The Role of the Ethics in the Management of the Organization

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Abstract
This paper will analyze the past studies and bring forth the empirical studies on management and ethics. The discussion is based on the idea of having ethics in management that is necessary for both components (ethics and management) to work together and bring conceivability in the business i.e. what measures have been taken to hold together? Although it has been discern outstandingly in the academic work i.e., the most demanding to get people along with the organization. The focal objective of this paper is; why ethics are important in Management? Why ethics are influential in business? What are the attributes of Management which bring ethics in business?

Keywords; Social ethics, personal ethics, individual ethics, normative ethics, moral rules, ethical system.

Introduction
Organizations and society feel that the ethics have a crucial role in business a practice, the current social development is changing, these changes makes new pressure on management of business. Recent organizational history again faced the bad examples. For society, ethics and ethical organization are important. Unethical organization can damage society. Exploiting workers, deceiving customers and suppliers and polluting the environment are bad for business. Some businesses ethics have recognized that damage can be done by unethical behavior; “leading businesses no longer debate on the legitimacy of the role and importance of ethics; rather they are forging ahead, finding new ways to put ethics into practices`(krehmeyer, 2007). The interest in ethics raised a question, whom to be blamed, the individual, the business and the society? Can it be prevented? (Henle, 2006).

Ethics education now have different constructs such as; attitude, awareness, sensitivity, moral reasoning, cognition and behavior. A number of researchers seem to realize the importance of it therefore (Hooker, 2004) indicates in “The case against business Ethics education: a study in bad argument´.; The Milton Friedman argument: to maximize profit. The argument from incentive; to install financial and legal incentives. The gut feeling argument; to feel, not to think. The moral development argument; characterization formulation. The motivational argument; no motivation, no subjectivity.

Fisher and Lovell (2012) furnish a distinguish grid devised from two continua. The first aspect relates to distinguish between ethics and morality. Current business codes are typically concerned with ensuring operators do no harm to clients and are the example of morality. Ethics on the other side is more concerned with ensuring good behavior. “Ethics is a term that can be thought of as developmental, whereas morality is judgmental” (Fisher & Lovell, 2012, p. 30)

Four broad themes should be addressed; responsibilities of business in society, ethical decision making, ethical leadership and corporate governance. These four areas are widely viewed as cornerstones of comprehensive and competitive business. This paper precisely elaborates the connection of ethics and management boosting business accomplishments with viable and sustainable procedures.

How ethics and management are linked together?

If business is going to accept or seek for the responsibilities of being ethical .it must be managed by person who understands the organization goals or objectives and who can drive the attention of workers towards it.
Christensen and Schwartz (2005) ;there are some decision maker who are aware of the nature of business ethical decision and there are some who are not aware to believe that ethics should be applied on decision because of the consequences .

Thompson (2005) ; there are many ways to teach business ethics ; moral reasoning, philosophical theory, governance , focus on stake holder or use cases.

The studies are on ethical training programs; occupational training and physiotherapy training programs in rehabilitation hospital in Canada (2010) in educational field. The studies included only bachelor and master degree students. Their researches indicated that OT and PT are common courses not specific .they brought shift in training irrespective of place. If it’s cleared then it will make student competent in future and professional gets benefits from the targeted ethic activities. The honorifics that are used for organizational leaders and superiors often implicitly convey the notion that such individuals are senior to all to their subordinates.

Abudul-Rahman et al. (2014) from his own ideological argues that the issue to any profession is how it could regulate effectively and justify autonomy, while ensuring customers of its professionals and public as whole derived incentive from the profession and the particular specialist actions, rather than becoming their victim. The Nigerian construction industry plays a substantial role in a country’s economy, regardless of country’s levels economic development (Babatunde and Low, 2015).

**Why ethics are important?**

The profession is a career that necessitates both forward – thinking study and mastery of a particular body of acknowledgment and undertaking to indorse, guarantee, or safeguard some matter that significantly affect others wellbeing. (Olandinrin and Ho, 2015). Almost every profession has its codes of ethics to provide framework for arriving at good ethical choices. Professional ethics is a system of norms that deal with the both morality and behavior of professionals in their day to day practice.

Surveys were conducted in Australia Vee and Skitmore (2003) and Ghana Adjei et al. (2015) identified several unethical conducts and ethical quandaries in the construction industry as corruption, negligence, bribery, conflict of interests, bid cutting, underbidding, collusive tendering, cover price, front loading, bid shopping, withdrawal of tender, and payment game. It is evident that there exist significant areas of concern pertaining to the ethical conducts practiced by the construction professionals.

