Impact of Business Ethics on Organizational Development in Telecom Sector of Pakistan

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ABSTRACT

The paper is designed to generally canvas persona in business ethics. Sensing the significance of ethical aspect of modern business, the aim of paper is to evaluate and examined acquiescence of business ethics in Telecommunication industry of Pakistan and its effect on organizational development. An empirical study is conducted using questionnaire style survey. Systematic random sampling technique was used by drawing sample of 150 employees. Reponses from employees are analyzed with analysis of Descriptive Statistics and Pearson's product moment correlation. The findings indicated a relationship between employees' business ethics and organizational development. It was also found that employee ethical behaviors in organizations in turn led to cultivation of organizational culture. The culture influenced employees' commitment towards work in organizations and organizations themselves, and organizational commitment progressively affected organizational development. The study is conducted to focus upon management skills for improving employees' ethical behaviors in more positive directions. Academically, this study provides a perspective to highlight relationship between ethics in businesses, job satisfaction, and organizational commitment of employees. The research study is limited to telecom sector of Pakistan and is based on small sample size. Consequently, results cannot be generalized to larger populations within telecom sector or over other business sectors. However, the study opens grounds for future research opportunities in all business sectors and is highly significant to management and scholars.

KEYWORDS: Business Ethics, Organizational Development, Telecom Sector

1 INTRODUCTION

Doubtless to say that Ethics play important role in successful operations of business. If someone paying no head to professional ethics in daily life as well as in business, he commits crime: the act prohibited in Islam. A growing interest in codes of ethics in organization is evident over the past few decades. The recent popularization of business community has still not rationalized how ethical values and its impact on organizational performance (Zadek, 1998). [14]Question arises how the organizations differ in responses to ethical issues particularly in Telecom sector of Pakistan? Ethical development has emerged as important topic for the organizations. However, much research on ethical values has focused on the individual rather than its impacts upon organizations in Pakistan. Numerous researchers have evaluated relationship between organizational ethics and job task-related variables (Victor & Cullen, 1987; 1988; 1990; Sims & Kroeck, 1994; Deshpande, 1996; Deshpande, George, & Joseph, 2000; Wu, 1999). However, these studies have been conducted primarily in the USA, Europe, and Asia. [3] [4][8][10] [11] [12][13]

Until now, limited studies have been brought up on ethical and moral issues in Telecom sector of Pakistan in general, and none particularly on this topic. Certainly, this study was investigated to examine the affects of ethical atmosphere on organizational development. Although, it's an exploratory study, however, it provides some important insights about the positive and negative relationship exist between organizational ethical climate, job satisfaction, and job commitment. In this regard, this study would helpful for contribution onto the future researches regarding business ethics, specifically in the context of Pakistan. Thus, the aim of this research is to observe the affects of business ethics on organizational development particularly in the Telecom sector of Pakistan.

2. LITERATURE REVIEW

Solomon (1984) described in his book that the word "Ethics" is derived from Greek word "ethos" that means character or custom. [9] He further added that the character and moral principles of the individual or

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entity reflects the ethics it owes. It basically limits one's actions on standardized principles. Additionally, it looks into the questions of do's and don'ts, and other responsibilities. Victor & Cullen (1990) stated that since the evolution of social responsibility movement in 1960s, business ethics considered to be a discipline of organizational management. During that decade, such movements enforced the businesses to focus and deal with the social issues by using their financial and social power. Such issues include environmental pollution, improvement of health and education, poverty alleviation, rights protection and crime. [12]

Business ethics are a set of rules that explains how businesses and their employees have to behave. Ethics are a difficult, tough and controversial concept. McDonald & Nijhof (1999) proclaimed that ethics is related to who you are and how well you conduct your business. [6] The purpose of business ethics is to perform ethically in organizations while instructing other employees to perform in an ethical way. They further focused on necessary ensuring of the ethical dimensions of decision making. They proclaimed that these dimensions are not segregated rather an integrated part of decisions made in the organizations. Employees' ethical stance and behavior in organizations may have a great impact upon processing of firms. Kantor & Weisberg (2002) described that social responsibility is not only about selection of organizational objectives and evaluation of its outcomes by the measures of profitability and organizational well-being. [5] Perhaps, it can also be measured through the evaluation of maintaining ethical standards or social interest.

