



An investigation of challenges in managerial ethics and its role in sustainable development of Iranian industries

O investigație a provocărilor în etica managerială și rolul său în dezvoltarea durabilă a industriilor iraniene

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Abstract

This paper tries to demonstrate ethical value as being an essential element in order to achieve sustainability in many societies such as Iran. In addition this paper lays out some of obstacle and challenges about ethical issues in Iranian industries. The evidence from our investigation supports that employee and management rather tend to ethical values.

Keywords: *ethic, managerial ethics, sustainable development, challenges*

Rezumat

Această lucrare încearcă să demonstreze că valoarea etică este un element esențial pentru realizarea durabilității în multe societăți cum este Iranul. În plus, această lucrare stabilește unele dintre obstacolele și provocările cu privire la problemele de etică în industriile iraniene. Dovezile din investigația noastră susțin mai degrabă că angajații și managementul tind către valorile etice.

Cuvinte-cheie: *etica, etica managerială, dezvoltarea durabilă, provocări*

JEL Classification: M12, M14, M51, M54, Q01

Introduction

Managerial ethics is a guide for decision making and true behavior. Thus good ethical principles are pre-requisites of good strategic management. Nowadays organizations need, to ethical principles and its strategic importance is being felt more than anytime, that's why good ethical principles ensure durability and interests of every organization in the long run.

Edification and behaving based on ethical principles are the responsibility of every manager with specific duties as an instance of a person who adheres to ethical principles and this characteristic is an important part of every manager's responsibility. Managers have positions that can influence the others and also train them and thus it causes that in the process of decision making they act as an instance of someone who abide by ethical principles.

In different societies, ethics in management and especially in organization is of special importance because it is related to personnel and their functions. While we speak about social Responsibilities of an organization in practice, ethical characteristics are considered. In managerial view point, ethics can be defined as rules and principles that refer to the being right and wrong of personnel behavior or functions. Managerial decisions are the kind of behavior. The important note about ethics and organization's personnel is that adhering to ethical principles in institutes is necessary, because this belief makes people act truly, honestly, and think about the benefits of society and try to keep the organization, safe, based on ethical principles.

Ethics

Understanding ethics is fundamental to understanding the crisis that afflicts society today. This is because from the ecocentric² point of view, the ethics of our society has become anti-ethics, once moral premises are established in the anthropocentrism and utilitarianism which make up their configuration. Morals have to do with conformation and obedience demanded by a certain pre-established order. A set of Social behavior is consecrated by tradition, it is imposed on the individuals of the group and it is transmitted through generations. This moral conscience refers to values and, therefore, to human relationships, existing as part of each individual's inter-subjective life. Those values are intrinsically linked to the culture of each society, because the culture defines the positive values and the negative values to be followed (Oliveira de Paula and Cavalcanti, 2000). Culture is a result of the interpretation that human beings have of themselves and of all their relationships, including that of nature. Throughout time humankind has been bringing about a new sense of nature, idolizing, intervening, and provoking changes, depleting, degrading, mitigating, recovering, and resulting from the needs and priorities that are based on the values given by society (Chau, 1995).

An individual's ethical judgment regarding an issue or behavior is the degree to which he or she considers the issue or behavior morally significant. Ethical perception is the focal point in the ethical decision-making process. A person who does not consider an issue or behavior to be morally significant will not engage in the ethical decision-making process. Instead, he/she may use other criteria such as economic rationality to assess ethically questionable decisions. The study of an employee's ethical perception and judgment is critical due to its impact on the effectiveness and efficiency of the firm. Unethical behavior within firms

hinders human relations and can shake public confidence in the organization as a whole. Additionally, as organizations grow larger and become more complex, employees are unlikely to communicate ethically questionable behaviors to their superiors and consequently keep senior policy makers out of touch with the realities of the ethical climate in the organization (Al-Khatib et al., 2002).

Ethical principles

From ethical principles, positive duties emerge for the managers. However, ethical principles are not immutable and may become discordant with each other when dealing with a particular industrial situation or when weighed differently by different parties. Autonomy is a principle of major importance, even when it conflicts with other principles. The principles change in significance as social values change with the passage of time. Ethical principles are to be applied to the resolution of the problems presented by the ethical issues. What constitutes an ethical principle and what constitutes an issue sometimes become intertwined. By the appropriate application of the principles, ethical issues can often achieve resolution (Snyder, 2002).

