

GRAŻYNA WOLSKA

ETHICALITY OF THE BEHAVIOUR OF THE OFFICERS OF STATE INSTITUTIONS AND THE REPRESENTATIVES OF BUSINESS*

I. INTRODUCTION

In recent years, business ethics has become a discipline which has attracted much attention, research and scientific analysis. Both economic theorists and managers as well as the rest of society are looking for answers to how to practise business ethics so that it can exert a key, real influence on actions taken in business practice. The appeal to conscience, morality and ethical behaviour has so far proved to be of little effect, especially in situations where one's own interests are at stake. One of the reasons for this situation is the lack of cohesion in contemporary communities and the failure to take over a binding catalogue of values passed down by tradition, on which the justification of ethical norms could be based. This means that contemporary pluralistic societies are not a normative monolith: on the contrary, people have different preferences and the particular ethical positions and moral attitudes (material ethics) deriving from different traditions and founded on different axiological systems, in the same empirical contexts, lead to different opinions. The consequence of these symptoms is a considerable heterogeneity of social life models which have absolutely the same right to exist, provided however that they do not jeopardise the freedom of other people. However, this entails searching for common domains and negotiating a collective position. This has been described by Karl-Otto Apel¹ who proposed in one of his works that the practice acquired in parliamentary democracies, which reconciles a political stance with the ability to negotiate economic and social disputes, should be classified as social ethics.

However, the fulfilment of the assumptions adopted by Apel entails the necessity to convince all parties: state institutions, as well as economic organisations and society as a whole, that observance of ethical norms ensures real material and moral effects. The problem is that many subjects

* Translation of the paper into English has been financed by the Minister of Science and Higher Education as part of agreement no. 541/P-DUN/2016. Translated by Iwona Grenda. (Editor's note.)

¹ K.-O. Apel, *Etyka dyskursu jako etyka odpowiedzialności—postmetafizyczna transformacja etyki Kanta*, *Principia. Pisma Konceptyjne z Filozofii i Socjologii Teoretycznej* 5, 1992: 5–36.

approach ethical issues in different ways. According to Maria Ossowska:² ‘This diversity was sometimes the subject of reflection, first of all, in one of its particularly drastic forms, namely, in the well-known opposition between the morality of the individual and that of the state, a morality associated in this case with the morality of reasons of state (*raison d’Etat*).’ Cavour is believed to have even said that if he had done for himself what he was doing for Italy, he would have been considered a rogue. It is worth noting that the morality of reasons of state is usually ascribed to the Renaissance and associated with Machiavelli. Ossowska³ also notes that he who uses expressions such as ‘The State is governed by a morality subjected to reasons of state’ or ‘A group morality must be different than that of an individual’ and the like, makes use of expressions which should not be taken literally because no group as an entity, and therefore no State either is the agent of certain acts or author of certain judgments of norms because these can only be made by individual entities. Therefore, within the group, it is individual units that influence for example the direction of state policy, or the strategy and behaviour of economic units and other entities. Every individual in a group is a decision-maker and more or less executor of the decisions of a given collective body, regardless of whether he or she is a representative of a state institution, company, social organisation or company manager.

This dual morality is often used to excuse unethical attitudes and to justify evil intentions or incompetence. This procedure is rather dangerous, because it can constitute an opportunity to justify practically all immoral, unethical or uneconomic decisions. This duality is also very dangerous because it creates pathological relationships in all socio-economic relations, since he who has learned to use an aggressive morality is likely to use it to defend his authority if it is threatened. As a result, this creates a situation in which the relationship between the ethical behaviour of the state and business representatives is usually identified with the controversy that is to take place between the directives on politics and ethics.

The aim of the study is to demonstrate that issues regarding the correlation between ethically acting representatives of state institutions and the ethical behaviour of business representatives are not sufficiently recognised and appreciated and that the implementation of an ethical system⁴ made up of objective judgments implies in effect the ethical self-regulation of social and economic entities and the economic development of the State.

² M. Ossowska, *Podstawy nauki o moralności*, Warsaw: PWN, 1966: 380–388.

³ *Ibidem*: 380.

⁴ An ethical system modelled on expert systems, is generally understood as the foundation of ethical normalisation and ethical evaluation. The system is to include a legitimate normative layer (problem of legitimacy), an empirical layer (e.g. empirical studies of effects in the case of a consequential ethics), refined operationalisation (combination of normative and empirical layer), and the system is to have the highest possible evaluation efficiency and implementation potential.

