



Research Article

Towards a new sustainable status quo for Ethical awareness & practice in Large Corporate & SME's using IT as a central facilitator of operations in the Middle East & North African region

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Abstract

This paper examines ethical awareness in the large Corporate & SME IT sector of the Middle East & North African (MENA) region. It uses the prevalence of corporate codes of conduct in the industry to analytically ascertain the level of ethical awareness. The literature is analysed to reveal how codes of conduct have developed synchronously alongside ethical awareness of specific companies as well as the ethical cognisance of the industry & the society is embedded in. The paper then proposes how this current dynamic equilibrium has contributed to global ethical discourse in the specific industry chosen. This in turn is further analysed to isolate the newer elements of the developing discourse & how this may contribute to progression in terms of local & practical measures & global perceptions of this area as one that lacks the essential ethical awareness of the industry in the developed world.

Keywords: Ethical awareness, IT

Summary

This paper examines issues connected to the burgeoning IT sector of the MENA region. It takes an initially global view of the regions industry with all of its commonality & differences to provide an idea of the context of ethics in business practice. It then moves towards a detailed analysis of specific ethical issues pertinent to the established context.

Overall it aims to contribute in some small ways towards a discourse that is increasingly prevalent as a global & local level & indicative of a greater level of

ethical awareness in business & how this may contribute towards achieving a truly sustainable paradigm for society in the region as well as globally.

Research Questions

The analytical questioning underlying this case study would be to ask the following; how have ethical codes (as indicators of ethical awareness) of the Corporate & SME sector in the MENA region developed into the currently prevalent dynamic equilibrium characterised by the varying degrees of opinion as to the nature of CSR, sustainability & indeed business ethics as

found by (D. Petkoski, M. Jarvis & C. Brady, 2009) that unanimous agreement on basic definitions is lacking & there is a large scale mutual disagreement on the matter. The corollary being that this disagreement regarding business operations and extent of societal involvement is being sought to be actively changed.

How may this impetus be utilised in an opportune way towards the creation of an equitable balance of forces in business theory and the reality of business practice? It is envisioned this line of thought will contribute in some small ways towards the discourse of a sustainable society via a new paradigm consonant with our times.

“Responsible business, sustainable business, corporate responsibility, and corporate social responsibility are terms used to generally describe business practices built around social and environmental considerations”. (D. Petkoski, M. Jarvis & C. Brady, From Corporate Philanthropy to Strategic Partnerships: The Potential of Inclusive & Sustainable Business Models in MENA, 2009, p.29).

Research Method

This case study was constructed using secondary research & analysis of prevailing literature on the subject of investigation. Papers, journals & articles were examined to enable analysis & develop research into the level of discourse prevalent at this time. It should be noted that organisations that make central use of ICT in their business operations are the focus of this case study.

Introduction

The MENA region is unique in possessing an immense potential for foreign investment within a wide diversity of sectors. Now more than ever a region of the world that is in flux from recent events and this dynamic equilibrium of sorts must be utilised as an opportunity to learn from past mistakes and move forward towards a realistically achievable level of sustainability as soon as is humanly possible.

The private sector in the MENA region has traditionally been beset by few though varied constraints. Partly due to dominance by state & family owned conglomerates in important sectors, a slim growth based on resource utilisation and institutional or policy level weakness the private sector has had to face these factors on a number of levels. (D. Petkoski, M. Jarvis & C. Brady, 2009). Meanwhile Governmental elements are affected by their own set of peculiar factors.

The rapid dynamism with which ICT has led global change has in turn caused new ethical issues such as the digital and gender divide, poverty, cyber-crime, piracy which have affected people in many ways. (M. Masrom & Z. Ismail, 2012).

In effect forcing people to re-evaluate circumstances & how best to take part on an increasingly participatory level in an inclusive civil societal context.

“In terms of productivity & speed of communications, these changes have been mostly positive. But what have been the costs? IT introduces change that creates new ethical issues”. R. V McCarthy, L. Halawi & J. F. Aronson, Information Technology Ethics: A Research Framework, Issues in Information Systems, Vol VI, No. 2, 2005, p.64).

Moore (1985) suggests that computer ethics entails a consideration of the social impact of computer & the technology as well as its corollary of formulated policy with a focus on its ethical uses. (Moore J. H., 1985). Something that is increasingly the norm, given the abundance of educational initiatives to include a wider consideration of such factors. Deliberation upon this expanded set of factors then entails a wider field of ethical considerations for business technologies & their resultant activities and after effects. Consideration which logically includes an awareness of the new socio-technical milieu from cultural impacts to new forms of illegal behaviour.

Sembok (T. M. T., 2003) finds that ICT's rapid global spread has led to the occurrence of new types of cyber-crimes

that cross borders & can affect any country. Combating these new types of crime requires a keen perception & management of awareness, as well as resultant policy and legislation.

These crimes negate newly formulated rights and cause issues such as the digital divide, digital security & privacy concerns, among others. (Sembok, T. M. T., 2003)

All of which are principal factors that seek to be addressed by the newly emerging paradigm. As in how best to achieve an equitable & functional civil society by dealing with the altered circumstances of being a developing country in the rapidly globalising world-scape.

