

Full Length Research Paper

Moral dilemmas of employees in businesses operating in South-east Europe

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Accepted 7 December, 2010

Conditions imposed by corporate operations are such that a relationship between a company, potential customers and the public is affected by a great number of both internal and external factors, such as: requirements of investors, pressure to meet unrealistic business deadlines, profit at any price, pressure of competition, globalization, etc. A prevailing belief is that business activities need to be planned and conducted in a way offering customers what they need, when they need it, and where and how they need it, regardless of the means by which this goal is accomplished. Accordingly, numerous ethical theorists increasingly emphasize the importance of morality, indicating the main problems of modern business practice: deception concerning product quality, avoidance to indicate possible harmful effects of a product, production and marketing of unsafe and hazardous products, financial misfeasance, unethical advertising, etc. One must put the following question: Are the employees under a moral obligation to condemn such practices and to give precedence to the public benefit over the corporate benefit, provoking moral panic among potential customers? The purpose of this paper is to research to what extent the employees in companies are truly willing to give precedence to the public benefit over the benefit of their organization and state the main causes of their moral dilemmas in corporate operations. To get an answer to that and similar questions, this paper presents a research on business ethics under the title "Causes of Moral Dilemmas in Doing Business", conducted among the employees in the companies in Southeast Europe in 2009.

Key words: Business ethics, corporate morality, corporate operations, moral dilemmas, moral panic, moral responsibility.

INTRODUCTION

Competition pressure, survival on the market and attainment of goals requires any company to make its products and services available to potential customers in the most efficient and commercially justifiable manner. Modern economic and business dynamic requires increasing plainness, freedom and liberalism of all economic subjects. This implies a high level of confidence or social capital, that is, it raises the dilemma on the relationship between economy and ethics. This discourse is based on the question of whether a business needs to have a social component as well as an addition to its primary as well as an addition to its primary economic, profit-making component. Are these two components irreconcilable,

that is, is it possible to make profit and be moral in the same time?

Assuming that doing business without relying on moral principles and conducting economy without ethics cannot yield with permanent, stable and significant results and that the issue of ethics is in direct connection with people in the organization, the main purpose of this paper is to analyze the following questions:

- (1) To what extent are the employees of Southeast European companies willing to oppose immoral business practice in their companies?
- (2) Which are the main causes of moral dilemmas of the employees in corporate operations?
- (3) Are the employees of these companies aware of their moral obligation and responsibility to condemn immoral business operation and to what extent?

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A moral dilemma: Public benefit vs. corporate benefit

The key question to begin any discussion on business ethics is the following: Can modern business practices be moral? Is it possible to be moral and at the same time perform well? Many businessmen and companies support a thesis that doing business is primarily about making gain. To make profit, companies make products or provide services or are engaged in buying and selling. According to this standpoint, or the so called American Myth on Amoral Business, companies and businessmen do not care much about ethics (De George, 2004). It is accepted that business practice and companies are not unethical or immoral, but that modern business practice simply imposes such conditions that it is believed that ethical criteria are inappropriate in business, whereas market participants are actually amoral. The ethical way of thinking is simply unfit to business philosophy (De George, 1991).

However, revealing corporate scandals, cases of corruption, bribing, selling defective products etc. in recent years, indicate that ethical issues are becoming an important issue of a business reality (Rosenthal et al., 2000). Reasons that give ethics a more prominent position in business philosophy are numerous. Financial result is of crucial importance. Namely, corporate management assesses cost incurred as a consequence of scandals in which their companies are involved, and these are primarily high pecuniary fines, lawsuit costs, compensations to affected consumers etc. Furthermore, business routine interruption, low level of morality of employees, turnover of employees, and particularly loss of public confidence are also critical (Balj, 2005). Companies are beginning to realize that they should take care of generally-accepted values and to take into account ethical issues in their considerations. This confirms that the perception on modern business without moral is being steadily disappearing.

This standpoint implies, on the one hand, abandoning a classical concept of doing business, according to which the primary purpose of a company is to serve their shareholders, whereas, on the other hand, a concept of morally responsible dealings is accepted, by which the main goal and task of management should be to make the highest possible gain for shareholders by complying with the law and against the strict observance of ethical principles and standards.

Further discussion on the importance of business ethics and moral business operation for the survival of companies on the market raises the following question: if the importance of moral operation for success is verified by the business practice of many organizations worldwide, why are Southeast European companies behaving immorally? It is highly important to consider the before mentioned issue, since in the period of transition business ethics was neglected considerably by the companies. The arguments are supported by the following behavior:

- (a) Relying on political subjects and holders of political power in business operation;
- (b) Nepotism, "friendship" and corruption when hiring;
- (c) In cooperation of political structures and managerial functions in public enterprises;
- (d) In insufficiently transparent privatization and selling procedure of public enterprises;
- (e) In directing public capital into private hands through irrational and disadvantageous (for public enterprises) business, contracts and transactions;
- (f) In favoring private enterprises in public tendering by political structures or influential individuals;
- (g) In numerous frauds and affairs inside the enterprises (employees – management), as well as between the enterprises on the market.

