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## INNOVATIVE CHANGES AND THEIR ETHICAL FRAMEWORKS

**Summary.** The current discussion about innovations relates to wider aspects than technological progress or new knowledge. Despite the proved importance of ethics, this aspect is often underestimated with respect to the success of innovation changes. We would like to point out the possibilities and importance of the implementation of ethical approaches and practices that can influence quality, dynamics and successfulness of innovative changes significantly.

**Keywords:** ethics, innovation, technical progress, change.

## INNOWACYJNE ZMIANY I ICH RAMY ETYCZNE

**Streszczenie.** Obecna dyskusja na temat innowacji odnosi się do szerszych aspektów niż postęp techniczny lub nowa wiedza. Mimo udowodnionego znaczenia etyki, ten aspekt jest często niedoceniany w odniesieniu do sukcesu zmian innowacyjnych. Autorzy chcieli zwrócić uwagę na możliwości i znaczenie wdrażania rozwiązań etycznych i praktyk, które mogą mieć duży wpływ na jakość, dynamikę i pełnię sukcesu innowacyjnych zmian.

**Słowa kluczowe:** etyka, innowacje, postęp techniczny, zmiana.

### 1. Innovation and Ethics

In general, innovation is most frequently associated with complex changes, the implementation of novelty that changes the current social situation. Therefore, it is understood as the accelerator of social change, the stimulation of individual changes as well as system changes, as some efforts to implement more perfect behavior patterns. The innovative changes not only mean the acquiescence in new needs or situations, but they should be adequately supplemented with innovative motivation. The innovative motivation stimulates

an individual or social system to act in accord with a new situation. The innovative process is also contrasted with traditionalism, traditional action. Thus, it is also a certain rejection or some overcoming of previous unacceptable action or behavior, ineffective or unbeneficial practices. Therefore, the innovative change is understood as generally beneficial and rationally justified need, as an interest in new trends or in everything what supports more effective performance. Thus, we can associate it with technological progress, new knowledge implementation, but also with new organizational behavior, more modern management style, higher behavior culture. J. A. Schumpeter's<sup>1</sup> economic concept has become important for the explication of the essence of innovative changes and their mechanisms. This author considers them the essence of market system, its functioning. However, the innovative changes have their accompanying problems and dilemmas. They not only relate to the actors of innovation and their implementation procedure, but also to consequences. In general, it is presupposed that innovations have an obvious positive value and socially beneficial effectiveness. Technological change, more effective projects and new knowledge implementation are not often thought to the end with ethical context, and therefore their ethical legitimacy and social acceptability can be doubted. If in the past it was only possible to perceive scientific knowledge in isolation from its applications and the researchers into basic research could only hope for possible applications, currently the boundaries between clear knowledge, experimental verification and their transfer into other spheres have become more problematic. The boundaries of the application of results and knowledge are not recognizable easily, and impacts are hardly foreseeable. The indefiniteness of these boundaries can be illustrated by the spheres such as research into current biotechnologies, genetic engineering, nanotechnologies, and so on. As the military past showed, new knowledge had been misused and resulted in irresponsible behavior. As far as application techniques are concerned, more importance in these processes is attributed to situational, cultural, individual or competence factors, management styles, the ability to understand trends and purposes, the identification of value preferences and social specifications. Ethical aspects and methods can become beneficial for such an evaluation, for the expression of moral legitimacy, adequacy or responsible behavior. Their underestimation can be illustrated by the implementation of innovations in American car industry in Detroit, which have recently resulted in economic problems for the corporation, social collapse and decreased moral trustworthiness. The underestimation of the ethical aspects of innovative changes may threaten not only investments and invested intellectual potential, but also the correctness of built up relations, social reputation, the trust of employees or the overall value effects of prepared changes.

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<sup>1</sup> With respect to available publications, we would like to bring to your attention to two most important ones that influenced economic thinking. They are fundamental publications such as SCHUMPETER, Joseph A.: *Kapitalismus, socialismus a demokracie (from the English original: Capitalism, Socialism and Democracy)*. Brno: Centrum pro studium demokracie a kultury (CDK), 2004 (orig. 1942). SCHUMPETER, Joseph A.: *Teória hospodárskeho vývoja : analýza podnikateľského zisku, kapitálu, úveru, úroku a kapitalistického cyklu (from the German original: Theorie der wirtschaftlichen Entwicklung)*. Bratislava : Pravda, 1987 (orig. 1912).