The consideration of this case study then is how may an analytical focus on the theory and practice of business ethics in the MENA region add something of value to the discourse established so far towards the creation of a sustainable & beneficial social environment. "Responsible business, sustainable business, corporate responsibility, and corporate social responsibility are terms used to generally describe business practices built around social and environmental considerations". (D. Petkoski, M. Jarvis & C. Brady, From Corporate Philanthropy to Strategic Partnerships: The Potential of Inclusive & Sustainable Business Models in MNEA, 2009, p.29).

Essentially the gist of this research is the ascertaining of how this developing discourse may aid in the improvement of the ethical environment of business and the society it is embedded in. Working off of the assumption that business and society are inextricably linked and it is in the awareness of these connections that the ethical & sustainable way forward is found. Since ethics itself dictates consideration of a wide variety of socio-cultural issues, the primary focus of this case will be focussed upon the following:

- **Formulation of Ethics Codes by Business, Awareness of ethical conduct in the Corporate & SME sectors**

The distance between theory & practice. One of the major factors limiting major foreign investment is the perception on the part of foreign investors of a lack of ethical conduct on the part of business & government in the MENA area.

- **Enforcement of Ethics Codes by Business How much is business actually returning to the society it is embedded in?**

Ethical codes in themselves represent a level of ethical awareness among a group that have reached consensus. Examining these codes is incomplete without consideration of their concomitant solutions (or lack thereof). How far does public discourse encompass optimistic or pessimistic views in its regard for ethical conduct of the relevant constituencies? This approach will necessitate a look at the development of how ethical conduct has expanded to encompass a greater range of actions over the previous decade and how business, government & society have collectively played a role in this development.

- **Enforcement of Ethics Legislation by Government. How far is enforcement of ethical conduct possible through legislation?**

What are the natures of the ethical dilemmas that confront large & small business in their operational & strategic functionality? How are these dilemmas viewed?

How far reaching were/are gains from the resolutions to these/previous imbroglios and how far have they contributed towards actual improvement of the ethical situation on a public & readily identifiable level? What lessons can be learnt from previous & current successes & failures?

• **Role of the People & Government. Towards the establishment of a new direction in discourse as it relates to the ethics of business in the MENA region following the Arab Spring.**

What is unique about the MENA region is the occurrence of a people's uprising that succeeded. This revolution can be seen in terms of an increase in stakeholder power. How this has affected the ethics of business in the area and beyond by altering the balance of power? Does this change the direction of discourse and what is the new status quo? Does this new status quo (if indeed it has actually changed on a fundamental level) herald a shift in how ethics issues are viewed & how has this effected their corollary resolutions?

To summarise then, the main thrust of the analytical questioning underlying this case study would be to ask the following; how has ethical awareness (as evidenced by codes & activities) of the Corporate & SME sector in the MENA region using IT as a central facilitator indicated an increase in the level of awareness on the part of business in civil society from 2001 to 2011, that is how far reaching in this evolution in business thought & practice.

An underlying paradox

Is business so intimately connected with society that it needs to be considered as an inseparable part of the social milieu or does business act as an autonomous force for change? If so, how independent from societal forces is it? Certain areas of the world (the MENA region being our focus here) are perceived as being lacking in their efforts to create sustainability in business practices. Although conversely it should be noted that the MENA region is ahead of the game in some respects, especially in having a clear-cut, strategic vision tailored to the specific constituencies in the MENA region. (Visser, W. & Tolhurst, N., 2010).

Sembok, T. (2003) find that particular concern should be given to the effects of ICT on community life. Ubiquitous computing has led to an increase in the

digital divide (the difference between the informations haves and have-nots & that this is of increasing importance as access to information is a crucial factor in attaining higher levels of economic development across society.

Opinion is polarised on such an overarching matter naturally. "There have long been conflicting expectations of the nature of companies' responsibility to society" (L. Moir, What Do We Mean by Corporate Social Responsibility? Corporate Governance, Vol 1 Issue 2, 2001, p.16). A business person would hold a differing opinion on the matter from say, an aid worker. What about the public? How far are they able to be included in such things as corporate rationality? Is there a need for such measures given the disconnect between the vastly different views on the matter?

There are dangers & there are opportunities in the widespread adoption of ICT. Benefits include enhanced access to information & education, improved access to governmental & financial services through mobile computing & access to timely medical information. These factors in turn support the notion that change can be driven by them in urban & rural areas in terms of social, economic and political reform based on the needs of an educated and aware citizenry. (Sembok, T. M. T., 2003). This focus on awareness & education is an inherent part of the new paradigm as driven by technological forces & forms the core of an effort to establish higher standards & inclusiveness for business amidst society.

Looking further into the polarisation of opinion it can be seen that there is a paradox at work here. Namely the disconnect between the interests of business and society. Deciding if business should hold itself obligated to initiate measures for CSR and the nature of these initiatives depends on the economic view of the firm. A Neo-Classical view holds that the only responsibilities of business to society are employment and tax payment. On the other hand supporters of CSR hold the notion that an extended sense of obligation towards society is beneficial to

the organisation on multiple levels. (L. Moir, 2001). A separation that is evident within discourse as well as within widespread practice. Taking the instance of the necessary de-mutualisation of exchanges (Dr. Shahid, S.A., Impact of globalisation, 2002, p. 5) opines that "Done properly, a change in the status of the exchange could provide the needed capital to build the marketplace, lower costs to members and better serve investors".