Boatright (2008) said that an organization must operate ethically up to the level that would be higher than what is required by the law. It should make contribution to civic, charitable and non-profit institutions. Furthermore, the organizations should provide several social and health benefits to the employees for improving their performances in the workplace. However, these benefits should comply with the legal, social and economic requisites. In addition to it, the organizations should take benefit of those economic opportunities that should be in interest of society not just based upon earning profit. [1]The organizations can also reflects some of the ethical conducts to the society by addressing some main social issues via conferences, seminars, social programs, etc. Shaw & Barry (2009) have revealed that organizational development is highly effected of the ethical dilemmas. [7] Five things are most important to be prevailed in the organization i.e., knowledge of vision, mission, formal and informal norms of organization; appropriate methods of decision making, optimal use of resources, presence of competitive skills and intentions for ethical performance. Organizational leaders can use organizational ethics as a means to generate favorable organizational outcomes. Organizational commitment is playing a major role in the process of organizational development.

3. HYPOTHESIS

A set of relationship between ethical management conduct and the organizational development are hypothesized and tested in the study.

H1: "Ethical management is observed during the organizational development in telecom sector of Pakistan."

H2: "Ethical management is not observed during the organizational development in telecom sector of Pakistan."

Two hypotheses statements have been proposed in this regard. These hypotheses are based upon an argument that the organizations are not performing ethically as they believe to perform. Certainly, there are some levels of standards that are being fixed by each organization. All organizational personnel are expected to show their performances not below those standards. Perhaps, a key question arises here is the level or degree of standards an organization sets for itself.

4. INSTRUMENT TESTING

In analysis stage, instead of evaluating the items of each variable, the authors calculated mean score of 10 items that is 2.18. The ten statements of the variables' items that are scoring high in reliability test include social responsibility (0.68); effective decision making (0.48); employee commitment (0.56), effective business communication (0.64) and motivation (0.48).
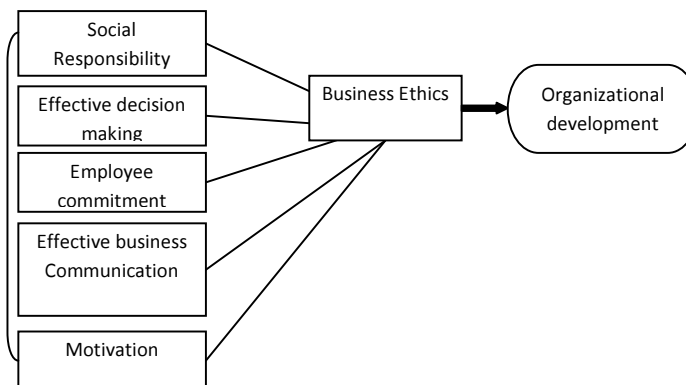
5. THEORETICAL FRAMEWORK

Figure. 1. Theoretical Framework

6. CONSTRUCT METHODOLOGY

6.1. Sample and Data Collection

For the collection of data, questionnaires and structured interviews were used as a tool. During interviews, open-ended questions were structured enabling the interviewee to express his/her opinion freely. In informal discussions, the ethics and its construct were discussed providing target group to approach the text closely. The sample in this study comprised employees in telecommunication sector. It has been estimated that employees working in the Telecom sector are approximately 5,500. Among them, a sample of 150 is selected randomly. Individuals from the selected sample are surveyed and inquired through questionnaires and interviews. A sample of 150 employees was drawn using Cohen & Cohen (1983) technique (power analysis) [2]. By this method, the researchers have derived power of .80 and population (r) is .40.

6.2. Questionnaire

A 5-item questionnaire was developed using five-point Likert scale for evaluating the employees' ethical behaviors. The questionnaire consists of the set of 38 questions. The values assigned for the scale include strongly agree (1); agree (2); uncertain (3); disagree (4); strongly disagree (5).

The questionnaire was distributed between 150 employees of different organizations in telecommunication sector of Pakistan. The respondents were mostly belonging to middle and top level management between the age group of 20 to 40.

The questionnaire consisted of five variables that deal with multiple set of statements. The first variable and its statements was dealing social responsibility and the second set of questions deal with effective decisions making, the third set deal with employee commitment, fourth set with effective communication and fifth with motivation. Each group deals with the employee. To reduce the chances of social desirability, the authors provided assurance to the bias respondents that no personal information will be disclosed to the organizational management and the questionnaire will be exclusively used for research purpose. Missing or invalid data (may resulted by survey respondent's refusal to answer certain question) is filtered out and ignored, in order to make analysis' results more accurate.

