

*Andriana Skerlev-Chakar, PhD*

Agency for Audio and Audiovisual Media Services  
[skerlevcakar@gmail.com](mailto:skerlevcakar@gmail.com)

*Zlatko Nikoloski, PhD, Associate Professor*

Ministry of Interior of the Republic of Macedonia – National Coordinative Center of  
Border Management  
[zlatko.nikoloski@yahoo.com](mailto:zlatko.nikoloski@yahoo.com)

## **CODE OF ETHICS AS A TOOL FOR INNOVATIONS IN ETHICAL PRACTICE IN THE ORGANIZATION**

### Abstract

Today, most experts from the international businesses agree that the essential bit for the business in 21st century or actually for the global economical survival in this area is looking for more the innovative ways of building an international business ethical code. That is to say-not just the ethical codes which will origin from every individual culture, which on the other hand is supported by their own norms and practices.

For the ethical code to have a meaning, the basic principles and expectations must be clearly stated; it has to deal with the potential ethical dilemmas which employees are faced with; and must be applied. It must be accepted and adopt by the staff because that is the condition for its use. That means that the managers must take into account not only the content of the code but the process of determination of its content. But, for a code to be applicable wider internationally, managers should incorporate more innovative ways for communication during the process of creation of the code and to facilitate specific ethical challenges.

**Keywords:** Code of ethic, organization, innovation, integration, implementation, internationalization

## ***1. Introduction***

Ethics, values, rules of conducting! It is heard and talk about this every day. What do they mean and how the organizations can be sure that they have developed and implemented them right? It comes to the point where the question is: Is the term „organizational ethics”, by itself maybe contradictory?

In a time like today’s, the challenge to provide ethical behavior in the organizations, maybe seems to hard. But, it is a challenge that shouldn’t be ignored by the organizations, even if they have a feeling that the ethical code is not worth the paper on which is written, or even if the one who is on power wants totally to ignore the need of adoption. To provide a ethical code that could be applicable wider, among the organizations that are communicating internationally, is even more difficult.

Many managers think that the ethical enigmas are not coming in the same packet with the work, so they find it difficult to speak about and sometimes even recognize ethical issues. That difficulty the management theorists James Waters and Frederick Bird called the moral muteness of managers (Waddock 2007). The logic says that most of the managers would say that they collide with ethical dilemmas which come from their every daily duties that have been given to them, the regulations that need to harmonize their operations, and the many scandals in the organizations that we so often hear over the media. But, the managers ”do not see” the ethical problems, that do not disappear. This only makes the whole situation worrisome. If a manager says that he never faced an ethical issue in his working, than he doesn’t live in the real world.

It is a good start for start building or rebuild the ethical culture in the organizations is the formal adopting of an ethical code. For most managers, this means writing and implementing ethical recommendations, also a presenting of the existing values in the organization, or organizations that are doing their businesses internationally.

The literature of the business ethics is separated on few points of view, which talk about the motivation, and also for the reasons, why the business would have an ethical dimension. According to Harrison (Harrison 2001) , there are two major schools of opinions. In the first one, belong the ones which assume that the companies, actually the organizations are institutions which drive profit and that is why the business ethics for them is just another way to win customers. The second one is supported by the corporate conscience and initiate motivation for acceptance of the business ethics. According to Paul (Paul 2001), the business ethics is considered for subjective by its nature and depends of the time and the culture.

It was established the claim that by passing of time, the business ethics included different cultural values and norms which lead it outside the frameworks of

different national and regional boundaries. One of the major surveys performed in 1983 from Hofstede (Hofstede, 1983), where were taken into account the national values, it showed that there are big differences in the ethical values among different nations, and also in the business ethics. The globalization, combined with the standardization made the businesses financially successful, but in the same time an efforts were made to create standardized guidelines for business ethics, outside of the national boundaries.

But, as far as business is considered, the ethical code is generally considered as an act which teaches from ethical aspect, what is good or bad in the workplace, and helps the decision made to aim the goal. The ethical codes are rules which helps to operate the ethical values when deciding. They are a sign of ethical philosophy of the company. The ethical codes are systematic set of relatively precise formulated moral norms of one certain moral, determinate by a written act, prepared by a people who are representatives of some group. Actually, that are statements for the norms and certificates of the organization and they express how the people on high levels in the company want others to think.

It is not a censorship. In the code are clearly marked the norms and the values of the groups. This kind of form provides the moral which creates, to enter fast in the peoples consciousness. The codes are important mechanism that can be used by the organizations as a tool that will signal the ethical direction in the organization. The intent of the organizations in adopting ethical codes is to encourage a certain manner of thinking and a model that will lead to the desired behavior.

