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Consumerism - Consequences of Ethics Absence)

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Abstract - The consuming development of a company and various forms of crises are usually explained by economic causes or by failure of management individuals. To overcome the resulting crises there are some methods and financial injections recommended, which cannot definitively solve the problem. The main change of the development is seen as a preventive orientation of a company with respect to ethical postulates, providing of education in terms of ethics in accordance to appropriate legislation and a good example of public personalities and cultures. It is an innovation, which requires new attitudes, adaptation of content (Philosophy), new strategic targets of management suitable for time-evolving needs of the company. First of all, there is an importance of harmonizing the management theory with the dynamic technical development. There is a need to develop a positive and creative innovation to overcome the consuming management, which affects the thinking of people who use it in business and public organizations. The consuming management is, however, comfortable for many people, because it allows a work routine without increasing labour efforts. The management should not focus only on still dominant development of quantitative values without a proportional development of quality content. This allows the controlled subjects to manifest their behaviour as completely closed systems, when in fact there are only relatively closed systems that cannot exist without their surroundings.

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I. INTRODUCTION

The current pace of technical development should stimulate even greater responsibility for an internal content and management theory development. The content and the management theory is a part of the innovation process and its ethics. The connection of ethics and an innovative theory reflects the option of development. If we want to overcome the consequences of the current crisis, we cannot look only into economics but also into the possible lack of ethics.

It is no longer enough to maximize the fast and short-term profit of companies, which was emphasized during the eighteenth century. A globalized company needs to focus on creating a responsible and ethical business environment, which respects the sustainable development. Hence, there is a necessity to change the

content, respectively management philosophy, because the original philosophy that was suitable for the company conditions is no longer suitable in terms of technical and science development.

The innovation of management philosophy should reflect the scientific and social development, not only in terms of development of management techniques but also management instruments. It is about respecting all the consequences that were brought by technical development. It is necessary to enrich the ideas of the founders of management theories through experience and new demands that have been increasing the development of science, politics and practice since the Second World War.

II. ETHICS IN MANAGEMENT

The application of ethics in management is overpowered by dynamic development of attitudes and demands of the company that is reflected in growing demands of remuneration without increasing the productivity. This causes a maximization of fast profit to satisfy the ambitions and requirements of employees and shareholders. Efforts to maximize and accelerate profits of producers and workers are not based on efficiency of work productivity; there is a spiral of different effects and intensity in the company climate. From the following figure it is visible to what extent the decisions on the revenue growth of the world investment banks were consuming.

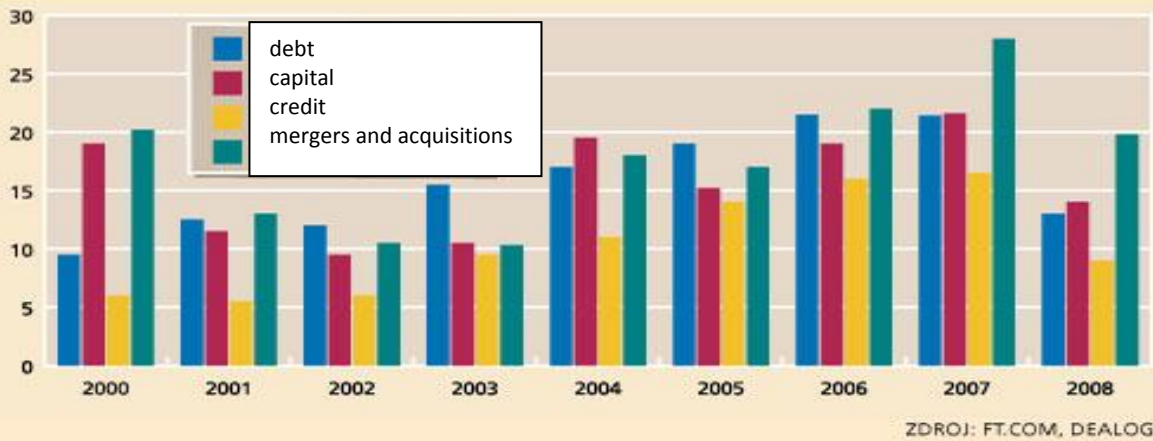
¹This post was created from the financial support IGA/69 FaME (20D named Innovation of management under the programme of Internal Grant Agency UTB in Zlín)