6.3. Interviews

The interviews of employees working in telecommunication sector have been conducted. Different areas and organizations of telecommunication have been focused. By which it is successful for me in gathering data and 100% response.

7. DATA ANALYSIS

All the information, collected through the information gathering process, is transformed into variables and cases. These variables and cases are entered into Data Editor of SPSS, as basic information. Input data in SPSS by importing spreadsheet, database or text file, or through data file or by entering data directly in the Data Editor. The variables in the data file are displayed in a

dialog box for the procedure. Select procedure(s) from menu to calculate statistics or to create a chart. Analyses Results, displayed as output in the Result Viewer.

8. DESCRIPTIVE STATISTICS

The complete element set is 38. However in order to avoid huge reports, and to keep views simple, the researchers have selected 10 major elements, given below, in table 2, to perform analysis procedures on them. Selected variables are transformed in the Visual Blender of SPSS, for a sample data of 150. A descriptive statistical Analysis Report of sample data for above variables is given in table 1.

Table 1. Descriptive Statistics Analysis

	N	Min.	Max.	Mean	Standard Deviation	Variance
The business community is socially responsible in their trade	150	0	4	1.94	.712	.507
The meetings on business ethics are regularly held in the organization	150	0	5	2.34	.917	.841
To overcome the major social problems workshops are held to overcome such problems	150	0	4	2.34	.872	.760
The decision maker covers sharing of ideas with the subordinates on business ethics	150	0	4	2.22	.932	.869
There is a clear policy on business ethics in the organizational development	150	0	5	2.46	.952	.907
The administration made the business ethics rules effective and practical	150	0	4	2.28	.834	.696
The employees are committed to punctuality	150	0	3	2.02	.685	.469
The employees are quite creative in their jobs	150	0	4	2.04	.903	.815
The employees understand any issue of business ethics with ability	150	0	5	2.16	.866	.749
Employees respect their colleagues and bosses	150	0	5	1.96	.781	.611
Valid N (list wise)	150					

Table 2. Analysis Variables

SR1	The business community is socially responsible in their trade
SR9	The meetings on business ethics are regularly held in the organization
SR11	To overcome the major social problems workshops are held to overcome such problems
EDM12	The decision maker covers sharing of ideas with the subordinates on business ethics
EDM15	There is a clear policy on business ethics in the organizational development
EDM16	The administration made the business ethics rules effective and practical
EC23	The employees are committed to punctuality
EC30	The employees are quite creative in their jobs
EBC35	The employees understand any issue of business ethics with ability
M37	Employees respect their colleagues and bosses

9. CORRELATION

Correlation Analysis is used to assess the relationship between variables. Once the data is available in SPSS, Correlation Matrix can be generated between the quantitative variables. Correlation inside the Matrix, look for where the columns and rows for your variable intersect to find information about r-value and p-value. SPSS will also indicate the significant correlation found between variables automatically
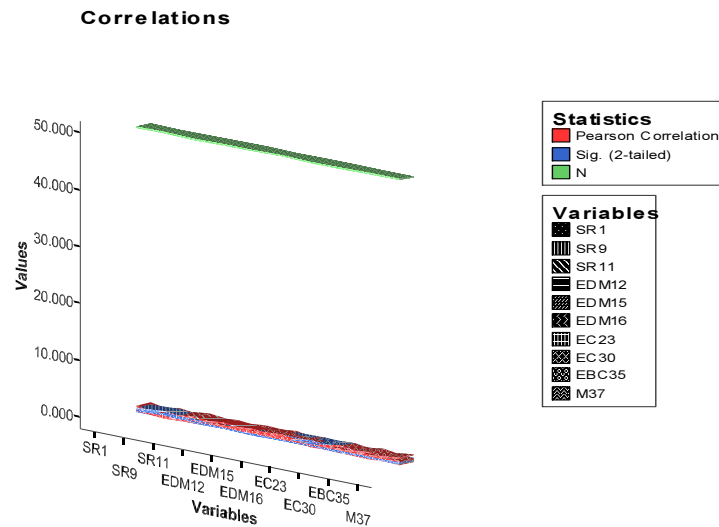
Correlations

Figure. 2. Pearson Correlation Analysis

10. RESULTS AND FINDINGS

For analysis, the selected items have been seen to observe the variables that are appeared as "higher" ethical scores by the respondents showing role of business ethics in organizational development. To avoid interpreting all the variables' items, the authors highlighted the most significant items from each set. The variables' items which gained high scores were showing positive results.

