# Impact of Ethical Practices on Productivity of Software Development Organizations in Pakistan

Usman Mughal, Department of Engineering Management, CASE, UET Taxila, Pakistan, mspisl@comsats.net.pk
Faisal Bilal, Department of Engineering Management, CASE, UET Taxila, Pakistan, bilalfaisal@gmail.com
Ali Sajid, Strategic Affairs, Engineering Management, CASE, UET Taxila, Pakistan, ali@case.edu.pk

*Abstract* – Ethics play an immensely important role in creating quality cultures in organizations. The ethical practices have been consistently increasing in IT business for long-term sustainability. Unfortunately in the third world countries like Pakistan there is not much awareness of Ethics. The study analyzes selected sample of organizations which follow some good ethical practices to maintain a positive image among its customers. It will highlight the role of ethical practices in the business success of such organizations. Software engineering is different from other engineering disciplines of its hidden complexities; the role of ethics is felt even more in software industry. This paper will show that role and will encourage other organizations to involve in ethical practices. In this paper authors will try study what role ethics have to play in productivity. Do ethical practices help increase productivity? Do unethical practices cause decrease in productivity?

## I. INTRODUCTION

Software and Telecom companies in Pakistan and South Asia in general are offshore development centers and some are multinational companies. The aim of such organizations is to stabilize economic infrastructure leading to opportunities for collaboration with foreign investors and professionals, breaking down the geographic boundaries. In modern days, there are various tools and techniques available in order to measure project performance but it is hard to focus on ethical issues. There is plenty of evidence that unethical behavior can cost organization's reputation, Moreover, organization that are perceived as ethical are more likely to build trust between their shareholders, employees and customers. However, every organization is likely to identify some degree of ethical issues, such as intellectual property rights, privacy of sharing sensitive information, trust, motivation, leadership. In this paper, authors will argue the impact of ethical practices on productivity improvement in software development organization in Pakistan and northern region and central Punjab in particular[1]. All of these issues directly affect on organization's productivity and need to be addressed to create the proper understanding to manage an effective project. This paper focuses on issues and challenges faced by such organizations. Paper concludes with recommendations to avoid or at least minimize the influence of such issues.

## II. AWARENESS OF ETHICS

Authors conducted surveys in some notable software organizations in Northern and Central Punjab region of Pakistan. The purpose of questionnaire was to investigate the level of awareness of business ethics at organizational and personal level. The response was really a mix bag. Let us see answers to some selected question[2].
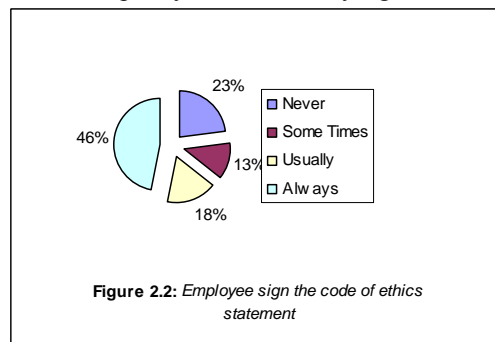
**a. Existence of ethical policy:**

It is very nice to note that most of Pakistani software development companies are having a written ethical policy. You can see the response of employees in figure 2.1.



**Figure2.1:** *Written ethics policy in Organizations*

**b. Do employee sign ethical policy**

It is also a good sign that almost 50% of employees sign the ethical policy as Indicated by figure 2.2.



**Figure 2.2:** *Employee sign the code of ethics statement*

**c. Reward of behaving ethically**

11th QMOD Conference. Quality Management and Organizational Development
Attaining Sustainability From Organizational Excellence to Sustainable
Excellence; 20-22 August; 2008 in Helsingborg; Sweden

927

One important question, are ethical behaviors rewarded? The disappointing fact is that only 5% of the employees thing that their company rewards for behaving ethically[1]. The graphical proof of fact is shown in figure 2.3.
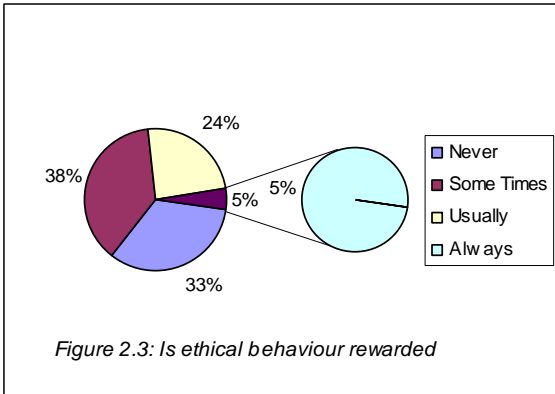


