Ethical Management in Health Institutions in Transition

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SUMMARY
Business ethics is attempting to rebuild and strengthen the intrinsic sensitivity to issues of social value and the human understanding of modern business, as a possible answer to the open resolution of paradoxes. The way out of the labyrinth of the growing crisis can only be found if corporate culture activities are designed on the principles of responsibility and values such as trust, honesty, fairness and respect for human dignity. This paper points out the great social and moral responsibilities of managers of the countries in transition, some of which required ethical and responsible behavior in carrying out business activities while leading healthcare companies, in order to preserve the personal values which a certain society fosters. The purpose of business ethics is to establish a productive dialogue of parties with conflicting interests through the development of moral integrity and responsibility to individuals, corporations and health, the welfare of the world of business and society at large.

Key words: Managerial ethics, Health management, Transition, Privatization of the Health system.

1. INTRODUCTION
The paper discusses the roots of the modern concept of business ethics. The relationship between markets and ethics and “ethics” of transitional markets in healthcare. Business ethics as part of the modern theory of health management. The importance of business ethics in the age of globalization and international business, and the experiences of countries in transition in dealing with the need for a greater importance of business ethics and the adoption of regulations pertaining to health policies. Business ethics can be defined as representations of regularities of individual behavior.

Decisions or actions of people employed in health institutions or other entities in the field of health economics. It recognizes and establishes the distinction between right and wrong, wrong and unfair, just and unjust. Ethical behavior, decision-making and management incorporate a great benefit to the leaders and managers, on both a personal and practical level. In the decision-making process and management today, it is very important to include the ethical dimension (the global economic crisis, whose consequences will certainly be felt for much longer, and can clearly be seen as a warning to us of what could happen when there are no considerations of the ethical dimension of the process) while on the other hand and just as important, is the ethical conduct of all employees in the organization (1). Business ethics are concerned with philosophers, academics and critics of society so that most of today’s literature on business ethics is not suitable for the practical needs of leaders and managers, precisely the people who are primarily responsible for the ethical management. The usual literature on business ethics in itself includes the following:
• A philosophical discussion of problem
• The problem shown in time
• Case studies
• Consideration of social responsibility of companies

This lack of practical information is not a fault of the philosophers, academics or social critics. The problem is the lack of inclusion of the leaders and managers in the discussions of literature tied to business ethics. More leaders and managers must be included in these discussions. What is missing is the essential way of introducing an ethical manager’s dimension in the process of governance and decision-making (2). Naturally, the same trend is present in Serbia, with insecure campaigning of companies for the adoption of the codes of conduct and ethical codes, which is accompanied by a noticeable gap between the declarative and practical leaving the need for both of these yet to be identified. The results of our study are expected to provide as clear an answer as possible to confirm and strengthen the activity dimension of moral behavior.

2. MATERIALS AND METHODS
When discussing the situation on the market, the health care facilities can be seen as companies. We considered health care institutions in Serbia separately from those in the neighboring countries. As Serbia is a transitional country, it is therefore quite normal that the health care institutions share the fate of the country they are in, except that they have one advantage, which is their duty in the same time, and that is to become open to discussions about eth-
ics and development of ethical management and its future course, in spite of the difficult situation the country is in. In order to create a model for introducing the ethical dimensions of management of health facilities we must do the following:

- Define the empirical investigation of ethical orientation of management
- Define the empirical research as it evaluates the social responsibilities institutions (Corporate Social Responsibility) in which they work
- Define the empirical investigation of their valuable guidance
- Define their way of empirical investigation of moral behavior (proactive or contextually conditioned)
- Based on data obtained by empirical research (background) to create an introductory model code of ethics in the health system in Serbia

