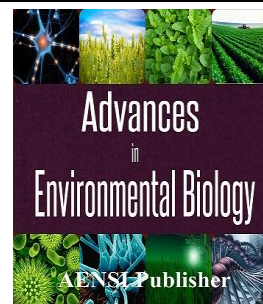




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Evaluating the Impact of Emotional and logical Approach on Genesis of Ethics in the Company Accepted in Tehran Stock Exchange

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ABSTRACT

Lack of attention to the work ethics in the management of organizations, in communities such as Iran with rich moral values on one hand and on the other hand having a significant gap with advanced countries, could make great problems for the organizations. The main purpose of the present article is reviewing the impact of emotional and rational approach on ethics and raising the morality. The ethics` variable in this research includes the ethics of Justice and the ethics of care as the ethics` mechanisms. The needed data have been obtained from a sample included 74 accepted companies in Tehran stock exchange systematic method of deletion using the questionnaire in the years 1386-1390. The research theories have been identified and modeled in the form of Regression relations. Research findings show that stronger feelings led to more caring ethics while the emotional approach does not contribute significantly to the justice ethics. Also the findings show that the existence of logical approach does not lead to caring ethics while the logical approach leads to justice ethics.

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INTRODUCTION

Lack of attention to the work ethics in the management of organizations, in communities such as Iran with rich moral values on one hand and on the other hand having a significant gap with advanced countries, could make great problems for the organizations. Furthermore, with the rising the social expectations from the organizations, the societies have got more sensitive about the issues such as the environment, individuals, minorities, handicaps andrights.

Organizations` disregarding to these rights and failure in observing ethical principles in dealing with the outer beneficiaries can be create some problems for the organization and makes the legitimacy of the Organization in doubt and effect on the organization's success and profits. [5] On the other hand the organizations, to carry out the tasks with the highest efficiency and effectiveness resulting in their objectives complement, need to have a set of ethical guidelines that help them in the matter, facilitate their moves to the ideal status with creating harmony. Observing business ethics and social responsibility by increasing the legitimacy of the Organization`s actions, influences on improving the profitability and competitive advantage. [14].

Today, the ethics and social responsibility of the administrators have been subject of the managing masters attention more than before. Ethical and social responsibilities is a continuous commitment of the industries and business holders and the government that makes them obeying ethical basics and economic improvement with improving workers and their living level in the society [6]. New scandal in the Commerce and trade led to paying more attention to the issues such as ethics and social responsibility and the and commercial, professional and industrial councils and communities being established in order to formulate and conducting the ethical principles and the companies seek for setting the politics and guides with which they can obey the ethical rules and make themselves adhere to the social responsibilities [15]. In this research, referring to two mechanisms of ethics including Justice and care ethics we seek the impact of emotional and rational approach of the individuals

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in the organization in building the ethics and that if emotional and rational approaches have the effect on the morality or not.

The theoretical foundations and the expansion of the research hypothesis:

Many people believe incorrectly that a company has been built for earning money, while this is just one of the most important reasons of the company existence. With a deeper review of the issue, inevitably it can be achieved that a group of people gather for fulfillment of a job in format of a group which they cannot do it as individuals. The share in the community and call it as a company which is a stereotype but fundamental.

The basics and theoretical concepts of ethics:

The word ethics in business ethics term is derived from the Greek word meaning habit. Hence the science of surveying and evaluation human behaviors is called the science of ethics [16].

Working ethics, as a branch of management science, emerged in 1960s from the time of social responsibility movement emergence. People believed that because companies and institutions benefit from using the country's resources, are indebted and to the country and should try to improve the social situation [7].

On the other hand, with an overview of various markets`daily functioning (the market of goods and services, foreign exchange, money market and gold and the stock market, housing market and even insurance market and cars) the importance of business ethics gets more visible. The emergence and spread of e-transactions in the first decade of the 21st century and doing a lot of Internet transaction, has doubled the importance of the subject. Commitment to business ethics and commerce, creates a kind of the trustworthiness that is a valuable and social capital and guarantees long term success of the relevant institutions [4]. From the Potockan and Mulej`s point of view, ethics is an integral part of human's emotional and behavior and the invisible part of human behavior process, includes the business [13].