*Figure 2.3: Is ethical behaviour rewarded*

#### d. Favoritism by leaders

It is most disappointing to note that most employees are not satisfied by theirs leads. They are of view that leaders employ favoritism. Figure 2.4 says it all.
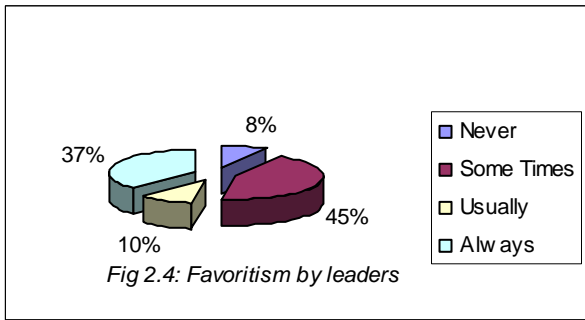


*Fig 2.4: Favoritism by leaders*

#### e. Honesty of leaders

Most employees feel that their leaders are honest and lead by example. The survey results are shown in figure 2.5.
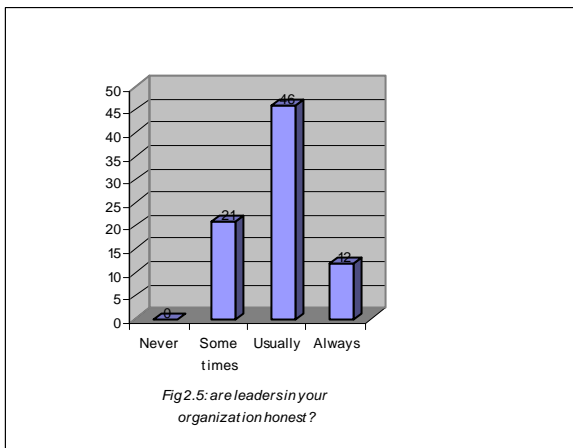


*Fig 2.5: are leaders in your organization honest?*

Many software development organizations in Pakistan, they are in dark about the use of e-mail in their organizations. Authors conducted research into how employee us or misuse the e-mail and internet[1].

They also admit that use of internet, instant messaging and e-mail at office negatively affects your productivity. In a survey of employees respondents said they would agree to being monitored as long as they were informed first. "Another important aspect of managing the ethical risk created by communication technology, but different companies has their own set of procedure to follow their employee's email and internet usage[3]. There are some practical steps that managers can take to tackle the ethics risk posed to their organization by communications technology[1].

### III. ETHICS AND PRODUCTIVITY

#### A. Personal use of company resources

We have concluded that personal use of internet and especially that of instant messaging distracts an employee's attention and break attention from office work and impacting the productivity negatively. It is indicated in the figure 3.1.



**Fig 3.1:** *Chain reaction for personal user of company resources*

#### B. No protection of copy writes

If an organization does not create a culture of protecting copy write laws, its employees will install non-licensed software. This will make company reluctant to be audited for quality certifications. The fact is shown in figure 3.2.



**Fig 3.2:** *Chain reaction of not using licensed software*

11th QMOD Conference. Quality Management and Organizational Development
Attaining Sustainability From Organizational Excellence to Sustainable
Excellence; 20-22 August; 2008 in Helsingborg; Sweden