By these types of immoral business activities, the following specific moral dilemmas are induced for the employees: public benefit vs. corporate benefit. Does a company make a significant damage to the public by its unethical product policy and can an employee in the company do anything? Should interests of the public be protected or, unethical corporate activities are to be supported, as the wellbeing of a company is, according to shareholders (as well as some managers), above any individual? (Terrance, 1996, p. 72) Resolving this dilemma is a complex area, which must be devoted a full attention and dealt with in a serious manner, as its successful resolving implies another pressure on companies – that of human resources. A key element of doing business morally is employees. Advantages of the free global market are perils as well, since, on the open market, money can buy anything: resources (including financial resources), goods, services (including ideas and competent management), patents, licenses, etc. The only thing money cannot buy is the employees' moral behaviour, nowadays presenting a unique (and perhaps the only) source of competitive advantage. It can be expected that, facing a serious intention of employees to confront the company they work with, companies may decide not to avoid guidelines relating ethical operations. In a direct or indirect manner, the absence of moral supervision in any segment of business operation is resulting with increasing costs, loss of profit and decreasing earnings, weakening thereby the company's competitiveness and undermining its reputation in the business environment.

Presentation of the results of a research conducted among employees in South-eastern European companies

The numerous void buying and selling contracts of privatized companies, affairs and scandals related to the owners and management of freshly privatized companies, many strikes, decrease of productivity and closing of many companies, large-scale dismissals, selling problematic

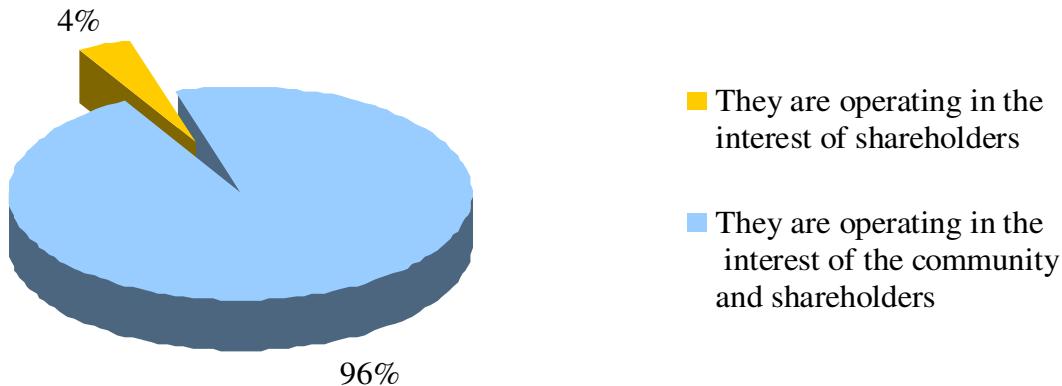


Figure 1. Statistics for Question 1: Moral conduct of companies is...?

problematic products and the development of gray economy are only some of the indicators of the absence of business ethics and morally conducted business operation that characterized the recent transitional period in South-eastern European countries. As the result of privatization processes and procedures, business ethics has been neglected. Companies were bought by owners whose primary interest was not to develop and advance the operation. This resulted with unprofessional management, radical downsizings and increase of unemployment, denial of wages and other employer obligations, and rising of culture and system of values where moral operation was perceived as a threat to the organization's survival and development. As the result of corporate operation in the period of transition in Southeast Europe, characterized by such morally questionable activities, employees are now facing a specific moral dilemma – public benefit vs. corporate benefit.

Therefore, the main purpose of this research is to analyze the opinion of the employees with regard to the business ethics and morally responsible operations, by using the example of Southeast European companies. What is the attitude of employees to business ethics and morally responsible business on an example of companies of Southeast Europe? Is the previously mentioned moral dilemma also present among employees in these companies? Is there a model of its efficient resolving? The main goal of the research is to determine: whether the employees deem it to be their moral responsibility and obligation to report unethical conduct of their company and what would be their decision if there was a moral dilemma induced by "morally questionable dealings".

Research results have confirmed the basic hypothesis as stated at the outset: employees in South-east European companies lack sufficient awareness of having moral obligation and moral responsibility to condemn their organization's immoral business dealings. These companies lack sufficient pressure of human resources

against morally problematic business activities.