Relationship between ethics and working quality

Number of people who have been hired by family corporations or state organizations is considered as one of the main reasons leading to inefficiency and we should consider that such employments has been done owing to moral premises. This major problem stem from not having established legal managerial organizations and in such companies, expertise, experience and its relevancy with the organizations goals play the second fiddle, while in developing countries ,political and family relations play the main role and this has been revealed in our investigations. People keep going there in inappropriate and immoral approach based on being more influent rather than being more mature .yet they have taken advantage of this justification that having. In official relations, we can carry out our jobs in better way and usual people compared to academic people, find this method more efficiently. We all know that the managers, who happen to face such request on behalf of their relatives, are stuck in an embarrassing situation.

Professional ethics

Professional ethic is a kind of moral commitment and working consciousness in any duty or task. Another word, honesty in manner and behavior in any profession is a symbol of looking up to professional ethics. In the area of professional ethics, a point is still unclear and that is being guaranteed to be carried out yet people should feel obliged to obey its principals. On the other hand, on the condition that we feel obliged to obey the professional ethics in our society, even in spite of losing a bonus, this pattern would gradually turn into one of our principals

in manner and finally it would lead to reforms. The moral responsibilities of an organization in direct and indirect environment have been the matter of concern to many Iranian corporations over the last few years. Despite the fact that some managers are concerned about moral issues, they have come up with some difficulties in establishing these moral patterns in work place and they have found this task frustrating so they withdraw this process, as a result of their corporation would be thwarted from ethical growth.

Managerial ethics

Managerial ethics are referred to as behavioral standards with which managers are directed in their tasks.

1-How an organization deal with its employees. Managerial ethic standards, concerning with employees, should be of high quality regarding the work condition salary and dismissing.

2-How the employees interact with their organization.

Individual ethic standard might be in opposition to the organization policy in term of the benefits, keeping secret and honesty in paying the bills.

3-How both organization and its employees deal with other economic agencies. Managers should also consider standards in treating with their client, viral, financial supporters and sale agents it is essential to manager to follow the pattern leading to a sincere interaction with other parts.

The role of ethics in the content of organization

Immoral behavior of managers and other employees might have stemmed from a special procedure inside a company that has led the whole system to such manner. The employees within a company who are inspired to commit such immoralities, they happen to be moving in the pursuit of advantages of company but in reality at the end they would be likely to find themselves in a contrary position to the company's benefits. The ultimate goal of all ethical programs is that certain characteristics be implemented at the work place so along with the best way to cope with immoralities is to prevent them from taking place.

Moral manner in business management

High level and senior managers are in charge of implementing ethic standards in an organization. The appointed committees within the company would find out these immoralities and the employees would be trained how to deal with such situations. Ethical code in moral standard is considered as a written statement which identifies the organizations behavior.

Ethical and social values affect business decisions and behavior. Since the ethical values of business managers are embedded within their cultures, as well as being influenced by global business norms, it is necessary to understand the social and cultural contexts within each country that influence the similarities and differences in ethical interpretation and practice.

Economists tend to analyze trade strictly in terms of the costs and revenues that are associated with importing and exporting. Cultural and social values play little role in conventional economic analysis except as indirect influences on individual tastes and preferences. The assumption is that profit maximizers act “rationally” in pursuing their own interests, and this creates common motives and decision criteria, regardless of one’s cultural values. Thus, the economist does not expect to see systematic variation on the basis of culture alone. However, there are many unexplained anomalies in trade patterns, and a potentially important source for them may lie in differing cultural and social values about what is “rational” behavior and the range of factors that one’s interests should take into account. The ethical consequences of business decisions have been subjected to increasing internal and external scrutiny in the past two decades. Many factors influence an organization’s ethical culture and its business decisions, including the conditions in the external environment, competitive market characteristics, and individual leader attributes. Empirical research has focused primarily on individual differences in moral reasoning and organizational differences in designing ethically relevant policies and processes. Previous cross-cultural studies on ethical perceptions and decision making have been undertaken with both managers and students. Not unexpectedly, results have been mixed. Some studies of managers in various countries have found that country and industry have significant effects on the perception of ethical issues. International business creates greater complexity in ethical decision making because of differences between home and host country cultural values and practices. The dichotomy that establishes two general approaches to ethical analysis involves cultural relativism and ethical imperialism. Cultural relativism dictates that foreign firms adopt host country ethical standards in each country in which they operate. Thus, one firm can have many different ethical practices around the world, and these can easily conflict with one another. Alternatively, the firm may uniformly apply home country standards everywhere it operates (Hood and Logsdon, 2002).