II. CONTROVERSIES ASSOCIATED WITH THE FUNCTION AND DUTY OF STATE INSTITUTIONS IN CONTEMPORARY ECONOMIES

State institutions, through a system of incentives influencing certain behaviours, influence the processes of development and the taking of specific social and economic decisions. Efficient institutions determine the stability and compatibility of all areas of the economy. As Zbigniew Staniek states, there is no consensus in economic literature, especially in the field of various trends of institutional economics, on the clear and unambiguous definition of the term 'institution'. In his opinion, institutions are generally treated as 'binding rules of the game, management structures affecting players, ways of playing games or ways of imposing and enforcing rules and their enforcement, ways of thinking and acting, disclosed in the behaviours and habits of groups and individuals, systems of social interaction, existing systems of beliefs/convictions and expectations, patterns of behaviour, etc.'⁵ However, the best known and most cited definition of the institution is that proposed by Douglas C. North⁶ who explains it as '[...] rules of the game in society, or more formal limitations developed by people, which shape their mutual interactions. In consequence they describe the structure of the stimuli in the process of economic, political or social exchange. [...].'

Institutional rules may and should be evaluated, but in accordance with democratic procedures and in such a way as to constitute a framework for conducting public policy, including economic policy. Ignoring them, deferring or withdrawing them undermines the fundamentals of doing business and confidence in the State. If institutional rules are depreciated in the name of efficient government, soon contracts and obligations may not be respected in all relationships, such as: those between the State and its citizens, the state and an enterprise, citizen and citizen, business and consumer, and enterprise and enterprise. The long-term consequence of a disregard for ethical standards is a weak state and a lack of mutual trust. An example of this is the financial crisis, which started at the turn of 2007, and which subsequently extended to cover the whole socio-economic sphere. Its unethical background created a significant growth in social discontent and political tension in many countries, particularly in the United States and EU Member States. This in turn evoked an intensified discussion on the role, influence and control of the state on the one hand, but also of the ethical standards represented by officers of state institutions on the other hand, in a market economy. The degree of state influence on the market became an important subject of discussion too, especially as there are still many problems that have not been solved either by the supporters of economic liberalism or the supporters of the supply-orient-

⁵ W. Pacho (ed.), *Szkice z dynamiki i stabilizacji gospodarki*, Warsaw: Oficyna Wydawnicza, 2009: 122.

⁶ D. North, *Institutions, Institutional Change and Economic Performance*, Cambridge: Cambridge University Press, 1994: 3.

tated economy, or the followers of different Keynesian strains or proponents of global demand control. These issues include mainly: solving the problem of unemployment—combating poverty and social exclusion; creating the conditions for fair competition; state economic and social policy towards globalisation processes; reducing the use of natural resources and environment protection. This list of unresolved, and, it should be added, very difficult problems invites the conclusion that these issues require to be addressed by the State and solved as soon as possible, and that they will become, or have practically already become, the basis for a different perception of the role of the state, first of all as a major actor expected to alleviate social inequalities.

As Zdzisław Sadowski points out, George Soros has already recognised the old truth that the capitalist market system tends to generate increasing social inequalities, create areas of poverty and push large sections of the population to the margins of society. The market system also fails to cope with the global threat to the world's future that the destructive environmental impact of industrial development has already led to (and continues to do so). Defence is therefore necessary and must ultimately be carried out by the State which is a leading social organisation. According to Sadowski⁷ what is important is not only that a State must not be weakened, but in the common interest it must be strengthened although not in its authority and capacity to govern, but in its capacity to support the market economy whilst at the same time reducing its negative consequences.

The current situation, however, is unsustainable. So far states have always failed to prevent successfully or stop any major contemporary crisis, nor will they manage until the crisis of modern democracy and the logic of power has been overcome. The system of governance that particularly the states of liberal and neo-liberal economies have adopted, is now, many years on, generating many more problems than it solves. Crises cannot be prevented and they are only postponed. This problem is very topical in Poland. Pierre Bourdieu explains this situation correctly when he says that those who have succeeded and become successful in their efforts to win the main capitals, consolidate their advantage through the use of symbolic violence. It is based on a set of generally recognised, or at least declared, beliefs concerning the legitimacy of power based on a type of asymmetric relationship between the rulers and the ruled (the subordination relationship), which, due to its consolidation in the social structure of exchange, is neither consented to nor rejected. Primacy is obtained by the party with proportionally larger promotional resources. What becomes a problem is the way in which the authorities are controlled by groups with less cultural (knowledge) or social (integration abilities) resources⁸. As a result, it is often the case that the political and economic establishment acts as the executor and supervisor of legal norms on the one hand, but on the other hand it achieves a symbolic advantage over others by the skilful use of the accumulated integration capital. It is therefore hardly sur-

⁷ Z. Sadowski, *Eseje o gospodarce*, Warsaw: PTE, Bellona, 2000: 16–17.

