

Chapter 13

Ethics in Management and Institutionalization of Ethics

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ABSTRACT

Throughout world economies, place and role of government and public sector have weakened over time, and on the other hand, efficiency, function, and responsibility of the business world and private sector have increased on the global market system. In addition, changing and developing socio-cultural structure has increased social sensitivity stakeholders' consciousness and importance given to ethic values due to increasing social necessities. Ethics turned out to be one of the most important management subjects for entities and governors in the business world. Ethical performance and ethical quality of enterprises are also important for social responsibility towards all stakeholders, enterprises' ethical values, reputation of the enterprise, increasing brand value of goods produced or service provided, providing trust and support of investors, customers, and the public. In this context, ethics, managerial ethics, institutionalization of ethics, and importance of ethical principles in enterprises in terms of corporate managerial principles are evaluated in this chapter.

INTRODUCTION

Present day competition, environment, globalization, progress in technology and limited resources enforce corporate to change. In information era, reputable enterprises are taken into consideration with not only magnificent financial tables but also with factors such as ethics, social responsibility, job satisfaction, and employee's quality of life (Kandemir, 2012). Ethics, which is an important

and deterministic factor in formation of rules to make up social system, is the knowledge of what to do or what not to do, what to want or what not to want or what to possess or not to possess (Yatkın, 2013). Ethics concept to express individuals' judgments and the process to reach these judgments is a process in which human beings make decisions based on values (Yıldırım, 2010).

Ethics has turned out to be a strategic factor to protect enterprises in the competitive, complicated

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business world with plodding legal processes (Kandemir, 2012). Managerial ethics turned out to be one of the very important subjects due to problems with global aspects, the necessity to protect corporate reputation, and necessity for managerial mentorship support (Gökçe & Örselli, 2011). Ethical management is a perception which contains inside basic universal values such as integrity, honesty, being respectful to rights and with this aspect ethical management endeavors formation of future (Uzun, 2011). During management process, governors face various ethical problems such as fulfilling corporate and individual necessities, establishing a balance to take parties' benefits into consideration and how to use authority and resources in a fair, unbiased, honest, and consistent way (Öztürk, 2014, p. 735). In this context, building ethical codes in the enterprises and governing according to ethical values such as honesty, reliability, being fair are very important (Sayılı & Uğurlu, 2007).

Therefore, corporate governors' and employees' acting according to ethical values and principles are evaluated as an important success criteria; internalizing of ethics concept by management and acting according to ethical norms are getting more and more importance (Küçükoğlu, 2012).

1. ETHICAL CONCEPTS, PRINCIPLES, AND THEORIES

Ethics and ethic-related concepts, principles and theories are subjects to be discussed in order to understand theoretical basis of ethics and managerial ethics and to enlighten managerial ethics.

1.1. Ethics Concept

The word "ethics" comes from the Greek word "ethos" which means character. Ethos is "mos" in Latin and it means tradition and character. (Öztürk, 2014, p. 735). "Ethics", derived from "Ethos" and pointing out the ideal and abstract, has

emerged from moral principles and values. In this context, ethics is more specific and philosophical than widespread morals in the society (Ülgen & Mirze, 2010, p. 478)

There are various definitions of ethics in the literature. A group takes ethics as "moral standards and rules that an individual should follow" while another group takes it as "principles, values and standards system to recommend what a human being should or should not do, emerging from interrelations, taking care of the individual and the society together, organizing human behaviors, defining and explaining how individuals should behave correctly (Fraedrich & Ferrell, 1992; Heyd, T., 2005).

Ethics is described in the literature in many ways. Ethics in terms of people's behavior, defined as a set of principle of right behavior, associated with in terms of morality, ethics is the study of the nature of morality and moral choices are made by a person. As the definition of the ethics associate with a group and management then ethics can be described as moral principles skeleton or management values or distinctive features of a particular group or culture, and management standards or rules form that manage behavior of a person or a professional employee. Moreover, for example when we step further and customize the definition of ethics in government segment, ethics becomes specific legal rules of conduct for government employees (Fox, Bottrell, Berkowitz, Chanko, Foglia, & Pearlman, 2010).

Ethics, also known as moral values philosophy, related with moral behaviors, actions, and judgments, turned out to be a work frame in which almost all sciences are interested in (Kaplan, 2009). Ethics formulates moral norms and principles and separates general binding and non-binding, and investigates basis and legitimacy reasons of general binding norms. Ethics, in this context, can be defined as investigation and understanding of moral life to be reached (Doğan & Karataş, 2011).

Ethics is the standards of correct and wrong behaviors in a situation (Fraedrich & Ferrell, 1992;

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