A cultural framework

The meaning people see in their lives and the type of living they find desirable are a matter of personal choice (Hofstede and Bond, 1988). However, personal choices are affected by the environment in which a person is raised. Individuals acquire belief systems, norms for behavior, and understandings of reality within the context of a culture, as that culture is created and perceived by individuals within it, and constructed through interactions (Hood and Logsdon, 2002).

Ethical treatment of low-level employees

Ethical treatment of low-level employees involves such issues as rates of pay, job security, safety conditions, and general standards for employee welfare. The employment contract contains a number of rights and duties of employers and employees that are set in law and vary across cultures. The moral contract between employers and employees reflects cultural values as well, in terms of the basic philosophical foundations for a culture's value set. For example, some cultures, such as Germany, have much higher norms for job security and correlative duties to stay with one's employer while other cultures, such as the US, developed employment-at-will standards where employers could dismiss without cause and employees could leave on short notice. In terms of Hofstede's characteristics, it is logical to expect that more collectivist cultures will support higher ethical standards of treatment for low-level employees. Attitude toward work might also affect ethical treatment of employees. For example, if work is the focal activity in a culture, an ethical rule of "do whatever it takes to succeed" is likely to encourage exploitation of low-level employees (Hood and Logsdon, 2002).

Sustainability

In spite of having different meanings, the words sustainable and sustained, are frequently used indiscriminately. Actually, when we refer to independent economic growth (i.e. self-sustained), we are referring to an indefinite form of growth, a growth that does not recognize limits, which is not differentiated by quality, and therefore it ends up being the opposite of that proposed by Sustainable development. To sustain means: to prolong the productive use of our natural resources over time, while at the same time retaining the integrity of their bases, thereby enabling their continuity. Sustainability is the constant process of obtaining the same or better living conditions, for a group of people and their successors in a given ecosystem. Therefore it is a continuous process. The condition of not harming future generations, contained in the sustainability definition (intergeneration equity), determines that sustainability will only be true, if left as an inheritance for the next generation. In this sense, the notion of time is incorporated in the discussions. The intergeneration equity, incorporated in the discussion of sustainable development, is a necessary condition for easing the world's path in the direction of intergeneration equity. The first step, to reach a continuous process of sustainable development is to be found in knowing about the characteristics of unsustainability, the causes of the problems which humanity is presently facing. From this, all the parts of society must be stimulated to participate, so that it will be possible to know several perceptions of these problems. At the same time different proposals and aspirations could be considered on the way to these solutions. Unsustainability is strictly linked to the social organizations and their own activities, which are motivated by values adopted by them. They, in turn, are conditioned by the social institutions present in these same societies (Oliveira de Paula and

Cavalcanti, 2000). Among these, the information systems, which we will talk about later, perform a role of fundamental importance (Sheng, 1997). It is certain that scientific knowledge is indispensable, as much as to improve the identification of present problems as to continue with the search for their technical and economical solutions. However, scientific knowledge is not enough. It must be connected, according to (Proops, 1997), “to wisdom and ethics to formulate goals, social desire to achieve them and a mature judgment to recognize them.”

Sustainable development

In 1980 the term sustainable development was mentioned in the report presented by IUCN for the first time. In this report the strategic word (preserving natural resources) was underlined. It has a healthy atmosphere the inhabitants to make a contribution to improving the condition that based on an efficient local economy the industry sector is aware of its responsibility to give service. Everybody has access to nutrition, accommodation, medical cares, transportation and occupation.

Sustainable development plans

- It posses local resources to supply food and energy.
- The inhabitants live opportunity in case of physical activities and cultural pivots.
- Decision making in public and private sector is based on the effect of decision in the long term.
- Strong leadership and continuous educational programs back up the sustainable development.
- The citizen believes in moral principles and they are optimistic toward future.

Place of rules in developed countries

In developed countries rules are the basis but when these rules are not responsible it comes to manager whose ability in adapting the rules with situation will come off and in case the exceptions are on the rise, then it necessities the rules to be reviewed and it would have end up preserving.

Place of rules in developing countries

Owing to population explosion in developing societies, changes have been so immediate that might come to nothing and plans. In validity of managerial principal's immediate changes in developing countries is a scientific fact arising from the challenging condition of the societies in which occupation education and

accommodation is a major problem. The age of globalization has imposed a cruel condition on these developing countries. The affluent and wealthy countries who have already established criterions for competition on their own advantage have attained a lot of benefits .concepts such as having sustained the rules is observable.