The development of economic thought can be explained as a dynamic process of interaction between external factors (economic, social and political environment in certain time periods) and internal resources (the intellectual response to the current trends and attitudes of economic theory). This dynamic process leads to further theoretical development on the basis of the combined approach, which does not benefit either the contextual or the purely theoretical-abstract approach. This work is primarily engaged in creating a model for introducing ethical dimensions of management in health care. As in the situation of the market, economy institutions must be seen as a regular company in order to be discussed in the light of business ethics. In a situation where all health care reforms in Serbia are losing their attribute of the educational—preventive and curative, the imposed approach to the institutions becomes invalid. Naturally, the health care institution in Serbia can not be considered separately from the environment they are in, the environment of the country of Serbia. The goal of the ethical policy makers in Serbia must not only be to discuss ethical management and its future course, but also to prepare and train generations of students to come with a clear recognition of the ethical dimension (fostering a proactive approach to morality and not contextually conditioned moral behavior) (3).

The results of empirical research on a representative sample will serve as the basis for creating a code of ethics, but primarily to create sensitivity to ethical issues at a time and background of the introduction of ethical dimensions in the management of health care facilities. Of course, this work represents a real attempt to put the right things at the right place and for the academic community to restore its leading position in this country in terms of ethics. This rightful place is also a kind of categorical imperative in the light of Kant’s teachings on the model introduction of ethically based management in health institutions.

3. RESEARCH PROBLEMS

The countries in the late 1980s all joined the economic transition, constructed their market systems, and at the same time underwent political transition. Specifics are supposed to support the process of democratization of the country which depends on the satisfaction of the citizens of the process of economic transition. Citizens are also clearly interested in the introduction of legislation and normative correctness, but if this fails, expecting distributive justice and efficiency is also present in these countries and the unclear ideological orientation of political parties. How should economic policy be formulated in these circumstances while taking into account the problem of inclusion of ethics? The process of economic transition, as is well known, is not a simple change in economic policy, but a change of the economic system.

This change involves the construction of the market system. The process needs to work as soon as possible, or to provide appropriate economic results, as well as to demonstrate commitment to reform and to implement the new liberal economic policy according to the authorities. Such a policy means that the functioning of the economic systems leaves the actions of the market. However, the conditions in which this happens in economies in transition are specific and accompanied by the underdevelopment of the market, primarily the market of production factors—labor and capital. In addition, one of the key issues is macroeconomic stabilization, which refers to the restrictive monetary and fiscal policy and corresponds to further reductions of state interference in the functioning of the economy. Study of ethics management is primarily eclectic in nature (it is multidisciplinary but is most associated with the theory of management and moral philosophy.

Ethical issues very often occur in management and include the problems of bribery, corruption, stealing, fraud and advocates in the field of corporate social responsibility of health care, corporate governance, market policy, deciding on capital investments. Study of ethics management is problematic especially when the managers meet with issues that are very complex, such as the reform of the health system in Serbia. Managers are often looking for clean and clear answers in situations of ethical dilemmas, but when it comes to inclusion in the ethical dimensions of the decision-making process, we see that the situation is very complex and very difficult for clear answers. Definitive answers in situations of ethical dilemmas are often inaccessible and have many dimensions (4).

We see that our decisions are clouded by dilemmas, paradoxes, inconsistencies and carry different expectations in the process of deciding to face the key words and phrases whose interpretation is more cumbersome. Words such as law, justice, fairness, accuracy, obligations or ethical duties are terms that express the code of conduct you usually use when making management decisions. Beliefs which we hold are our moral standards. They vary among different people, because the values on which they are based are various. No one can say with certainty that a given moral position is correctly or incorrectly provided and that it can show the standard which actually expresses an obligation to others and not just a benefit for us.

This also confronts us with the semantic problems which is often difficult, even in simple situations, to make a distinction between us and others, contributions and commitments. In certain situations, we are particularly aggravated by the fact that different stakeholders protect their different points of view. A loss for one group may be
a gain for another. Managers must be very carefully when reflecting on this situation. It is important to note that the decision in a situation of moral dilemma often brings some benefit and some harm (known cost benefit analysis which is essentially deeply utilitarian). The challenge of this issue is to be indicated in detail. The model-based introduction of ethical management in health institutions ensures that any loss or gain is to be evenly assigned among all parties involved (5). In order to make this work represent a genuine scientific contribution that can communicate with the current global achievements in the field of business ethics, the problem which will be dealt with must be clearly formulated.