The order of the world's banks according to net earnings for the year 2008 and the contribution of individual products

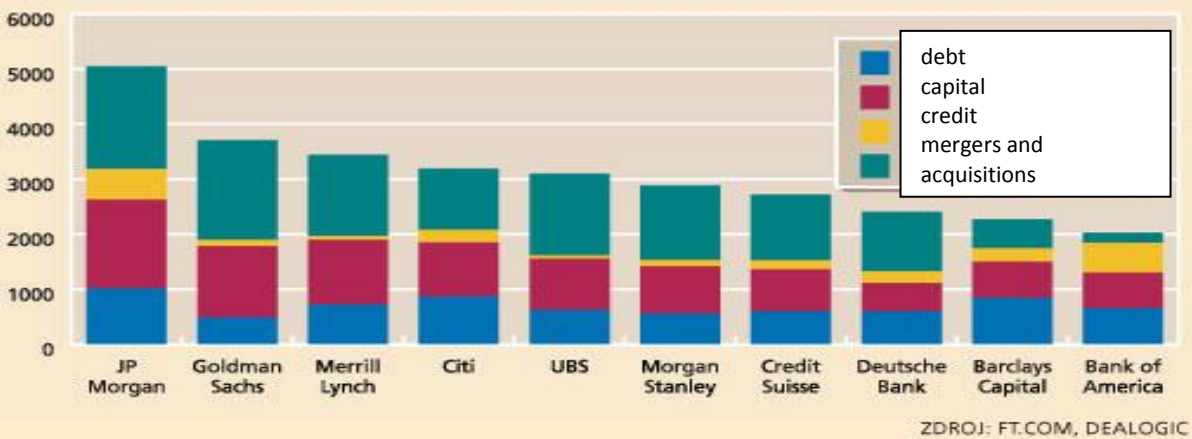
order	bank	net earnings (mil. USD)	debt (%)	business			mergers and acquisitions (%)	change 2008/ 2007 (%)
				capital (%)	credit (%)			
1.	JP Morgan	5052	20	32	11	37	-34	
2.	Goldman Sachs	3712	13	35	3	49	-38	
3.	Merrill Lynch	3440	21	34	2	43	-33	
4.	Citi	3192	27	31	7	35	-46	
5.	UBS	3098	20	30	2	48	-40	
6.	Morgan Stanley	2883	19	30	4	47	-45	
7.	Credit Suisse	2717	22	28	6	44	-40	
8.	Deutsche Bank	2405	25	21	9	45	-46	
9.	Barclays Capital	2266	37	29	11	23	-42	
10.	Bank of America	2025	32	32	27	9	-27	

ZDROJ: FT.COM, DEALOGIC

Development of global net earnings of investments banks in terms of products



Net earnings of chosen investment banks in 2008 and their structure



Taken from: Ing Miroslav Šulaj, MBA, Bankovníctví.ihned, 19th of March 2009

Managerial ethics can be seen as an innovation of methods and management work, in the field of corporate governance and public administration. We expect from the managerial ethics that it will contribute to management improvement, alignment with European Union and the evolving development needs of this century. This is mainly to prevent adverse effects

that undermine the development of responsible business climate and the social stability of a company.

Managerial ethics is currently regarded as a desirable prerequisite of theory development and management practice. During discussions on this issue, we can usually discover different views on the content and form of managerial ethics, which slows down the implantation into the current practice.