Sustainable development in Iran

According to the general policies of forth development program in Islamic republic of Iran, cultural and scientific issues includ (IRI, 2004):

- Enhancing moral assets and belief in being optimistic toward future and having the sense of donation.
- How to plan in order to improve the social and individual behaviors.
- Enhancing the consciousness in worth, social discipline, sense of creativity, hard work, honesty, preserving the environment and regional balance.

In addition according the entry 58 of forth economical, social, cultural development program law of Islamic republic of Iran: “In order to facilitate implementing the preserving program and establishing the life variety, government must adopt strategies to more different division unified and the life variety figure should reach to global standard the end of forth program being in cooperation with organizations and other subordinate division” (IRI, 2004).

The entry 59 of forth development program law also is expressing: “The programming and management organizations are obligate to take some measures in order to estimate the economic value of natural resources, costs coming from pollution in the process of development and cost of superior cases such as jungle, water, soil and energy” (IRI, 2004).

Iranian Industries and Managerial Ethics

A great number of managerial frustrations in Iran come from lack of rules yet our society seems to be an idealistic one in which there is a great deal of moral values. A big different in how we behavior inside the family compared to what do in society has been verified. Scientific managerial establishment based on strategic meditation is the main way of ethical values promotion. In this article with the subject of ethic we have gathered data from 625person who have been working in private and public sector in Iranian industries. In this investigation we try to find and understand obstacles against ethical values and ways to overcoming these problems. Finally we acquire following data from our investigation. According to this research 44% of personnel tend to observe ethical values in their work place, also the rate of their attention to ethical values is 47% and the rate of managers who undertake ethical values in their decision making is 52% from all of them.

This data confirm that concerning about ethical issues grows increasingly during recent years.

Obstacle against doing ethical values in Iran

In our division first type of obstacles is concerned with managers and human resources that include lack of attitude leading to professional ethic. Lack of motivation led to dissatisfaction in job and one of the main obstacles preventing professional ethic from being widespread is lack of strategic attitude. In addition there are some obstacles who mention bellow in this category:

- lack of certain communication partners
- lack of contrary relation in long term
- lack of job security
- lack of job safety
- ignoring the customers' right
- lack of accountant ability in ethical responsibility
- not being able to identifying the problem
- political, economical and cultural problems in industries

The second group of obstacle is organizational obstacles that include following items:

- lack of cooperative management that is more likely to be ethical
- lack of a perfect system in payment that spark of much financial corruption
- Physical and mental problem at the work place
- lack of education in organization
- lack of perfect system of surveillance evaluation
- lack of perfect system of employment

Ways to overcoming ethical challenges

1. Planing, making priorities and identifying main policies:
 - education and acquiring experience provide managers, necessary skills to make better decision.
 - having a look on moral challenges in term of commitments and limitation.
 - saving peoples live is superior to any political and economical limitations.
 - organizing people with common needs but in different cultural classes while they work in the same environment might be immoral.

2. Interference generated between the cooperation's goals and humanity purposes. There are some mechanisms based on contribution and cooperation with which we can reach to agreement that include:
 - getting aware of domestic and international rules
 - coming to a mutual understanding in case of political and economical concern
 - treatment based on honesty rather than misinterpretation
 - having a latest valid information
 - applying media properly.

Conclusion

During this year's discussion of negative aspects of corruption and some aspects of unethical behavior has become a worldwide phenomenon. International organizations find that financial aid is often subjected to ethically questionable practices and behavior. These unethical practices have frustrated donor countries since there is evidence that more ethical societies tend to be somewhat more economically efficient. Societies with higher levels of business ethics tend to be characterized by greater certainty

Of actions and lower costs of regulation and policing, in order to fully understand this concept, it is important to study the ethical attitudes and standards of management and people in different countries. Key of success is the ethical policies and values of the managers and employees within organizations. Managers need to become more knowledgeable about and comfortable with cultures outside their organization in order to be successful in an increasingly competitive environment. Clear understanding of ethical values is critical for managers, So Iranian manager should be pay attention to some points such as strategic planning, quality management, ethical planning, concerning to ethical values, strong group work, preventing of occurring ethical problems and making good face of organization.

We have tried to show in this paper that ethic has an important role in development of society such as Iran. Thus, equitable and just personal policies and practices related to recruiting, hiring, training and motivating of the work force can create an atmosphere of organizational trust and virtue for firms operating in the region.

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