

Management and Ethics: An Indispensable Pair for Success

“Management cannot be separated from ethics. A company that does not respect people and the environment cannot have a future”

In the dynamic and complex world of contemporary business, management plays a crucial role in guiding organizations towards achieving their goals.

However, the effectiveness of management cannot be separated from a solid ethical foundation. Ethics in management is not merely an embellishment or an optional aspect, but a fundamental element that profoundly influences corporate culture, strategic decisions, and ultimately, the long-term success of the enterprise.

Promoting ethical management is not a luxury, but a strategic investment that can bring significant advantages to the company. In an increasingly complex and interconnected world, ethics is a key factor for long-term success.

Companies that embrace ethics not only do good but also do well in business.

1. ETHICS AS THE FOUNDATION OF MANAGEMENT

Ethics in management is not just a matter of legal compliance, but a philosophy that permeates all business operations. Ethical management creates a positive work environment, builds trust and respect among all stakeholders, and contributes to the long-term success of the company. Promoting and maintaining high ethical standards should be a priority for every business leader.

Ethics in management translates into a set of moral principles and values that guide the behaviour of managers and employees. These principles can include honesty, integrity, transparency, respect for others, fairness, and social responsibility. Ethical management does not merely comply with laws and regulations but goes beyond, striving to do what is right even when not required by law.

Ethical standards in management manifest through various practices and attitudes. Being truthful in internal and external communications and keeping promises and commitments are expressions of honesty and integrity. Operating openly and accessibly, sharing important information with all stakeholders, represents transparency, which helps build trust and prevent misunderstandings or suspicions. Treating all employees, customers, suppliers, and partners with dignity and

consideration reflects respect for others, including actively listening to their concerns and valuing diverse perspectives. Making fair and impartial decisions without favouritism or discrimination denotes fairness; this also implies compensating employees equitably and offering growth opportunities to everyone. Going beyond profit to contribute positively to society represents social responsibility, which can include sustainable business practices, philanthropic contributions, and support for community initiatives.

The importance of ethics in management is evident in various areas. A company that adopts an ethical approach is more attractive to talent. Employees are more motivated and engaged when they work for a company that shares their values and cares about their well-being. This leads to a positive work environment and lower employee turnover. An ethical company is more respected by customers, suppliers, and the community at large. This respect translates into greater customer loyalty, better relationships with suppliers, and increased community support. A positive reputation can also protect the company in times of crisis when the trust and support of stakeholders become crucial. While ethical behaviour may incur short-term costs, it can lead to significant long-term financial benefits. Ethical companies tend to avoid fines and lawsuits and enjoy greater loyalty from customers

and employees, resulting in increased stability and financial success. Adopting ethical practices often drives companies to seek sustainable and innovative solutions. These practices not only help preserve the environment but can also open new business opportunities and improve operational efficiency.

2. THE CHALLENGES OF ETHICS IN MANAGEMENT: A MINEFIELD TO NAVIGATE WITH CAUTION

Ethics in management, while fundamental, is not a path without obstacles. Managers often find themselves navigating a sea of ethical dilemmas, where the right course is not always clear, and decisions can have significant consequences for the company, employees, and society at large.

The constant pressure to achieve short-term financial results, the fierce market competition, and the increasing complexity of ethical issues create a fertile ground for unethical or questionable behaviour. The temptation to cut corners, exploit workers, or ignore the environmental impact of activities can be strong, especially when the stakes are high.

One of the most common ethical dilemmas is the conflict of interest. A manager might have to choose between personal gain and the company's well-being. For instance, they might be tempted to accept a gift from a supplier in exchange for preferential treatment or use confidential information for personal profit. In such cases, transparency and integrity are crucial to avoid compromising the trust of employees and stakeholders.

Another ethical challenge involves managing diversity. Modern companies are increasingly multicultural and multigenerational, with employees from diverse social, cultural, and religious backgrounds. Ensuring an inclusive and respectful work environment, where everyone feels valued and has equal opportunities for growth, is a complex challenge that requires deep ethical sensitivity.