METHODOLOGY

The research under the title "Causes of Moral Dilemmas in Business Practice", comprised over 300 employees from 50 renowned companies from Serbia, Bosnia and Herzegovina, Macedonia, Hungary, Croatia, Montenegro, Romania etc. The research was conducted electronically, based on an anonymous questionnaire consisting of 18 questions. All branches of industry are included: food-processing, chemical and construction companies, public enterprises, car-manufacturing industry, insurance companies, banks, mega-market chains etc. The sample was formed in the following way: approximately 25% or 80 respondents are employees of lower education – those who completed elementary school; the same percentage, or 80 respondents are those with secondary-school education; approximately 30% are employees with high-school and university degree; there is a separate group of managers. The most important questions, employee responses, comments to the responses and research results are illustrated in Figures 1 to 7

SUMMARY OF THE MOST IMPORTANT RESULTS OF THE RESEARCH

The results indicate that employees in the countries of the Southeast Europe understand the necessity of application of moral standards in business dealings and they understand that such dealings imply acting both in the interest of a community and shareholders, more precisely, as many as 96% of respondents understand the concept of doing business morally, its significance for market trends and therefore its conducting to the satisfaction of employees, consumers and the wider public, Figure 1.

Based on their understanding of the concept of doing business in a morally responsible way, 88% of employees answered affirmatively. Such response confirms the fact that our employees recognize true moral values and believe that by respecting them, companies can only be

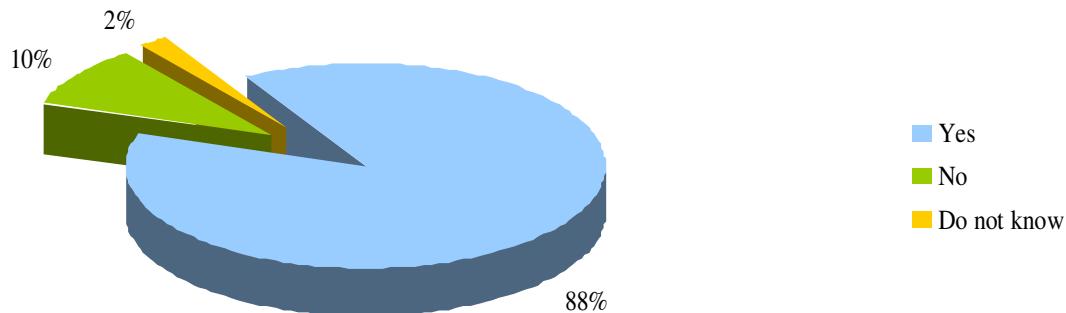


Figure 2. Statistics for Question 2: Are you of the opinion that it is possible to conduct business both ethically (socially responsible) and profitably?

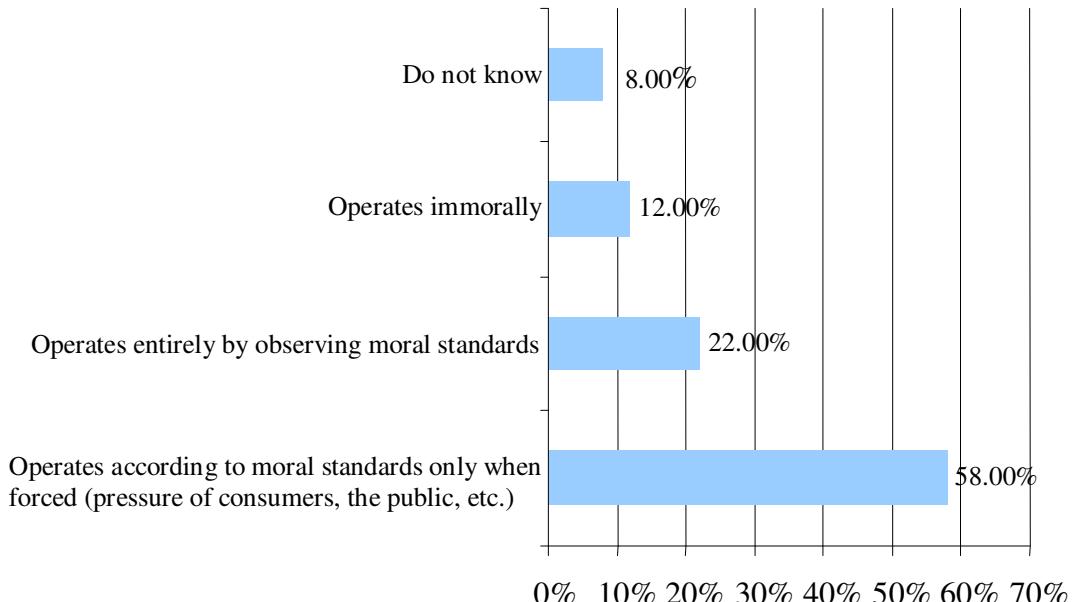


Figure 3. Statistics for Question 3: Does your company deal in a morally responsible manner?

profitable, and by no means the opposite. This standpoint is not supported by 10% of the respondents, perceiving profit, money and morality as categories that cannot be compared, whereas the modern society is only deepening the gap. 2% of the respondents have no opinion with regard to that, Figure 2.

