

ATTITUDE TOWARDS BUSINESS ETHICS: COMPARISON OF PUBLIC AND PRIVATE ORGANIZATIONS IN PAKISTAN

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ABSTRACT

The purpose of this study is to assess the attitude of people towards business ethics from public and private sectors' view, in Pakistan. Business ethics is a vital approach for the development, well-being of organizations and societies. The well-established scale of Attitude towards Business Ethics Questionnaire (ATBEQ) was adopted. A random sample (30 organizations) was taken from the whole population (Pakistan). The result indicates that the private sectors have more optimistic attitude towards business ethics as compared to public sector. Similarities and differences were discussed within the same sectors as well as others. Recommendations for public sector must reform the unethical business practice that breed cynicism and distrust in communities. The nature of this research is descriptive and the method used is a cross-sectional survey. Future researches should be conducted within individual organization by using different questionnaire techniques. The sample was restricted within public and private sector in Pakistan to assess the behavior of employees. Future research should include the age wise, experienced wise, gender wise and organization wise behavior of employees. This paper provides empirical study about the attitude of people towards business ethics from public and private sectors' view, in Pakistan.

Keywords: business ethic, public & private sector, ATBEQ

INTRODUCTION

Many are of the opinion that business and ethics do not go hand in hand because adherences to ethical practices do not accrue profits to the firm. They believe that a perfectly ethical company will not be able to reap the benefits offered by the business environment and so will not be able to capitalize on the opportunities that are provided by circumstances. However, real life examples have shown that business ethics do create high returns for the company. Reputation of a company and its share price also rise if they act upon on corporate social responsibility (CSR) and fulfill ethical values diligently and honestly, take care of society, customers, and in nutshell of all stakeholders' interest and benefit over their own business objectives and goals. Corporate history of many multinational corporations (MNCs) have shown that companies that follow ethical practices provide double the value to their shareholders than companies that do not adhere to ethics.

Business ethics is especially important in dealing with customers. Maintaining integrity in the customers is crucial for building client relationships and assisting the overall branding efforts. Attitude toward business ethics could be different so significantly even with in one organizational culture.

However there are many research has been conducted regarding Attitude towards business with comparative study, but not a single report on Pakistan. Now we observe it is necessary to find out the attitude of individuals towards business ethics in Pakistan, which sector of Pakistan is more ethical toward business ethics.

Running a business requires adequate consideration to a number of issues outside the traditional scope of making money, of which ethics is most certainly one. An important part of engaging in this process understands your business ethics, which if not up to scrape can leave you with a bad status and can even spoil your business, not to mention stake holders and the local community. Ethics is something of a subjective topic, but it is nevertheless of immense importance across all areas of business.

Ethics wise, it's also important to consider how you deal with customer issues and many others. On the administrative and strategic side of your business, it's also important to adopt an ethical approach which takes account of your various responsibilities as a business - to shareholders, employees and the community at large.

Ethics is no doubt an important business subject for any entrepreneur to study, but it also has a wider application throughout organizations. One man's concept of what is ethical and for the best may be completely different from another man's concept, and so it's important to establish a collective set of ethics that represent the entire organization rather than just adopting a piecemeal approach.

Business Ethics is the common agreed upon practice of different moral principles or values. It concentrates on the general nature of morals and the specific moral choice an individual makes in relationship to others. It represents the rules and/or standards governing the conduct of the member of a profession. The context of this inquiry will be ethics applied to business.

Ethics has been defined as “. . . inquiry into the nature and grounds of morality where the term morality is taken to mean judgments, standards, and rules of conduct” (Taylor, 1975, p. 1). It involves fundamental human relationships and the conflicts in duties and responsibilities deriving there from. Of the functional areas of business, marketing has been identified as the one most charged with unethical practices (Baumhart, 1961, Brenner, Molander 1977, Murphy and Laczniak, 1981).

It is not easy to assess ethical behavior owing to the fact that good and bad qualities are arbitrary in nature. However, there are some basic guidelines that can help one to assess whether the path taken by him/her is ethical or not. Many experts believe that ethical dilemmas occur not because of lack of compliance with accepted rules and stipulations or conditions. On the contrary, ethical misdemeanors happen because people fail to place professional needs above personal needs. Hence, ethical misappropriation happens when there is a strong conflict between personal wants and official restrictions

Objective of study

The major objective of this paper is to integrate the conceptual propositions of the theory in business ethics with a typology of public and private organization cultural dimensions.