That is the separation of interests between business and society will decrease. (Dr. Shahid, S.A., 2002) then goes further on to say that financial exchanges will be attuned to stakeholder values as opposed to the vested interests of firms that presently comprise a monopolistic hold with decisions that often conflict with stakeholder values. "Bartholemew (1997) argues that technology development is embedded in a country's history, cultural values and attitudes. Therefore, attitude to IT could also have something to do with national culture". (Allam Ahmed, Achieving Business Excellence & Competitiveness in the MENA Region, 2008, p. 6). Therefore necessitating a sense of inclusiveness between business & society.

A further complication is added in that traditional elements of society often take an opposing viewpoint to business as a harbinger of modernity. This is borne out by findings published in (Aubert J.E., & Reiffers J.L., 2003) that traditional elements of culture often form the counterpoint to modern technology based modalities of thought & business practice. In effect, separating themselves as a distinct entity from those who adhere to a more modern philosophy. A protective role towards a sense of cultural & traditional identity is played out by defenders of traditionalism who have only partly integrated with newer modalities. Perhaps this minimalist acceptance of modern business thought & actions is partly due to misconceived notions of the loss of identity through change.

Corporate IT activity cannot be generalised as one absolute force for change. It is not monolithic & encompasses varying degrees of awareness & action (in ethical terms).

However public opinion is fairly straightforward & looks at corporate operations in a somewhat simplistic manner. This then is the crux of the digital divides manifestation, that corporate interests (often contrary to stakeholders values) are perceived to be of primary importance beyond any other interests that uphold sustainability as an equally important variable in the overall equation.

Why are business and society seen as two opposing forces that are largely independent and moreover divergent in their ends and means? "A major new development in African trade is that trading groups - such as the Common Market of the East and Southern Africa (COMESA), Southern African Development Community (SADC), East African Community (EAC) and the Economic Community of West African States (ECOWAS) — are beginning to look at CSR, although this remains secondary to increasing trade to the US and Europe" (Visser, W. & Tolhurst, N., World Guide to CSR, 2010, p. 6).

What is also apparent is that the ethical imperative of business operations is seen as an unavoidable cost on one side and as a necessary mechanism by the other. Looking further into the notion of CSR it can be noted that this can be seen as measures to achieve profit maximisation and still be devoid of an ethical & social consideration. (L. Moir, 2001) For this reason the CSR discourse in MENA is unique in terms of the relatively fledgeling nature of a western modality of participation in the regions countries.

Specifically within the MENA region Corporations generally are not responding to a societal pressure but more to their own ethical parameters & philanthropic aspirations as well as to cultural imperatives. (D. Petkoski, M. Jarvis & C. Brady, 2009). This modality being indicative of a well-developed sense of civil rights & awareness of how far anyone from civil society can participate via democratic & inclusive mechanisms.

Conversely events like the Arab Spring have quite rapidly changed the social landscape, especially for governments that are now evolving towards initiatives that will improve levels of overall governance, accountability, transparency, inclusiveness (among others) based on the demands of the citizenry. (World Economic Forum & OECD, 2011-2012) This is the new paradigm being developed in terms of a greater level of public awareness and inclusion in social, economic and political matters based on a certainty that participatory initiatives will be upheld as part of the evolution towards a truly sustainably ethical society.

Clearly myths and misconceptions abound on all sides.

In opposition to this separated view is the prevalent social tendency for an increased level of awareness and action as pertains to the level of clear & transparent ethical notions involved in business, especially corporate scale operations. Globally now more than ever the public and businesses are awakening to the fact that ethical dealings do not necessarily mean lower profits. Social movements such as Occupy Wall Street and before that the Arab Spring are evidence of this growing tendency towards full transparency and disclosure. (Cordesman, A., 2011) finding that there are numerous & basic reasons for the existence of corruption from poor governance to systemic inefficiency that have made these negative perceptions take root as ubiquitous sources of civil disquiet at multiple levels of society.

Taking the view that society and business are indeed inextricably linked on many levels and that a greater level of understanding is needed between these two forces in civil society for there to be consistency and equanimity on both sides as to the other's actions. Ethical operations for the right reasons are indeed seen by many inside and outside of the business community to be an increasingly necessary part of the deal rather than icing on the cake. (Cordesman, A., 2011) takes the view that burgeoning public awareness is an increasingly important aspect of

anticipating changes & preparing for them in light of the fact that there are a substantial number of entrants ready for future job markets that uphold elements of this new paradigm.

