AMERICAN UNIVERSITY OF BEIRUT

THE ROLE OF THE HR DEPARTMENT IN FOSTERING AN ETHICAL WORK CULTURE IN MEDIUM AND LARGE SCALE ORGANISATIONS IN LEBANON

by
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AN ABSTRACT OF THE PROJECT OF

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This paper is a study on the role of the Human Resources Department in fostering an ethical work culture in medium and large sized companies in Lebanon. Ethics has always been a topic for discussion; and with the transformation of the nature of business in the past few decades, ethics has become a crucial part of the equation. Business ethics has been defined by many scholars and practitioners. The role of the HR Department in fostering ethics remains of interest to explore. The relation of certain roles in the organization can contribute to an ethical work culture. The most important of these roles is the role of the buy-in of Top Management. In the Lebanese context, there are lots of challenges when it comes to ethics. This study gives an exploration to the ethical dimension in medium and large size companies in Lebanon.

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To

My Beloved Family

CHAPTER I

INTRODUCTION

Lebanon is a country with billions of dollars in debt. The government is corrupt and the economic state is suffering. Lebanon has suffered a civil war 50 years ago in which it affected its social and cultural state. After the war, Lebanon has started to build itself up in order to have a stable economy but on the long run it failed. The ethical situation in Lebanon today is very questionable. Laws are breached everyday starting from the traffic light reaching the money laundry and huge briberies. By observation we can tell that the business arena in Lebanon is very close in structure to the society it operates in. Many companies do misconduct and unethical business transactions all for the sake of making money. The government is based on sectarian distribution of all the positions in the country and that extends to all the Lebanese organizations.

Globally speaking, the world as we know it today: dynamic, fast, changing and unpredictable, has put companies to do business in a different way. Globalization, migration, technology and many other factors are setting challenges for management. Of these challenges, ethics has become one of the most exciting for companies in today's business world especially that there is no globally defined model that deals with such issues (Bonciu, 2008). "Business ethics is the study of business situations; activities and decisions referred questions and wrongs" (Mihailović, Cvijanovic & Simonovic, 2015). The concept of business ethics has emerged after the twist in the mentality of how businesses operate and due to the different forces exerted on the business arena (Mihailović *et al.*, 2015) that led companies to rethink their activities, processes and practices. Social responsibility, fairness, equality, employee rights and

many other concepts are shaping the way companies carry out their work. Thus, in order to keep a balance between profit and economic activity from one side and values and morality from the other side, companies have to put a lot of effort. Taking all of that into account, decision makers in a lot of companies still practice unfairness and implement morally incorrect practices that affect subordinates and that are far from integrity and good doing (Bonciu, 2008). Some scholars defined ethics as doing no harm, while others took it to a different dimension and considered ethics as a channel to be market leaders and champions (Victor & Cullen, 1988; Schminke, Arnaud & Kuenzi, 2007).

Creating an ethical working environment requires the support of Top Management in order to be effective. Ethical cultures can be fostered either through compliance policies set and implemented in the company which is represented by Do's and Don'ts, punishment and reward or through promoting a value based culture, that is based on moral standards and integrity. Both cultures have behavioral and cognitive advantages and disadvantages. The former, however, can have a negative effect on motivation and performance, as employees may consider it as extrinsic rather than intrinsic motivation and can be perceived as distrust from the management (Boussalis, Feldman & Smith, 2018). On the other hand, specificity which according to Boussalis *et al.*, is well defined rules vs. vague standards, can lessen self-serving bias because employees will not have a vague idea on whether they are following ethical behavior or not. Cognitively speaking, compliance based cultures make employees go by the book and forget about other unmentioned ethical aspects (Boussalis *et al.*, 2018). On the other hand, value based culture, can create a vague idea on what is ethically acceptable behavior, i.e. people might think that they are doing the right thing (self-serving bias) whereas they are not. Not to forget that what is the right thing is not what is more

profitable but what is morally right (Mihailović *et al.*, 2015).

The role of the Top Management is also essential in this equation. Top Management is the compass of the company and they have mere impact on everything that goes on. Top Management not only have an impact but it directs the whole company and their role in fostering ethics is essential to shed light at. In this paper, we explore a deeper understanding of the role of the buy in of the Top Management to ethics.

Some scholars have considered that strong work ethics lead to excellent job performance. It has been thought that work performance is affected by the behavior of the workers. Those who demonstrate high performance should show cooperation, team work, discipline, honesty and responsibility to keep the well-being of their organization (Osibanjo, Akinbode, Falola & Oludayo, 2015). This can be also revealed by the strong correlation between an ethical working environment and sickness absences (Kangas, Muotka, Huhtala, Kikangas & Feldt, 2017). This strong correlation between ethics and performance indicates the importance of fostering an ethical culture that promotes practices based on values, integrity and morality. Human resources Management department plays an important role in building an ethical culture and recently this relationship has matured. Our knowledge about the construction of ethical systems in companies is still limited (Manroop, Singh & Ezzedine, 2014). Because of the complex ethical situation in Lebanon regarding corruption, nepotism, sectarianism, discrimination and unfair pay, this paper shows a deeper understanding of the role of the HR Department to foster an ethical work culture and better describes the role of the Top Management and explores the challenges in this context.

CHAPTER II

LITERATURE REVIEW

The Lebanese context is a bit different from its neighbors, being democratic and secular (Afiouni & Nakhle, 2016), despite that, Lebanon is characterized by its religious communities that have taken over its institutions. After Al Taif Agreement; which was an agreement reached to provide "the basis for the ending of the civil war and the return to political normalcy in Lebanon", signed on 22 October 1989, Lebanon has distributed all of its governmental positions based on sectors. Sectarianism has cascaded to be institutionalized in smaller organizations and the government gives them the right to do that as a way to keep power balance and secure each religious group shares (Ariss & Sidani, 2016).

The world is changing and the structure of the business world is also changing. Companies want to maximize their profits and do business transactions that get them more money. In this process, unethical behaviors might emerge, while trying to maximize profits; organizations might face ethical dilemmas in which can change their equations. Unethical practices can be towards the employees, the society, the environment or other stakeholders. In the time some companies strive to be ethical, others are breaching ethical conducts, seek monetary results without taking into consideration the process and reaping all the dividends, while those who try to be ethical, might not do as well as those disregarding ethics (Osibanjo et al., 2015). The nature of competition has forced many companies to do business in an ethical way to preserve a certain image (Burchell & Cook 2006). This debate has been there in literature and in practice. Collin (1994) suggested that ethics and business can be

oxymoron, which means that you cannot do them at the same time. In other words, the

nature of business cannot have ethics. Other researchers claimed that it is essential to

keep maintaining ethical standards in business and seek to establish trust with all

stakeholders (Mihailović *et al.*, 2015). Having those two opposing views on business

and ethics push us to think deeply about this topic. If business and ethics are oxymoron

in nature, we wouldn't have seen all big companies today strive in order to keep high

ethical standards. Business is a mean for a better economic and social life. When

business start harming the community, environment and its stakeholders for the sake of

profit, it will on the long run seize to exist especially with the increasing universal

awareness.