Ethical behavior and corporate social responsibilities can bring the positive change in the business. For example they may attract customers, make fewer turnovers in organization, and increase the demand of work, attract the investors and make the company to sustain its price and position in the market.

This research described some ideas about of compatibility of public administration system with ethics management. It will be an attempt to expand to overwhelming dualistic continuum ethics management. The public services ethics are considered as a branch of practical or applied ethics at the same time there is no evidence that classic approaches connects to the public service approach .

Neil Bradly (2003, 533) : “Especially in the public sector, where issues are broad and complex, it should be clear that no single ethical perspective is adequate and no perspective should be neglected”.

Masesshalk (2005) defines the Analogous dichotomical approaches are the “compliance “focus on external control -“integrity” focuses on internal control and “verification”-“values” set of integrity institution.

Apart from management approaches, another range of questions is connected to the features of ethics frameworks described and introduced by other European union and OECD(OECD 1996,1998,,2000;EU 2004).
Different countries have different ethical norms or activities. Germany and France are the examples of countries that do not have any special ethics as a general codes, values statements etc. (Demmke et al 2004, 100). In these countries public service values are predominantly expressed through laws. Concerning France “In the public sector, rules of conduct derive, regulation, circulars and, to certain extent, court rulings and professional goods. Practices guide. Although there is no code of conduct or ethics as such for all public officials……..”(GRECO 2004).

If the system of ethics is based purely on common core values, enforcement and punishment measures as a weaker. Ethics demand expressed in rules (code of conduct) need enforcement mechanisms. If duties and core values are expressed in law, relying on the law and rules can be two different approaches. First refers “compliance” and the second refers “deterrence” (Hunt 2005).

Do ethics have an impact in Business management?

Spence (2014) elaborates ethics frameworks, proposing that the key ethical frameworks employed include research from the classical work of Kant (to do one’s duty according to reasoned consideration); utilitarianism (to do act according to foreseen consequences and maximize utility for all); egoism (to act in one’s own self-interest); social contract theory (focusing on a socially agreed set of rules that govern society and emphasis rights and justice); virtue ethics (judging the character of the individual); to more contemporary theories, such as discourse ethics (which focuses on decision-making, the resolution of conflicts, power differentials and empathetic understanding); postmodern ethics (in which ethics is self—ethical codes); morality intensity (an issue-dependent model of decision-making, which can be used to evaluate different ethical situations); and ethic of care (which focuses upon the interconnectedness of people and the social dimension, and the responsibility of the 'self' in caring for 'other').

Moral philosophy offers a range of principles and theories of ethics (Hosmer 1995; Hunt & Vitell 2006). Whatever the theory adopted, ethics essentially deal with varying interests of actors. The principles presented give guidelines for determining how conflicts in human interests are to be settled and for optimizing mutual benefits of individuals interacting in groups (cf. White & Lam 2000). Because the interests of the actors do vary and are sometime also hidden, ethical problems and conflicts easily arise (Boyd & Webb 2009). This is also the case for business networks where the actors’ interests typically vary and different viewpoints to business interactions are always present.

Since the Enron affair in the 1990’s organization have placed increased emphasis on ethical business practices, and society has increased scrutiny on the affairs of organizations. Concurrently, there has been an increased interest in business ethics within academic communities (Tenbrunsel & Smith-Crowe, 2008).

In today’s ethics-focused world, better ethical decision making by leaders is likely to improve organizational performance. Research by Brown et al. (2005) shows leader ethical behaviors, including decision making, are related to micro-level organizational performance outcomes such as perceived leader effectiveness, subordinate job satisfaction, and employee dedication. However, absent from most discussions is the effect of ethical decisions on macro-level outcomes such as financial performance. Over time, individual’s decisions by leaders result in the organization that tends to behave either more or less ethically than others.

Which practices are implemented and will be implemented in future to sustain ethics in management?

Environmental ethics and justice are vital pillars of sustainable development, which has been defined as meeting the needs of the present generation without compromising the ability of future generation to meet their own needs (WCED 1987). Sustainable development is neither a process nor an end state that depends on a minimum condition or input of ethics and justice (Lundie et, al. 2005).
At the advent of 2000s, the era of corporate fraud and corruption defined by the ethical wrongdoing of Enron, WorldCom, Tyco, Arthur Andersen, HealthSouth captured the world’s attention as never before and soon it became clear that the U.S. did not show concern for the market questionable ethics.

The central theme is that how business and manager can deal with the topic of ethics likewise their global stakeholders. As Princeton professor of bioethics peter singer recently said, “How well we come through the era of globalization will depend on how we respond ethically to the idea that we live in one world”.