The MENA region itself is unique in possessing an immense potential for foreign investment within a wide diversity of sectors. Since the Arab Spring it is a region that is now more than ever in a state of flux because of rapidly changing expectations and events. Tracing the development of ethical codes (as indicators of an ethical awareness in society and business) over a period of time will enable in some small way an expansion to the discourse between society and business and lead to an increased presence of the ethical imperative within their connective functions. With increasing levels of globalisation & its accompanying shift in ethical standards, there are new forces at play that affect operation of financial exchanges. Particularly, with regards to transparency & accountability standards. (Dr. Shahid, S.A., 2002)

Ethics codes themselves are a good indicator of a number of things that make them suitable for ascertaining the research questions in this study. These include (among others) primarily an ethical consciousness held by an organisation that publishes its code, recognition of the connective obligations between business and society. (Bishara N.D., 2011) finds that there are externally imposed factors that subtly prevent the growth of small to medium enterprises beyond a certain point. The problem then is being essentially contained within the practical sphere (as opposed to a theoretical awareness of the situation). Codes of conduct become a suitable subject of analysis to ascertain ethical standards given that the main issues revolve around the opposite end of this spectrum and are imposed as external obstacles to reaching an ethical ideal in business activities.

This invisible barrier is sometimes seen as a short term necessary evil (a difficult short cut around already inefficient & corrupt bureaucratic procedures), however

the main harmful impact from this is a long term one. Namely the relinquishing of the influx of knowledge, expertise and stakeholder interests that comes from an environment conducive to foreign investment. (Bishara N.D., 2011) notes that participation in corruption (even reluctantly) for short-term gains prevent any long term shift on a practical level by continuation of the overall imbroglio through its illegality.

For business in the MENA region it is clear that ethics holds greater importance. One of the factors that hinder the level of foreign investment is that of the level of perceived ethical level of governance in any region of the world. "In fact, the MENA countries have on average been characterized by a clear deficit in good governance institutions. Good governance is about inclusiveness. It has been noted that the MENA region overall has been known for deficient governance on the part of its institutions. Inclusiveness seems to be the important element here" (World Bank MENA Development Report, 2003).

This lack of expected results has been found to be present especially within democratic institutions that afford social & civil liberties. (Aysan A.F., Nabli M.K. & Vezanzones Varoudakis M.A., 2006). Being seen as actively more ethical in business operations will in turn stimulate foreign investment and eventually lead to an increased quality of life and improvement in the overarching situation when viewed from an ethical, economic and environmental view.

Working to create sustainability is not an easy endeavour and an increased understanding of the nuances of ethics can help to bridge the gap between business theory and practice. Especially, so when we are living in the midst of the formation of a new ethical paradigm that will have important consequences for society and business alike. (Bishara, N.D., 2011) opines that corporate governance is not a static monolithic entity & is dynamically affected by a number of internal & external forces. Internally, the corporation has mechanisms for regulation of activities whilst

externally; various constituencies exert influence on legal & regulatory framework & market factors.

Ascertaining the level of ethics currently prevalent is of course an important step in the creation of sustainability in the region. The MENA region (although perceived as being deficient in general ethical standards) has nevertheless implemented multiple measures to ensure that there are agencies dedicated to specific anti-corruption activities. In other countries where this is the case, their effectiveness has been mitigated somewhat by the lack of a central unified authoritative mandate as the sole investigative & remedial institution of governmentally affiliated agencies & individuals within those same agencies. (Wehrle, F., MENA Taskforce). It also helps to know the development of ethics over a period of time as the MENA region is a paradox of sorts. On one hand it has a diversity of ancient cultures, and on the other hand it has a strong modernist tendency that seems at face value to be at odds with its long entrenched traditions. Although socio-traditional forces have often adapted to modern elements in civil society, pre 50's existence has mostly disappeared. The cultural & social landscape has dramatically changed. (Cordesman, A., 2011).

Finding the balance between the past and the present is useful in forging the way ahead towards a new paradigm of sustainability. Ethics codes represent prevalent thinking of a group that has reached consensus and as such are strong indicators of the awareness of that group. Working on the assumption that business and society are inextricably linked and it is in the awareness of these connections that the ethical & sustainable way forward is found. This burgeoning paradigm is characterised by international agreement on the fundamental bases of inclusive ethical standards. Particularly important is appropriate governance forge from a consensus between the three main elements of society (civil society, private business & the government). Inclusiveness is an essential part of this paradigm. (Dr. Saidi, N., 2004).

This discourse has the aim of establishing a way forward in terms of a new ethical paradigm that truly represents all interests involved in creating transparency & sustainability for future generations. . (Dr. Shahid, S.A., 2002) says that essentially the main problem is in the implementation of international regulatory initiatives. Standards of transparency & accountability need to be upheld meticulously, leading to positive changes in terms of allaying the doubts of investors via readily understandable (prepared & pre-formatted to international standards).

The subjective nature of ethics itself dictates that a multi angled approach is taken to analyse any situation or issue. In effect it dictates consideration of a wide variety of socio-cultural forces as well as a multiplicity of points of view in reaching some kind of resolution. It is important to have these varied considerations as a narrow approach inevitably leads to biased conclusions and therefore some element of disaffection and inefficiency at any action taken based on the narrow thinking underlying policy. Inclusiveness based on transparent accountability of corporate activity is seen as a fundamental component of this new ethical paradigm. A necessity of achieving inclusiveness is this diversity of opinion & argument. Speaking in terms of the link between investment and peaceful stability, (Aysan A.F., Nabli M.K. & Veganzones Varoudakis M.A., Governance & Private Investment, 2006, p. 4) find that regarding the level of private investment there is an extensive range of literature based on empirical evidence that focuses on property rights. Other components of governance such as democratic participation, corruption & bureaucratic control all lack any kind of precision analysis. Likewise with IT, the lense has been preoccupied with intellectual property rights as opposed to a holistic view of the ethics of technology and its usage in business from small firms all the way up to international corporate organisations (e.g. stock exchanges).