Management should always ensure that the corporate systems conduct ethical

practices, which are essential for the corporate image and the continuity of business

(Osibanjo *et al*., 2015). Ethics has been claimed to improve performance and increase

productivity. Individuals with strong ethical values have better performance and higher

productivity than individual with weak ethical values (Osibanjo *et al*., 2015).

Employees with strong ethics, put more effort, monitor themselves, put extra time and

are more productive (Linz & Chu, 2012). Ethical people in the organization contribute

to the overall culture and raise flags when necessary through whistleblowing. The

importance of work ethics has taken a huge portion of the research. Although there is no

one global definition for ethics, many scholars gave different definitions to the concept.

Ethics is considered as "just or right standards of behavior between parties in a

situation" (Runes, 1964). Others defined ethics as morality and code of conduct (Taylor,

1975). When taking ethics into business terms the definition of business ethics "is the

study of business situations, activities and decisions referred questions and wrongs."

What is generally considered ethical is what does no harm, and what does harm is

considered to be unethical (Mihailović *et al.*, 2015). Business ethics has also been

considered as the virtuous practice that contributes to employees' well-being (Huhtala,

Feldt, Lamsa, Mauno & Kinnunen, 2011). Despite having many definitions the

meaning of ethics in all of them reflects a similar state or reality. We define ethics in

this study in terms of values, virtues, good behavior and fairness.

Scholars considered that ethics at work can have different sources. Ethical

practices are fostered through both formal and informal systems (Trevino & Weaver

2003). Formal systems include codes of conducts, policies and procedures, and specific

laws, whereas, informal systems are considered to be values that prevent engagement in

unethical practices and transactions. Despite the argument of some scholars that there

should be set ethical conduct (Cochran, Trevino & Weaver, 1999); Thorne LeClaire &

Ferrell (2000) considered that there's no one system that determines how to promote

ethics, ethics are promoted through a continuous process to prevent unethical conduct.

Some researchers suggest that companies can't depend only on policies and procedures

and laws (compliance based), they should have a set of values that is implemented in

the mindset of employees, to have a shared vision that shapes the behavior of everyone

in the company (value based). Some researchers suggested that the code of conduct is a

myth and should be backed up by a strategic plan (Meyer & Rowan, 1977). Having

codes of conduct in many contexts are there just for the image, the practice can be much

more different of what's found on paper. Clegg, Kornberger & Rhodes (2007) argue

that ethics is not "capsulated" and cannot just be there by having policies and

procedures and code of ethics. It's a long process that needs the collective effort of the

company. Having a code of conduct is very important to hold people accountable.

Research suggests that accountability changes the behavior of people to a certain extent

(Beu & Buckley, 2001). Though it is not a simple task, having ethical standards and

behavior, in addition to good conduct in an organization contribute to the financial

value of the organization (Huhtala *et al*., 2011). In order to have control over an ethical

work culture, values and policies should go hand in hand and requires that both HR and

Top Management keep an eye on the organization by monitoring and ensuring that

values are being translated and implemented in their day-to-day activities.

        The role of the HR Department has been argued upon in this discussion.

Because of the evolving role that HR has been developing in the past decades, going

from administrative reaching strategic levels, many views rotate around its role in

fostering ethics. Because of the evolution of the business world, the HR Department has

moved from doing personnel functions to human capital development and growth and

contributing to the development of the whole organization (Turner & Leung, 2005).

Some scholars claimed that HR role is to deal with different parties of the organization.

HR is responsible to manage the relationship with employees; it has a role to maintain

ethical standards in addition to the business role that it plays that doesn't have to do

with ethics (Mihailović *et al.*, 2015). The role of the HR has been related closely to

ethics and is considered to be the unit responsible for ethics initiatives (Plant & Ran,

2009). They are also thought to be the ones that teach employees through policies and

procedures and climate influence on how to act ethically (Bolton & Houlihan, 2007).

HR is considered to be the role model for employees rather than just setting policies and

procedures and challenge people who don't follow them (Parkes & Davis, 2013). The

HR Department is considered the function that models behavior for the leaders as well

as explains the legal state in a certain context (Plant & Ran, 2009). The HR Department

is the conscience of the organization (LaMontagne, 2012) it should always be self-

aware not to breach ethical conduct and to model the desired behavior to all the

stakeholders of the organization. Parkes & Davis (2013) considered that HR sometimes

are not taking their responsibilities in fostering ethics and they are acting as followers in this aspect. The HR in large companies is now being placed on the strategic table, they are being business partners and their power equals any other partner in other functions. Although that's not the situation in many Lebanese companies, the HR Department still plays an important role. In Lebanon, maybe the situation is a bit vague regarding the role of the HR Department. After the Lebanese war, while companies were growing, the HR Departments stayed small in size and their role was limited to administrative and operational tasks (Ezzedin & Sweircz, 2001). Recently, the role of the HR Department varies from one company to another.

Different functions of HR are also considered important to foster ethics in literature. Training for example is considered essential to teach employees how to think of ethics and how to take ethical decisions. It also helps employees have an insight of what they might encounter on the job that deals with ethics and how to handle ethical issues (Corey, Corey & Callanan, 2010). Additionally, socializing ethics to employees through training starting from day one and during their stay at the job, can teach them what ethical behavior looks like and what is expected from them (Osibanjo *et al*., 2015). Although trainability of ethics has been debatable, some people think that ethical decision making cannot be taught (Cragg, 1997), while others think it can and it changes behavior (Ritter, 2006). Training on ethics is like training on any other soft skill. It's easy to teach people how to act, but it's not always easy to teach people how to think, especially when it comes to ethics. Despite the ability to train on ethics, the actual process is not easy.

Researchers also considered the importance of recruitment to foster an ethical work culture. Researches argue that companies think getting the right people that hold values can make the environment an ethical work environment, but that's not enough,

an ethical work culture needs continuous maintenance, yet having the right people will make it easier to foster an ethical work culture (Bonciu, 2008). Also, how the recruitment process is held determines the quality of people that will get into the organization. In Lebanon, recruitment is very questionable when we link it to ethics, as distributing the organizational power between different religions is considered a way to conserve the religious sectors rights; and it is institutionalized in public and private sector (Ariss & Sidani, 2016). When HR needs to keep that equation in mind, it challenges objectivity and puts questions around the fairness of recruitment.