⁸ P. Bourdieu, L. D. Wacquant, *Zaproszenie do socjologii refleksyjnej [An Invitation to Reflexive Sociology]*, Warsaw: Oficyna Wydawnicza, 2001: 162–163.

prising that it is perceived as a group that monopolises violence for purposes that are clearly different from those declared. Hence, violence loses (partly) its illusionist character, and social participants, though incapable of resisting it, rid themselves of illusions about the relationships between the goals declared (by the authorities) and the norms they respect. The system becomes infected with disbelief in the effectiveness of the (self)-repair mechanisms. At the same time, however, those who *nolens volens* create it, frequently have first no other alternative and then the costs of an objection are too high for most of them.⁹ These disturbances often result in ethical, dissuasive and false moralising which loses its ethical basis as quickly and effectively as the morally insensitive pursuit of profit. While for social and economic development to progress, there must be certain ethical principles applicable to all the actors in the economy who may benefit overall from these principles in the form of: profit, sustainability and the flourishing of the company as well as individual prosperity and success.

III. ETHICS, STATE INSTITUTIONS, BUSINESS

In no economy is the state deprived of its role as an investor, owner,¹⁰ public sector operator (actually impossible and practically absurd). The state is also an economic entity owing to its role as a buyer (public procurement) and as a redistributor of the budget. This allows us to draw the conclusion that the state is and should be both an economic entity, that is a market participant and a political entity that regulates the functioning of the market, a lawmaker and a sequestrator of law

Of course, economic activity of the state should not be understood as a stimulus to statism, but as a growing awareness of the need to support the market in pursuing objectives that it cannot achieve by spontaneous action on its part. This view is also taken by John Kenneth Galbraith, who argues that there are four factors behind the involvement of the state in the economy:

- firstly, there is a need for the ongoing and long-term protection of our planet, commonly referred to as the prevention of environmental damage;
- secondly, there is a need to protect those employed in production who are particularly vulnerable to the damaging effects of the economic machine;
- thirdly, in the economy, the inclination to produce and sell goods and services with technical defects or physically harmful is not accidental; and
- fourthly, the system itself contains mechanisms threatening self-destruction as a result of its operation.

⁹ A. Zybortowicz, *Przemoc i poznanie. Studium z nie-klasycznej socjologii wiedzy*, Toruń: Wydawnictwo UMK, 1995: 169.

¹⁰ For instance in the United States of America, a State considered very liberal, institutions like the post office (the United States Postal Services—USPS) is a state institution operating as the government's agent that is still guaranteed partial monopoly in mailing letters.

In Galbraith's opinion¹¹ each of these factors causes a sharp ideological conflict between those who perceive the system as a completely independent force and themselves as being fairly compensated by it and those who advocate a protective or corrective action.

According to Zbigniew Madej,¹² [...] full political freedom, full free competition and full freedom in the choice of opportunities are unattainable. Without external intervention, all these freedoms are in danger of self-destruction, although it is also worth remembering that external interference can stifle them'. In a parallel way, Leszek Kołakowski encapsulates this issue by stating that not only exaggerated freedom, but also expansion and the consistent application of liberal principles in their entirety transforms them into the opposites, which means that their fully consistent application is simply impossible.¹³ Grzegorz Kołodko is very critical of state intervention and its role as a business regulator, stating that:¹⁴ 'In all types of market economy—but certainly to a greater extent and more frequently in state rather than in neoliberal capitalism—clientelism spreads, which government regulations and government policies use to serve the political, bureaucratic and business crowd instead of correcting market failures. This has as much to do with genuine interventionism as neoliberal cons have with fair business.'

As early as the nineteenth century, David Hume¹⁵ stressed that institutional solutions in a democratic society and in a market economy should be based on respect for three natural rights: stability of ownership, transfer of ownership only by consent of the buyer and seller, keeping promises (contracts). Keeping to promises as one of the three important natural laws is related to honesty and morality, ethical principles. In this context, ethical issues are not insignificant, and in particular the ethical behaviour of representatives of state institutions and all market players and the effects of their behaviour on the economy.