Since the MENA countries account for over half of the worlds oil supply, it is important for the global economy as the risk

perceived by international & private investors leads to significantly more expensive energy prices. Regional events are thus of increased importance to international market participants. (Christensen, L., 2011). What occurs in MENA has repercussions for the world at large as well. Recognising these connections on a local, regional and international level will accelerate an already fast moving bandwagon towards the idea of good governance as central to business thought and practice.

This study details the development of ethical theory and action and endeavour to contribute to the furthering of the discourse in the development of a new ethical paradigm. The new paradigm being aligned with efforts at achieving a sustainable and equitable society for the residents of that region.

Efforts that have clearly been manifested since 2001 in an effort to address issues of corporate governance, July 2003 witnessed GCGF & CIPE in collaboration with local partners in Egypt, Jordan, Lebanon & Morocco launch efforts in order to ascertain standards of corporate governance in select MENA countries.. (Dr. Saidi, N., 2004)

From 2001 to 2011. Ethics & its development in the MENA region

It seems as if the order of things as we know it is constantly in flux. The new globalised world is characterised by increased flow of trade & capital between nations that are also increasingly connected by travel, communication & culture. Socially oriented technology & systems are bringing economies & people closer together then ever before. The inevitable changes in global economies as a result of increased international dynamism requires constant realignment.

(Dr. Shahid, S.A., 2002).

Partially due to increased communication & information the increasingly connected global business arena has found itself to be undergoing great changes in terms of

certain social trends that are being experienced by all regardless of location. A growing popular trend of this increasingly connected existence is the growth of ethical awareness expressed as Corporate Social Responsibility.

As a conceptual movement CSR is taking hold, as internationally widespread problems in socio-economic & political areas necessitate a demand for solutions from private & public resources. (WBI, 2007).

This trend indeed has been around in some forms or another in the business community but only recently has it emerged as a decisive factor in business rationality. Bywords of sustainability, transparency, & accountability signify important realisations for the business community of this emergent world; that it is not enough to make a profit; it should be done in the spirit of maintaining the integrity of social relations.

Recent global events have served to highlight this trend towards a greater level of responsibility being taken by business & society through public discourse and measures adopted. "At the regional level, steps have been taken to institutionalize the idea of CSR. For example, in the first phase of the MENA-OECD development plan (2005-2007), a regional Institute for Corporate Governance (HAWKAMA) was established in Dubai in 2006. At a national level, many MENA governments are engaging business to achieve environmental, and social objectives through public-private partnerships (PPP)" (Visser, W. & Tolhurst, N., World Guide to CSR, 2010, p. 8).

Underpinning this is a social awareness on the part of the public that is the precursor to sustained action towards a better quality of life. It is evident that this growing worldwide phenomenon is a force to be reckoned with & as such is a potent component of the new paradigm that is inclusive of governance & a greater level of sustainability in global business activity. Businesses have become aware of this and can be seen to be taking measures to address issues that confront them. A (CIPE,

2011) report finds that although corporate regularity & governance initiatives are commonly (& solely) associated with large companies on stock exchanges, their structure is useful in making sense of sustainability issues for family owned SME's. Governance frameworks form a suitable mechanism for reducing familial conflicts as well as facilitating intergenerational funds transfer.

The sustainability of any business has become of greater importance to global society overall. Whilst accounting for the generality of the phenomenon, it is also immediately apparent that the natures of the issues that confront different businesses in different regions form a disparate range. Naturally this is due to the individuality of any region and especially so for the MENA region with its ancient and rich history that informs the discourse on modernity. "That said, there can be little doubt that historic change is under way in the MENA region and market participants should follow developments closely". (Christensen, L., MENA Fact Book, 2011, p. 1).

The MENA region is perhaps unique in terms of the potentiality of growth and advancement and not unlike other regions of the world in past years or in a similar situation in the present. What this region shares with a lot of other countries is the nature of the issues that are confronted in the daily running of business.

One of the most important linkages of sustainability and its perceived level in any society is that with foreign and local investment. Despite having a great potentiality for economic growth and an overall improvement in quality of life through increased sustainability, there is a heretofore unrealised need to utilise this potential in the MENA region "Corporate governance is essential to creating a positive investment climate and vibrant private sector". (CIPE, Corporate Governance Initiatives, 2008, p. 2).