928

## C. Favoritism

Employing favoritism is one the worst unethical practice in organizations[4]. It has many chain reactions as indicated in the figure 3.3.

```
┌─────────────────────────────────┐
│   Leaders employ favoritism     │
└─────────────────────────────────┘
              ⇓
┌─────────────────────────────────┐
│     People rewarded on like or  │
└─────────────────────────────────┘
              ⇓
┌─────────────────────────────────┐
│   Talented people get de-       │
│        motivated                │
└─────────────────────────────────┘
              ⇓
┌─────────────────────────────────┐
│  Talented people gradually stop │
│      showing extra skills       │
└─────────────────────────────────┘
              ⇓
┌─────────────────────────────────┐
│       May switch the job        │
└─────────────────────────────────┘
              ⇓
┌─────────────────────────────────┐
│  Cost of hiring and training new│
│            people               │
└─────────────────────────────────┘
```
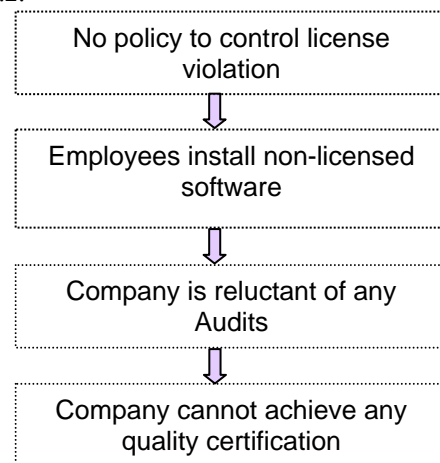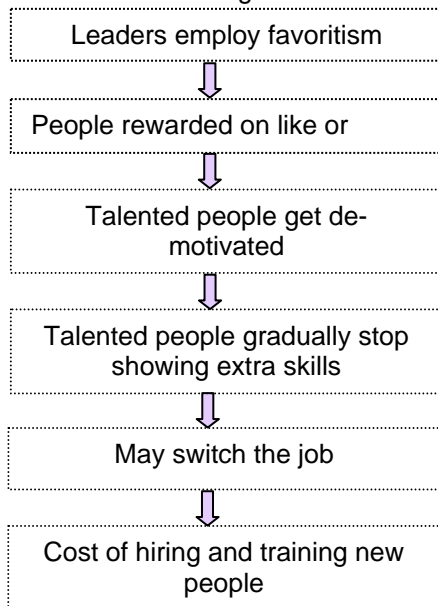
**Fig 3.3:** *Chain reaction of employing favoritism*

## D. Non-business use of Cooperate E-mail

Some are very careless about use of their corporate e-mail address. They give it to friends and family members. This causes the outsiders to send junk emails. Some times these e-mail contain viruses and hence causes the system down time[5]. You can at times lose valuable customers while the system is down because excessive down time causes dissatisfaction in customers. See the chain reaction in figure 3.4.
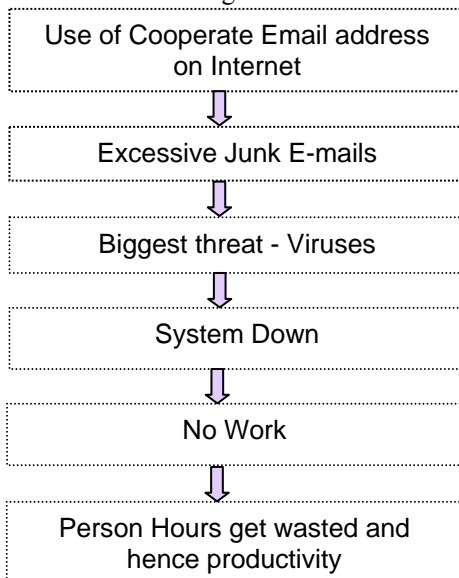
```
┌─────────────────────────────────┐
│  Use of Cooperate Email address │
│          on Internet            │
└─────────────────────────────────┘
              ⇓
┌─────────────────────────────────┐
│     Excessive Junk E-mails      │
└─────────────────────────────────┘
              ⇓
┌─────────────────────────────────┐
│     Biggest threat - Viruses    │
└─────────────────────────────────┘
              ⇓
┌─────────────────────────────────┐
│          System Down            │
└─────────────────────────────────┘
              ⇓
┌─────────────────────────────────┐
│            No Work              │
└─────────────────────────────────┘
              ⇓
┌─────────────────────────────────┐
│  Person Hours get wasted and    │
│       hence productivity        │
└─────────────────────────────────┘
```

**Fig 3.4:** *Chain reaction of employing favoritism*

## E. Confidentiality

If organization does not stress the employees to main confidentiality of business secrets, it may cause big problems. Good thing we noted was that some companies make employees sign a Non-disclosure Agreement (NDA). An example of breach of such clause and its trickle effect is shown in figure 3.5.
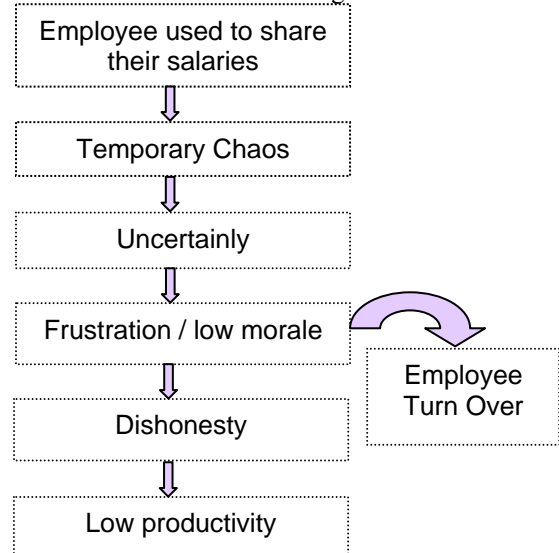
```
┌─────────────────────────────────┐
│    Employee used to share       │
│        their salaries           │
└─────────────────────────────────┘
              ⇓
┌─────────────────────────────────┐
│        Temporary Chaos          │
└─────────────────────────────────┘
              ⇓
┌─────────────────────────────────┐
│          Uncertainly            │
└─────────────────────────────────┘
              ⇓                      ⮌
┌─────────────────────────────────┐   ┌──────────────┐
│     Frustration / low morale    │   │   Employee   │
└─────────────────────────────────┘   │   Turn Over  │
              ⇓                        └──────────────┘
┌─────────────────────────────────┐
│          Dishonesty             │
└─────────────────────────────────┘
              ⇓
┌─────────────────────────────────┐
│        Low productivity         │
└─────────────────────────────────┘
```