Nowadays, one of the symptomatic examples of the state's controversial practices, which seem unethical from the point of view of social justice, is that of financing large private banks with public money that took place at the beginning of the recent economic crisis. In this way, the gigantic losses of private companies in the United States and many Western European countries, have been nationalised but practically nothing has changed in their pathological behaviour. The economy has been saved from insolvency but so have

¹¹ J.K. Galbraith, *Godne społeczeństwo. Program troski o ludzkość [Good Society]*, Warsaw: Bellona, 1999: 68.

¹² Z. Madej, Legitymizacja polityki gospodarczej w systemach rynkowych, in: B. Fiedor, Z. Hockuba (eds.), *VIII Kongres Ekonomistów Polskich, Nauki Ekonomiczne Wobec Wyzwań Współczesności*, Warsaw: PTE, 2009: 330.

¹³ L. Kołakowski, Samozatrucie otwartego społeczeństwa, in: K. Popper, *Spółczeństwo otwarte i jego wrogowie [The Open Society and Its Enemies]*, vol. 1: *Urok Platona [The Spell of Plato]*, Warsaw: Niezależna Oficyna Wydawnicza, 1987: III.

¹⁴ G. Kołodko, *Nowy pragmatyzm, czyli ekonomia i polityka dla przyszłości, Ekonomia dla przyszłości. Fundamentalne problemy teorii ekonomii i praktyki gospodarczej*, PTE, IX Kongres Ekonomistów Polskich, Warsaw, 2014: 34.

¹⁵ D. Hume, *A Treatise of Human Nature*, Clarendon Press, Oxford 1896 (1739): 526, <<http://oll.libertyfund.org>> [accessed 29 July 2016].

many CEOs and owners responsible for the extremely risky transactions that caused these losses. In Poland the situation was similar. Although the losses of enterprises were not so openly nationalised, some of them were made public by something called an anti-crisis package. The cost of the protection of private companies against the effects of the crisis was partly borne by the State Treasury (in the form of additional payments to employees on enforced leave) and partly by employees who were also obliged to take holidays when it was convenient for employers, and to work overtime without additional payment when the company had too many orders to process. What is most difficult to accept from a moral point of view is that, in many cases, the burden imposed on employees did not involve any sacrifices on the part of owners and managers of troubled companies. As a result, it is often the case that CEOs continue to pay themselves huge bonuses, thanks to the additional profits generated at the expense of their employees. What is more, the most economically favoured groups of the highest-level owners and managers have been protected from the effects of the crisis and corporate bankruptcy by society as a whole.¹⁶

The outcome of these tendencies is the ever-growing polarisation of income and assets of societies. Robert Dahl believes that significant inequalities and strong social conflicts are the result of ownership relationships. He argued that 'Ownership and control contribute to the emergence of great differences between citizens in terms of wealth, income, status, status, qualifications, information, control over information and propaganda, access to leaders, as well as to the fact that in general life chances of not only adults but their children as well, even unborn ones, can be predicted. The differences that flow from them facilitate the emergence of serious inequalities in their capabilities and opportunities to participate as citizens in the management of the State.'¹⁷ Charles Lindblom perceived this problem similarly, stating that 'Since public functions in the market system are in the hands of business people in those same hands are work, prices, production, growth, living standards, as well as the economic security of each of us. This is why public authorities cannot be indifferent to how business performs these public functions. Depression, inflation or other economic scourges may lead to a collapse of authority. This is why public authorities cannot be indifferent to how business performs these public functions. Therefore, one of the most important tasks of the government is to observe how business people perform their tasks.'¹⁸ It is reassuring, however, that these warnings, albeit to a small extent, are being heeded, which can already be seen in the efforts made by economists to bring the market economy back to the previously abandoned path of reducing inequalities and disparities in the income and wealth distribution of societies.

The widely debated and presented discrepancies between the theory of economics, and especially its neoliberal trend, and the values included in the assumptions of ethical management are responsible for the fact that a large

¹⁶ J. Żakowski, *Zawał. Zrozumieć kryzys*, Warsaw: Polityka Spółdzielnia Pracy, 2009: 8.

¹⁷ D. Dahl, *A Preface to Economic Democracy*, New Haven: Yale University Press, 1985: 55.