These results indicate the absence of well defined and developed corporate moral standards in most of the companies, as well as the absence of strong, highly moral organizational culture and ethical codes to prevent morally questionable business activities. Sadly, most of the companies (58%) are operating morally only as the result of public pressure (Figure 3).

In the countries of the Southeast Europe, the biggest threat for companies to depart from their standards is corporate scandals (Grade 3.75) and requirements of

owner (grade 3.75), Figure 4. The reason for this is in the fact that during the transitional period which was characterized by privatization and restructuring processes (changes in ownership over the business subjects), the legal part was given more attention than the ethical. Namely, as to the ethical issues, processes of company restructuring and selling were often accompanied by proceedings which were typically problematic: shutdown of the potentially profitable production in order to sell the location or the business facility, selling production resources, employee dismissals, misuse of insider information, asset-based indebtedness with uncertain payback, speculative acquisition in order to resell the assets and make quick profit instead of resuming and developing the production, deliberately poor management in order to decrease the company's value, false bankruptcy, bribing

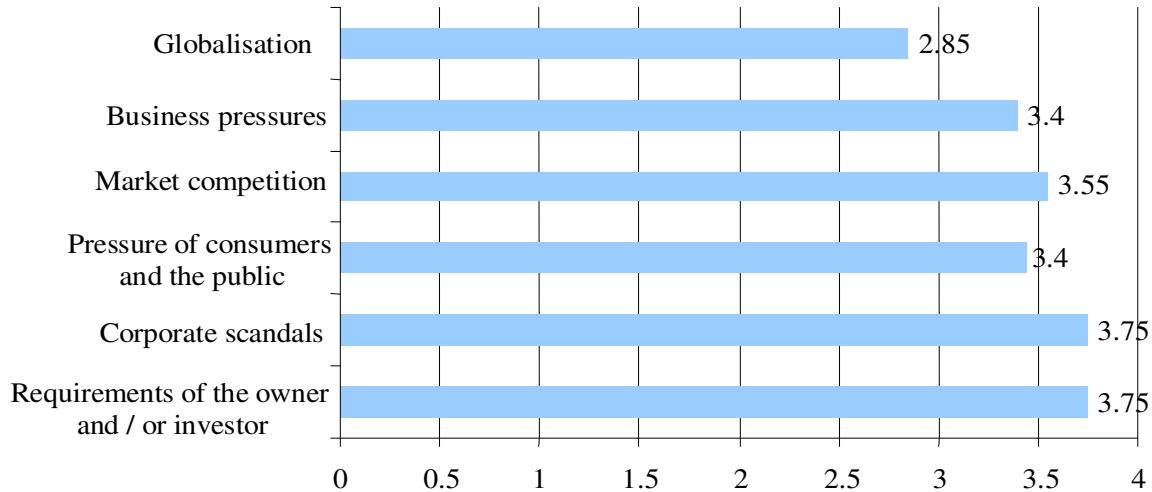


Figure 4. Statistics for Question 4: Rank the following determinants (on the scale between 1 and 5, 1 being the lowest and 5 the highest) that pose a threat to your company deviating from its ethical standards.

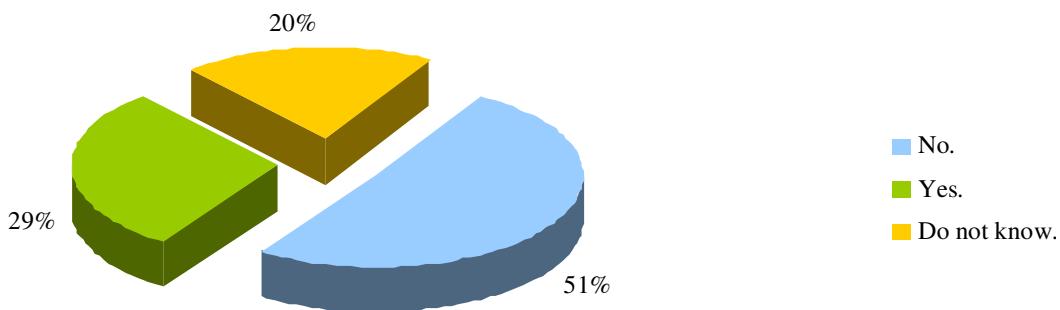


Figure 5. Statistics for Question 5: Would you report the immoral and/or illegal business activities of your own company?

corruption etc. The answers to the question have confirmed the hypothesis: the employees of Southeast European companies would not expose and publicly condemn the immoral behavior of their organization, although they understand the necessity of application of moral standards in business activities (Question 1), acknowledge true moral values and believe that companies may only be profitable on the market by respecting them (Question 2). In most cases, employees lack a well developed awareness of their moral obligation and moral responsibility to condemn the immoral dealings of their organization. Unfortunately, many of the companies participating in this research have failed to treat the employees as a valuable resource, both as a source of wealth and morally correct behavior as of the prerequisite of wealth-creating in modern dealing conditions.