Discrimination, bullying, and sexual harassment, unfortunately, still exist in many corporate environments and represent a serious violation of fundamental ethical principles. Managers have the responsibility to prevent and combat these phenomena, creating a corporate culture based on respect and valuing differences.

New technologies also pose unprecedented ethical challenges. The use of artificial intelligence, for example, raises issues related to privacy, data security, and potential algorithmic discrimination.

Managers must be aware of these problems and take appropriate measures to ensure the ethical and responsible use of technologies.

Addressing ethical challenges requires strong and responsible leadership capable of promoting a corporate culture based on integrity, transparency, and respect for others. Only in this way can companies build a sustainable future where economic success goes hand in hand with the well-being of employees and society as a whole.

3. ETHICS AS A COMPETITIVE ADVANTAGE

Ethics is not just about doing the right thing; it is also a competitive advantage. Ethical companies are more innovative, resilient, and attractive to talent. In an increasingly complex and interconnected world, ethics is a key factor for sustainable business success.

Ethical management is not a luxury but a necessity. It is an investment in the future of the company and society as a whole. Companies that embrace ethics not only do good but also perform well in business.

Innovation and Creativity: An ethical work environment, based on trust and mutual respect, fosters creativity and innovation. Employees feel free to express their ideas and experiment with new solutions without fear of being judged or penalized. For example, Google encourages its employees to spend 20% of their time on personal projects, many of which have turned into successful products like Gmail and Google News. In Italy, Cucinelli has demonstrated that ethics can stimulate innovation and creativity. His company consistently invests in employee training, encouraging them to express their ideas and develop their talents. This approach has led to the creation of unique, high-quality products that have conquered international markets.

Resilience and Crisis Management: Ethical companies are more resilient in the face of crises. The trust and loyalty of employees, customers, and stakeholders are valuable resources that can help the company overcome difficult times. An example is Johnson & Johnson, which faced the Tylenol crisis in 1982 when some packages of the drug were contaminated with cyanide. The company responded promptly by recalling all products from the market and launching a transparent and honest communication campaign. This ethical crisis management allowed Johnson & Johnson to quickly regain consumer trust and strengthen its reputation. During the COVID-19 pandemic, companies with solid reputations and stakeholder trust demonstrated remarkable resilience. Thanks to their strong reputations and stakeholder trust,

these companies managed to weather the crisis without layoffs or salary cuts and continued to invest in the local community and support their employees.

Attractiveness to Talent: Attention to employee well-being, a corporate culture based on respect and collaboration, and a commitment to environmental and social sustainability make the company an ideal workplace for those seeking a meaningful professional experience. Top talent is increasingly attracted to companies that demonstrate a strong ethical commitment. Young professionals, in particular, look for organizations that share their values and offer a stimulating and rewarding work environment. Patagonia, an outdoor clothing company known for its environmental and social commitment, attracts high-level talent due to its unique corporate culture and social responsibility programs.

Customer Loyalty: Being a brand known for ethical management makes customers highly loyal to the brand, not just for the quality of the products but also for the values the company represents. Commitment to ethical and sustainable production, respect for workers, and attention to the local community are elements consumers appreciate, often driving them to choose these brands over others. They are often willing to pay a higher price for products and services that respect the

environment, workers' rights, and social values. Fairtrade is an example, certifying products from fair trade. Consumers choosing Fairtrade products are willing to pay a premium to support a more just and equitable production model.

Relationships with Stakeholders: Ethical management fosters positive relationships with all company stakeholders, from employees to suppliers, customers to local communities. These relationships translate into greater support and better capacity to face challenges. Companies like Lego and Cucinelli have built strong relationships with all stakeholders, including employees, suppliers, local institutions, and non-profit organizations. Both companies are committed to numerous social and cultural projects, contributing to the well-being of the communities in which they operate.

The examples cited demonstrate that ethics in management is not an obstacle to success but a key factor in creating sustainable value. Ethical management is not a luxury but a necessity for companies that want to thrive in the long term. Ethical investing benefits both the company and society's future. As Cucinelli aptly states: "*Management cannot be separated from ethics. A company that does not respect people and the environment cannot have a future.*"