System of managerial ethics, structure of subsystems and components:

Subsystems of managerial ethics	Ability of subsystems	Benefits for a manager
Ethics - Creativity	Character ethics	Moral disposition of a manager
Erudition - Qualification	Ethics of work disposition	Professional disposition of a manager
Application - Implementation	Professional ethics of a worker	Management effectiveness

Subsystem elements **Ethics - Creativity**

1. General principles of morality
2. The inner belief in the importance of morality
3. Self-education and improvement of moral positions
4. Using morality and creativity in everyday work

Subsystem elements **Erudition - Qualification**

1. Theoretical and practical knowledge and experience
2. Life education
3. Knowledge and respect for the uniqueness of managed object
4. Creative thinking - an ambitious innovation
5. Application of synthesis and synergy

Subsystem elements **Application - Implementation**

1. Systematic application of subsystems and elements of managerial ethics
2. Stimulation of ethical attitudes
3. Stimulation of creative work and motivation of employees
4. Continued promotion of ethics and management creativity
5. Analysis of ethics benefits in management

To overcome the adverse impact of consumerism on a company, the managerial ethics requires from the management a systematic approach and a respect to manage the object as a whole. The practice shows that managers consider a company as a system, but it appears to be a totally closed system. Such behaviour does not correspond with the company interest and needs of the surroundings, because it leads to a deepening of consumerism in thinking and behaviour of the whole company.

A company needs to be seen as a relatively isolated system that has the legal personality but in its actions respects the needs and interests of its surroundings, because not only corporate, but also

other types of organizations are dependent on its surroundings, they cannot exist without them or even establish without them.

The bearers of ethical values are people. The ethical maturity of workers constitutes an important base of the corporate culture and structure of values that can be divided into:

1. Values that a worker needs for his existence, professional work and meeting his living needs. It is obvious that the essential human needs are individual, unique and very different.
2. Values forming the superstructure of the essential needs that are linked to personal happiness and satisfaction. They are very important for managers and workers because they create a balance between the managers' stimulation and workers' motivation. These are classed as superfluous needs that are unique and different according to various criteria.

Science and technology development is increasing demands on social development and the "above standard" that is linked to individual necessities. It often happens that the requirements for "above standard" do not correspond with the workers' productivity and participation in the strategic target of a company. Efforts, undertaken to satisfy their luxury needs by a different way other than by creative and productive work, increase their aggression and for some people it acts like a drug. Consuming thinking is reflected not only in a company's management, but also in private life. There is no need to stop the dynamics of input and output, but it is necessary that both quantities evolve within desirable proportions and ethics. It can be said that consuming thinking and behaviour begins when workers' demands are higher than their productivity. The moment, when the consumption

growth is greater than the productivity, is a critical point in the life of individuals and society.

To measure the value of inputs and outputs of a company there are practical indicators that reflect the extent and depth values in physical units.

Complications for the management lie in the fact that the phenomena displayed by indicators include only the measurable quantitative value. The part of a company's activities is also a qualitative value that the indicators are not able to show. We need to know both values to be able to completely understand and evaluate the system. To improve the indicators we need to systematically supplement their explanatory power with the help of analyses of ethical practices and attitudes, by which the measurable characteristics of a company's activities were achieved and to what extent their measurable value.

Consuming thinking of people and consuming behaviour of companies can be prevented by ethics, creativity in management and implementation of positive innovations. Managerial ethics considers company's management as a key of the innovation process. The problem is that lots of managers pay more attention to managing the sub-processes of internal structures rather than to systematic managing of a company as a whole.

In terms of influencing the managers' behaviour, shareholders play an essential role, because they create intolerable pressure on management by their high demands. As a consequence of their demands there is disrespect for systematic management of the company. It is non-ethical when the management starts to behave as an absolutely isolated system. This type of management is known under the term of "shareholder management". The motivation of managers of large companies or corporations is then just only focused on delivering impossible targets. Top managers delegate their targets to other subsidiary companies and organizations. Maximization of efforts to meet the targets at any costs, usually leads to a breach of ethical rules and the rules of responsible management. The qualitative indicators are moved to the background or are not taken into account at all.

The management level cannot be judged by short or past accomplishments, but by dynamics of ethical strategies that would ensure development, stability and long-term prosperity of the company. Managers cannot pay more attention to sub-process of internal structures rather than to a systematic management of a company as a whole.

