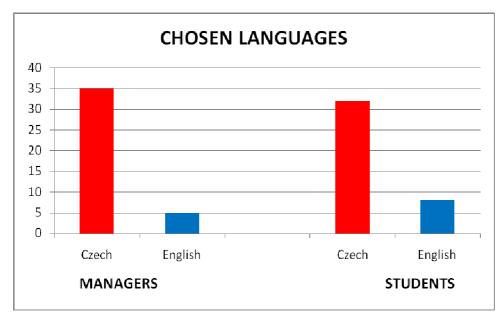
- Figure 1: The first question answers
- Figure 2: the second question answers
- Figure 3: The third question answers
- Figure 4: the fourth question answers
- Figure 5: the fifth question answers
- Figure 6: the sixth question answers
- Figure 7: the seventh question answers
- Figure 8: the eighth question answers
- Figure 9: the ninth question answers
- Figure 10: the tenth question answers

8 APPENDICES

APPENDIX P I: DISTRIBUTED AND COMPLETED QUESTIONNAIRES



APPENDIX P II: LANGUAGES CHOSEN BY MANAGERS AND STUDENTS



APPENDIX P III: COMPLETE QUESTIONNAIRE FOR MANAGERS AND STUDENTS

1. When you are asking what is ethical, you decide according to:

- A, Your conscience
- **B**, Generally accepted rules, which are provide for example by religion (Ten Commandments)
- C, Opinions of co workers

2. Do you think that adherence to ethical principles has some effect on profits?

- A, Yes, when adhering to ethical principles, company profit is rising
- **B**, Yes, but very little
- C, No, ethics has no relationship to profits of the company

3. Do you consider the term morality as having the same meaning as the word ethics?

- A, Yes, they are of the same meaning
- **B**, Yes, but very little
- C, No, these are two different terms

4. Do you think that conscience, or internal voice, which tells us how to act ethically, is led by God (Universe), or it is just a voice produced in our brains?

- **A**, Conscience is a natural think, the ability of our brain
- **B**, There is some superior force, such as God or Universe that tells us what is wrong or right
- **C**, Never thought about it

5. When you find out that firm you work for or will work with acts unethically, which tactic you choose?

- A, Protest
- **B**, Leave the organization
- C, Ignore the problem

6. When deciding in the matters of ethics, you prefer or would prefer:

- **A,** Economic performance to social performance
- **B**, Social performance to Economic

7. Do you feel that a document like Ethical code of the company can help managers to act more ethically? (Code – a document that contains the basic ethical principles of the given company).

- **A**, Yes, it is the best way how to strengthen ethical principles
- **B**, Yes, but very little
- C, No, it is just a stylistic exercise

8. Do you think that the Czech Republic is on the same level as western states when speaking about ethics of managers?

- **A**, Yes, we succeeded to catch up with them
- **B**, Yes, but there is still a lot to do
- C, No, a long period of communism has had a tremendous impact on ethics and we are falling behind developed countries

9. Do you think that if there was a subject of management ethics taught at schools, it would affect managers to decide more ethically?

- **A**, Yes, this subject is really needed. It would help managers to realize the importance of ethics
- **B,** Yes, I would introduce this subject, but it would be optional, because it is mainly responsibility of parents to teach children act ethically
- C, No, ethical principles are given when you are born, and education changes nothing

10. Do you agree with the opinion that management ethics has practical usage on the workplace?

- A, No, management ethics is just for philosophers and the reality is completely different
- **B**, Yes, but it is not of a big importance

C, Yes, the ethics on workplace is important and has practical usage – it strengthens relationships and has an impact on the atmosphere in the company and also outside the firm