The necessity of the ethics and professional conduct:

The need for teaching ethics and professional behavior as part of a training program for members of the profession, financial and credit institutions and commercial units that face with the problem of the financial reporting is evident and on the other hand, conducted researches indicate that the presence of three fundamental factors together cause the formation of the professional growth and development, including the accounting profession (in general meaning) that the ethics of the accounting behavior has the key role;

These three factors are as follow:

1. Philosophy, theoretical foundations, professional standards and principles
2. professional organization encompassing
3. professional behavior procedure

To describe and defining a career and for recognition and outlining the existing phenomena and predicting similar phenomena, the presence of the first factor is essential so ideas and opinions that apparently are independent and separated are presented as the body of a science in the form of a theory. With experimental observation of the necessary tests and logical reasoning, the phenomenon are adapted with the raised theory for measuring it's power. Johnson (1976) and Belstin (1971) believe that achieving the theory is one of the characteristics of each professional activity. Heinz claims that "with the claim of acquiring such knowledge, a career can be persistent and develop." Regardless the necessity of existence of first two factors, the third agent or professional behavior ritual and adherence to that, is a fundamental factor which the career durability and its survival is dependent on it and the community pays special attention to this factor more. This article discusses about two kinds of ethics, justice and conservative ethics that each of them tends to stand against the other [12].

The ethics of Justice:

Strike (2003) identified a twofold tension between maximizing profit and respecting the individuals' rights in ethics of justice. Begley (2006) considers the ethics of justice as the basis for the real contracts decisions. He reminds that the ethics increases the profits in addition to the respect it brings for the individual rights. The ethics of justice revolves around thoughts such as rationality, legal rights and justice; in terms of justice and fairness, it is defined as the fair allocation of the resources and following the rules. Noddings' approach to ethics of care considers two requirements for caring. These include one-caring and cared-for concepts. The one-caring means one individual cares another one; whereas the cared-for refers to a wisdom leading us to a more public field which might be the basis of justice. Plot [12] argues that in comparison with the ethics of justice which revolves around rationality, rights and justice, the ethics of care deals with consideration, feelings and responsibilities. Considering the above contents, the following hypothesis can be specified:

H1: The emotional approach leads to the genesis of ethics meaningfully.

H2-The logical approach leads to genesis of ethics meaningfully.

Referring to two kinds of approaches, emotional and logical approaches, it can be specified for the justice ethics:

H11: Emotional approach leads to genesis of justice ethics meaningfully.

H21: Logical approach leads to genesis of justice ethics meaningfully.

The ethics of care:

French and Weis (2000) suggest that the conservative ethics is the concentration on the ethics resulted from the individuals' rights for the communication requirements. Given the prediction of one's identity based on the caring relationships with the others, it is used as the basis for the ethical conservatism. The ethical conservatism is a method for higher concentration on the individuals rather than on the policies. Ethical conservatism refers to the intrinsic values and dignity of the individuals and it seeks to see whether a person enjoys the human life. The ethical conservatism focuses on communicational demands in terms of love and absolute attention rather than contractual or legal points of views. The ethical conservatism deals with considerations, feelings and responsibilities.

There are three distinctions between the ethics of care and ethics of justice. First, the ethics of care is more concentrated on the communications and responsibilities. Second, the ethics of care is not focused on subjective, formal and pervasive situations, but it deals with specific situations. Third, ethics of care is not described as a set of principles, but it is considered as a caring activity. Regarding to two types of emotional and logical approaches, precisely the following hypothesis can be assumed for care ethics:

H12: The emotional approach meaningfully contributes to the genesis of ethics to care.

H22: The Logical approach meaningfully contributes to the genesis of ethics to care.

An overview of the research history:

From the Novabviz and Milski (2008) point of view, the underlying structural rules of any company should reflect social norms, such as the moral basics. The company's administrative concept is available altogether in fairness ethics, rights and responsibilities. Vitel and his colleagues [18] in a society consisting of Spanish directors and by using their questionnaires, reviewed the effect of the ethics on corporative social responsibility (CSR) which represents the relationship between the ethical values of companies and job satisfaction.

Jane and Derozedenko (2009) have conducted a research about the relationship between the organizational core values, corporative ethics, companies' social responsibility and evaluation of organizational performance and it was shown that the administrators in machine oriented organizations and in the basic organizations, with more social responsibility were known as more moral and ethical and the point that they were known as having more ethical views and social responsibilities, has considerable relation with the evaluating the organizational performance. Also, Jane and Derzdenko (2010) in another study about the ethics, social responsibility and organizational performance concluded that the managers of the systematized organizations in compare with the machine Foundation organizations, have the higher level of social accountability and morals. Sabnam aslan and colleagues (2012) in their research on active companies in Turkey's Konya province concluded that the ethical management has positive impact on the corporate social responsibility of companies and social responsibility also has a positive impact on the behavior and ethical values of the company. Lin Hi & Muller 1(2013) in their study described the relationship between "avoiding bad things perceived corporate social responsibility of the companies and offer a framework that acquires the perceived connection between the corporate social responsibility ("do good" and "avoid bad things"), the lack of corporate social responsibility and the social responsibility of the companies.