In addition to the roles that HR plays within its functions, HR is considered to be the Top Management agent to implement business strategies and it has been deviated from its original purpose which is to support employees (Kochan, 2007). HR is thought to help implement the policies and procedures from one side and pushes employees to act ethically on the other. In the middle-east, however, HRM practices mostly rely on personal connections and contacts rather than on formal and well-structured procedures (Metcalf, 2007). This raises a question mark on the role that the HRM department plays in the region.

The role of the Top Management has also been highlighted in the literature. Top Management support is essential for initiatives to be successful (Lado & Wilson, 1994). Top Management is not only considered influential in terms of setting policies and supporting HR systems Top Management also have the power to shape the configuration of those systems and channel the employees behavior (Bolton & Houlihan, 2007). The impact of Top Management is wide and deep enough to shape attitudes also and change the whole situation. Top Management is also considered the role model for employees. It is necessary that employees understand that decisions taken in the company are based on ethical standards (Cullen *et al*., 2003), as this will

foster a climate of ethics and trust, until ethics become a mean which employees use to judge if they are doing the right thing (Clegg *et al*., 2007). The communication with employees on how the Top Management takes decisions and how they integrate ethics in the process is essential part of fostering an ethical work culture and enforcing those ethics among employees.

The purpose of this research is to explore the role of HR functions in fostering an ethical culture in the company, and the role of the strategic level to spread an ethical culture and the extent to which ethical working culture is considered important in Lebanon.

For that purpose we have the following 4 research questions:

1. What is the role of HR Department in fostering ethical culture in the organization?

2. What is the Role of the buy in of Top Management in fostering ethical culture?

3. What are the challenges that the HR Department face while building an ethical culture?

4. What is the degree to which having ethical culture is considered important in Lebanon?

CHAPTER III

METHODOLOGY

Since the aim is to understand the meaning of the concept for the individuals being studied in a certain context, the method used is a qualitative study (Tuli, 2010). It aims to understand the role of HR Department and the perception of the Lebanese HR managers/officers regarding ethics. The approach is inductive and tries to understand and explain factors and is more concerned with developing a deep understanding in a certain context than with generalizing the results (Tuli, 2010)

It falls under interpretivist paradigm as it studies the phenomena as an interpretation of people's interaction with each other and with their environment (Tuli, 2010). This research studies the meaning that is created by a pattern that evolves out of people interaction with the system. It assumes that "the reality is a production of the social process" (Tuli, 2010). Thus this research is a qualitative study following interpretive and constructionism paradigm. The research method that should be used in a study depends on the research objective (Denzin & Lincoln, 2000). Since the aim of this study is to explore a role and have a better understanding about this role in a certain context (Tuli, 2010); the method used will be a qualitative method. Studying a certain concept and a certain role in a specific culture requires understanding of the culture and studying the terms in a local understanding (Segall *et al*., 1998). A qualitative method thus is suitable to have a better understanding of this role in the Lebanese context generally and in mid-sized and large companies specifically.

The Sample

The sample includes 15 Human resources managers and officers working in medium size and large companies in Lebanon. Since we need to understand the role of the HR Department in fostering an ethical work culture, we decided to have a sample that includes HR people from different levels so that we get views of that role taking into consideration different levels. A list of 50 medium sized and large companies (> 100 employees) operating in Lebanon, were I dentified and the HR people working in those companies (whose contact info were publically available mainly on linkedin) were contacted through personalized emails and phone calls. 21 out of 60 contacted HR people accepted to do the interview, in which 15 could actually go through the interview. The sample includes 6 senior HR managers, 3 lower level managers and 6 HR officers from different sectors and industries. This sample can yield answers on the role of the HR Department in fostering an ethical work culture since they are doing this role and will give a better understanding on the role of the buy in of the top management, the challenges faced by the HR Department and the situation in Lebanon.

In the below table there are some demographics about the interviewees. In order to insure confidentiality, different names were given to the actual people who participated in the interview.

Table 1

Demographics Table

	Pseudonym	Gender	Seniority	Years of experience	Industry	Company size
1	Rami	M	Manager	10	Automation	Large
2	Sam	M	Senior Manager	>20	Manufacturing	Large
3	Ragheda	F	Senior Manager	>30	Banking	Large
4	Malik	M	Senior Manager	>20	Consultancy	Large
5	Rani	M	Officer	<5	Food	Large
6	Rola	F	Senior Manager	>20	Banking	Large
7	Linda	F	Manager	>10	Banking	Large
8	Reeda	F	Senior Manager	>25	Training & Consultancy	Large
9	Dalia	F	Officer	<5	Distribution	Medium
10	Rasheed	M	Officer	<10	Soft commodities	Medium
11	Hani	M	Manager	>10	Food	Medium
12	Eyad	M	Officer	<10	Auditing	Large
13	Naseeb	M	Officer	<10	Retail	Medium
14	Laila	F	Officer	<5	Banking	Large
15	Samar	F	Manager	>10	Manufacturing	Medium

Data Collection

The data was collected through a series of semi structured interviews, based on previously set interview protocol. The interviews were done in private to make sure that the interviewee was comfortable to talk. The interviews were conducted in English and transcribed. Some of the interviews were recorded after the consent of the interviewee, and when the interviewee refused to be recorded, detailed notes were taken instead and the participants knew that they were anonymous. 14 out of 15 interviews were done face to face and 1 interview was done over the phone.

Following are the four interview questions asked:

- What is the role of HR Department in fostering ethical culture in the organization?

- What is the Role of Top Management buy-in in fostering ethical culture?

- What are the challenges that the HR Department face while building an ethical culture?

- In your opinion to what degree having an ethical culture is considered important in Lebanon in general?

An introductory question was also asked to start the interview: "as an HR person how do you define an ethical work culture?"

This protocol was developed to help us answer the research questions and develop a detailed deep understanding of the role of the HR Department in fostering ethics, the challenges they face, the role of Top Management and the situation in Lebanon. The above questions are the general questions asked and sub questions based on the participants' answers were asked to dig deeper in the topic and understand what the participant means exactly in order to have a clearer image of the situation. The questions were asked to push the managers/officers to deeply discuss their views and further elaborate on the topic to really understand the role of HR, the challenges, the role of Top Management and to better explore the situation in the Lebanese context.