This problem must be solved within the context it originated from (6). Therefore, the problems of this work, that we will try to answer as best as possible are to introduce an ethical dimension into management and decision-making process, to overcome the gap between abstract thinking ethics and ethical action in specific situations and how to predict a person’s ethical behavior (7). This problem is known in science, as is the so-called mind–behavior gap problem and its solution is of some serious scientific contribution to the previous idea. It has long been observed that there was a significant difference between thinking about ethics on the abstract level of ethical behavior and in real life situations (8).

All previous research, generally looking to explore the ethical view on the abstract level (meta analysis of O’Fallon and Butterfield 2003) (9) and not real ethical behavior and all the research on ethical behavior have no predictive power: one first has to do something and then evaluates the ethical dimensions of its proceedings or a single person reports that he or she managed to behave in such a way. Social cognitional theory that basically opposes moral behavior to contextually conditioned moral behavior is very inspirational in solving the abovementioned problems.

On the other hand, the idea is that the author’s previous approach to the study of ethical conduct that includes self-identification of someone’s unique ethical orientation in its base is insufficient and does not lead to a serious breakthrough in this field of scientific work.

The idea is that the man also exists within different patterns (10) and ethical preferences. There is a difference between people on the model-based introduction of ethical management in health institutions, and the intensity of their activations (1). Numerous neurophysiologic findings on the activation of different parts of the brain cortex and the sub cortex zone are high during considerations of the ethical dimensions of certain situations (the moral brain), which directly speak in favor of this approach to the problem.

Also, the method of factor analysis is a powerful methodological tool to identify the latent from the appearance of a large number of manifested variables that describe this phenomenon. Identified moral opinions of the individual (patterns of moral thinking) and their way of moral behavior (proactive or contextually conditioned) conceptually contain a high predictive power of someone’s moral behavior in real life situations. Based on this research, we defined the problem and we defined the hypothesis (12).

4. HYPOTHESIS

The general research hypothesis:

- H0: Moral opinions of our respondents on the abstract level are substantially different from moral thought in real life situations

Specific research hypotheses:

- H1: The process of moral thinking on the abstract level simultaneously represented different moral orientations and not just one
- H2: The moral opinion on the abstract level is multidimensional
- H3: The dimensions of moral thinking on the abstract level are simultaneously active and their level of activation is different
- H4: Influence of activation and deactivation mechanisms of morality control the level of activation of different moral thoughts in the process of moral thinking

5. BUSINESS ETHICS AND HEALTH MANAGEMENT

The preservation and promotion of public health means addressing a broad spectrum of problems through integrated strategic approaches and activities related to social health systems. Positive trends in the implementation of reforms and development are provided to reduce the number of ethical dilemmas during the transition. Significant progress has been made in institution building, which is a good basis for rapid development of partnerships between private, public and civil societies on a local, national and international level. The main task of the professional manager is the successful and efficient implementation of planned objectives of the company. The lack of influence of leaders and managers in the field of business ethics has led to great confusion and misunderstandings among leaders and managers in terms of business ethics (13). Many leaders and managers believe business ethics is a kind of religion because according to them it includes preaching or just talking about what we need to do well.

Many managers believe that business ethics is irrelevant to process management and enterprise, and in their own opinion, is based on the fact that there are many courses of business ethics that are based on case studies for the purpose of analyzing ethical dilemmas. These studies are often very simple and are shown as naive realistic situations where you need to decide what is right and wrong: if you steal, lie or cheat? It’s no wonder that for this reason, many managers believe business ethics is irrelevant because many business ethics courses ignored the fact of what a complex situation process management is (14). When it started, business ethics was seriously considered a discipline of time management during the occurrence of the movement for social responsibility in the sixties. In this decade, the movement for social responsibility is delegated to the expectations of the business world which uses its enormous financial and social influence to address social problems such as poverty, crime, environment, gender, health protection and improvement of education [15]. A large number of people have claimed that the company, as to be used in generating
ethical dilemmas. They believe that business ethics is primarily a complex philosophical debate or some kind of religion. However, business ethics is the discipline of management that has its own program and management approach and its practical tools. Program management ethics have a practical application in various areas of management.