Non-ethics and consumerism in people's thinking are the two ends of a stick. Consuming thinking of managers is a consequence of an inadequate application of ethical attitudes in management managing verticals of the company as a whole. Creativity and ethics manifested by positive innovations in management depend on mutual respect and

connection of qualitative and quantitative values of the strategy, which a manager wants to implement in the future, and also on the tactics that a manager and his team will use to fulfil the strategy.

We still see the application of ethics in management of companies and administration subjects as something that is "extra", something we can do without in the market economy and something that only "ties hands" in terms of business. Systematic application of ethics in management is an important innovation of current managerial practice, which in a globalized world is continuing to increase credit of the company. It is important to keep the company's development going, so consumerism is prevented.

1. The consuming thinking has become a drug for companies in that part of the world where high standards of living allows profligacy on one side and on the other an uneven relationship between the aspirations of a man and his efforts to realize his targets to work ethically and creatively.
2. The application of ethics in management is not fashion, but revitalization of a solid business, with which we can sustain in a competitive environment by the help of creative thinking and quality work.
3. Managerial ethics increases management transparency and helps to overcome the non-complexity in decisions about a strategy of economic and social phenomena development.
4. To overcome the consuming character of a company, we need to do more than just change the system of management and business; we also need to respect the differences between "consumption and consumerism".

III. NON-ETHICS IN MANAGEMENT CREATE CONSUMERISM IN A COMPANY

Management of companies does not develop systematically if the attention is paid only to subsystems and components. A non-systemic approach of management is often covered. In large companies by raising the prices and in smaller ones by requiring grants that should cover the lack of creativity and routine in managerial work. Even the employees then require an increase of payment without an adequate creative collaboration with the management and their work productivity.

Ethics and responsibility are two sides of the same coin, which in terms of management success is dependent on creativity and ethical thinking of people, who direct but also those who implement their decisions. Non-ethics are in a business environment harmful and undesirable, as well as in personal relationships. We can see daily that non-ethics are not the way to a stable well-being, but to a lax fulfilment of duties with maximum demands that creates space for consuming life and business.

It is true that many people know what they should not do, but they still do it anyway. The reason is simple, ethical thinking and behaviour is harder than the irresponsible one. Although ethical thinking and behaviour is more difficult and complicated, it is worth it in the future. Disregard and disrespect of ethics shows that we are accustomed to think in the short-term and that we do not realize the consequences of our irresponsibility, which always comes out later. The current crises convince us of errors, which we have previously committed by disrespecting the ethical principles in personal relationships and also in management and business. The absence of ethics creates a non-ethical environment, consuming thinking and behaviour.

The lack of belief in benefits of ethics in management and business creates a space for consuming thinking, which is the opposite of ethical decisions. Penetration of consuming thinking into management and business distorts the market environment and behaviour of the company.

There is a need for revision and simplification of many legal norms, so they contribute more to building long-term security and ethical attitudes in the market environment, in partners' relationships and also in relationships between managers and stakeholders. We should require prevention from the legislative norms, to prevent adverse effects that enable consuming thinking, especially among young people. Ethical thinking as a precondition of ethical behaviour is a matter of people. It depends only on them how the companies are managed and how they behave in a competitive environment.

IV. CONCLUSION

We still see the application of ethics in management of companies and administrative subjects as something that complicates the work of managers, something we could do without in the market economy and something that "ties hands" in business. It is necessary to identify with the needs of a systematic application of ethics in management and to treat it as an innovation of current managerial practice. In a globalized world the need for ethics increases its importance, because it affects the credit of a company and ensures sustainable development of a company and business environment.

Competitive environment of domestic and foreign market requires from management to review the efforts in terms of short-term profits and to concentrate on strategic prosperity and business stability. We are aware of the risk of deepening consumerism and our lack of ability to see the final image of a consuming society. Therefore, we see the way in ethical, creative, strategic and responsible management of future based on promotion of ethics in our private and social life.

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