1. To Study of ethical behavior in private and public sector employees
2. To examine the dominant and significantly different ethical climate and culture types amongst business organizations
3. To determine any effects of the existence of ethical codes in both sectors.

Hypothesis

H1: Private organizations in Pakistan having positive attitude towards business ethics.

H2: Public organizations in Pakistan having positive attitude towards business ethics

Problem statement

Business organizations in Pakistan are highly influenced by global culture where business ethics are given high importance and culture saturated with the ethics results into better integration with values, behavior and knowledge. The need arises to examine the well-established scale of Attitude towards Business Ethics Questionnaire (ATBEQ).

LITERATURE REVIEW

Ethics is a requirement for human life. It is our means of deciding a course of action. Without it, our actions would be random and aimless. There would be no way to work towards a goal because there would be no way to pick between a limitless numbers of goals. Even with an ethical standard, we may be unable to pursue our goals with the possibility of success. To the degree which a rational ethical standard is taken, we are able to correctly organize our goals and actions to accomplish our most important values. Any flaw in our ethics will reduce our ability to be

successful in our endeavors. According to (Ahmad, Chung, & Eichenseher, 2003) ethics and moral judgment involves the application of societal values. Every culture has its values and norms that are developed over generations. Increasingly the business environment is tending toward a global economy. With this trend come excitement, opportunity, and unfortunately potential for problems associated with differing attitudes and practices commonly encountered when interacting with cultures different from our own. These cross-cultural differences within the business environment are compounded when the topic of business ethics is considered (Sims & Gegez, 2004). Ethics, in the sense of an accepted set of rules are a prerequisite to any transactions. Parts of the rules are- or may be covered by legal stipulations. However, these can hardly ever be fully comprehensive or up to date. Plus: laws and regulations are usually the reflection and outcome of a clear and sanctionable set of morals that is understood as commonly given by the society that institutes and follows them. (Schnebel, Bienert, 2004) The purpose of a business firm is not simply to make a profit, but is to be found in its very existence as a community of persons who in various ways are endeavoring to satisfy their basic needs and who form a particular group at the service of the whole society (Annus & Paul II, 1991). With the growing interest and debate surrounding "Globalization", no one can underestimate or push aside the crucial role of the perception of ethical behavior of business and of exercising moral judgment. The problem is not only the concern of business firms, but far more importantly, it draws into the picture politicians, government officials and various national and international stakeholders and pressure groups. National and international business transactions largely rely on shared perceptions as to what is ethical (acceptable) behavior (Ahmad, Chung, & Eichenseher, 2003). Global business ethics has now become a significant problem for many multinational companies. International ethics is currently a section in the International Studies area, showing the importance of the topic to those participating in the global market (Asgary, & Mitschow, 2002).

In developing economies, governments tend to have more layers of management and higher levels of bureaucracy. Organizational cultures in the public sector should have strong influences on the behavior of employees and suppliers. (Singhapakdi & Vitell, 1990) showed that organizational ethical culture positively influences perceptions of ethical problems and alternative solutions in a marketing context. It should be noted that Islam is the dominant religion in Pakistan, and it places a strong emphasis on justice, harmony, and generosity in the workplace (Ali & Amirshahi, 2002). From an Islamic perspective, the faith and belief in God will produce greater acceptance, tolerance, willingness, and sacrifice to carry out a job in an ethical and fair manner (Barham et al., 2009).

According to moral development theory, as people grow their moral level, maturity increases, often due to education and work experience. If this is the case, then government work experience might be a factor since there are strict rules and regulations in almost all functioning economies. (Fryxell & Lo 2001) showed Chinese managers in state-owned firms appear to embrace stronger environmental ethical values over their private sector and joint venture counterparts. (Svensson & Wood 2004) concluded that the codes of ethics in the Swedish public sector appear to be more nurturing, more developmental of staff, less regulatory and less directive than the private sector.

METHODOLOGY

Using convenience sampling technique questionnaires, distributed to 110 employees of both sectors (public and private) from the whole population of Pakistan. A 30-item Attitude towards Business Ethics (ATBEQ) scale (Neumann & Reichel, 1987 as cited in Preble & Reichel, 1988) was used to gather employee attitude towards business ethics. The ATBEQ is scored on a five point scale ranging from "Strongly Agree" to "Strongly Disagree". An analysis at the $p < .05$ level of significance is used to determine if there are differences in the responses of people based on age, gender, education, management experience, and government work experience. The .05 level of significance has been chosen because it is an appropriate level of significance for most social science research.