## ***2. Ethical code as a tool for innovations***

In the researches performed by Ethics Resource Center in Washington, USA, the codes are seen as best mechanism which provides the ethical behavior. So, in 1987, the Centre performed a research in 2000 organizations in the USA, and a subject of research were their ethical programs and problems. The results from the research showed that most frequently used form for strengthening of the ethical behavior are the company's codes (79% of respondents), lectures (63%), seminars (53%), the case studies (46%), the film forwarded by a discussions (41%) (Ethics Resource Centre Washington 1979). So, according to Frank Navran from the same Ethics Resource Center, Washington, USA, in the article (Navran 2002) published in 2002, states that the interest of the organization for creating a code in the most cases is because of the need to strength the mechanisms for „soft control”, whereby often wants to conclude the following:

- Organization security;
- Public opinion;

- Respecting of the law;
- Regulation of the behaviour.

For the ethical code to have a meaning, it must be clearly stated the basic principles and expectations; have to deal with the potential ethical dilemmas that the employees are faced with; and must be applied. It must be accepted and adopted by the staff because that is the condition for its use. That means that, the managers must take into account not only the content of the code but the process of determination of its content.

To be efficient, the ethical code should develop and expand in open, participative surrounding, including as much as possible employees. The building and the implementation of an ethical code is important for all of the organizations no matter their size. Besides that with the ethical code is projected the idea for honesty and openness in relation to business that the organization is concerned, the code can be used as a tool to encourage the employees to properly solve the problems found in the working place. But, for a code to be applicable wider internationally, managers should incorporate more innovative ways for communication during the process of creation of the code, for to facilitate specific ethical challenges.

### ***3. Internationalization of the business ethical code***

Most experts from the international business, agree that what is essential for the business in 21st century actually for the goal economical survival in business, is the need from building an international business ethical code, and not ethical codes which will origin from every individual culture, which on other hand is supported by it selves' other norms and practices.

In the past decade many companies as Borg-Warner Corporation, Whirlpool, Johnson&Johnson have developed ethical codes published in their brochures, annual reports and programs for introducing the code. The study of the Ethics Resource Center, Washington, USA from 1979, indicates that more than 70% from the major corporations have ethical codes (Ethics Resource Centre Washington 1979). The companies that want to have an influence of the ethical standards, as a first step in the process, introducing ethical codes. The Center estimates that more than 90% of the companies that are taking further steps to institutionalize the ethics announced their own ethical codes. The codes are often transmitted over written materials, using the advise of superiors, discussions for employments or at workshops and seminars.

The analysis, that was performed by the author of this paper was made on 22 ethical codes , among them were independent broadcasting authorities in Europe in the area of broadcasting, large global companies, local organizations, also codes

of public administration and companies that are dealing with different business in Republic of Macedonia, provided to distinguish the following mutual general characteristics of the ethical codes, that makes them applicable wider internationally.

Ethical codes:

- They clarify the opinions of the managers for what it constitutes unethical behavior;
- Helps the employees to think for the ethical issues before they face with a real situation;
- Allow to the employees to refuse performing of unethical actions;
- Define the boundaries of acceptable or non acceptable behavior;
- Provide a mechanisms for conveying the philosophy of the managers in the area of the ethical behavior;
- Help to introduce the employees with the ethical behavior and the proper training.

All of these ethical codes had a list of principles of international ethics that were followed, including:

**Integration** – Business ethics must take into account all the aspects of the organizational culture and to reflect the key systems for managing. The organizations start with integration of the ethics by setting goals and establishing of practices. When they promote the workers on higher levels within the company, the ethical principles should be stimulated over ethical programs.

**Implementation** – The ethical behavior it is not just an idea. It refers to implementation of a plan for changing of certain parts from the working of the organization. Some examples show that those are efforts for modifying the personal valuable process, to make a promotion of the proven practices from the environment, and calls for help from the experts , when that is necessary.

**Internationalization** – Increased internationalization, is a need which characterized all successful businesses of the 21st century. Internationalization is achieved by forming intentional partnerships, commercial blocks, implementation of GATT and other agreements for free trade. So, it is needed a clarification and confirmation of the organizational definition for the integrity, which transcends the national boundaries.