The primary focus is on community and government. Community; of host nation in which, the firm is doing business and the government represents all the separate sovereign nations that severs the “hosts” to investing to world multinational corporations (MNCs).

For example; china and India are much smaller than that of U.S. economy in size. By 2050, the world economic center of gravity is shifting toward Asia and U.S preeminence will undoubtely diminish through its participation in the global economy & as a whole, it is expected to grow. The current issue in U.S is the job which is latest trend.

Tichy and McGill declare “it is difficult to think of a more important basic business ethical commitment than to be a good citizen in the world of your business—with real involvement of your people, as well as money”. Much business ethical research depends upon ubiquitous issue of culture. The business concepts and thinking about ethics are still unclear. We are still on the formative stage which includes ethical models and applications.

There are typology for global ethics “George Enderle”; observed and categorized at least four different types of global firms with respect to their use of home-country and host-country ethical standard. ISCT is a contingency model of ethical decision-making as are most constructs that might be useful in global application, uses a principle of moral free space and adherence to hyper norms as positions that need to be balanced in navigation globalization water. By this norm companies do not have to follow “do in Rome as the Romans do”.

Many ethics issues dominate the new todays. It has been argued that he ethical issues that MNCs and transnational’s corporations fall into at least eight major parts; bribery, sensitive payments, employment issues, marketing practices, impact on the economy and development of host countries, effect on the natural environment, cultural impact of operations, relations with host governments, relations with the home countries.

The global pyramid of CSR provides a conceptual framework for thinking through the concept of MNCs or global manager. The pyramid intends to suggest the building block-relationship of four responsibilities (Archie B. Carroll, 2004)
Pyramid of Global corporate social responsibility and performance (Benson Honig, 2014). It shows that the business is expected to obey the laws because law is every country’s codification of acceptable and unacceptable practices. Ethical responsibilities are essentials because laws are not adequate and companies and executive care deeply about their reputations, as well as about “doing the right thing”.

Stated in more practical and performance-oriented terms, the Global CSR pyramid suggests that the MNC should strive to; Make a profit; consistent with the expectations for international business. Obey the law; of host countries as well as international law. Be ethical in practices; taking host countries and global standards into consideration. Be a good cooperate citizen; especially as defined by the host country’s expectation.

**Conceptual framework model**

![Management and ethics relation Model](image)

**Figure 1**: Management and ethics relation Model.

**Figure 1** describes the connection between the management ethics and organization, for sustainability code of conduct is essential to set the values for the organization and helps the business management to take the workers get along with organizational goals. It’s been seen and discussed in many articles that it is hard to have appropriate approaches for the ethics however, there is certain manner which can guide professionals or researchers to build a competitive environment. Ethics have a huge influence on management in a best way. Empirical studies say that ethical leadership is scarce. There are very few researches have been done on this topic; what factor develops or maintain the ethical leadership in organization and do ethics bring conceivability in business? Societal culture in form of institutional collectivism, performance orientation, or uncertainty avoidance can provide the contextual cues that shape people beliefs about the importance of ethical leadership for understanding leadership.

During the last two decades ethical principles are integrated in law and regulations. Since 2001, the global ethical results show that it is made like a central policy to modernize the public sector by placing the citizens at the center of activities, by creating more opportunities for free choice of welfare services, by easing administrative burdens and putting more emphasis on tangible target and results which can give value for money.

In literature values; (competency, honesty and lawfulness) are described as an old traditional values, by Weberian PA (public administration) system. Reaching objective, independency and efficiency are less valued. These values are associated with the modern concept of PA system. In such condition, it is impossible to...
introduce management ethical system. This drives to the conclusion that management and ethics are interconnected, one cannot be separated or worked without other and they influence each other.

Social ethics
Today in the competitive market environment, corporate social responsibility (CSR) represents a high profile notion that has strategic importance to the companies. Broadly defined, CSR is a company’s activities and status related to its perceived societal and stakeholder obligations (Brown and Dacin 1997; Sen and Bhattacharya 2001; Varadarajan and Menon 1988). According to the recent special report in business week (Berner 2005, P.72) large companies disclosed substantial investment in CSR initiatives (i.e. Target’s donation of $ 107.8 million in CSR represents 3.6% of its pretax profits. General Morora donation of $51.2 million represents 2.7% of its pretax profits, General Mills’s donation of $60.3 million represents 43.3% of its pretax profits, Merck’s donation $921 million represents 11.2% of its pretax profits and Hospital corporation of American donation of $926 million represents 43.3% of its pretax profits). By dedicating ever-increasing amount to cash donation, in-kind contributions, cause marketing, and employee volunteerisms programs, companies are acting on premise that CSR is not merely the “right thing to do” but also the “the smart thing to do” (Smith 2003, p.52).