How should we understand the mission of ethics in the above mentioned sphere? Ethics is not only a declared interest or formal moral obligation of a company or a specific subject. It is neither a simple list of ethical principles or knowledge in ethical theory. The implementation of ethics into the various spheres of practice represents a specific strategy and expert demandingness. Within the framework of current trends, the application of ethics is more focused on the preventive function in the relevant sphere; i.e. ethical failures should not occur in individual phases and in consequences. The mechanisms of ethical character should be the integral part of innovative policy at individual levels, and adequately in accordance with the relevant level of implementation. At the national level, they should be the component part of national strategies and departmental policy; at the organizational level, they should be the component part of their infrastructure and at the individual level, they should be professional and managerial. At every level, they should be expressed in general as basic values and preferences. Their absence generates some “value anarchism” and ambiguities in relevant ethical frameworks. Ethically motivated boundaries are important for the application of scientific and technological innovations, their practical use. Therefore, some intellectuals speak about so called “boundaries of freedom” that are understood as admissible or tolerated applications of the achieved results of scientific research and technological initiative<sup>2</sup>. The boundaries of freedom are limited not only by knowledge of possible risks, but also by ethical knowledge primarily based on the ethics of responsibility. Ethical frameworks and effective ethical tools (the creation of responsibility mechanism, ethical infrastructure) represent an important prerequisite for any implementation ethical policy in the sphere of innovation. They express a serious moral determination and ethical interest. The assistance of ethical experts in this sphere can represent an important attribute of serious interest. In principle, it cannot only be a spontaneous process of the creation of this regulatory value mechanism, but a goal-directed and institutionalized procedure where the ethical mechanism and well established ethical tools represent a suitable form for the implementation of ethical regime for the application of innovation. When evaluating the innovative changes, these activities should be supplemented in other “external” forms of evaluation – democratic civic mechanisms (public discussion, the expression of the opinions of various stakeholders and subjects). The internal dimension of evaluation is also considered to be important (self-critical disposition, conscience, personal responsibility). It creates what we call a self-sustaining research community; i.e. a specific community linked with a high intellectual and moral credibility, high level of responsibility and criticalness. The creators and initiators of technological innovations (from primary decisions up to designers, producers and distributors) should fulfil the criteria of this internal evaluating requirement.

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<sup>2</sup> Tondl L.: *Hodnoceni a hodnoty*. Praha 1999, p. 97.

## **2. Ethical Organizational Culture – the Guarantee of Stability and Changes**

During historical development, people used culture in its specific forms for its collective surviving to avoid unforeseeable behaviour. Human life would be problematic without culture, and virtues (properties) that we attribute to people might not exist. Organisations have also had ambitions to produce and preserve shared values and norms and to create organisational culture.

Therefore, the organisational culture has a normative significance that is primarily reflected in behaviour of its members. The organisational norm determines what behaviour is expected from its members, and then what kind of behaviour will be sanctioned as undesirable and what kind of behaviour will be desirable and rewarded. If these norms, criteria are unambiguous and clear and accepted by majority, we can speak about a strong organisational culture. It is not applicable in a weak organisational culture, where the norms of behaviour are not clear and many exceptions are applied, which only sends confusing signals for the behaviour of employees. The strong organisational structure does not need further orders, directives and regulations. This regulation function is taken by the organisational culture.