The interviews took between 20 and 35 min in which we went deeply in the topic with the HR people to understand their point of view and to listen to their examples that they wanted to share. Sharing examples were optional, some HR people shared from their personal experience, others kept it general and spoke in general about situations. The interviews were conducted in English; recordings were transcribed right after the interview ends. Interviews that were not recorded were noted down in the exact words that the interviewee used to ensure accuracy of information.

Recruitment

After getting the IRB approval, we reached the HR people of the companies

mentioned on the list (Medium sized and large companies), on public platforms and we sent them personalized emails. We got 21 responses from HR people in which for timely issues only 15 took part in the interviews.

Data Analysis

The Data was collected through semi-structured interviews and interviews were held with an exploratory approach, in order to further explore the role of the HR Department in fostering an ethical culture, the buy in of the top management, the challenges faced and the degree to which ethics are considered important in Lebanon. After the interviews were held, I transcribed the interviews and listened to them several times so that I have a better understanding of the attitude or feelings in the HR people tone of voice. After the transcription of the interviews stating exactly what the HR people said and was relative to the topic at hand, I looked across the interviews horizontally, which means going over each question alone and explore what each interviewee gave as an answer to each question alone. Then after developing a certain pattern horizontally, I looked again across the interviews exploring how each participant answered the whole questions and then another pattern appeared. After that I did coding and recoding multiple times. After comparing the data we have at hand, subthemes were derived from the answers and then they were combined into general themes and were analyzed to answer the research questions. The data were approached while having some expectations of what the themes might be, as the interview questions directly addressed the research questions.

CHAPTER IV

FINDINGS

The following table demonstrates the findings that we got in this study. The table includes the codes and the frequency in which they were mentioned. Additionally, it includes the subthemes and the themes that we grouped the subthemes into.

Table 2

Thematic Table

Themes	Subthemes	Codes	Source
Source of ethical work culture	Values	Being Fair towards employees	5
		Respect all stakeholders	5
		Transparency and integrity	10
	Law, Policies and procedures	Abiding by labor law	7
		Having policies and procedures	14
Facilitation role of the HR Department	Recruitment	recruiting the right people	6
		Ethics in recruitment procedures	5
	Performance Management	Promotion based on ethics	4
		Ethics as KPIs	5
	Training and communication	Training on the ethical conduct and communication of values	6
		Case studies on ethical dilemmas	5
Buy in of top management	Top Management empowerment	Values come from the top	9
		Delegation to HR	4
	financial support	Funding the ethical initiatives	5
		Commitment with funds	4
	Behavior of Top Management	Top Management should walk the talk	8
		All business transactions should abide by values	6
Challenges in Lebanon	Lack of Top Management commitment	Top Management behavior doesn't meet values	5
		Cutting funds	6
	Culture and politics	Resistance	6
		Difference in ethical standards	5
		Internal and external politics	3
	Lack of accountability	No monitoring from government	4
		Mutual cover-ups	5

After looking into the data and comparing results, 11 sub themes were derived which were grouped into 4 general themes.

Source of Ethics

Most of the HR managers and officers when asked about ethical work culture, they referred it back to two main sources, one is value based and the other is compliance based.

- *Values*

Values are considered the base of ethics and the factor that drives behavior in the company. They are perceived as the main ingredient in an ethical work culture.

> *"Having strong values, the actions of the company as a responsible company and guides the behavior of the company which respects all its stakeholders" – Rami*

> *"In every company there are values that define the ethical work environment"- Dalia*

- *Laws, Policies and Procedures*

In order to set the values in action, HR managers and officers considered that there should be a code of conduct that defines what's right and what's wrong. There should also be abidance by the local labor law.

> *"Ethical work culture is when you have an ethical code, that the company sets based on its values" –Hani*

> *"We have defined ethical conduct and we train our employees on it."- Linda*

> *"Every company has an internal guide and the labor law; we make a compliance between the two."- Rani*

Facilitation Role of the HR Department

According to the interviews, the HR Department has an essential role in

fostering an ethical work culture. Different HR functions play the role of the facilitator in fostering ethical work culture.

- *Recruitment*

Many HR people considered that and ethical work culture starts with recruitment. The recruitment procedure and how it is held. Also, it was assumed that recruiting the right ethical people can bring an ethical work culture to the organization. First of all, it starts with recruitment. How recruitment is held makes a big difference. On one hand how the recruitment process is held, will decide what kind of employees a company will have.

> *"It starts from recruitment how it's held, is it based on talent, referral, it starts before the employee comes, how the employee is hired, in the recruitment maybe the employee is talented but has an attitude problem" –Rasheed*

> *"In recruitment for example, you give the same set of questions to every single candidate, you hire ethically, if this person meets this criteria, he's hired, irrespective he comes from a certain background, he's well connected"- Ragheda*

> *"So we hire people according to our values."- Malik*

- *Performance Management*

When asked about fostering ethics, many HR people mentioned performance management. Performance management is in the core of the HR responsibility when it comes to fostering an ethical work culture as the findings suggest. Some HR managers/officers considered that the role of HR is to foster ethics by setting it as a KPI in which bonuses and promotions are based upon.

> *"Promote ethics and values between top man and lower part of the organization*
> *Make values KPI for all employees."-Sam*

> *"In compensation and benefits, if they link the bonus to the competencies they will foster."- Hani*

"we can add in the performance appraisal/management some KPIs and targets related to those things in order to tell people pay attention."-Malik

- *Training and Communication*

Despite the debate on trainability on ethics, participants in this research considered training on certain behaviors is essential and possible. And it was considered that training on a code of ethics by exploring real life situations that people encounter on their day to day activities enforce ethics in an organization.

"Also in training and development.. HR should make it clear in many training sessions and to let it show in the culture of how people deal and act."- Laila

"Training and learning help maintain promote and mitigate the risk of having unethical work culture.- Eyad

Necessity of Buy in of Top Management

Almost all of the interviewees considered Top Management buy in essential and crucial. The role of the Top Management was divided on 3 main areas.

- *Top Management Empowerment*

The empowerment that Top Management give to the HR Department to come up and implement initiatives that foster ethics was considered of high importance.

"Their support is essential, if they don't support the project will fail, they will not fund it, the project will not be prioritized so not applied." – Rasheed

"Top Management should empower the HR in order to make initiatives happen, otherwise don't even dream about it"-Reeda

- *Financial Support*

Since creating an ethical work culture costs money and a budget should be set for it, financial commitment of Top Management was found to be essential. Without financial commitment of Top Management initiatives will not happen.

> *"either Top Management will empower these initiatives and put focus for people to follow or nothing will happen, it sets the budget for that"- Malik*

> *"They will fund the training, they will fund they consultants they will fund everything"- Hani*

- *Top Management Behavior*

Being a role model for employees was found to be very important to foster ethics. Employees look up to Top Management and learn what is acceptable and what is not.