Motivated, in part, by this mounting importance of CSR in practice, several marketing studies have found that social responsibility programs have a significant influence on several customer-related outcomes (Bhattacharya and Sen 2004).

Customer satisfaction is defined as overall evaluation based on the customer’s total purchase and consumption experience with a good or service over time.(Anderson, Fornell, and Mazvancherly1 2004; Fornell 1992). Strong record of CSR creates a favorable context that positively boosts consumers’ evaluations of and attitude toward the firm (Brown and Dacin 1997; Gürhan-canli and Barta 2004; Sen and Bhattachatya 2001). Specifically recent works on customer-company identification suggests that CSR initiatives constitute a key element of corporate identity that can induce customer to identify (i.e., develop a sense of connection) with a company. (XuemingLuo and C. B. Bhattacharya , 2013)

Professional ethics
The profession always has been linked with the “service”. Thus a profession has been described as a group of people organized to serve a body of specialized knowledge in the interest of society (Appelbaum & Lawton, 1990:p4). Its responsibilities have been variously described as including the satisfaction of an “indispensable and beneficial social need”. (Jhonson; 1991:P63-64); and the goal of service to the public. A professional operates in a world of people with whom they work, colleagues and other specialists, and people whom they serve, such as their clients and the public (pressman, 1997:p10) - a relationship that has been termed as “consensual and fiduciary” (pressman, 1997).

Professionals are not exempted from the common ethical behaviors – such as obligations, duties and responsibilities – that are binding on ordinary people (Johnson, 1991:p131). And are usually bound by a set of principles, attitudes or types of character dispositions that control the way, the profession is practiced. According to the result from the survey(Australia) 24 (77%) respondents have witnessed breaches of professional responsibilities in the industry, with 22 (48%) being conflict of interest, 15 (32%) being confidentiality and propriety information infringements and 9 (20%) being breached environmental ethics. (Vee, C. and Skitmore, R.M ,2003).

There are many other determined attempts taken to increase the ethical standard and truthfulness among the professionals in the construction sectors worldwide. According to Adjei, et al. (2015), the regulatory professionals acts relating to build environment professional sector in Ghana were totally overhauled in the late 1990’s and new suite of professional acts were promulgated in 2000 to enhance the professionalism.
Meanwhile, in America, the construction management association of America had updated its code of ethics to include a wider range of professional services as well as professional services among construction players (Rahman, et al., 2013).

**Individual ethics**

Ethical issues are ever present in uncertain conditions where stakeholders interests and values are in conflict and laws are unclear. Despite a number of surveys, there is little known about managers ‘thought process regarding ethical dilemmas in their works. The survey research offers a pessimistic view of American business ethics, portraying managers who are cynical about their peers, their supervisors, their industries, and sometimes even themselves.

Personal role conflict; is another study surveyed. Fortune 500 executives in marketing, finance, and production. These executives overwhelmingly admitted to compromises of personal values in order to succeed in their organization.(Lincoln etal., 1982).Carroll(1978) surveyed managers from different hierarchical levels. He found the managers who were lower in the organizational structure felt more pressure to compromise their personal values in order to achieve company goals. The survey reviled that 4 out 10 executives’ managers were asked to behave unethically. Secondly, it suggests that managers do not think about the ethical dilemmas within the context of organization and report conflict between personal values and the values of other organization, this approach shows lack of validity.(Ethical decision making in organization; A person-situation integrationist model, LindaKlebe Trevino; The academy of management, jul.1986).

Another tenet of Jhon Rawls` global justice theory is that all people are of equal moral worth, and therefore this evokes binding moral reasons for everyone to respect the principle of equality (Kaelin , 2011).

**Normative ethics**

The person centered approach propose places renewed emphasis on motivation to evaluate the character of others, arguing that it can account for a number of recent empirical findings that appearing puzzling or irrational when viewed from the perspective of act entered approach. The Normative ethics emphasis on the character of agent. Hume, for instance wrote the following “Actions are by their very nature temporary and perishing; and where they proceed not from some cause in the character and disposition of the person…. [he] is not responsible for it: and as it proceeded from nothing in him, that is durable or constant and leaves nothing of that nature behind it, ‘it’s impossible he can, upon its account, become the object of punishment or vengeance” (Hume 1739/1888, as cited in Sripada, 2010, pp. 162-163).