From Rhman Seresht and colleagues' point of view [7], observance of business ethics and social responsibility by increasing the legitimacy of the organization's actions, increasing revenue, profitability will improve the success of the organization. The results of Hamidi zade and Nekooyi Zade [7] show that moral values, system of reward and punishment and leave the service and the moral atmosphere of the Organization, are the most important determinant of ethical behavior while age and education were not significant relationship with moral behavior. The results of Mahdavi and Alipoor research (2010) on 63 companies using the questionnaire show that the company's financial executives accepted in the Tehran stock exchange, believe on ethical decision making approaches interests

But do not believe on the ethical interpreting approach, immoral and functionalism. Beheshti far and Nekooyee moghadam's research findings show that there is a relation between the managers moral behavior and staffs job satisfaction. On the other hand there is a positive relation between managers' accountability, firmness, fair behavior and administrative custody and staffs' job satisfaction. Results of Taghizadeh and Soltani [16] studies shows that business ethics effect on social responsibility of the agency and suggest that to enhance social responsibility of corporations, business ethics in organizations be strengthened. Chavosh Bashi [3] in his research implies that the organization by creating an ethical management program can enter the ethics to the work environment and maintain its ethical performance even in disturbed conditions and this way has the positive effect on how to deal with the clientele, staff, investors, shareholders and other rival companies and institutions and to society in General, in order to play a role to put appropriate impact and social responsibility. According to the results of Ghanbari research [6] the managers' ethical behavior is the guarantee for the

company survival and a company can act ethically if its Manager do it not just set the rules and suggest the others to do them but he himself do immoral acts so they will face problems. Davoodi and Associates (2012) research result shows that company executives tend to use corporate social reporting as limited and commensurate with the objective to maximize shareholder wealth.

Methodology:

The present study is based on the real information and is classified as a semi-empirical study in fields of positive accounting studies. This is also an applied study because the findings might be useful for the users of the financial statements. From another perspective, this is a descriptive-analytical study using the collected information to describe and analyze the relationship between the variables. The population of the study is composed of the whole firms listed on the Tehran Stock Exchange over five years from the beginning of 2007 to the end of 2011. To conduct this study, a specific sample is selected based on filtering technique to mitigate the potential biases. The sample firms should have all four following criteria:

1. The firm should not be classified as the financial intermediaries or investment firms.
2. The end of the fiscal years should be consistent with the calendar year and there should be no changes in the fiscal years over the selected period.
3. There should be no interruption in their trading.
4. The firms should not have incurred losses for the research period.

Considering all above criteria, 197 firms are selected as the sample. The questionnaires are distributed and 74 questionnaires are returned back. That is, the present study includes 370 firm-year observations from 74 firms.

The required data is collected by different methods. Using previous studies published in expert journals and books, the information about the theoretical bases of the study is collected. The data about the variable of ethics is collected by the standard questionnaires. The ethical views of the CFOs are measured by using the questionnaire of Myers-Briggs including 24 questions. The variables of ethics of justice and care are examined by the questionnaire of Measures of Moral Orientations (MMO) introduced by Liddel et al (1992). This questionnaire includes 36 questions described in terms of five-point Likert scale. In this questionnaire, 18 questions are related to the ethics of justice and 18 other questions are about the ethics of care.

Before testing the research hypotheses, it is necessary to calculate the Chronbach's Alphas of the questionnaires to verify the reliability. The calculated coefficients are higher than 0.7 which confirms the reliability of the questionnaire. It must be mentioned that using international standard questionnaire is another reason of the reliability.

Table 1: The coefficients of Chronbach's Alpha.

No.	Description	Chronbach's Alpha
1	MMO	0.726
2	Mayers	0.71

Research findings:

Before presenting the test results of each hypothesis, it should be noted that the Regression models, care ethics, morality and justice, emotional approach and logical approach are shown as CARE, J, and The MMO and FMMO.