Achieving sustainability then seems to be the order of the day. Ultimately the limiting factor of the level of perceived sustainability relates to the prevalence of

peaceful conditions in a region. The barriers that the MENA region has to specifically confront can be narrowed down to the following areas:

- Corruption
- Lack of accountability
- Non disclosure of activity & opacity of business operations

These generalised factors are comprised of a range of micro factors ranging from public deterrence measures to fostering ethical conduct. Basically the facilitation of ethical improvement through promotion of international standards of accounting & auditing practice which have often been accompanied by specific mechanisms to institutionalising integrity within private organisations. These mechanisms include publicising corporate codes of conduct, public informational activities &/or educational programmes designed for school & university curricula. (Wehrle, F., MENA Task Force)

These efforts give the countries of the region their unique situational nuances and orientation. An essential & basic part of these nuances is the basic awareness of ethical frameworks that contextualise perceptions. In this way, ethical codes of conduct attempt to make overt and systematic this fundamental faculty of perceiving the ethics of any given situation.

Ethical codes then form a suitable indicator of the level of ethical awareness of any business operation as they are directly related to the level of awareness of an individual or indeed any collective. This level of awareness is in turn affected by such diverse things as education, literacy and proportion of women in the workforce. Freedom in all forms is essential for developing a dynamic economy. The recent UNDP Arab Human Development Report (2002) mentions "the deficit of political freedom as a pre-eminent issue" and delineates results from research notably that conducted by the World Bank. Results that are echoed in other research

"Particularly problematic are the questions of freedom of expression of citizens and of government accountability". (Aubert, J.E, Reiffers J.L., (Eds), Knowledge Economies in the Middle East & North Arica, 2003, p.25)

The focus then, of an ethical code evidences the company's efforts to maintain ethical integrity in its functioning. Not only do they indicate this awareness they reasonably demonstrate the nature of the issues confronted and the angle of approach towards finding a solution. These codes are generally accompanied by active efforts that may or may not fall short of required targets. In that respect judging a code's effectiveness becomes relatively simple in that it is usually evidenced by exhibiting certain desirable & shared behaviours. A good code of conduct will then fill in the gaps left by legislation and other measures taken to ensure that ethical standards are upheld. (Werhle F., MENA Taskforce, p.17) finds that a hurdle to solutions is encountered in the varied levels of awareness of business ethics in the MENA region. Asides from larger business agencies connected (directly or otherwise) with OECD nations, there is a pervasive confusion as to the nature of business ethics itself. A common frame of reference is missing in that there is no exact term to describe business ethics in Arabic. The closest approximation is that of Ekhlak El Maha'ne (professional morality) which is adapted from the concept of religious morality.

The focus of the following codes & measures taken should highlight this and other aspects of the matter and perhaps most importantly the directions that are being taken in finding resolutions to present imbroglios.

CSR's Corporate Governance Code Kuwait. Principles & Recommended Best Practices for Public Companies

Conceptually corporate governance rests on the activities of management being in accordance with transparency, integrity & accountability requirements. Broadening the debate, it becomes evident that

corporate governance can be defined as systematically directing & regulating business activity. Corporate governance essentially connects shareholders, the Board of Directors, management & other stakeholders. In that sense it is about a greater sense of inclusiveness. (CSR's Corporate Governance Code, Kuwait 2010)

Rassemblement de Dirigeants et Chefs d'Entreprises Libanais (RDCL). Code of Business Ethics 2004.

The RDCL "Code of Business Ethics" is a voluntary instrument and tool to promote business ethics, professional integrity, transparency in conduct and transactions, and the respect of contracts and commitments. It aims to combat bribery by enjoining the members of the RDCL and the signatories of the "Code of Business Ethics" to "reject bribery in all of its forms". (Dr. Saidi, N., Corporate Governance & Business Ethics In Lebanon, 2004, p. 1)

MENA task force on business integrity and combating bribery of public officials, Business ethics and anti-bribery policies in selected Middle East and North African countries.

Many of the issues at work in Middle Eastern and North African countries are not unique to the region. They share a commonality of experience with many developed countries that were at some point in a similar position. "Few emerging markets have a clear, efficient anti-corruption policy at an early stage in the process". (Wehrle F., MENA Taskforce on Business Integrity & Combating Bribery of Public Officials, p. 39)

Even OECD countries only recently came to realize that bribery of public officials and other types of economic crime are highly complex issues and that it was necessary to change the legal & organisational status quo towards a circumstance that encourages greater effectiveness in negating bribery in business activity. (Wehrle F., MENA Taskforce)

It can be seen from the above excerpts that the major focus of the actions taken in the

MENA Region are focused towards the prevention of corruption, which seems to be endemic to certain economies (not just the MENA region). These measures have changed the perception of business on the part of the general public. One of the traditional views still prevalent in the MENA region is that ethics are very much a social fad and that at best it is something that companies claim and fall far short of in the reality of their functioning. A newly emergent paradigm based on aware participation is being evolved out of the chaotic situation. (Shamseldin, A., 2005)

Out with the old, in with the new

Part of this developing global paradigm is the reformation of state involvement in socio-economic activity in developed as well as developing countries to ensure that the political environment is conducive for sustainable development. Efforts towards this goal are manifested in multiple key areas. Egypt has had specific success with the following areas of concern:

- Facilitating private, domestic & foreign investments through creation of a specific environment
- Ensuring rights of the undefended
- Increased levels of governmental interaction
- Greater extent of public empowerment via democratisation of the political system.
- A flatter distribution of power throughout the administrative system.
- Environmental protection measures. (Shamseldin, A., 2005)

Individual measures adopted have somewhat given assurance that sustainability is being tended to, and coupled with these measures is the increasing tendency towards a full participation in sustainable living. A (CIPE, WBI, 2007) report finds that this

governmental interest & influence is key in realising ethical objectives on a systemic scale, as it essentially adds great impulse to the drive towards a higher level of ethical behaviour.