(Malle, Gugliemo, & Monroe, 2014; shaver, 1985; Weiner, 1995) have outlined a set of conditions that are generally viewed by lay judges as necessary for the ascription of blame. Building of normative theories of blame from philosophy and legal theory, these account portrait the attribution of moral blame as stage-like process, in apparent values, principles, and character logical dispositions, rather than the goodness or badness of his actions, statistically explain whether the outcomes of this decisions are perceived as intentional(Sripada & Konrath,2011;seealso sripada; 2012).

An example of seemingly small misdeed that is nonetheless taken highly informative about an individual moral character is that if a cooperative executive who spend money on luxuries things demonstrate that this response is likely occurs because individually who prefer to but luxurious things are negative moral traits. When a given hypothetical task to hiring a person for a high position in the organization will demand extra pay which will cost the companies (Eric Luis Uhlmann1, David A. Pizarro2, and Daniel Diermeier3 1, 2015)

**Moral rules**
The article proposed a question; how to develop ethically responsibilities, caring leaders and managers (Osiemo 2012; Segal 2011). the death of over 370 Bangladeshi garment workers in the factory collapse, illustrates what can happen when “irresponsible” managers focus purely on the bottom line; cracks had appeared in the building the day before, yet workers were forced back to work because managers wanted to meet production schedules.

Mayer and Land (2003, 2005, 2006b), describe threshold concepts as central ideas that can change the way, the students manage their responsibilities. The difference between responsible management and leadership is; leaderships is value based, encompassing shared ideals of societal wellbeing, moral decision making, and a sense of accountability to others (Doh and Stumpf 2005; pless and Maak 2011). The united nation’s principles for responsible management education (PRME) launched a key example in 2007 draws attention to orient business education curricula and teaching practices to the international values of human rights, environmental responsibility, labor rights and anti-corruption. Alcaraz and Thiruvattal (2010) refers management as a ‘beautiful words’ because the practice is a gap therefore the argue that responsible management entail moral agency and the realization that we shape our life with others; for it one has to attuned to and critically examine the circumstances of situations (Paul Hibbert • Ann Cunliffe, J Bus Ethics, 2015)

Ethical system
Pareto superiority is the principle that one allocation of resources is superior to another if at least one person is better off under the first allocation than under the second and no one is worse off. It is the answer of measuring happiness of utilitarianism. A change can bring increase in set of utility. Pareto ethics has been illustrated in the concept of Pareto superiority as an answer, though not a practical one, to the utilitarian’s problem of the interpersonal comparison of utilities but it is difficult to locate Pareto ethics in a different philosophical tradition from the utilitarian, in the traditional way, broadly Kantian, which attach the value over and above the utilitarian to individual autonomy.

In the setting of the market free from third party effects, it is clear that the forbidden transactions would reduce both wealth of society and personal autonomy, So that the goal of society and personal wealth and of protecting autonomy coincide. But the setting is the special one. This can be easily visualized by imagining that everyone involved in the traffic accident is identical-every one is the same age, drives the same amount, and so on. Negligence is the most effective system, the sum of the liability and accident insurance premium will be lowest under it and everyone will prefer this.

Common law is the best to be explained as an efforts, however inarticulate, to promote efficiency have lacked a good reason why this should be so- making them seem, perhaps, the naive adherents of the outmoded “public interest” theory of state, which promotes social goal- of which wealth maximization is surely one, regardless of how important goal it may be. However it satisfies the Pareto superiority criterion in the “principle of consent”. The reason is the rules satisfy the principles of consent readily to be altered, not only by one remedies also by available common law-judges in this way wealth can be redistributed among other interested groups.(Posner, Richard A. , 1980)

Discussion
It is to certitude that management works better with ethics, as many studies indicated, though it has been difficult for the researchers to implement it in the workplace. (Lawrence E.Lynn); “Regimes do not simply succeed one another; rather, institutions, ideas and values are woven into the complex institutional fabric that constitutes democratic governess”. Management as a troublemaker for ethical public service, important developments in public administration might be missed. There might be new theory of three Es- economy, efficiency and effectiveness-provides the fourth-ethics. It seems management is developed rapidly but it has dealt many challenges. Virtually experience shows that there is a pressure to overstep the core values in the life. There is a pressure to cheat in school, pressure to use illegal means, pressure to have causal perhaps unwanted

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relationship. (Ferrell and Weaver, 1978) that when the pressure to violate our core values comes from the boss, most of the succumbed. Past researched data showed that Outcomes from the class already showed that succumbing is already established perhaps now it is important part of society.

It is important to note that responding in the face of social pressure does not appear to be a focus for today’s business ethics pedagogy. Yet what to do is the main topic of discussion in the ethical management. There is a need of more research in global business ethics to move towards universal business ethical standards or norms. From this, global stakeholder can develop set of ethical values for the businesses.

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