Group Statistics

Table I

	Organization	N	Mean	Std. Deviation	Std. Error Mean
ATE	Public Organization	49	3.2436	.34405	.04915
	Private Organization	47	3.1935	.38475	.05612

Independent Samples Test**Table II**

	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
								Lower	Upper
ATE	.000	.988	.672	94	.503	.05003	.07443	-.09774	.19781

Ideally ANOVA or MANOVA would have been the statistical methods of choice; however, the statistical analysis was limited by the data reported in the literature (mean, standard deviation and sample size). As such, *t-test* of two means was used to compare the attitude towards business ethics of public organizations and private organizations in Pakistan.

PROCEDURE

For this study, 110 questionnaires were sent to the public and private organizations. The convenience sample was obtained through educational organizations, businesses and entrepreneurs, private and public sector institutions. A paragraph explaining the purpose of this research and guaranteeing total confidentiality was included with each survey. The respondents were asked to voluntarily complete the questionnaires and return it to the specified researcher by company mail. Since some people do not like to complete surveys. Out of total questionnaires distributed, a total of 96 usable questionnaires, comprising response rate of 87%, were used for analysis in this study. Of the subjects, 49 (89%) respondents reported from public organizations and 47 (85%) from private organizations.

Analysis

The results of t-test of two means (public and private organizations) indicated in Table I and after the comparison the values are $F=.000$, $p=0.503$ (Table II), here $p>0.05$ it indicates that we accept our first hypotheses. That's Private organizations in Pakistan having positive attitude towards business ethics. With the growing interest and debate surrounding "Globalization", no one can under estimate or push aside the crucial nature of the perception of ethical behavior of business. The problem is not only the concern of business firms, but far more importantly, it draws into the picture of public and private sectors in Pakistan. The research results presented in this paper should be viewed as largely exploratory. While we have highlighted substantial (tremendously significant in a statistical sense) differences in response to a standard set of attitude towards business ethics, at least a few words of caution are in order. First, in terms of sample composition, our sample is random, young person's studying to enter the business world. While these individuals are likely to be business leaders of tomorrow and, thus, their attitudes are useful to the evolution of the global economy. They may not reflect the ethical attitudes set in current business practices. Secondly, while our findings do indicate the national differences in attitudes towards ethically unclear business practices that may be useful for managers in the global economy, our interpretation thereof remains provisional. Obviously, future research should address the issues we have raised at a deeper theoretical level, more precisely manipulating specific dimensions of attitude towards business ethics and more deeply articulating the his tropical background likely to engender national differences in ethical attitude. It must also be noted that, while national culture does play a crucial role in business practices, still, the impact of recent socio-political developments and events may also deserve to be taken into account while studying attitudes and values in business practices. All respondents, regardless of their national cultural background, perceived the ethical problems more or less similarly in the problem situations. It can be stated fairly that they clearly agreed as to what is "good-bad" and the "right-wrong".

Limitations

Every research paper has limited vicinity. We gathered information from public and private sector in Pakistan to assess the behavior of employees towards business ethics by using convinces sampling technique questionnaires, which we distributed to 110 employees of both sectors from the whole population of Pakistan and reached the

result” **private organizations in Pakistan are having positive towards business ethics**“. We distributed the questionnaires in approximately 100 organizations in Pakistan but it is not vital that is result is applicable for all over the Pakistan. It is not obligatory that public sector having not adequate knowledge about business ethics, its just conclusion of our research paper, Moreover the new researches should be conducted with in individual organization.

CONCLUSION

In this report we set up some grounds that give you an idea about why public sector is not fully following the business ethics. On top management level there are only experienced but not well educated employees. They feel difficulty to change their operational style. If some qualified, well-informed and professionals to be found on middle or top level management then they might be adopted and follow the business ethics.

Business ethics are also depending on the individual performance or act. Individual performance effected by some aspect like low remuneration, job security, mental disturbance , personal problems , motivational level these are some factors which we observe, that are main issues of unethical behavior in organizations.

More cross-cultural research on the attitudes of employees towards business ethics should be conducted. Business employee not yet represent the future generation of managers. Especially in the international context, the power of multinationals and the scope of their activities require that more should be known about the grounds for the decisions of the managers. This knowledge would make it possible to prepare the future mangers for their international involvement and reduce the risk of one-sided or narrow minded decisions which do not take into account the important aspects of cultural differences and differences in levels of economic development. Also, as cross-cultural studies in this field are published, they contribute to make the field known to those who work within companies, and reduce misunderstandings or false assumptions, which often are in the root of unethical conduct.

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