The basic elements of organisation culture are formed (also formulated) by the founders of organisation (company, institution and so on). Thus they introduce their attitudes and subsequently keep to their values (organizational as well as moral). Generally they have a coherent vision how their organization should look like. The other members of organisation must accept it. They share the same vision, add their own experience (occupational and private) and co-create common ideals. The determination of organisational culture, which we see most commonly, is based on generally shared and relatively stable opinion, attitudes and values that exist in the organisation; it determines aims, tools and behaviour models, it represents the source of motivation and demotivation, satisfaction and dissatisfaction. Today, the organisational culture cannot be doubted, and it plays a key role in the accomplishment of company's mission and strategy, in improving the effectiveness of organisation and the management of changes or innovations. As it is generally known, its importance results from the fact that it is deeply entrenched in belief (which relates and reflects past, previous success, acceptable reactions). The organisational culture can be vital for the organisation because it creates a positive working environment that not only contributes to better performance but also to the management of changes and innovations. The organisational culture as a whole is understood as commonly shared beliefs, norms, values and etc., that are not only created, but also defined or interpreted by the members of organisation themselves. As we mentioned above, the organisational culture points out common values and norms; that is a group phenomenon with supra-individual and social nature. The organisational culture is not an everlasting phenomenon, but it originates, develops, changes or ceases to exist in specific time and space. Thus we conclude that organisational culture is of historically temporary

character, because it is a product of an organisation's history. We should also positively understand the fact that it has a real potential for a change and innovation in temporary space. The organisational culture results from the process of learning that is based on the mutual interaction of external environment and the internal coordination of company. It is accepted by new employees during adaptation process within the framework of education, whereby the employees are informed with the cultural and moral traditions of organisations. It is just the organisational culture that allows the easiest orientation in intra-company life and gives information. It is just the organizational structure that enables the simplest orientation in the intra-company activities and intermediates its significance.

As it is known every organisation has its culture, we can also say that every organisation has its specific ethical strategy (we have in mind the ethical approach to the solutions of problems, dilemmas) that is embodied explicitly or implicitly. We understand it as either a clearly defined and accepted form of ethical programme that reflects the ethical orientation of organisation in the form of ethical codex or the implicitly expressed ethical strategy that is contrarily focused on people and manifests itself by means of used behavioural models and attitudes of these people, for example in deciding on ethical dilemmas and problems.

With respect to the known components of organisational culture and due to its innovation, we emphasize values. As many important authors mention (for example S. Webley), organisations work and operate based on the complex of its basic values. In general, we can recognize two basic types of values resulting for example from ethical codices or various directives adopted by the organisations, specifically:

- a) the organisational values that are defined as work aims of relevant organisations;
- b) the ethical values (moral) related to the ethical approach to stakeholders in relevant organisation.

In order we could differentiate these closely related "values of organisation", it is better to present them in their specific forms. The organisational values can be characterised as - customer service, smooth running of the organisation, reliability, profitability, team work, the equality of products and services, the value of money, the initiatives and interests of shareholders. The description of ethical values includes – responsibility, decency, ethical scrupulosity, honesty, respect, truth, justice, openness, transparency or other ethical standards, norms. We can also mention the other contextual classification of values according to other authors (for example Allport, Vernon, Lindzey), and to classify them into subgroups:

- theoretical values (the revelation of truth, knowledge acquisition),
- economic values (production and the acquisition of goods, money),
- aesthetical values (harmony, appearance),
- social values (friendship, collegiality, aid),
- political values (power, influence, recognition),
- religious values (moral principles).

According to our understanding, the last subgroup and its clarification tells more about the values of belief than about moral “principles”, norms or criteria. Therefore we prefer the classification according to S. Webley. This attitude enables to understand the innovation changes directed to ethical organisational cultures. It has become trendy in many organisations (also dubious organisations) – to accept any ethical codex, compiled by anyone, and to declare itself an ethical organisation. It is a great danger for honest and ethically thinking organisations. There are many authors who warn: ethical codices can be misused. They argue that an ethical codex itself is not a suitable basis for seeking the moral values of organisation. They are of the opinion that the first step taken to create an ethical organisational culture should be the acquaintance with the culture that an organisation would like to create, change and innovate. The findings about the differences between real and desirable state of organisational culture should represent some base for the creation of ethical programme and its more known ethical codex. However if the ethical codex only becomes an “appeal” without any support of other ethical tools, it will remain spiritless. Words without any practical support will remain unfulfilled. The ethical tools in writing, but not implemented into practice, will result in the moral failure of people. Besides discussion on codification and institutionalization of ethics has been going on for a long time<sup>3</sup>.