¹⁸ Ch. Lindblom, *Politics and Markets: The World's Political Economic System*, New York: Basic Books, 1977: 172–173.

group of economists have believed for quite some time that economics should be practised not only as a science that helps to explain certain economic phenomena based on mathematical constructions and analyses (neoclassical theory), but also as a science that allows us to understand processes through the synthetic analysis of factors influencing economic development.¹⁹ Taking this point of view, it is worth deliberating on the order created by values and working out various means of applying them, without losing sight of people, current social, ethical and moral problems, and therefore not only focusing on issues of efficiency and competitiveness, dynamics or equilibrium. Of course, this should not be interpreted unilaterally as suggesting abandoning the rationality of management; on the contrary, it should be respected but with observance of ethical principles.

IV. FINAL REMARKS

From the analyses carried out so far, it appears that essentially the ethics of state institutions may be viewed in at least two ways: either as a project analysing what is in the literature, or from the point of view of the level of ethical social awareness and the actions of a given institution in this area. Of course, these two ways are not separate because by taking a specific place in scientific deliberations and public debate, they both undoubtedly constitute a useful combination of theory and practice. However, what seems to be much more important is the impact of unethical activities by state institutions and the profile of undertaking projects that would highlight the personal responsibility of all actors. And yet, it is not possible to predict all situations in a complex, interlinked reality in different configurations and to impose rigid moral and ethical rules on economic entities. That is why many business ethicists consider it a goal of the theory of morality to establish and maintain certain primordial principles that can constitute the foundation of morality. Joseph R. Desjardins was of a similar opinion, claiming that attempts to institutionalise ethical responsibility, for example within a company, would not be successful if they had not been based on certain general principles. The reasons for this are both practical and theoretical and include the following:

—Ethical principles seldom give unambiguous practical advice. This is because there emerges an infinite series of problems when from such principles as a categorical imperative or a usability rule we try to derive solutions to ethical issues faced by business people. There is even greater confusion when we include in the discussion recommendations stemming from competing principles. Those who have tried to teach business ethics in this way can testify that ethics is not a mechanism and unambiguously correct or at least gener-

¹⁹ H. Zboroń, Czy ekonomiści wierzą jeszcze w wolny rynek?, *Prakseologia* no. 157, vol. 2/2015: 34; B. Pogonowska, Czy ekonomiści wierzą jeszcze w wolny rynek?, *ibidem*: 59–60; G. Krzymieniewska, Etyczne uzasadnienie praktyki negocjacji, in: B. Pogonowska (ed.), *Elementy etyki gospodarki rynkowej*, Warsaw: PWE, 2004: 207–208.

ally accepted answers occur very seldom. The decidedly inconclusive nature of discussions on ethical issues should at least suggest that there is something wrong with our approach to moral problems/issues.

—No ethical principle has yet been established in a satisfactory form to be binding on all people. Philosophers have simply failed to offer arguments supporting the principles they apply in business ethics. Attempts to institutionalise moral responsibility by referring to a given principle without offering previous and independent reasons why such a principle has been adopted will be unsuccessful. And none of the theories of morality based on principles will help.²⁰

There is one other important but frequently overlooked issue, which nevertheless has a major impact on the positive or negative effect of all efforts undertaken in relation to the ethical responsibility of all actors in the market. This issue is concerned with the financing of all these efforts, which must be kept in mind in the process of the preparation of the budget stakeholders' ethical responsibility for actions undertaken in relation to expenditure. The problem concerns research and analysis coordinating the institutional sphere with the real economy in order to identify the costs and benefits of the implementation and enforcement of implementing and enforcing the legal provisions but also the axiological aspect, as was done in the 1960s to assess the effectiveness of public spending in such areas as higher education or the programme of combatting infectious diseases. This technique which refers directly to the analysis of public expenditure, is neither simple nor uncontroversial, although the intuitions related to it are often quite common-sense. In fact, these intuitions suggest that it is worth comparing the total costs of a given project with the total benefits flowing from it, in order to see whether the allocation of resources is efficient and therefore whether the combined benefits exceed the total.²¹ However, this way of determining the benefits has drawbacks. The basic problem is the estimation of benefits in monetary units. Calculating the benefits or costs of ethical or unethical behaviour of individual companies, although difficult to assess, is not impossible. For example, the extent of abuses against insurance companies can be estimated as well as the value of losses resulting from tax fraud, misrepresentation, malpractice, wrong tenders or fraud. It is much more difficult to estimate non-economic costs arising from, for example, the consequences of the fact that representatives of state institutions may not be held liable, the growing polarisation of income, consequences resulting from the belief that there is no control over the degradation of the natural environment, or that nothing can be done about it and nobody held responsible. Determining these costs is not at all easy and usually one has to rely on highly imperfect estimates.²² And yet, the effects of this situation

²⁰ M. Hoffman et al. (eds.), *Corporate Governance and Institutionalizing Ethics*, Lexington: Lexington Books, 1984, after: G.D. Chryssides, J.H. Kaler, *Wprowadzenie do etyki biznesu [An Introduction to Business Ethics]*, Warsaw: PWN, 1999: 143–144.