> *"Top Management buys in is everything. They should apply the rules and regulations on themselves first"- Sam*

> *"be role model to the employees, really not to do wrong, so that I can blame employees if they do wrong"- Malik*

Challenges in Lebanon

Many HR people shed the light on the corrupted part of the Lebanese companies and the unethical behaviors that happen in general in many companies other than theirs. That was reflected in three main themes.

- *Lack of Top Management Commitment*

> *"Sometimes maybe Top Management sometimes they commit to something and then they step back"- Hani*

> *"Top Management might not commit, funds can stop"- Naseeb*

- *Culture and Politics*

> *"A lot of wasta, people are paid and promoted based on connection; there are a lot of bias. The Lebanese society is not ethical so that is shown in the Lebanese companies."- Laila*

> *"Majority of recruitment happens through networking and not through pure merit and skills."- Eyad*

> *"Specially that ethics in our society are not of high standards. If I want to search in the society, it's sexist fanatic so I can't take ethics*

from there"-Hani

- *Lack of Accountability*

Most of the HR people consider that the absence of monitoring from the

government allows companies to do unethical work.

> *"Lebanese companies and not all of them but most of them because our government lacks ethics and it is cascaded down to all culture of all Lebanese companies because companies don't report to anyone outside"-Rami*

> *"No accountability. No one is held responsible, bad people are protected by politicians what's the future of this country"-Raghida*

CHAPTER V

DISCUSSION

Lebanon ranks high on the corruption perception index according to transparency international. One can't consider the Lebanese situation without considering corruption in all sectors. In the business sector, most of the Lebanese companies are owned by families and usually the government monitoring on businesses is considered weak. The ethical situation in companies in Lebanon is very questionable.

In this study we explore the situation in Lebanon and shed light on the role of the HR Department in fostering ethics in a company. From the themes derived above we can shed light on multiple areas. Our findings can have multiple assumptions and we can compare to the literature in many aspects.

The Role of the HR Department in Fostering an Ethical Work Culture

Results suggest that the HR Department has an essential role to foster an ethical work culture. Results suggest that through the many functions of HR, ethics can be fostered in the company. Additionally, since HR has a communication role, it facilitates the dissemination of values in the company, by translating those values onto policies and procedures along with fostering a culture of values. The HR Department fosters ethical work culture in 3 main functions: Recruitment, performance management and training and communication.

Recruitment

Recruitment process will be ethical when a company has a standardized procedure that all applicants go through. A fair recruitment process is an ethical one.

Otherwise when "wasta" kicks in, ethical standards suffer and they quality of employees also suffers. Looking at the findings we partially relate to Bonciu, (2008), which suggests that hiring people who fit the company's values and culture is essential when a company wants to foster an ethical work culture. Having people who don't match the values will affect the whole process of fostering ethics. Sometimes some candidates might be qualified for the position and connected to top management, but they are not fit for the values in the company. In this case, findings suggest that the HR should raise the flag and warn the management on the incompatibility of the candidate and the culture. In Lebanon, because "wasta" is all over the recruitment and because most of the companies are family businesses, the recruitment process can't always be well structured and controlled. Despite the efforts that the HR Department put in such aspects to keep the recruitment process ethical, in many cases it fails because of connections and politics. This perfectly aligns with Metcalf (2007) that suggested that HR practices in the Middle East are based on connections rather than structured procedures. According to our results, we assume that in many companies, candidates still fall by parachute without even going into the recruitment process either because they are connected to Top Management or because they are affiliated to a political party. This can affect the ethical culture and as a result affect employees' genuine performance (Osibanjo *et al*., 2015). Recruitment is an essential function of HR in fostering an ethical work culture. It is the filter that decides who gets into the organization and determines the quality of the individuals that will in turn determine the culture created. As per the findings, we assume the HR Department has 3 main roles on the recruitment level. First, to set and abide by a structured recruitment procedure that is free of stereotypes and discrimination, in order to ensure fairness. Second, to filter the right candidate that fit the values and culture of the company as much as the

qualifications of the job. Third, since in Lebanon, there are a lot of referrals and "wasta", HR should raise the flag to the Top Management when a candidate, who is supported by politics or higher level, is not a cultural fit. This is not easy though if we reflect on the religious shares in each company that the government acknowledges.

Reflecting on this function we can realize that the HR department has a very restricted role in the Lebanese context. HR people cannot take recruitment decisions on their own. This can be explained by the lack of empowerment of HR by the top management and limitations on their decision making.

Performance Management

Human resources perform in the company and then their performance gets rated and managed so that they perform better. In this process employees are rewarded with promotions and bonuses when they meet certain goals. As part of fostering ethics the HR Department is responsible for including ethical values as KPIs. KPIs guide performance. And they can indicate what is going right and what is going wrong. In Lebanon as our findings show, few companies include ethics KPIs in their performance management systems, although HR people think that it is essential to have those KPIs and they believe that employees will act much more ethically when they are being rewarded based on their ethics. In the few companies that answered that they implement those measures, they mentioned that ethics clearly show in the daily behavior of the employees. As per our results, performance appraisals can be a tool where HR along with managers can assess how the employees are doing. Linking ethics to bonus and promotion motivated employees to act more ethically.

Reflecting on the above theme, knowing the importance of including the ethics dimension in the performance appraisal and not actually implementing it raises a question. We assume that there is not much awareness about the importance of making

ethics a KPI, and the focus is more into technical performance that gets direct money to the company and this requires further research. This could be also explained by the fear of top management to have ethics as KPIs as this might lower their bonuses when the general strategy of the company is not following ethics. Another explanation of the fact, that HR people consider ethics as KPIs foster ethics but they don't actually implement them, could be that the HR Department are not independent in their decision making and their decisions come packed from the top.

Among those who said that they implement ethics as KPIs, they also mentioned that they have to follow up on that because in some cases when the employees are not scoring very high on ethical standards, their ethical performance should be managed and corrective actions should be taken.

As per our results, what happens in many Lebanese companies is that they aspire to have ethical standards. But if an employee is a high achiever, management will not think about getting rid of him because of attitude problem. When companies are doing business, many focus only on the work achievements and goals more than ethics. They seek the result rather than the process as per the opinion of many HR people about the Lebanese companies.

Many HR people mentioned the role of HR in taking disciplinary actions when ethics are being breached. What is very important here is that those disciplinary actions should apply on everybody or else they are not fair anymore and they are not fulfilling their purpose. They will be an unethical procedure to meet ethical goals. What was believed by some HR people about the general situation in Lebanon is that in many contexts especially in family businesses, those disciplinary acts are not applied on everyone because of some family affiliation and power games. This also agrees with Metcalf (2007) that considers HR practices are based on connections.