Prejudice 4:
Business ethics is superfluous—it only encourages the commission of the goods. Many people believe that the ethical codes and moral values are considered by the organizations as essentially redundant since these are the values to which every individual naturally aspires. However, the value of ethical codes of organizations affirms the priorities of the organization. For example, it is obvious that all people should be honest. However, if the organization has a long-term battle against occasional deceptions in the workplace, it needs to include the time value of honesty in its code of ethics. You need to understand that this is the ethical code of the living instrument which itself is changing along with changes in the organization and changes in society.

Prejudice 5:
Business ethics is something that good guys preach to the bad guys. It seems that some authors require high ethical standards with one hand, while on the other hand they talk about the poor moral state of operation and the leaders themselves. But people who are well versed in managing organizations realize that good people can do bad things when they are part of the stress or confusion (stress and confusion are just reasons). Managing ethics in the workplace area is subjected to the problem that we still have plenty of managerial bias business ethics as a discipline management. Some of these prejudices have emerged as a result of the general confusion regarding the understanding of the essential nature of discipline management, while the others are a result of over-simplifying the concept and content which is the subject of business ethics and thus creating the famous ten prejudices against business Ethics and Management (18).

Prejudice 1:
Business ethics is more a matter of religion than management. This bias is related to business ethics in the best way to reject Kiren’s article about control values (19) – a systematic approach to business ethics. In it, he explained that changing the soul of the people or their values is not necessary that each one helps the others to remain ethical and to work and remedy situations and deal with stressful and confusing ethical dilemmas.

Prejudice 2:
Our employees are ethical and do not need to pay attention to business ethics. Most ethical dilemmas faced by managers in the workplace are very complex. Dean makes it clear that someone knows that there are significant ethical dilemmas if (20):

- There are significant conflicts of values between different interests;
- All the real alternatives are equally justified;
- Significant consequences are present for the stakeholders in this situation.

Prejudice 3:
Business ethics is a discipline best understood by the philosophers, scholars and theologians. Lack of active participation of leaders and managers in the literature on business ethics and discussion is because many believe that business ethics is a kind of whim or movement that practically can do very little help in the everyday realities of managing organizations. They believe that business ethics is primarily a complex philosophical debate or some kind of religion.
Prejudice 8:
Business ethics and corporate social responsibility are the same things. The movement for corporate social responsibility (Corporate Social Responsibility-CSR) is just one aspect of business ethics as discipline management. Madsen and Šafric gave the definition of business ethics and for them it is:

- 1st the application of ethics in the corporate community;
- 2nd the way to determine responsibility in business;
- 3rd the identification of important business and social problems;
- 4th the critical attitude towards business.

Items three and four in this definition are primarily related to social responsibility. There was a big public debate about the items three and four of these definitions, however. There is a need to write many more items in this definition, as they can also manage the business ethics. Writing about social responsibility does not often touch on the practical aspects of managing ethics in the workplace, the development of ethical code, supplementing the principles and procedures and the ethical approach to resolving the dilemma.

Prejudice 9:
Our company has no trouble with the law, thus we are ethical. Someone who is unethical is still working in the legal framework no matter what you are dealing with—withholding information from inventing costs, constant complaints at the expense of others, etc. Breaking the law, however, often starts with unethical behavior which remains unnoticed. The boiled frog phenomenon (boiled frog effect) is a very useful metaphor in this case: if you put a frog in hot water, it will immediately jump out of it, but if you put it in cold water and gradually heat the water, it is possible to cook the frog.