Also, all of the codes that were analysed were composed from those four parts:

- Creed or a statement for the organizational philosophy or values;
- Guidelines for making decisions;
- Specific rules that prohibit certain actions or require certain behavior; and
- Definitions and illustrations;

For a code to be applicable wider internationally, it should be appropriate distributed among all the parties that will be affected by it, so they to know

the standards and to understand the meaning of the code for their work. The conversations for the ethical codes should encourage an open atmosphere where all the employees from all the organizations that are expected to be affected by the code and are planning to accept it, to be encouraged to ask and to give suggestions about the code. There are organizations that support the idea working units to develop their own specific codes which refer to a specific dilemmas that are faced in their working. These organizations consider that the participative methods are increasing the opportunity the codes to play the central role in conducting of the ethical behavior in the framework of their organizations. On the other hand, there are such an organizations that do not attach such significance of their own ethical codes. One of the ways for raising the awareness and acceptance of the ethical code from the employees is the organization of an ethical training. However, no cooperative effort of the organization to influence of the ethical behavior will not succeed if it is not supported by the top management and by the culture of the organization. One of the manners for implementation of the support is forming of a structural mechanisms for the implementation of the ethic. There are many mechanisms that can be applied by the organization, created in aim the management can be informed about the ethic. Among the other things, those mechanisms are: monitoring of the ethical behavior of employees, transfer notices regarding the ethical policies, ombudsmen for ethical issues, reporting about ethical violations, etc.

#### ***4. Conclusion***

Certainly, there is not an ideal or universal approach to the organizational ethics. Some organizations start with a creation of a creed that later is transformed to a code, and other are adopting a decision for creation of a code. The creation of a moral climate originates from the top management. The raising of the ethical awareness in the organization is not a simple process. It is necessary to communicate, many meetings, many hours spent, and a certain amount of money to create a good code which will communicate with all the employees and organizations to which it will refer to.

Although the existence of a business ethical code will not solve all the ethical problems, it is very useful for the organizations and for the society as a whole. Clear ethical code and clear ethical standards, are providing to the organization strict directions that provide handling with different situations in the interior relationships in the organizations by themselves, but also in the relationships out of them. Often, the interior ethical dilemmas are not black or white types of situations. They are complex problems, that require well defined politics which provide fair and moral management.

For the employees, the clear statement for the ethical politics that leads the organization, is very helpful for them to align their personal values with the values of the organization, and in that manner to create a strong relationship on the working place, with the colleagues and the superiors. The ethical code provides a tool to the employee as an individual from the possible abuses by the managers without scruples, ie the managers who don't care. Also, a well-defined code, it helps the worker as an individual, in the operation and management, in the conducting of a surveillance over those that are aligned, built teamwork associated with pride in performing everyday tasks that ultimately contributes to increased satisfaction from the work and productivity. Hence, the managers of the future, will benefit from the moral and ethical standards that are introduced today. In the external relations with suppliers, customers, shareholders, the solid ethical code, is the best way to contribute in ensuring of the avoidance of making decisions, which in extreme cases could lead to government intervention and prosecution.

The ethical behavior in the organizations is a complex problem expressed by individual and situational dimensions. The efficient implementation of the ethical behavior requires from the organization to adopt ethics. Also, for a code to be applicable wider internationally, managers should incorporate more innovative ways for communication during the process of creation of the code, for to facilitate specific ethical challenges. However, organizations should be interested in those who produce behavior that it is required by the organization in the current period, because maybe next year will be necessary to include other, values different from the already established.

## REFERENCES

Agency for audio and audiovisual media services – Republic of Macedonia, “*Code of conduct*”, Available at: <http://bit.ly/2rtbl1w> (accessed 12 May 2016).

Agency for electronic communications – Republic of Macedonia, *Legislation* Available at: - <http://bit.ly/2rt2IDV> (accessed 12 May 2016).

Association of Journalists of Macedonia, “*Code of journalists of Macedonia*”, Available at: <http://bit.ly/2rHVE3Q> (accessed 10 September 2016).

Borg-Warner Corporation, “*Code of ethical conduct*”, Available at: <http://bit.ly/2qm3E9x> (accessed 11 April 2016).

Broadcasting Agency of Montenegro, “*Code of ethics*”, Available at: <http://bit.ly/2rKakyi> (accessed 11 May 2016).

Broadcasting Authority – Malta, “*Subsidiary Legislation – Codes*”, Available at: <http://bit.ly/2q2aXqx> (accessed 13 May 2016).

Broadcasting Authority of Ireland, “*Codes and Standards*”, Available at: <http://bit.ly/2qbFnSu> (accessed 30 September 2016).

*Code of ethics for civil servants of Republic of Macedonia*, Available at: <http://bit.ly/2qituiF> (accessed 12 May 2016).

Communication Regulatory Agency (CRA) – Bosnia and Hercegovina, “*Codes*”, Available at: <http://bit.ly/2q2wrnh> (accessed 23 April 2016).