What we assume, based on the finding, a good practice in order to foster ethics will be a performance management system that includes ethical values as KPIs, rewards and promote based on them in parallel with performance on the job, and follow up with needed training and corrective actions when needed.

Training and Communication

When asked about the role of HR in fostering an ethical work culture, many HR managers and officers mentioned training and communication. This aligns with Osibanjo *et al*. (2015), which considered that socialization and training on ethics is essential to make an ethical environment. Since HR communicates directly with employees it plays an essential role in fostering ethics through communication. When the ethical conduct is set it doesn't mean anything until it is well communicated to employees. Our finding assumes that the HR Department is responsible for ethics dissemination in the organization. That means they are the channels in which values get implemented in the company. HR people mentioned the importance of communication of the code of conduct among employees so that it makes sense. We see a lot of companies with great ethics code but in practice employees and managers don't fully abide by that. Results assume that one reason could be that ethics weren't well communicated.

What was mentioned is the importance of training on ethics. Training on ethics can be very effective in reaching ethical goals. What is meant by training on ethics is that the employees get to understand through training sessions what the policies and procedures mean in their daily life. We conclude that having values and policies and procedures on paper will not yield any desirable impact. Employees who don't understand what behavior is exactly required from them will keep on messing up. Our findings suggest that uninformed employees can't also be held accountable for their

unethical behaviors. In order to be able to control ethical behavior in an organization, the company should make sure that employees understand the values and policies and procedures. Here we deduce the importance of training on ethics. What is also important is the structure of those training sessions. There should be workshops in which employees have the chance to analyze real life situations that happen in their daily life and learn how to deal with it. When HR managers were asked about the situation in Lebanon, most of them mentioned that they train on ethics and that a lot of companies in Lebanon tell their employees about policies and procedures, but in practice, employees still go around them, because sometimes policies are outdated or can't be applied or makes the work slower and decreases efficiency. We suggest that's because employees are not trained on why the policies are there and the importance of those policies are not well communicated to employees. Our finding suggests that training on ethics is a critical matter while fostering an ethical work culture. When employees are well informed of the importance of ethics (represented by the values and policies and procedures), and when they see that it is contributing to a better work environment and when they are being promoted and rewarded for it, employees will not breach ethics.

When asked about their opinion on the general situation in Lebanon, HR people mentioned that in many companies in Lebanon, policies and procedures are outdated and some others are not fair to meet today's business world needs. Additionally, harassment and discrimination still happen and there are few companies who have policies for that. We assume that since sexual harassment is part of the culture, and since it is not well defined, and the law doesn't protect from it, it keeps on happening. As mentioned earlier values of the companies come from the values of the society, taking the sexist and discriminatory aspect of the Lebanese society, it is not weird to see that inside companies despite its high level of unethicality and seriousness.

We can deduce, based on our findings and analysis, that communicating values and training upon policies and procedures and explaining the reasons why they are there is crucial part of fostering an ethical work culture.

Additionally, when we speak about communication, it also includes communication of the need for ethics to the top management. In many cases, Top Management in most Lebanese companies consider initiatives to foster ethics as additional costs and perceive HR as a cost center, they don't always invest in this aspect. The role of HR Department is to convince the Top Management about the need for certain initiatives, and to convert that to numbers and to present it in terms of productivity.

In the responses that we got, what was missing, and was only mentioned once, was the strategic role of HR Department. Most of the interviewees except for one, mentioned the operational role of HR. This reflects that in Lebanon, most of the companies don't take HR as a business partner, but rather as an administrative function that facilitates the role of management. This agrees with Ezzedin & Sweircz, (2001) that suggested that the HR Department in the Lebanese companies is still limited to operations and administration. According to our finding on the role of the HR Department we can suggest that maybe the empowerment of HR and enhancing its role as a strategic partner can change the current ethical situation in the Lebanese companies.

First of all, in the definition of the work ethics there are many perceptions and assumptions of where ethics come from and what makes a culture ethical. From the themes derived in this study, we assume that ethics come from the values of the company. HR people consider that it should be implemented in the mindset of the company; so that it can be cascaded from the top down. Values are an important factor to foster ethics especially when they come from within the employees. The intrinsic

motivation to act ethically which is according to Taylor (2006), the internal motivation for employees to seek fairness and goodness and according to Frank (1988) it lets employees go above their self-interest. Having employees that have values, and that according to those values, contributes to fostering an ethical work culture.

The values of the company usually come from the society in which the company operates. Thus the internal culture of the company is highly affected by the external culture of the country. The Role of the HR Department is to take the values suggested by the Top Management and disseminate them in the organization. The HR Department plays the role of the mediator between the Top Management and the employees, through its multiple functions HR implement those values within the company's daily practices. On the other hand, HR people consider that values alone are not enough to ensure ethical conduct. There should be a set of policies and procedures that abide by the labor law and that define what is right and what is wrong and what is considered acceptable and what is not. Code of ethics has been linked to minimizing unethical behaviors in the US (Kaptein, 2011), what's important in this aspect is the proper communication and implementation within the company (Singh, Wood, Callaghan, Svensson & Andersson, 2018). Without a set code of conduct and policies and procedures ethics remain flew in the company. Finding assumes that you can't hold people accountable if you haven't defined a set of rules. In large companies in Lebanon, especially those that operate in different cultures, the standards for ethics may differ. What is considered ethical in one place might be unethical in another and vice versa. Compliance based ethical work culture is considered a complimentary for value based. Findings suggest that you can't have only policies and procedures and laws, those should be driven from values and believes that the company has. Based on our findings we deduce that in order to foster an ethical work culture, the company should first come

up with a set of values that represent its core believes. Then the Top Management along with the HR Department set up a code of conduct, which is a set of policies and procedures that translate those values into day to day behavior. This will be the reference for all the employees and managers to go back to in case of any misconduct or ethical dilemma. This aligns with Wotruba *et al.* (2001) that suggests that policies and procedures and code of ethics are necessary to guide behavior and decision making. When people are not informed and when ethics are not well defined, people will find a way to justify their unethical acts. Based on this the company should have a book that can refer back to in order hold people accountable. Labor law is also an important ingredient in this equation. Companies can't go below labor law. They can set a higher ethical standard but they can't abide by a lower one. The law should cover all aspects of work without leaving undefined areas (Sacconi, 2004). Thus we can suggest based on our findings that fostering an ethical work culture is a function of values, labor law and policies and procedures that are well communicated and well implemented.