The fear of losing a job seems quite reasonable (Figure 6) when we are aware of the facts that the average rate of unemployment in Southeast European countries is reaching 15 to 17%, with around thousand employees losing their job weekly on average, that the average wage

is €200 and the monthly consumer basket amounts €400, that further dismissals are announced in companies which will be privatized and restructured, that the rate of 41.18% of employees who are refraining from reporting morally problematic business activities. The rate of 39.22% should be also mentioned. It says that condemnation by other employees is one of the reasons to refrain from reporting morally challenging business activities. This result is indicating that many of the researched companies lack a strong organizational culture which promotes values that condemn immoral dealings, as well as policies and desirable behaviours opposing such activities. It seems that exposing morally challenging business activities inside the company is perceived as an undesired behavior or a behavior of departing from the pattern of a traditionally accepted behavior.

Respondents believe that with a well established and developed ethical code of behaviour (22.82%), professional training in the area (18.79%), as well as by means of creation of a strong corporate culture (12.8%), and the dilemma of whether to report immoral activities of their

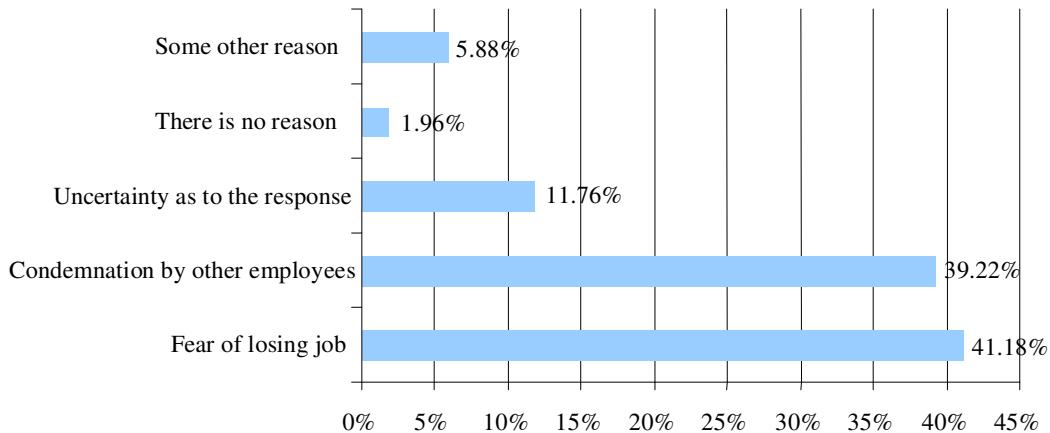


Figure 6. Statistics for Question 6: Which would be the main reason for your possible refraining from reporting morally problematic business activities?