For testing the developed hypothesis of the study, multiple Pearson's Product Correlation was evaluated for the data and frequencies, percentages, mean, standard deviation etc were used to assess the influence of business ethics in organizational development. However, as evident from this analysis, on all the parameter judged, regarding the issue of ethical behavior, there seems more agreement than disagreement, in the telecom sector of Pakistan. It shows strong adherence to Ethical management in the telecom industry, which proves alternate hypothesis (H1): **"Ethical management is observed during the organizational development in telecom sector of Pakistan."**

By calculating the percentages, frequencies, mean, standard deviation, coefficient of variance we find that the frequency of AGREE(value) is 34,21,26,24,32,25,20,28,30 which means almost 70% respondents are satisfied regarding ethical issues. This shows more agreements. It shows strong adherence to Ethical management in the telecom industry. It also shows that there is a clear policy on business ethics in the organization for organizational development.

Correlation is highly significant at 0.01and 0.05 levels which mean all variables are closely correlated. Since H1 is proved, the results are statistically significant at o.o1and 0.05 level. The same data provide sufficient evidence to support the alternative hypothesis there. The authors can say that the predictors social responsibility, effective decision making, employee commitment, effective communication, motivation are significant/good predictor of dependent variable.

11. DISCUSSION AND CONCLUSION

The study was conducted to focus on ethical issues raised in the organizations regarding the organizational development. This study examined opinion of employees regarding ethical factors.

Based upon the results derived from testing hypotheses, the alternate hypothesis is accepted. HA: **"Ethical management is observed during the organizational development in telecom sector of Pakistan."**

In most of the organizations, it is wrongly presumed that ethics are the rules set and directed by the top level management. However, the authors found and concluded that ethics should be considered while taking into account any given situation, cultural norms and values. It should be performed for the purpose of well-being. It should not be a day activity or so rather should be followed on continuous basis.

According to the authors' point of view, the standards of ethical behavior in organizations are not only set by the top level management rather the diverse workforce also presumed some matters to be performed ethically. These workforces include the employees who learned the ethical standards through theirs' family upbringing, social and educational environment. However, in most of the organizations, the code of conducts and ethics are set and issued by the executives so that every employee should be aware of it. The authors are considering ethics as a control situation with set of rules and values that are used to extract best possible outcomes for organizations. All the organizations e.g., local, international or multi-national, should performed ethically and be socially responsible while working in an environment.

It is believed that being ethically and socially responsible, it would be easy for the organizations to maintain and increase their goodwill in public. According to this research, the ethical standards are strictly observed during an organizational development in telecom sector of Pakistan. It was found that the employees and management, both are satisfied with the view that the organizations are considering the factor of social responsibility while developing theirs' organizational performances. Most of the telecom companies are involved in contributing to the charitable institutions. While conducting an interview with the manager of Telenor, which is one of the leading companies in telecom sector of Pakistan, we come to know that Telenor can even sell their product at very low cost as compare to the other telecom companies. By doing this, it can bear the loss but still can survive in the industry. But still it is not doing it so because of being socially responsible with their business and also to let the other companies to exist in the industry. Moreover, while conducting an interview with the manager of Mobilink, it is informed that Mobil ink is also fair in its trade because of being socially responsible in the business.

From the questionnaire, It was found out that opinion of subordinates is considered by the top management while decision making. Most of the organizations in Telecom industry are following business ethics while making policies & procedures for the achieving corporate objectives. The decision in organizations of telecom sector is generally made on the basis of market awareness and recent market trends.

In Telecom sector, the organizational policies have a greater impact on the employee behavior. As a result, employees are punctual and committed on average. The organizations in Telecom sector mostly have a pleasant environment which results in good employees and employer relationship. Employees are motivated because they complete their tasks effectively and worked for long hours. However, this research opens the grounds for conducting new studies in the context of Pakistan as limited researches has brought up on this topic. Similar research can be conducted in other sectors and by taking the sample size large one.

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