Egypt's success has been emulated to some degree by other countries within the region, characterised by the varying factors found in their respective environments. "It is important to note the success of the Lebanese experience in shedding the light on the issue of corporate governance and placing it amongst the priorities on the reform agenda of the private sector". (Dr. Saidi, N., *Corporate Governance in MENA Countries, Improving Transparency and Disclosure*, 2004, p. 9).

These changes in the basic awareness have been given impetus by worldwide events that focus on the region itself as well as the economic centres of the new interconnected society. What this has meant for business is great changes in the macro and micro environments of civil society. How these changes are dealt with on an ethical level will determine to a certain extent how successful the business is and to a larger extent the softening of foreign perceptions towards the MENA region.

This is corroborated by (Aysan A.F., Nabli M.K. & Véganzonès-Varoudakis, M.A., *Governance & Private Investment*, 2006, p.4) "In this respect, and as reported by the World Bank (2004), better governance improves the investment climate by improving bureaucratic performances and predictability. This in turn reduces uncertainty, as well as the cost of doing business".

A paradigm for our Times

In these prevalent times of rapid social flux and uncertain economic conditions; how best to move forward in business whilst adhering to the new paradigm that is developing?

There seems to be a plethora of theoretical support for these new concepts of CSR, sustainability and corporate governance as

well as a cultural cynicism. What is immediately apparent is that these phrases are indicative of an increased observance of ethics in business. On the part of stakeholders and also on the part of business.

The effective strengthening of the connection between business and society is necessary for the achievement of real sustainability within that society. Given recent events and the turmoil that ensued in their aftermath, how can business exploit the opportunities brought to its door and still remain very much in accordance with new legislation as well as pro actively take part in the raising of ethical standards?

One potential framework has been applied to MENA manufacturing, (Kinda T., Plane P. & Véganzonès-Varoudakis, M.A., *Firms' Productive Performance and the Investment Climate in Developing Economies*, 2009, p. 14) ascertain that "Another step in our analysis has been to differentiate and categorize the different dimensions of the investment climate. The World Bank Investment Climate (ICA) surveys provide information on a large number of investment climate (IC) variables - in addition to general information on firms' status, productivity, sales and supplies. These IC variables are classified into 6 broad categories: (a) Infrastructures and Services, (b) Finance, (c) Business-Government Relations, (d) Conflict Resolution/Legal Environment, (e) Crime, (f) Capacity, Innovation, Learning, (g) Labour Relations".

This appears to be a step in the right direction in terms of articulating the factors that come to bear in the variable situations of the region.

It is clear that things have changed since the early 2000's when the focus on ethics was clearly a minimalistic one in comparison to contemporary standards. "The recent proliferation of model corporate governance and ethics codes in developed countries has also been seen in developing countries". (Bishara N.D.,

Governance & Corruption Constraints, 2011, p. 245).

Legislation now shows the increased importance given to factors that were previously considered to be unimportant in the sense that they were perceived as theoretical pronouncements that had little relevance to the reality of business in society. Somewhat akin to grandiose pronouncements that remain unfulfilled. One of the more common perceptions held by the general public relating to systemic corruption.

Another systemic & social limitation is that of the gender divide. In spite of the clear benefits of a diverse workforce that is inclusive of a significant female worker population, investment in girls' education has not returned a full pay off in terms of economic well-being of women & their families.

The gender divide has been traditionally strong (especially) in the IT sector. This traditional view of things limits possibilities for education & empowerment of women. The new paradigm focuses on the digital gender divide as an obstacle to overall societal development through improvement in ethical stances. (World Bank MENA Development Report, 2004).

With the workforce in the MENA region being one of the world's youngest, traditional rationality has been sidelined somewhat and a more modern approach is being taken. This has meant that efforts to bring women into the workforce are bearing fruit. (World Bank MENA Development Report, 2004 states that this divide is a global phenomenon, whereby a pattern has been discerned that an increase in female education & a decrease in fertility are corollaries of an increased female presence in the labour force.

Like the overall situation, however, there is a long way to go before a practical level of effectiveness is reached. The low levels of inclusiveness of the female population in political organisations & economic activity (accompanied by low literacy) significantly affect the dynamism of several MEN

countries. Ultimately it transpires that a vital human resource essential to the dynamism & creativity of a knowledge society is still being under-utilised. (Aubert, J.E., Reiffers, J.L., 2003).