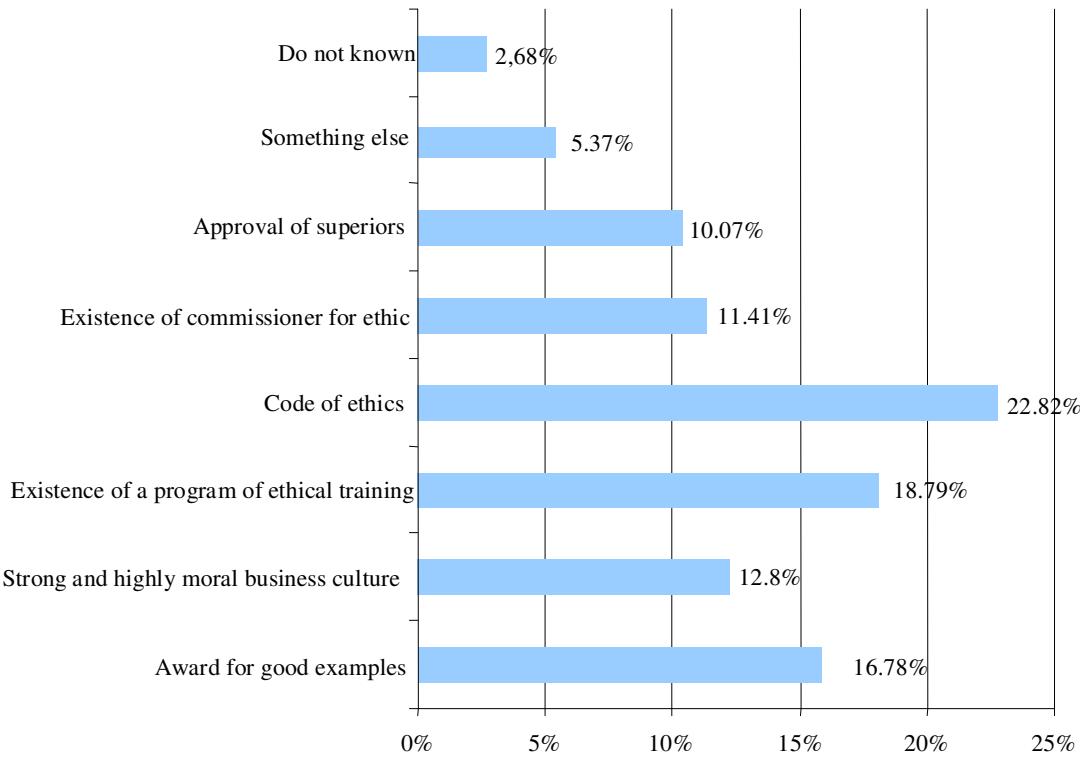


Figure 7. Statistics for Question 7: Check the determinants which, once accepted and developed in your company, would make your decision on reporting immoral activities easier, thereby preventing further consequences of such activities.

their company or not would be easier to resolve and further misbehaviors would be prevented (Figure 7). Indeed, the answers we have got to this question were of significant help in defining specific solutions that would

raise the awareness among the employees of Southeast European companies of their moral obligation and moral responsibility to condemn their company's immoral business dealings. Thereby, the pressure of human resource

against the morally problematic business activities would be increased. Finally, employees believe that business ethics and socially responsible conduct will become one of the most important issues in doing business in the next 5 to 10 years. 90% of the respondents believe that companies which fail to find a balance between market success, profit and moral values will not be able to conduct their business successfully and will be outdone by competition. It is our responsibility to observe those standards and to contribute as individuals to overcoming the "moral crisis" in current business dealings.

How to stimulate ethical practice in companies?

Immoral business activities have often led to appalling consequences for the employees, as well as the company itself and the economy. For example, according to the World Economic Forum's 2009 Global competitiveness report, Serbia as the best ranked country of the region, holds the 93rd position out of 133 economies listed in the report. The following is listed among negative items: corruption, poor professional ethics of the workforce and unethical market behaviour of the companies (Confederation of Autonomous Trade Unions of Serbia, 2009).

The transition period of ten years is characterized by numerous forms of immoral behaviour by Southeast European companies. Thousands of employees were dismissed as the result of immoral dealings of their managers; the rest of stakeholders also suffered and the owners ended up behind the bars as the consequence of scandals they created with their unethical behaviour (Balj, 2009). Throughout the constantly changing world, company restructuring and selling are inevitable processes which are intended to facilitate the increasing efficiency and competitiveness of the companies (DesJardins, 2006). However, regarding ethics, the manner of unfolding these processes in the transition period in Southeast European countries is highly problematic. In many cases, companies have failed to express responsibility and care for the main stakeholders (employees, community, consumers, etc.). Numerous financial frauds which indebted the Serbian companies for €2.4 billion (according to the report of the Center for Economic Research of the Belgrade Institute of Social Sciences), affairs and scandals caused by new owners, large scale dismissals, production shutdowns, selling harmful products, unpaid wages and other employer obligations, making-up financial reports in order to attract additional capital for use for personal purpose, etc. all have led to raising the issue of ethical practice in companies (Confederation of Autonomous Trade Unions of Serbia, 2009). The list of ethical issues in transitional processes is lengthy, but the important question is how to mitigate them and who is to be held responsible?

Presented results show that employees' moral dilemmas were caused by all the above mentioned facts. Also, they

have shown that employees' fear of job loss results in their refusing responsibility of reporting morally problematic activities. In the previous period of transition, the most common form of employees' responsibility in these companies has been presented through external public distress. It has been reflected primarily through several strikes, interruption of work, legal actions and accusations through the media. For example, at the moment, there are 32 to 33,000 employees in strike in 29 companies in Serbia (Confederation of Autonomous Trade Unions of Serbia, 2009).

Hitherto, the only way of resolving employees' moral dilemmas in the companies of the region was external public distress. In well developed countries there is an established practice of creating efficient internal canals for reporting irregularities and resolving morally problematic activities and behavior in order to avoid external public distress (Mason, 1996. p.23.). The reason for this is the fact that external alarming, as opposed to internal alarming, results with more severe consequences of damaging company's image, which further implies sales decrease, decline of financial performance, decrease in productivity and employees' motivation, etc. Therefore, the basic policy which was derived from the research results presented here is that Southeast European companies need to advance ethical practice and establish and develop internal canals for resolving morally challenging activities and behaviors described in this paper, which are the cause of moral dilemmas of their employees.