Prejudice 10:
Managing ethics in the workplace has little practical importance. Managing ethics in the workplace in itself involves identifying the values and priorities for the leading behavior in the organization, establishing principles and procedures associated with the identified values, which should ensure such behavior. Some call this the management values. Management of values is also very important in various fields of management such as managing diversity, quality management (Total Quality Management, TQM), and strategic management. In addition to ten famous allegations of prejudice related to dealing with business ethics gives in his book, Madsen also gave the benefits of managing ethics in the workplace (23).

6. CONCLUSION
Ethics is defined as a discipline that deals with the study of meaning and moral goals, and human behavior as a set of observations with moral habits. During the delivery period of intensive movement of the transition between the years of 1980 to 2000, there were many discussions on the problems of good and bad, honesty and dishonesty, admissible and inadmissible behavior (24). We contributed to the changes around us and the rapid development of medical ethics, bioethics and deontology, which deals with the legal principles at a particular time and place and attempts to equalize judicial laws, regulations and moral principles. Morale, morality and ethics during the history of humanity were embedded in the laws and values, and were also woven into Hippocrates’ oath, which dates from the fifth century BC, and which is still sworn in by doctors when receiving the diploma of the Faculty of Medicine. It is the physicians who seek high ethics in their own lives, according to the patients and teachers, and they point out that such behavior will not inflict moral and material damage to either the patient or his family with respect for their colleagues (25). Another important thing to emphasize is the present economic thought of methodology of positive economics, which is characterized by formality and abstraction, as well as elements of normative analysis that inevitably include value judgments and recommendations for future economic and social development. Questions of morality and ethics are of crucial importance for the success of economic and political transition. Morality and ethics of the policy makers directly affect their reputation and credibility in the eyes of the public, which determines the success of economic policies that are implemented. Morality and ethics should also be determinants of institutional changes necessary for the development of market economy. Although quick and decisive steps of building a market economy were frequently advocated, implementation of new liberal approaches can lead to opposite effects in the form of public discontent due to allowing the citizens harsh actions without proper market regulation. Market conditions, however, if there was no appropriate institutional change, often do not mean “free and fair competition” in competitive markets, but exactly the opposite—the harsh competition and often “rigged” results arising from the privileged position of individual economic entities. Key factors of the new market economy are the lack of legal regulations and violations of the law, but also morals and ethics playing key roles in these circumstances. Program management ethics primarily have to increase the number of ethical issues that they are going to be dealing with because people are more sensitive to their appearance. In accordance with these, there must be more opportunities to label someone’s unethical behavior (26). Therefore it is necessary to help employees to recognize and highlight their mistakes and then support them in their efforts to try to act in an ethical manner. It is much more important to employees that they try to act ethically, and not let the mistakes of the past affect this direction. Privatisation presents the most important process by which the depth and the quality of the transitional movements are measured. Transition is a systematic transformation of the society, typical especially for the post-socialist states, and under it we consider transfers from the non-market economy to the market economy. Privatisation is an important element and one can not talk about actual establishment of trade economy within the health system without it. Political decisions to start the privatisation process are necessary but are not sufficient for successful completion of the transition process. In order for the transition to be successful, development of the capital market is indispensable. Experiences of the countries in transition have so far shown that the privatisation model which approached the problem from the point of demand and not from the point
of request brought success (27).

**Comparative experience points:**

That the privatisation was more successful in countries which started institutional reforms and managed to attract foreign capital.

That the privatisation can be achieved in several years, but the essential change of management in organisations can last much longer.

That the privatisation process and restructuring of the economy brought a surplus of employees, even to the level of the bankruptcy of organisations that have no market. That’s why it is necessary for the economic program of reforms to provide conditions and raise initiatives for the opening of new institutions in health domains as well, because as international experts point out, enterprising and receivership, opening and closing of enterprises have to be seen as two sides of the same medal of economic changes.

It is necessary to improve the environment for investments into the health system of our country.

**REFERENCES**


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