BUSINESS ETHICS APPLICATION IN BUSINESS AND THE ROLE OF HRM

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Abstract
This study aims to evaluate "Business Ethics Approach" in terms of Human Resources Management. To achieve this purpose, initially ethics and business ethics concepts were defined and the role of HRM in business ethics was highlighted. In order to determine HRM applications of business, and to emphasize ethics applications in business, web sites of the businesses which are listed in the "Capital" the magazine in 2010 as "The Most Popular Companies in Turkey" were analyzed. Of these businesses, ten of them, which have HRM page in their websites and explain their HRM applications in detail, were chosen as the sampling of the study. Within the scope of the study, HRM applications of the businesses in the sampling were analyzed under themes and subthemes. It is concluded that business give importance to HRM applications and fulfill them as much as possible. However, the explanations regarding ethics were limited in number, although they use the words involving ethics. This study tries to establish a different point of view regarding the issue.
Key Words: *Ethics, business ethics, HRM, application business ethics.*
JEL Codes: M12, M14.

1. Ethics and Business Ethics

Although moral and ethics (philosophy of moral) are used interchangeably in social life, they should be considered separately as two different concepts (Timuçin, 1994). Ethics refers to the principles guiding the behaviors of

individuals and groups and determining the standards regarding what is "good" or "bad", or "correct" or "wrong" when human behaviors are concerned (Schermerhorn, 1996; Bayrak, 2001; Aydın, 2002). Also ethics defines as, mainly deals with what is wrong or right and what moral duties and responsibilities are (Shea and Nutall 1997).

Business ethics is the application of ethics in business life. So, it is important to talk about what this issue means since business give considerable importance to it. Business ethics can be defined as the sum of ethical principles and standards guiding the behaviors in business world. The definition of a complex behavior in terms of being right or wrong or ethical or unethical is based not only on the values and ethics of individuals but also determined by the society that involves business organizations, beneficiaries and mass communication as well. Businesses do not have to behave correctly but, correct behavior is important in order for them to obtain the approval of the society (Ferrel and Fraderich 1994). As can be understood from the definition, business ethics defines the correct or wrong behavior valid in business world. Therefore, it involves respect, sensitivity to environment, being fair and just as well as honest in business relations (McHugh, 1992; Vallance, 1995). Business ethics focuses on how good-bad, correct-wrong exist in human behavior within the framework of business approach. When the relationships in the company are concerned, this concept is quite important since it defines when employees engage in right or wrong behaviors. In addition, how values and decisions affecting various groups will be defined and how administrators will apply the rules determined according to these rules and values are important issues to be discussed (Shaw, 1991; Certo, 1992:86)

Business ethics deals with the concepts "right" or "wrong" specifically in business life. Its main focus points include the determination of ethical standards for business administration policies, institutions and behaviors and their applications (Kırel 2006:6). Although business ethics is considered the most important issue in business administration, the importance of HRM in its application is often ignored. Thus, it is necessary to emphasize the role of HRM in business ethics.

2. The Role of Human Resources Management in Business Ethics

One of the most significant dimensions of business ethics is the attitudes of a business towards its employees. The responsibilities of an business for its employees are a part its social responsibility and involve certain issues such as justice, equal opportunities, privacy and qualification while business carry out

their Human Resources functions. Similarly, employees should behave according to expected work ethics within the framework their responsibilities for the business (Arslan 2001). HRM involves the management of the employees so as to achieve organizational objectives. Human Resources managers might encourage ethical behaviors by participating in organizational activities on ethics; however an awareness of justice and honesty in the organization are a prerequisite for these attempts. Naturally, Human Resources function plays a vital role in the attempts regarding ethical issues (Winstanley et. al, 1996; Weaver and Trevino, 2001; Greenwood, 2002). Some of the studies dealing with the reflection of business ethics on HRM discuss ethical principles in terms of ethical dimensions that human resources management should have (Barrett, 1999; Weaver and Trevino, 2001; Greenwood, 2002; Shultz and Brender-Ilan, 2004; Bevan, 2007). In addition to these studies focusing on the evaluation of Human Resources functions, there are also those discussing ethical issues in terms of the functions of HRM (Winstanley et. al, 1996; Weaver and Trevino, 2001; Dessler, 2006; Bevan, 2007; Wooten, 2001). Discussing which theory HRM is based on requires certain philosophical interpretations. Therefore, this current study focuses on ethical issues in HRM philosophies.

When we discuss the role of HRM in business ethics, it is possible to deal with the issue from different dimensions. From functional point of view, it is necessary to evaluate whether certain issues such as employing or lay-off; training and wage policies are in harmony with business ethics. As for the evaluations according to human resources in the business, it is necessary to focus on the roles HRM plays in guiding the behaviors according to rules of the ethics. In order HRM to realize all above mentioned issues effectively, the administrators should assume responsibility for the establishment of an agreed ethic mentality and extend it across the business business. In daily life, employees and Human Resources experts encounter many ethical problems (Mathis ve Jackson, 2003; Dessler, 2006). In institutions and organizations, HRM plays an important role in making important decisions regarding employment, training, development, promotion, business contracts, work definitions, discipline, laying off and retirement. Similarly it has significant functions in today's important agenda topics such as job security, mobbing, positive discrimination etc. The study conducted by Danley et.al (1996) reveals that Human Resources professionals think that the negative perceptions emerging due to cultural erosion are effective in the emergence of unethical behaviors in the business. Similarly, according to Weaver and Trevino (2001), the possibility of unethical behaviors and reporting of such behaviors in the company are lower when employees are believed to be treated

fairly. There are many reasons lying behind unethical behaviors in business. Among these factors are individual factors, organizational factors, the effect of administrators and leaders, ethics policies and codes and organizational culture. The establishment of ethical culture and its extension across business are one of the most important steps. Administrators should give importance to all the functions of HRM so as to make employees behave ethically.