In his book "Modern Management", Samuel Certo, Professor of Management at the Rollins College, describes several key steps of building internal canals for resolving unethical activities and behaviours in companies. Above all, he stresses the need for company management to take the key role in establishing and promoting internal alarming canals. Furthermore, he proposes the following steps: creating, spreading and continually advancing ethical code is usually the first step to be taken by companies to stimulate ethical practice (Certo, 2008). The second step is to assign a commissioner for ethics with the responsibility of exposing immoral and illegal proceedings, as well as giving recommendations for their solution. Instead of advocating plan fulfillment and profit creation, this person should advocate company's behavior from the moral point of view. The third step in promoting ethical practice in companies is to provide their members with an adequate professional training (Certo, 2008).

In addition to the steps proposed by Samuel Certo, we will present some other solutions as well. The modern practice of human resource management that offers efficient methods and techniques, especially for generic and developmental functions (selection, training and development, performance evaluation, awarding), may be one of the efficient internal canals for resolving morally problematic activities and behaviours. Advancement of business ethics in the company may be affected significantly

by functions of the human resource management.

The simplest way of ethical advancement of an organization is through hiring honest people. The company's ethical practice and correct treatment is indicated by the way of recruiting and choosing people. Individuals giving false information may be exposed as early as during the selecting process and information regarding the candidate's history may be obtained (checking). Psychological tests, detailed CV check and interviews may largely facilitate the rejection of candidates which fail to satisfy ethical standards (Greenspan, 1995).

Ethical education and training may help the employees to apply the principles of business ethics, to apply different ethical dilemma-resolving tools and to indicate the necessity to establish a qualitative system of business ethics management. Instead of teaching ethics, the purpose of the training is to raise the awareness of business ethics and consider business ethics. To inform and educate the employees on ethical codes and programs, the following training programs are in use: employee's instructions and annual training, supported by handbooks, manuals, video programs and online help.

Another chance to emphasize the necessity of respecting ethical principles is through job performance evaluation. The evaluation standards should be clear; the employees' need to understand the basis of their evaluation and the evaluation itself needs to be fair and unbiased. The extent to which a company insists on ethics is best indicated through its awarding system. More than any rhetoric, the awarding system informs the employees how to behave. In an ethical organization, ethical behaviour should be awarded and unethical behaviour should be condemned. In order to serve the advance of business ethics, the awarding system must relate ethics and workplace behaviour, provide the employee with feedback on his work, offer a fair reward, and render the awarding criteria transparent. If based on clear, plain, fair and unbiased criteria, directions of the employees' internal movement (promotions, demotions, transfers and dismissals) also may be efficient tools for advancing the company's ethical system.

Finally, but not the least important, what we propose as an efficient internal canal to resolve morally problematic activities in companies, is to develop certain values, a corporate culture, which will strongly support moral and award moral behaviour, granting protective mechanisms to consider moral dilemmas and report unethical behaviour fearlessly. The case study on the "Miller and Klaus" company, which is the best illustration of efficiency of the organizational culture in resolving an employee's moral dilemma in a corporate operation, is thus presented.

CASE STUDY: MORAL DILEMMAS IN MILLER AND KLAUS

"Miller and Klaus" (M &K) is one of the oldest companies

manufacturing, distributing and selling cosmetic products in the USA. For decades it has been an example of a successful and well organized company, fully committed to its customers. Since its founding, as early as in 1837, when the manufacturing of cosmetics was a hardly known area, Miller and Klaus quickly came to prominence, extending its operations to Europe and Latin America. In 1995, Michael Pettis, a market research employee with Miller and Klaus, in its Seattle department, found while working on a project, that the company failed to disclose an important information on the chemical composition of its shampoo, which might have adverse health effects on persons allergic to Ph value below 5 (value of acidic solution).

After the first consumers complaining on skin allergies were admitted to a local hospital, Pettis realized the severity of the situation and of the consequences the product might have on the public welfare. As a loyal employee, he had a dilemma whether should he report the public about an omission with regard to the product, or to remain loyal to the company, putting its interests and wellbeing before anything else. His position was additionally difficult as he was not familiar with the fact whether that material information was omitted due to negligence or purposefully. Was it about an accidental error or a deliberate decision by the company management? Besides, the cases might remain isolated on the local level or might even be unrelated to the use of the Miller and Klaus shampoo. Maybe, if he reported the hazardous product the authorities would not require its withdrawal. Maybe a temporary halt in sale, until the cause of allergy is eliminated, would limit the further public damage.