The results of regression models of first thesis:

Table 2 show the results of the first subsidiary test of hypothesis of main hypothesis. Based on table data and statistics with regard to the amount of open-Watson achieved (13/2) it can be noted that there is no correlation between the errors. Also according to the adjusted coefficient amount, the independent variable in this model is able to explain the dependent variable changes of 5%. The value F (0.78, respectively) and the level of related error (037/0) also suggest a significant total fitted Regression model. Tagged with table, sensational variable coefficient, (0/67 is 0/086in a significant level). This topic can show that the first hypotheses verification in confidence level of 90% means that stronger emotions leads to the genesis of more care ethics.

Table3 show the results of the second subsidiary test of hypothesis of main hypothesis. Based on table data and statistics with regard to the amount of open-Watson achieved (1/8) it can be noted that there is no correlation between the errors. Also according to the adjusted coefficient amount, the independent variable in this model is able to explain the dependent variable changes of 2%. The value F (0.86, respectively) and the level of related error (0/048) also suggest the meaningfulness of total fitted Regression model.

Table 2: The results of test thesis H11.

CARE _i = b ₀ + b ₁ (F _i) + e _i			
variable	variable coefficient	statistics	meaningfulness
width from departure	6/66	72/115	000/0
F	0/67	0/88	0/086
:0/78:statisticsFs	R ² : 00/05		
:meaningfulness0/037	Doorbin-Vatson: 2/13		

Table 3: The results of test thesis H11.

J _i = b ₀ + b ₁ (F _i) + e _i			
variable	variable coefficient	statistics	meaningfulness
width from departure	47/4	81/89	000/0
F	-0/31	-7/7	0/24
:statisticsF0/86	R ² 0/2		
:meaningfulness0/048	:Doorbin-Vatson1/8		

Table4 show the coefficient of the emotional variable (24/0-significance level estimates 0.31). This topic can indicate a lack of second-level approval of subsidiary hypothesis make 95% .This means that the emotional approach meaningfully do not contribute to the genesis of ethics of justice.

The results of second thesis of regression Models:

Table 4: The results of test thesis H21.

CARE _i = b ₀ + b ₁ (F _i) + e _i			
variable	variable coefficient	statistics	meaningfulness
width from departure	74/1	179	0/021
ThMMO	-3/7	-5/69	0/77
:statisticsF17/6	R ² 0/013		
:meaningfulness0/001	:Doorbin-Vatson1/55		

According to the table, the logical variable (-3/7 is in meaningful level of 0/77).This shows the failure to confirm the hypothesis of the first subsidiary in the confidence level is 95%; this means that logical approach do not lead to the genesis of care ethics.

Based on table data and statistics on table 5 with regard to the amount of open-Watson achieved (1/83) it can be noted that there is no correlation between the errors. Also according to the adjusted coefficient amount, the independent variable in this model is able to explain the dependent variable changes of5%. The value F (19/3, respectively) and the level of related error (0/000) also suggest the meaningfulness of total fitted Regression model.

Table 4: The results of test thesis H21.

J _i = b ₀ + b ₁ (ThMMO _i) + e _i			
variable	variable coefficient	statistics	meaningfulness
width from departure	63/91	172/14	0/000
ThMMO	2/52	4/39	0/000
:statisticsF19/3	R ² 0/047		
:meaningfulness0/000	:Doorbin-Vatson1/83		

According to the table5, the logical variable (2/52 is in meaningful level of 0/000).This confirms the hypothesis of the first subsidiary 2-2 in the confidence level is 99%; this means that logical approach leads to the genesis of justice ethics.

Conclusion:

Research findings show that the presence of stronger feelings leads to the genesis of care ethics while the emotional approach do not contribute meaningfully to the genesis of justice ethics. Also the results show that The existence of logical approach does not lead to the genesis of care ethics while the presence of logical approach leads to the emergence of the ethics of justice. The influence of the emotional and logical approaches on the genesis of care and justice ethics show that how the individual features, emerge in macro-level series and in fact how can get to an up grating society by having efficient people with good features. Administrators can get their organizational goals by identifying their staff behavioral approach and improving the accomplishing .According to the previous research findings and this approach it is suggested that for a better performance of the staff, their mental and emotional dimension be taken into consideration and according to the mentioned dimensions, push their employees for a better performance of their responsibilities. Also, it is recommended that the ethics courses be used in universities in order to strengthening the moral dimension of students for taking the advantage of it in their future career.

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