Many empirical researches in the West, predominantly in the USA, point out the fact that if an organisation has the ethical strategy that is also expressed in its ethical programme, it also has a positive influence on the ethical behaviour of its members. At the same time, they ascertained that if an organisation had its ethical codex as the only ethical tool, it did not automatically result in the fact that ethical values were balanced with the other values of organisation. Therefore, the researches focused on the influence of organisational culture on ethical behaviour and not only on the existence of formal ethical programmes; that is its ethical tools – ethical codex, ethical training, whistleblowing, and others. The result was surprising, because they conclude that though the applied ethical intentions of companies influence their functioning, ethical organisational culture has a decisive influence. Thus we come to the conclusion that there is some relevancy and significance of organisational culture, which could bridge the space between declared organisational values and norms and ethical practice. The organisational culture is defined by L. Trevino comprehensibly – the ethical organisation culture expresses what employees understand as expected from them, how things are really getting done in the organisation. The relation between organisational culture and organisational ethics gets an innovative character for every current modern organisation.

On one hand the organisational culture is perceived as a theory, but as a practice on the other hand. Practice follows the model of behaviour that is typical of observing symbolic forms and of performance focused on the culture of relations while fulfilling the aims of

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<sup>3</sup> See: Kuzior A.: Deontologia biznesu. W: Współczesne problemy hotelarstwa, gastronomii, turystyki i rekreacji, red. W. Siwiński, R.D. Tauber, E. Mucha-Szajek: Wydawnictwo Wyższej Szkoły Hotelarstwa i Gastronomii w Poznaniu, Poznań 2006, s. 233-243.

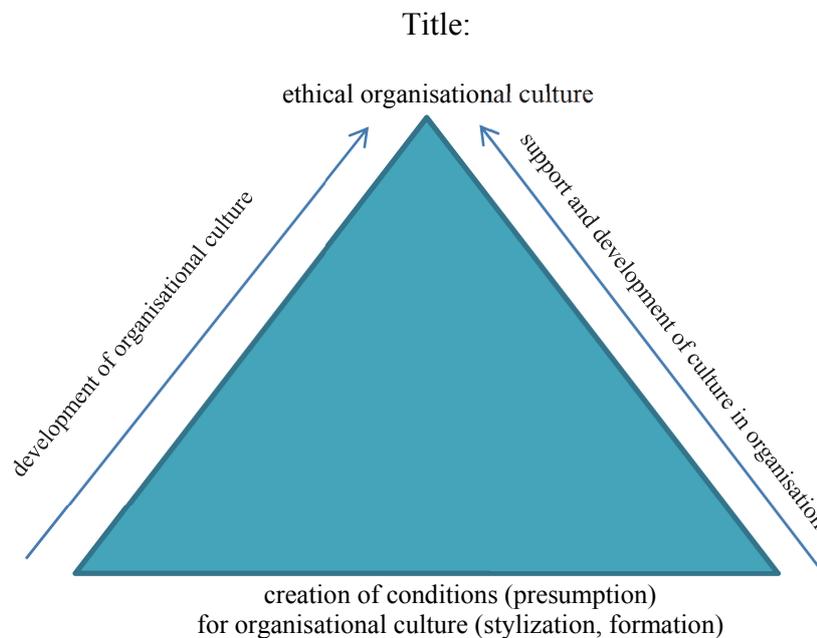
organisation. The organisational ethics is focused on the acquisition of good through learning about ethical values and norms that supports its acquisition.

The intersection between the organisational culture and the organisation ethics is represented by the common management through “mild” tools and the declaration of important material factors.

The organisational culture and the organisational ethics have an interactive relationship. The organisational ethics represents a higher quality of the organisational culture, its moral acceptance as an important part of behaviour and the accomplishment of organisation’s aims.

The process of the creation of ethical organisational culture can be depicted as a pyramid. The base represents the creation of conditions (presumptions) for the organisational culture (stylization, formation) and their support and development through ethical values and norms lead to the top, where finally the ethical organisational culture is created.