3. Method

This study aims to explain from an outside point of view how the ethical applications of business are reflected in Human Resources activities. To achieve this purpose, the businesses listed in "The Most Popular Companies of Turkey" list published by Capital the magazine every year are examined. This study tries to examine how businesses are perceived by administrators in terms of certain serious issues such as social responsibility, employee satisfaction, consumer satisfaction and dignity. According to the administrators that participated in the research, the businesses that offer quality products, and make continuous investment on design and innovation and finally give importance to employees' rights have always been the leading ones in the market. The current study focuses on how the businesses considered "The Most Important" deal with Human Resources, which is a significant component of internal stakeholders in businesses.

The data obtained in this study were analyzed through qualitative analysis methods. Out of 20 businesses in the list of "The most Popular Companies of Turkey", use their official web sites to make declarations to their stakeholders. Therefore, in this study, how these businesses deal with the concept "ethics" in their Human Resources functions according to their "Human Resources" web pages available - or expected to be available - on their websites is analyzed through content analysis method. There are some limitations in the study. Since it is based on qualitative methods and the number of the subjects is limited, the results of the study cannot be generalized. The analysis of HRM applications in businesses through the content analysis of their websites may not provide certain and general information about them, however, such data may give a point of view regarding HRM applications and how these applications are carried out by these businesses.

4. Findings and Comments

When the web sites of these 20 which are businesses in the list are examined, 13 of them were found to publish information about the applications regarding HRM. The other seven businesses present such applications only under the title "Career". All the web sites examined have references to HRM somehow.

When the businesses which have web sites for Human resources (n= 13) are examined, it was found that 3 of these web sites were found to be inadequate for the analysis. The content analysis of other 10 Human Resources web pages revealed the following themes and subthemes:

Table 1. Themes and Subthemes

Employment and selection	Job application, evaluation, orientation, competency, open posts, internship
Training	Academies, programs
Performance Management	Career, performance, evaluation
Award	Promotion, Bonus
Wages and social rights	Salary, bonus, leave, retirement, insurance, working hours, food, bus service
Working Environment and opportunities provided	Sports, hairdresser, health, meeting, dining hall

The businesses in the sampling emphasize that they carry out HRM activities on their official web sites. The most important point regarding employment and selection of the future employees is that all the web sites have a link for job application. This situation clearly shows that web sites are important channels to access human resource. Some of the businesses clearly explain the procedure for job application process and the required qualifications and conditions for employment. The most important point highlighted by all the businesses in the study is that competency is the indispensible requirement for employment. In addition, the open posts in the company are announced in some of the web sites examined.

Training is considered important by all the businesses in the list; however, the way this training it is realized considerably differs. Some businesses have established academies and others developed appropriate programs for their own needs and objectives. As for awarding, promotion and bonuses are the most common methods used.

All the businesses in the sampling have announcements stating that they apply performance management. Some of the businesses determine the salaries of their employees according to performance management. In addition, performance criteria are published on the website for the public by some businesses "360^0 Feedback" is the most common method used for such a purpose.

The most important topic regarding payments is "salaries". All the businesses stated that they paid salaries to their employees for 12 months a year. In addition, the businesses pay bonuses in different ways. The right of employees can be listed as leave, compensation, working hours, bonus, insurance and retirement. All the businesses in the sampling provide lunch for their employees. Finally, some businesses even provide cars or petrol for their employees when necessary.

The businesses in the sampling try to emphasize on their official websites that they offer facilities for their employees. For instance, the availability of sport halls, hairdresser, doctor, meeting rooms, dining hall facilities is mentioned on the websites. Similarly, the businesses organize various activities for employee's cultural needs. One of the businesses in the sampling publishes "Work Health, Safety and Environmental Welfare Policy Statement" on its official website so as to emphasize that the company takes a good care of its internal stakeholders.

As for the words used during the explanations and announcements regarding business ethics on Human Resources web pages, the frequency of the following words was analyzed: respect, sensitive, rights, justice, fair, protection, honest, ethics, moral, care, good and correct.

The result of this frequency analysis reveal that the businesses use the words "fair, rights, honesty and correct" more often than the others. All the business publish information regarding their responsibilities towards employees; however there are no references to the ethical responsibilities of employees. The overall results of this study show that the businesses in the sampling carry out Human Resources activities effectively and treat their employees ethically. Nevertheless, it might be better to determine how these activities take place so as to make a more detailed analysis of the activities.

CONCLUSION

The websites of the businesses listed in "The Most Successful Companies in Turkey" are considered the most effective tools to introduce these businesses. An

effective and efficient website is a prerequisite to reach its stakeholders, one of which is employees. It is important for a business to show that it treats its employees equally, fairly, respectfully and is sensitive to their rights and fulfills all its responsibilities for the employees. The presence of a positive atmosphere regarding employees in the business is likely to increase motivation, commitment and willingness to work as well as to create a positive image to be observed by stakeholders. Therefore; businesses give special importance to design and publish websites to introduce themselves.

Although all the businesses in the list are found to have websites, some of them have the subtitle "career" in reference to human resources activities, which merely include information about job application procedure. As emphasized earlier, the businesses listed at relatively top positions in the list provide more detailed information about HRM. Some of the businesses in the list belong to a holding and they forward their visitors to the holding's website for certain topics despite the fact that they have their own websites. Although the businesses included in the sampling have differences regarding HRM applications, they are fulfilled to a great extent.

In order to analyze the ethical elements regarding Human Resources applications effectively, it is necessary to determine how these applications are carried out in the business. Providing an outsider point of view, this study deals with how business approach HRM and their ethical behaviors towards employees.

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