²¹ B. Szlachta (ed.), *Słownik społeczny*, Cracow: WAM, 2004: 215.

²² G. Wolska, CSR jako współczesna koncepcja prowadzenia działalności gospodarczej, in: J. Sokolowska, M. Rękas, G. Węgrzyn (eds.), *Zaangażowanie w ideę CSR przedsiębiorstw w Polsce*, Wrocław: Wydawnictwo UEWr, 2014: 539.

depend mainly on the state of ethical knowledge of society and compliance with ethical standards by all market participants, both locally, nationally and internationally.

Joseph E. Stiglitz has also addressed the issue of costs, linking them to the work of the International Monetary Fund (IMF). He pointed out that apart from development strategies for the poor, the IMF has not estimated such important issues as the long-term social and political costs of the programmes ruining the middle class, but enriching only the few at the top. At the same time, the IMF overestimated the benefits of market-based fundamentalism. The middle class has traditionally been a group striving for the rule of law, for the popularisation of education and the creation of a social security system. These are essential elements of a healthy economy. Thus the erosion of the middle class has entailed a concomitant erosion of support for these important reforms.²³

Globalisation was another factor which exposed the majority of States to increased economic risks and weakened confidence in domestic, international and business institutions. This risk was borne to a disproportionate extent by the less developed and less wealthy countries, such as Poland. The main problem in these countries, however, was their inability to keep pace with the current needs and create in a timely manner institutions, including adequate security systems, to cope effectively with these risks. It was even falsely believed that taxation of the rich would stifle the economy. This belief denies the reality such as the quality of life in Scandinavia and Germany whose economies are doing well despite the high taxation of high income. This is why changes promoting ethical management should be oriented towards integration and cultural change. An opportunity for social change that accounts for the social conditions in which such management takes place, will be to define ethical principles and transformations keeping in mind the following:

—A socio-economic change towards promoting ethical management principles, which should start at the highest State level. At that level, a change has a large symbolic force which may effectively stimulate subsequent transformations/ changes, because change at the highest level determines its rank and signals the severity of the problem.

—Creation of institutions responsible for social change and the promotion of the implementation of corporate social responsibility and observance of ethical and moral standards. These should be institutions independent of political parties. In this way pressure and entanglements in informal relationships that block transformations, frequently inconvenient for business representatives, would be eliminated.

—Implementation of social programmes, especially those promoting the ethical rules of social and economic life. These plans should be communicated to the whole of society through media and training. Above all, a coherent, realistic and practical ethical infrastructure is needed that is aimed at the whole of society, encompassing all environments. The public should also be kept informed of the progress of change.

²³ J.E. Stiglitz, *Globalizacja [Globalization and Its Discontents]*, Warsaw: PWN, 2004: 87–88.

The amendments presented above would have to be implemented in all possible relationships of economic activity, as only then could they bring the desired effect.

Grażyna Wolska
University of Szczecin
grazyna.wolska@wziew.pl

ETHICALITY OF THE BEHAVIOUR OF THE OFFICERS OF STATE INSTITUTIONS
AND THE REPRESENTATIVES OF BUSINESS

S u m m a r y

In a market economy, the main task of state institutions is to reduce uncertainty by setting frameworks that affect actions and decisions of all the actors in the market. The effectiveness of the implementation of socio-economic strategies and plans depends on the efficiency of the system adopted and its coherence. Ineffective and unethical institutions may lead to an accumulation of pathological phenomena. On the one hand they hinder the free, and not unreasonably restricted, development of all actors in the market, and on the other hand they may lead to a situation in which the uncontrollable symptoms of 'animal instinct' will come into play, provoking irrational, too risky or even harmful behaviours. This in turn raises the need to develop state mechanisms that reconcile the requirements of economic, social and political efficiency whilst at the same time respecting ethical standards. The aim of the study presented in this article was to demonstrate that the correlation between ethically acting of representatives of state institutions and the ethical behaviour of business representatives is not sufficiently recognised and appreciated, and that the introduction of a system of ethics, consisting of objective assessments, implies the ethical self-regulation of socio-economic entities and of the economic development of the state.