Graph 1



The discourse about changes and innovations in organisations without the understanding of their wider context can result in difficulties in the aspect of the effectiveness of expected changes as well as in their stability. The organisational culture is the important part of organisational system and the prerequisite for the success of prepared changes. Therefore, we should perceive the organisational culture as a prerequisite of system changes and partial innovative processes.

### 3. Ethics and Social Changes in Slovakia

Changes in all society, strategies and the analysis of ethical environment in Slovakia clearly point out how we respond to the issue of innovations in the largest sense, and how we are able to adapt to the newest global parameters and trends. If we take into account the current global challenges that associate the future and social prosperity with ethics, then this indicator can be understood as a decisive one for any sphere, including successful innovations.

The actors of the newest social strategies and visions of Slovakia emphasize the necessity of the adaptation of our society to the parameters of global competition, the direction to knowledge-based economy, cohesive society, the creation of prerequisites for dignified life and sustainable development. It should be emphasized that the adopted national strategy for development of knowledge-based society has an ethical dimension despite the fact that this aspect has been underestimated so far, and there are no serious analyses regarding ethical nexus. We can also see it in the submitted Vision and Strategy of the Development of the Slovak Society till 2030 and in the accompanying researches that understand ethics as an important part of changes and moral restoration. But these initiatives are more declaratory than real.<sup>4</sup> Though national strategists appeal for work ethics and its competitive advantage, ethical evaluation and possible solutions are exhausted by it. On the other hand, it is necessary to point out the fact that we miss serious analyses on the situation of ethics in Slovakia, comparative studies and proposals for the system solutions of moral change and its management or influence as the integral part of social-economic processes. This deficit of knowledge about the ethical condition of society does not correspond with the potential of professionals in Slovakia who have been prepared for this mission. Applied ethics with its research potential and the involvement of these professionals in practice, has been cautiously approaching its real task in social changes. If we compare it with the analyses carried out by ethicists in neighbouring Austria 10 years ago, our surveys and evaluation about the activity and effectiveness of ethics in individual spheres seem to be minor. Our experts in ethics are active in practice only rarely<sup>5</sup>. However, their possible participation in practice of real changes raises the question whether they manage to accomplish their tasks just based on this knowledge. This conclusion leads to consideration how to prepare professional ethicists for solving such serious issues.

What are the causes of slight interest in ethical professionals and their services? How to prepare them to deal with such tasks and to fulfil such an important social mission if

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<sup>4</sup> See the full version under the name: *Vizia a stratégia rozvoja slovenskej spoločnosti*. Bratislava 2010. Published on <http://archiv.vlada.gov.sk/old.uv/data/files/5613.pdf>,

<sup>5</sup> This situation deserves attention because in Slovakia there are six universities offering educational programmes of ethics and applied ethics, and minimum 50 students graduates from their both programmes, fulltime and external, which gives us ca 300 graduates annually.

organisations and central institutions are interested? Foreign experience clearly indicates that this profession is in demand and practical aid is appreciated. The issue of professionalization also has other relations and consequences. It relates to the increasing level of research in the field of applied ethics in direction to practice, to the availability of domestic and foreign publications and manuals, to the invitation of experts in ethics to the teams that participate in important national strategies or state vital decisions. It is also the fact that there is no governmental body for ethical issues or expert evaluation compared to other countries. Despite the fact that there exists the systematic preparation of such professional in Slovakia, almost nobody is interested in their professional service. There is no relevant discourse in the sphere of interconnection with practice and the sharing of experience is minimal. There is also another important question: Which of competences should such a professional have for the application and institutionalization of ethics? There are also other important questions that should be answered, and conclusions reached, by the professional community of experts in applied ethics for the purpose of better effectiveness in practice.