Council for Electronic Media – Bulgaria, “*Code of ethics*”, Available at: <http://bit.ly/2q8NzUr> (accessed 11 May 2016).

D&E Communications Inc. “*Code of Business Conduct and Ethics*”, Available at: <http://bit.ly/2s2chGw> (accessed 10 March 2016).

Dramond J и Bein B (2001), “*Business Ethics*”, Clio, Belgrade.

Ericsson, “*Code of business ethics*”, Available at: <http://bit.ly/2r8Cw1J> (accessed 10 October 2016).

Ethics Resource Centre, Washington, “*Defining and Measuring Success in an Ethics Program*”, Available at: [http://www.ethics.org/resources/nr\\_oarticles.cfm?NavCat=Business](http://www.ethics.org/resources/nr_oarticles.cfm?NavCat=Business) (accessed 22 June 2014).

Georgian National Communications Commission, “*Code of Conduct*”, Available at: <http://bit.ly/2r2o20j> (accessed 29 May 2016).

Harrison J (2001) “*Ethic for Australian Business*” Prentice-Hall, French’s Forest.

Hoffman M и Mills Moore J (1982) *Results of a Business Ethics Curriculum Survey Conducted by the Center for Business Ethics*, Bentley College Journal of Business Ethics.

Hofstede G (1983) “The Cultural Relativity of Organizational Practices and Theories”, *Journal of International Business Studies*, 14( 2): 75-89.

Huawei, “*Code of conduct*”, Available at: <http://bit.ly/2qGK8qO> (accessed 24 April 2016).

Johanson&Johanson, “*Code of Conduct*”, Available at: <http://bit.ly/2rKcVs1> (accessed 29 May 2016).

McNamara C, “*Complete Guide to Ethics Management: An Ethics Toolkit for Managers*”, Authenticity Consulting, LLC, Available at: <http://managementhelp.org/businessethics/ethics-guide.htm> (accessed 25 May 2017).



Micro Focus (V “Novell”), “*Code of conduct*”, Available at: <http://bit.ly/2qismM8> (accessed 13 May 2016).

National Association of Hungarian Journalists, “*Ethical Code*”, Available at: <http://bit.ly/2q8ZiT9> (accessed 13 March 2016).

Navran F (2002) “*Developing a Code of Conduct for a Corporate Board of Directors: A Roadmap*”, Ethics Resource Center.

OFCOM - Great Britain, “*The Ofcom Broadcasting Code*”, Available at: <http://bit.ly/2kQNaCV> (accessed 22 April 2016).

Paul S (2001) “*Cultural and Business Ethics, Ceoss Cultural Management*”, An international Journal, , Vol. 8 Issue: 1, pp.21-27.

Perry L D at al. (1990), “*Ethics Policies and Programs in American Business*”: Report of Landmark Survey of U.S. Corporations, Ethics Resource Center, Washington, DC.

Polenkovic M (1991), “*Business Communication*”, NIP Alinea, Zagreb.

Robinson F (1994) “*Business Etiquette*”, London, Kogan Page Limited.

Sony Global, “*Code of Conduct*”, Available at: <http://bit.ly/2q8Zdij> (accessed 13 May 2016).

Sopar V (2006) “*Buseness Communicating*”, University “St. Cyril and Methodius”, *Institute for Sociological, Political and Juridical Research*, Skopje, Republic of Macedonia.

The International Organisation of Supreme Audit Institutions (INTOSAI), “*Code of Ethics*“, “*Fundamental Principles of Public Sector Auditing*” Available at: <http://bit.ly/2rsTTdm>, <http://bit.ly/2qM3pYb> (accessed 10 May 2016).

Tierney E (2012) “*Ethics in the Workplace*“, Nu Books Oak Tree Press, Cork, Ireland.

Vimpel-Communications, “*Code of Conduct*”, Available at: <http://bit.ly/2qO8A7Z> (accessed 13 May 2016).

Waddock, Sandra (2007) “*Ethical Role of the Manager.*” Encyclopedia of Business Ethics and Society. Ed. Thousand Oaks, CA: SAGE, SAGE, 786-91, Available at: <http://homepages.se.edu/cvonbergen/files/2015/01/Ethical-Role-of-the-Manager.pdf> (accessed 18 May 2017).

Whirlpool, “*Code of ethics*”, Available at: <http://bit.ly/2qiH05O> (accessed 17 May 2016).

Wolvin (1977) “*Communicating: A social and career focus*”, Boston, Houghton Mifflin Company. Dr. Brown T. Marvin, Corporate Integrity, 2005, Cambridge University Press.