Unlike those uncertainties, something was certain: product withdrawal would mean huge financial losses; the loss was not covered by insurance; news about the withdrawal would cause a damage to the product, leaving the management uncertain whether the shampoo would regain the customer confidence, and the large market share of 23% in the region; bad news and losses would, beyond any doubt, lead to a slide in the company share value etc. Additionally, the competition in cosmetic industry was relentless and it was certain it would try to take advantage of the damage caused by the Miller and Klaus Shampoo. Those were certainties Michael Pettis was concerned with and aware of when making a decision whether to report the omissions of his company. How is Michael Pettis to decide what? Is not the "soundness" of the company and interests of shareholders the primary concern of the management and employees? For many, the answer to these questions would be affirmative. However, Michael Pettis decided to inform his colleagues (employees) first and then the competent bodies that is to generate moral panic due to an immoral business conduct towards the potential consumers. Pettis informed first the staff and management of the company (internal warning) on the evident omissions in shampoo

production.

After a full-scale investigation conducted in the Miller and Klaus shampoo production unit, it was found that due to a wrong decision and negligence of the unit manager, information on a hazardous component of the shampoo was accidentally omitted. Those responsible for the omission were removed from their posts, while Michael Pettis was commended for his act. He often stated that was the only possible action to be taken. Miller and Klaus shares indeed plunged and the company lost a significant portion of the market, however, before long, due to its determination to disclose information on the subject case and openness to consumers and the public, losses were covered and consumer confidence in their products regained.

The conclusion is that having a highly developed corporate culture, "Miller and Klaus" is stimulating the employees both to behave ethically and raise their voice against unethical behaviour and dealings. According to the company's values, the employees obviously have the obligation to report unethical behaviour both of their colleagues and superiors, so corrective measures could be taken. Obviously, the above described unethical action would have cost the company much more by a legal action possibly taken by the customers. Following this incidence, the company management made the following statement: "Unethical behaviour will always exist, but there are ways to reduce it." On the personal level, employees familiar with unethical behaviour need to know how to act. On the organizational level, managers may implement a series of organizational items to support ethical behaviour.

CLOSING CONSIDERATIONS WITH ETHICAL EVALUATION OF THE RESEARCH

On one hand, many will say that economy, way of doing business and company management, lack responsibility to be moral at all. On the other hand, a belief exists stating that lasting, stable and significant achievements cannot result from operations having no moral guidelines and economy without business ethics. Nowadays, these opposing beliefs on relation between business operation and morality are becoming increasingly important, seeking to be resolved as quickly as possible. Unlike other areas in which it is relatively easy to measure success, it is difficult to determine precisely what best ethical practices are. No company – and particularly large corporations – can guarantee that each employee will always act in an ethical and lawful way. Even those companies with well formulated objectives, telephone lines, ombudsmen and other programs can find themselves in trouble. It is believed that a systematic approach that is an approach inclusive of various factors, such as culture, leadership, formal programs of ethical conduct training and awareness of employees and management of the

company of the existence of certain ethical issues is most likely to result in a genuine good corporate ambience.

The pressure to fulfill unrealistic business deadlines and goals is a factor due to which ethical standards will most probably be disregarded. Corporate management on all levels should bear this in mind while conducting everyday routines. It is up to them to eliminate opportunities that induce unethical conduct and to encourage their employees to stick to the right direction. Building a genuinely moral company requires leaders and managers to work jointly in drawing up strategy and then laying foundations of a future system. That is in the present business environment by all means a challenge, but a challenge that can be overcome.

Whereas the need for moral business operation is strongly emphasized as the prerequisite for achieving competitive advantage, the above presented research results indicate that in business practice of Southeast European companies there is a negative tendency regarding many aspects of business ethics: corruption, bribing, financial fraud, different forms of discrimination, violation of employee and consumer rights, violation of ethic codes, etc. Today, in these companies business moral is degraded. This is reflected by high level of corruption and inconsistency in operation, regarding of which Southeast European countries are ranked highly by some research. All these are resulting in employees' specific moral dilemmas. Namely, what is more important: the public benefit or the corporate benefit, that is, whether to support the interests of their organization at the expense of the public interest or vice versa? Research results have shown that whereas the employees do understand the concept of moral operation and its importance for a long term business success, they often defer to the company's interests and profit making at the expense of public benefit, mostly as the result of fear of job loss.

In order to raise awareness of moral issues in doing business, particularly in the companies in the region, it is necessary for their management to assume the lead role aimed at allocating a part of income to research of moral issues which may relate to their companies. In addition to that, the executives need to regularly inform the employees on projects in the area of corporate social responsibility funded by their company, organize various types of education in ethical conduct, raise their awareness and indicate the necessity of a fair attitude towards the market, business partners, consumers and the public by giving examples.

In order to achieve this, companies need to develop efficient internal channels for reporting irregularities, award employees using these channels because if a corporate structure eliminates the need to report irregularities and immoral acts, that way, rights of employees and public benefit are actually protected. Companies should identify basic values and principles on which their policies are based. If basic values fail to support ethical conduct

and rewards it brings, companies create conditions for emergence of moral issues. If stated values or ethical codes do not permeate a company, they cannot and will not change patterns of conduct.

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