According to our analysis, the role of the HR department that is manifested in its functions is still very basic and limited to operational and administrative tasks in medium size and large scale companies in Lebanon. The HR Department is not empowered enough to make critical changes and they always follow what the Top Management wants them to follow rather than being actual change agents.

The Role of the Top Management Buy-In

Findings suggest that the Top Management is the key when it comes to ethics. When asked about Top Management buy in, almost all of the HR managers said that it's essential. Findings indicate that Top Management is the most important rock when fostering an ethical work culture. In other words, initiatives will not be implemented if

they are not supported from Top Management.

Top Management Empowerment

According to the themes that we got, Top Management has the main role in fostering an ethical work culture. HR people consider that values come from the top. If Top Management is not ethical the whole company will not be ethical. No matter what the HR Department does and even if they have the best plans and initiatives to foster ethics it will not happen if the Top Management don't empower them.

According to our findings, Top Management takes the key role in 3 aspects. First of all is in their empowerment for initiatives. Aligned with Thomas *et al*. (2004), findings suggest that Top Management should strategically think about ethics and make it a strategic plan. If ethics don't come from the top, initiatives will be weak and will diminish eventually. In order for values to be strongly implemented in the company they should be in the mindset of the top management. It's a decision the management take that they will do business with ethics and they will drop any unethical transaction. When that happens, values will cascade down from the top to reach the smallest employee in the company. Having the values come from the top, they will have the power to change the behavior of the employees and will make it easier on HR to disseminate those values. As mentioned in previous themes that HR facilitates the passage of ethics to the employees and processes. Many HR managers considered that if they start up an initiative that is not supported by the Top Management they will be taking themselves to a dead end and wasting time.

Results also suggest that with empowerment comes delegation. Top Management first acknowledges the need for ethics, and then they need to delegate this responsibility to specialists, whether external consultants or the HR Department. Delegation is a very important step to foster ethics. As the Top Management sets a

strategy to foster an ethical work culture, it should then give full trust to the HR Department or the specialists to implement and to keep the empowerment going throughout the projects. In some cases especially in Lebanon, according to what we heard from the HR managers/officers, some people in the organization might find those initiatives as a burden on them and their teams and make them do extra work, so coalitions start to happen to stop those initiatives, and other managers might communicate to the Top Management their dissatisfaction, and here Top Management might start taking away the empowerment from the initiatives. The role of the HR Department in such situations is to continuously communicate with the Top Management on how the initiatives are going and keep them aware that some people might be against those initiatives as it brings extra work. Also the HR should keep the long run results in mind and keep reminding the Top Management about them.

Financial Empowerment

Top Management has also the main role in fostering ethics because they either fund it or not. Initiatives to foster ethics need budget. If Top Management don't set a budget and commit to it, the initiatives can't be done. As mentioned earlier if Top Management is not convinced by the ethics initiatives, they will not fully commit to it financially. Thus successful ethical initiatives come from the top, empowered from the top and financed from the top.

Top Management Behavior & Decisions

Another essential aspect of the buy in of Top Management is the management behavior. Finding suggest that in order for ethics to show in the company they should first of all show in the Top Management behavior, in other words, people on the top should walk the talk. If that is not the case nothing will apply in the organization. That is a very delicate side of the process. When employees examine Top Management

actions, behaviors and decisions and find that they don't align with what they say, employees will not follow their words. Additionally, when Top Management breaches the code of ethics they will be destroying the image they're trying to set. This paper findings suggest that the example that Top Management set will cascade down in the company from manager to manager and from level to level, reaching the smallest employee. Additionally, people on the top determine what happens with policies and procedures by either applying them on themselves and on everybody through a fair process or they apply it only on few people and make the whole process unfair and consequently ruin the concept of ethics. Finding suggests that in Lebanon there's a lot of unfairness in treatment especially when it comes to policies and procedures. That could be one of the reasons why companies don't always reflect the values they claim they have.

In the Lebanese companies, we can deduce that Top Management is the main factor to foster ethics in organizations. Considering the limited empowerment that the HR Department has in this context, Top Management is where the changes can start.

The Challenges that the HR Department Face while Trying to Foster Ethical Culture

Speaking about the situation in Lebanon, and the challenges faced by the HR Department while trying to foster an ethical work culture, we can see a huge gap between large/multinationals and family businesses in Lebanon.

Lack of Top Management Commitment

According to the findings of this paper, there are a lot of challenges faced in the Lebanese companies. The first and most important is the lack of commitment of top management. That happens on different levels; the financial commitment and the

behavioral commitment. On the financial commitment level the reasons are assumed to be external and directly related to the current economic situation that Lebanon is passing through. As we mentioned above, initiatives that foster ethics require budgets and funds and the current economic situation is not a supportive platform for that, so Top Management start an initiative and then find that they need money elsewhere in the company, so they cut funds from ethics initiatives and put them where they will yield more money.

The behavioral part lies in Top Management inability to abide by the values they claim they want in the company. In Lebanon, that happens a lot especially because of the fact that most of the companies are family businesses and they just do what's in their best interest according to the opinion of the HR people. In many cases, the management sets values for the company just for the public image and then you find that internally they are not applied starting from Top Management and cascading to the lower level employees. Political and religious affiliations in Lebanon also are linked to employee engagement. A research on "the effect of perceived religious discrimination on employee engagement" said that engagement and religious discrimination are positively related and the components of employee engagement are directly related to religion affiliation in Lebanon (Canaan Messarra, 2014). This actually applies in the Lebanese companies as people prefer to hire people similar to their backgrounds.

Culture and Politics

As we have previously mentioned, the values of the companies are very much affected by the society they operate in. In other words, companies sap their values from the society. The Lebanese society, the culture and the laws tolerate sexism, discrimination and harassment to a far extent. Thus we see that leak to the business arenas in Lebanon and we observe that inside the companies. Since the Lebanese

culture and awareness to a far extent allows those unethical practices, we see many companies tolerate that and even practice them without being aware of the seriousness and unethicality of certain practices.

Speaking of the individual resistance is another challenge. When people are used to do things in a certain way, they will find it hard to change and they will perceive ethical initiatives as a burden and extra work. Especially if the company is newly introducing them; people will resist those initiatives until they start seeing their positive impact on the work environment and until they start getting rewards and promotions based on them. The management and HR have to be very careful and smart when implementing those initiatives and they should make the employees aware about the importance of what's going on.

Politics on the other hand is a big challenge. Since politically affiliated people usually are powerful in Lebanon, they affect the decision making inside the companies when they are in high positions. This can't be easily controlled especially that politics are very influential in Lebanon. Most of the Lebanese companies are owned by people who are politically affiliated, thus they have to follow what politicians outside the company requires even if that contradicts with the company's values and ethics.