The Arab Spring and more recently the Occupy Wall Street movements have shown that the new status quo for the moment is one that has a greater level of stakeholder power than previously. A World Bank Institute report (CIPE, WBI, 2007) finds that at all levels of economic, social, environmental & security issues it is clearly apparent that one sector cannot solve all these problems. Thus, the necessity for inclusiveness through multi-stakeholder collaborations & involvement of the private sector

Added to this is the ever increasing pace of change of the environs within which there is a rapid change in practically all levels of society. Looking at it from the perspective of awareness (knowledge and its direction of application), (Aubert, J.E., Reiffers, J.L., 2003) find that the revolution in knowledge is due to an increased level of internationalisation, ubiquity of ICT, faster business processes due to computerised automation of production facilities & increased connectivity between science & innovation as well as burgeoning areas such as biotechnology & has resulted in a significantly altered business environment.

What this means essentially is a high level of uncertainty in society at large. The Chinese word for danger inherently carries great opportunity within its meaning. Extrapolating from this, a corollary question might needs be asked, is it possible to harness the changes taking place to secure a new paradigm in place which improves upon the one in place at the moment & if so how may this be brought about?

In terms of achieving an efficient level of sustainability for the region as a whole, these developments have had an important role to play in changing the traditional paradigm towards one that is in keeping with the rapidly changing modern global society as well as its peculiarities.

While it is apparent that these changes are important in and of them it should not be forgotten that there is still a long way to go before foreign and local investment takes an upturn from these efforts. Decisions that have been taken in these moments will bear fruit in the coming years. Till then a continued focus on mutual connections and how they may be utilised to bring about mutual benefit is necessary and furthermore realistically achievable given the increasing awareness of business and society alike as to the importance of a considered ethical stance.

The way forward, what has been learnt?

The rise of new technologies brings with it concomitant problems & imbroglios which require a new framework of thought & analysis to deal with the nature of the issues that present themselves. Despite the new benefits & opportunities that are increasingly available, factors such as the increasing digital divide conspire to prevent the efficient utilisation of societal resources. Active measures must be put into place to prevent the increasingly complex issues from holding sway over the positive possibilities of such technology to increase the ethical level of business operations.

These possibilities have never been so evident to all strata of society at all levels given the new level of awareness of local & international connection. Particularly in light of the strong socio-cultural oriented nature of the demands being made by movements such as Occupy Wall Street. Furthermore technology (particularly ICT) has become associated with major change in society with regards to access to an increased resource base for the average citizen in the never ending process of seeking an equitable society at all levels. It is this facet of ICT that causes its own set of problems that require addressing if the integration of new technology in society is to be sustainable as well as ethical.

In terms of the new paradigm a framework for resolution of major issues is provided by active efforts to spread the use of ICT in society. Specifically with regards to efforts

in educating & providing facilities to use for the underprivileged so they may use these new tools to substantially improve their quality of life in some form or fashion. In this way societal resources can be more effectively utilised to provide a sustainable boost to economic & governmental activity & thus reduce the digital divide.

One of the most glaring manifestations of this divide is the evident lack of female participation & inclusiveness in all fields of technologically driven enterprise. There being a huge number of ideological, socio-cultural & institutional factors that prevent the inclusive operation of the female portion of the population as a necessary inseparable part of society. Given the influx of a new generation of recruits into the marketplace it can be reasonably assumed that the new paradigm of a sustainable equitable society carries with it elements of poverty alleviation through pioneering use of technology as well as increased opportunities for women to take part in the emergent new society through a greater range of avenues than previously experienced.

Essentially the crux of the matter is that no matter the issues being faced one of the most important facets of the ethics of business activity is the perceived level of trust (both locally & internationally) that is present in the society it is embedded within.

This trust can only be inspired & built upon with a long term dedicated & sustained effort directed towards the problems present in society, particularly with regards to the effective implementation of ethical codes upheld by business & governmental entities. That is how endemic corruption is in the equation & how much of ethics is genuinely considered in the day to day running of business activity.

It is with this view in mind with which inter regional efforts have been directed towards achieving this trust within the different societies of the MENA region. Far ranging & ambitious as they are it is clear that there is a long way to go for business &

society in integrating codes of ethical conduct into daily life. At this stage of the newly emergent paradigm it is still unclear given the current array of issues confronted whether the current state of flux will lead to a discernibly more sustainable society in the near future.

Towards this end efforts have been driven & are being directed and it is appropriate that improvements to business operations through problems faced over the previous decade have been successful in increasing the quality of life for an increasing number of citizens in the MENA area. It is this increase in the number of involved, informed & conscientious citizens which is the hallmark of an egalitarian, information based society. Through the equalised participation of this increased set of societal representation the MENA region can be turned towards a significantly greater level of sustainability & equality in its variable cultural manifestations of the area. Effective & non-corruptible implementation of agreed upon ethical requirements will mean alleviation of diverse factors such as poverty, illiteracy, disproportionate gender representation as well improvements in levels of education, available skill-set for participation in economic activity & perhaps most importantly of all; in a generalised feeling of well being fostered by the trust that transparent & accountable mechanisms for addressing & resolving problems are in place.

Given the set of factors confronting business & government in the MENA region it is imperative that success is achieved in anti-corruption efforts accompanied by equally sustained measures to include (through the innovative use of technology in business & governmental operations) the underprivileged & disenfranchised sections of society at an increased level of inclusiveness. Efforts are barely under way given the relatively recent advent of importance given to ethical concerns in such areas as business.

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