Despite the fact that it is not possible to ignore some positive impact of pro-ethical activities of our professionals, most of them cannot participate in solving serious all-society problems. The activities of professionals are more focused on fighting non-ethical behaviour in some specific sphere, many times in its more extreme manifestations. The other ways of the cultivation of ethical environment seem to be less effective, too. According to some “visionaries” of ethics, its main task should be focused on ethical education and professional socialisation. The ethical education integrated into the process of the socialisation of young people, the various forms of ethical education in state and non-state institutions, the boom of courses in ethics as well as many similar forms fail as the tools of strengthening of institutional ethical culture if they are organised in a wider untrustworthy environment. Social opportunism becomes the major problem of social changes. At the same time, it should be mentioned that applied ethics should primarily deal with serious moral problems such as the individualisation of social life, the impact of global changes and crises, the influence of information technologies and modern media. In this context and considerations about ethical revitalisation in our society, we can be inspired by the approaches and ideas of post-Kantian philosophers, the representatives of pragmatism, neoaristotelism and the representatives of ethics of so called third type.

The solutions that relate to the building up of responsibility mechanisms (public administration, ecology) and the models of social responsibility (business) belong among positive initiatives that help to cultivate and mobilise our practice ethically. Corporations and public institutions are more and more expected to declare their values, to prove their accountable behaviour, to make efforts to increase their moral trustworthiness, to build up pro-ethical culture and corporative conscience through ISO quality standards, which is assisted by ethical policies and the use of suitable ethical tools (for example ethical codices, independent ethical commissions, reporting mechanism, the checking mechanisms of the

evaluation of ethicality, ethical trainings and others). Today, innovativeness is not only an issue of economic efficiency, but also the ability to be interconnected with ethics that becomes a guarantee of sustainable quality, long-lasting efficiency (and we emphasize that long-lasting ) and good name. One of the most difficult tasks the experts in ethics, advisors and social strategies will face is the ability to persuade organisations and their representatives about the need of ethics and the institutional usefulness of ethics, the ethics that will manifest itself at some level of organisational culture and trust in relation to stakeholders.

The adopting of legal norm on ethical audit and ethical programme represents a prerequisite for the system implementation of ethics into practice. Not only experts in the institutionalisation of ethics are needed, but also a representative subject in Slovakia, which will coordinate and implement this all-society task. It should be a partner of important state institutions, the guarantor of professionalism in ethics. It should be the subject that is able to give an opinion on serious social questions, to report on the situation of ethics, to present new trends in his sphere, to organize worthy professional events, and so on. It is also important, with respect to the activities of the professional community of experts, to develop regular and worthy professional discourse, dialogue with communities from various spheres of practice, and to share practical experience. The coordinated research, the publishing of journal and the education of doctoral students and young talented professional, the establishment of common professional commission and professional background to evaluate the competences of applied ethics and the recognition of scientific-pedagogical degrees in this sphere are not less important. Foreign contacts will ensure a wider professional background for professional discourse and sharing experience.

Many companies in Slovakia have undergone fusions, the transfer of ownership to the subjects from various countries in the world, which is quite common now. After foreign Asian companies came to Slovakia, our values have been confronted with the values and work ethics of the "East" uncompromisingly. New conflicts also mean new challenges for experts in ethics and a new approach to ethical problems. It seems to be clear that it is not enough to master the traditional models of ethics and applied ethics. We are more and more aware that our social and economic environment is dynamic and value-related, and thus the approaches should be more creative and based on the knowledge of new type. Responses to current trends in practice, business, institutional behaviour and our entry to European value environment requires to study current standards and new value systems.

Our knowledge has not been developing interdisciplinary and has not been accepted by other fields. We are fully aware that interdisciplinary practical habits exist in the world, and the methods and styles of work corresponding with interdisciplinary procedures have been used. In Slovakia, there exist universities and the programmes of interdisciplinary nature, but only very carefully and sometimes with suspicion, the requirement of ethical professionalism in interdisciplinarity and multidisciplinary has been accepted.

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## Omówienie

Obecna dyskusja na temat innowacji odnosi się do szerszych aspektów niż postęp techniczny lub nowa wiedza. Mimo udowodnionego znaczenia etyki, ten aspekt jest często niedoceniany w odniesieniu do sukcesu zmian innowacyjnych. W artykule zwrócona została uwaga na możliwości i znaczenie wdrażania rozwiązań etycznych i praktyk, które mogą mieć duży wpływ na jakość, dynamikę i pełnię sukcesu innowacyjnych zmian.