Lack of Accountability

Accountability affects people's behavior (Beu & Buckley, 2001). According to the results we have, the main reason why people will not behave ethically is that no one will hold them accountable. Additionally, Lebanon has had a long period without an acting government. This also has increased the opportunities for the unethical conduct from companies internally, towards employees, and externally towards the society and the environment.

Lack of proper government monitoring also contributes to financial

unethicality. Lebanese companies lie about their financials to avoid paying taxes and no one hold them accountable for that. In order to foster an internal ethical work cultures, companies should hold an example while doing business. If a company tells its employees to be ethical towards it, but the employees see that the company is not being ethical towards the society, they will not abide by the ethical code.

Results also reveal that what is also challenging in Lebanon while fostering an ethical work culture is the mutual cover ups. Since politics and business are interconnected in Lebanon, people cover up for each other. When someone does something that is not unethical, and the government wants to hold him/her accountable, a politician will jump in to cover up the unethical acts. This can lead to a loop of unethical acts. The politician will then control the business person and thus interfere with his/her business decisions. That can range from recruitment (forcing the company to hire unqualified people that don't fit in the culture) to bigger business decisions that are against the companies values.

The Degree to Which Having Ethical Culture is Considered Important in Lebanon

Analysis of results suggest that, theoretically, ethics are considered very important. Yet, when it comes to practice, ethics can be neglected and compromised. When asked about the situation in Lebanon, HR people told stories about how ethics are breached in other companies and what they personally faced in previous work experience, but not in their current companies. Stories were told regarding payments below minimum wage, unfair compensation, bonuses paid based on connections and not merit, undeserved commissions to people in power, sexual harassment and all kinds of discrimination. This makes us deduce that companies in Lebanon don't prioritize ethics. The priority goes to profits and personal interests. One reason that explains this

according to our results could be the lack of accountability. Because companies are not monitored from the government and their unethical practices are not being punished, they keep on doing unethical acts that harm their employees, the environment and the society. Additionally, discrimination and harassment were frequently highlighted in the HR people's answers. We can explain this by the level of tolerance the Lebanese culture has. Since in the Lebanese culture it is normal to harass women and to discriminate people from other cultures, companies find it normal not to have strict policies regarding that.

We can conclude by saying that ethics are being considered ethical to a very low degree in the Lebanese companies as it shows in their practices, despite preaching.

Practical Implications

In this study, we explored the role of the HR Department in fostering an ethical work culture and we studied the role of the buy in of the Top Management and the general situation in Lebanon. Based on the findings that we got, we suggest the following recommendations for the HR Department and for the top management.

For the HR Department:

- HR Department should first seek the buy in of the Top Management before holding any initiative. And what we mean by the buy in is a full financial plan that guarantees the continuity of the project.

- HR should have processes that ensure that ethical standards are preserved. What we mean by that is that HR should structure their recruitment to align with the strategic ethical plan. Recruitment should be discrimination free and candidates should have behavior tests in parallel to technical tests before getting hired.

- Ethics should be taken as a KPI. Employees should be rated and promoted

on ethics as much as on job performance.

For the Top Management:

- Top Management should reserve a seat for the HR on the strategic table in order to have a shared vision about how ethics will be cascaded into the company. So instead of having the HR as a function that disseminates ethics, HR should be a business partner that participates in setting strategies.

- Top Management should model the values they set for their organizations in day to day activities and take no exceptions to breach the ethical code. This means that Top Management should build trust with employees, by being transparent in their decision making.

- Top Management should think strategically about ethics, assess the needs for ethics, set a financial plan for implementation and delegate the process for specialists or for HR.

In this research, we developed a deeper understanding on the role that the HR plays in fostering ethics and the limitations they have. The situation in Lebanon was explored to make those limitations clearer in an attempt to have solutions for them. In the context we have in Lebanon.

Conclusion

In conclusion, this paper attempts to shed light on the Role of the HR Department in fostering an ethical work culture. We found out that the role of HR Department is essential in this aspect. HR facilitates the transmission of values in the company since they are the ones that deal directly with employees. HR can foster ethics through its many functions starting with recruitment, to performance management and training. In these functions HR plays a main role to get the right people into the

company, those who fit the values and the culture, to train them on ethics and to monitor their ethical behavior and reward them when they demonstrate ethical standards. In Lebanon, this is not well implemented because of "wasta" and connections.

The role of the buy in of the Top Management remains essential and the most important. Top Management support is considered everything when speaking of ethical initiatives. HR Department can't do any initiative if Top Management doesn't support because they will fail. Top Management should be willing to set a budget for the initiatives and empower HR to pursue them. Additionally, Top Management should be the source of a strategic ethical plan. They should walk the talk and demonstrate high ethical standard. They are the role model for employees.

Top Management should also commit financially to initiatives aiming to foster ethics. HR should show them the impact of the initiatives on the long run. According to our research the best case scenario will be when the values come from the top and implemented by the HR Department; which means that the values and ethical strategies start at the top and then the implementation process is delegated to the HR Department to make it a reality and disseminate it in the organization.

Reflecting on this situation in the Lebanese context, results show that there are many challenges to fostering ethical culture. When Top Management commits half way to initiatives it makes it impossible to the HR to succeed in the attempt to foster ethics. Financial commitment from the top is essential and when it's not there nothing will change. Challenges on the level of the Lebanese culture also stand in the way while fostering an ethical work culture. The Lebanese society has a lot of practices that are considered normal but they are in reality unethical, such as discrimination and harassment. These practices affect the ethical standards that companies have and

eventually challenge the initiatives to foster ethics. Politics are also another challenge that interferes with business. Politicians and politically affiliated people own the businesses in Lebanon, and thus businesses are affected by the political situation and corruption. Businessmen and politicians cover up for each other which lead to a never ending cycle of unethical acts. We can also conclude that the economic situation in Lebanon is another challenge to fostering ethics. When there's no money in the market companies invest their budgets in what generates profits on the short run rather than investing in initiatives that foster ethics and generate money on the long run. Worldwide companies are seeking all ways to become more ethical internally and externally. Ethics are not just important, they are essential. Lebanese companies should put more effort in order to achieve higher ethical standards and make the situation better.

APPENDIX I

INTERVIEW QUESTIONS

1. What is the role of HR Department in fostering ethical culture in the organization? (speaking of different HR function)

2. What is the Role of the buy in of Top Management in fostering ethical culture?

3. What are the challenges that the HR Department face while building an ethical culture?

4. In your opinion to what degree having an ethical culture is considered important in Lebanon in general?

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