

Chapter 33

Integrating Ethics into Management: Why Is It Important?

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ABSTRACT

Ethics is the science of morals dealing with human morality revealed in the human character and conduct. In general, ethics shows a corporation how to behave properly in all their businesses and operations. In business, ethical behavior means feeling responsible, being honest and confident towards your clients, employees, and stakeholders. On the other hand, when a company does not respect ethical criteria and fails to improve them, this will disrupt its integrity and unity and lead to internal or external conflicts. The rules of behavior are set by the government and society in the public area whereas the rules of behavior are set by employers in the workplace. The corporate world has always had some rules, norms, and standards in doing business. In this chapter, the authors show the impact of ethics in the field of management.

INTRODUCTION

In this chapter, we aim to represent the impact of ethics in the field of management. Ethics and ethical behavior are crucial in all kinds of organizations regardless of their size or structure or other features of the organizations. The ethical scandals or lapses which are encountered in business world in the last decade have reminded the importance of ethics and ethical behavior in

both academic and business world. Initially, the chapter starts explaining the concept of ethics in detail including ethical ideologies and ethics definitions in different fields regarding social sciences. In order to explain the concept, a section regarding Protestant work ethics and Weber will be included. Following that, the difference between ethics and morality will be analyzed. All individuals have different approaches in solving or interpreting ethical cases due to their

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characteristic features or situational factors. Both individual and situational factors are effective in individuals' ethical understanding and moral development. Throughout the literature, there are many empirical studies about the factors affecting individual's moral development. It is planned to add a section on moral development which will include Kohlberg's and Piaget's theories of moral development. Since managers are the tone of ethical behavior in the corporations and they are responsible for performing and implementing ethical behavior, ethical decision making models which impact the managers' decisions and behaviors will be highlighted. Subsequently, there will be a section on business ethics in order to describe the impact of ethics on management. Ethical culture and ethical climate of the organizations are also effective in performing and maintaining ethical behavior in organizations so there should be a part considering both of the concepts in the chapter. Management theories including classical, neo-classical, modern, post - modern theories will be given in the chapter as well. In addition to this, both the functions of management and business will be studied in order to understand the management and to demonstrate how ethics should be integrated into management.

While developing the chapter, each concept which is considered above will be stated under different headings regarding the subject. At the end, it is expected that the chapter will be useful for both academicians and businessmen in understanding the importance of ethics and how to implement ethics in management

1. CONCEPT OF ETHICS

Ethics is a difficult concept to define in a precise way. In general it can be defined as, the code of moral principles and values that govern the behaviors of a person or group with respect to what is right or wrong. (Daft, 1991, p. 92).

Ethics sets standards as to what is good or bad in conduct and decision making (F.Shea, 1988, pp. 601-617). Values and ethics in simple words mean principle or code of conduct that governs human conduct. However, the meaning of the term differs from one person to other according to each point of view. When the sociologist Raymond Baumhart asked business people, "What does ethics mean to you?" he got many different answers. Among the replies were the following:

- "Ethics has to do with what my feelings tell me is right or wrong."
- "Ethics has to do with my religious beliefs."
- "Being ethical is doing what the law requires."
- "Ethics consists of the standards of behavior our society accepts."

These replies show that the meaning of "ethics" is hard to pin down and views can differ from people to people. Many people tend to equate ethics with their feelings. But being ethical is clearly not a matter of followings one's feelings. A person following his or her feelings may not do what is right. On the hand, ethics should not be identified with religion either. Most religions, inevitably advocate high ethical standards. Nonetheless if ethics were confined to religion, then ethics would apply only to religious people. But ethics applies as much to the behavior of the atheist as to that of the saint. On the other hand being ethical is not the same as following the law. The law often incorporates ethical standards to which most citizens subscribe. But laws, like feelings, can deviate from what is ethical. Finally, being ethical is not the same as doing "whatever society accepts." In any society, most people accept standards that are ethical. But standards of behavior in society can deviate from what is ethical. An entire society can become ethically corrupt. Nazi Germany is good example of a morally corrupt society.

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