**Fig 3.5:** *Chain reaction of employing favoritism*

## F. Unrealistic commitments

Pareto Principle is very commonly seen in software projects [5]. When every one believes that they have done almost 80 percent of the project, but last 20 percent in reality proves equal to 80 percent. In the last stages of project, the fear of schedule over-run increases and hence almost everyone in the team has to stay late to try to meet the schedule.

## IV. RECOMMENDATIONS

### a. Training

Communication alone is not sufficient to convert values into action. Employees may think they know how to make an ethical decision, but they may not know how to think though the process of evaluating potential courses of action and their consequences, or understand what the organization would like them to do in difficult circumstances. This is particularly true when employees come from diverse backgrounds, cultures and life experiences. A program of ethics training is crucial, and to be most effective it should allow employee to exchange views with each other about the importance of ethics and about compliance and values that specifically relate to their daily work. Some good ethics training sessions are delivered online, enabling employees to take

11th QMOD Conference. Quality Management and Organizational Development
Attaining Sustainability From Organizational Excellence to Sustainable
Excellence; 20-22 August; 2008 in Helsingborg; Sweden

929

the interactive courses individually and spend much time as they need reviewing various topics. Author conducted survey in software development in order to assess whether they ever conduct training on code of ethics or not, amazingly 44% of the organization never provide training on ethics practices. Only 4% respondent says that they always receive training on business ethics [1].



**Fig 3.6:** *Does Organization conduct training on Professional ethics*

**b.   Trust / Respectfulness**

In today's business context, trust almost always means trustworthiness, inspiring customers, vendors, regulators, the media and the public to feel confident in and rely on a person, team, organization, product or service but how do you create trustworthiness?  One of the best ways is to act with trustfulness, since trusting others encourages them to trust you.

**c.   Talent Retention**

A survey shows that those software development organization practices ethical values in the organization; they have less employee turnover rate than those who never invest in this area.

## CONCLUSION

Business ethics education is rather hit-and-miss; some organizations do invest in ongoing training, to keep their employees interested. For many organizations, though, such education does not make use of real issues that employee, encounter, best practices indicates that realistic examples of employee groups can provide more awareness of ethical issues. Few organization offer performance review that include reference to ethical issue[6]. A best practice indicates that the development of key performance indicators relating to ethics is an excellent way of reinforcing and perhaps rewarding ethical conduct. At one extreme performance management and reward system might actually reinforce unethical conduct. It is crucial there, that companies develop system that employees have confidence in and that are seen to be working.  Ultimately, increased ethics practices in public will to manage / reduce risk in the workplace. By applying best practice approaches organizations will have more confidence in order to get maximum return on invest by satisfying customer needs.

## REFERENCES

[1]   Chris Moon, "Business Ethics" facing up to the issues, Published by Hatton Garden, London, in 2002.

[2]   Joseph W. Weiss, "Business Ethics", A stakeholder and Issue Management Approach.

[3]   Stephen M.R. Covey, "The Speed of Trust", Published by FREE PRESS in 2006

[4]   Berenbeim, R. "Globalization Drives Ethiccs", Oct 2000, page 26-29.

[5]   Pareto Principle "80 percent done, 80 percent left or 80% of the consequences stem from 20% of the causes"
http://en.wikipedia.org/wiki/Pareto_principle

[6]   DeGeorge R. "Ethics in personal business a contradiction in terms?" Business Credit

11th QMOD Conference. Quality Management and Organizational Development
Attaining Sustainability From Organizational Excellence to Sustainable
Excellence; 20-22 August; 2008 in Helsingborg; Sweden

930