The Moderating Role of Ethics Program "Follow-Through" on the Effects of Ethical Leadership over Ethical Behavior and Ethical Climate

Ali Yağmur

Introduction

Ethical codes are important in terms of both forming a strong sense of responsibility towards ethical issues and emphasizing behaviors that are considered unethical (Stanwick & Stanwick, 2007). In an organizational context, ethical codes are the written document created to affect the ethical atmosphere in an organization and to provide general standards (Grobman, 2007; Handy & Russell, 2018). In an individual context, ethical codes are a perceptual factor that aims to influence employee behavior and the decision-making process (Kohlberg, 1981). In the overall context, the main purpose of ethical codes is to influence employee behavior by playing a guiding role related to moral issues (Pater & Van Gils, 2003). Therefore, ethical codes along with ethical policies and procedures are important managerial tools that rare used to prevent unethical behaviors in organizations (Kaptein & Schwartz, 2008; Kaptein, 2011; Kaptein, 2015).

While some companies use ethical codes for purely symbolic reasons (Donker et al., 2008), others use them only to avoid legal responsibility, with many using the codes to be perceived as ethical in the business world (Stevens, 1994). Unethical behaviors may cause serious harm to a business' reputation as well as its complete destruction (Barsky, 2008). Thus the effect ethical codes have on unethical beha-

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viors has frequently been researched in the literature (Kaptein & Schwartz, 2008; Kaptein, 2011, 2015); various studies have been conducted on how to make ethical codes more effective (Marnburg, 2000; Singh, 2011). The results obtained in studies investigating the relationship between ethical codes and unethical behaviors show the mere existence of ethical codes alone to not be sufficient at preventing or affecting unethical behaviors (McKinney, 2010; Kaptein 2011). In this regard, research has studied the concepts of ethical climate, ethical leadership, and unethical behaviors alongside ethical codes and programs. The ethics literature has widely researched these concepts, with a number of researchers having already stated the relationships among them (Wimbush & Shepard, 1994; Trevino et al., 2000; Vardi, 2001; Peterson, 2002; Brown & Trevino, 2006; Brown & Mitchell, 2010; Simha & Cullen, 2012; Ciulla et al., 2018).

Studies conducted on the effect of the mere existence of ethical codes and programs on unethical behaviors (Pajo & McGhee, 2003) have not taken into account the effects of supporting elements such as ethical training, ethics committee(s), and whistle-blower. Therefore, the effect from implementing these programs as a whole has been neglected in the literature, especially in empirical studies. To express these effects, the concept of the perception of ethics program "follow-through" (Trevino & Weaver, 2001) has been used. The effect of ethical codes on behavior is possible not through the presence or absence of codes but through the expression of values symbolized by the codes in an organization (Marnburg, 2000; Pater & Van Gils, 2003).

Literature Review and Formation of the Hypotheses

Exploring the direct effect of ethical codes and programs on unethical behaviors while excluding other factors may give misleading results. Predicting that ethical codes will only affect unethical behaviors within the organization may also lead to misleading results. Researchers (Kaptein & Schwartz, 2008; Singh, 2011) have stated that the effectiveness of ethical codes and programs should be examined through different research models that contain various moderator and mediator variables.

Thus the current study's research model includes the construct of unethical behaviors, which has been used to measure the effectiveness of ethical codes and programs in previously conducted empirical studies in the literature. Ethical climate is another construct used in the research model. Ethical leadership also has

significant impact on an organization's ethical constructs (e.g., Mayer et al., 2009; Avey et al., 2012; Yagmur & Elci, 2019). The relationship between ethical leadership and unethical behaviors (e.g., Trevino et al., 1999; Brown et al., 2005; Brown & Trevino, 2006) and between ethical leadership and ethical climate (e.g., Trevino & Weaver, 2003; Schminke et al., 2005; Brown & Trevino 2006) have already been stated in the literature. For these reasons, ethical leadership has been included in the research model.

Employee behavior changes with the implementation of an ethics program (Singh, 2011). Ethical codes are effective when they comply with ethical leader behavior (Erwin, 2010). Therefore the compliance of an ethical leader's behavior with the corporation's ethical codes impacts the organizational climate and employee behavior (Trevino et al., 1999; Trevino & Weaver, 2003). As a result, Hypothesis 1 is as follows:

H1: The perception of ethics program follow-through increases the positive effect of ethical leadership on employee's avoidance of unethical behaviors.

The relationship between ethical leadership and ethical climate has already been studied in the literature (e.g., Grojean et al., 2004; Arnaud, 2006; Mulki et al., 2009; Pucic, 2011; Yagmur & Elci, 2019). Additionally, the indirect effect ethical climate has over the effects ethical codes have on unethical behaviors has already been detected (Trevino et al., 1999; Trevino ad Weaver, 2003; Pater and Van Gils, 2003). The absence of ethical codes and ethics programs sends employees the message that management is not concerned with ethics and that the organization does not deal with ethical dilemmas or problems (Adams, 2001). This negatively affects the ethical climate. On the contrary, organizations with ethical programs are more prone to detect and prevent unethical behaviors; they have more effective ethical climates for reducing unethical behaviors; and they encounter less unethical behaviors. (Singh, 2011). Although ethics programs have been stated to foster and strengthen the ethical climate (e.g., McKinney et al., 2010), their presence alone has also been stated to be unable to cause such an effect in theoretical studies (Wotruba et al., 2001). Ethics programs affect ethical climate when ethical codes and ethical culture are compatible with each other (Stevens, 2009). Ethical codes are more effective if supported by the leader (Schwartz et al., 2005). In other words, ethics programs strengthen the ethical climate and facilitate the ethical leader's management of the ethical atmosphere (Stevens, 2009). As such, Hypothesis 2 emerges as follows:

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H2: The perception of ethics programs follow-through reduces the effect of ethical leadership on ethical climate.

Methodology

The survey method has been chosen as the data collection method. The research sample consists of 450 employees working in medium and large-scale organizations that have ethical codes and programs and that are located in İstanbul, Kocaeli, Ankara, or Antalya in Turkey. Of the research sample, 144 (32%) are women and 306 (68%) are men, 390 (86.7%) are married and 51 (11.3%) are single. The employees' education levels are as follows: 269 (57.5%) are university graduates, 153 (34%) are post/doctoral graduates, and 28 (6.2%) are high school graduates. The research participants' average age is 39.18 (SD = 6.8867). The participants were asked 5-point Likert-type questions ranging from 1 (strongly disagree) to 5 (strongly agree). The research uses the Ethical Leadership Scales (Brown et al., 2005), which had previously been adapted to Turkish (Alkan, 2015) and the Ethical Climate Questionnaire (Schwepker et al., 1997), which had also been previously adapted to Turkish (Biçer, 2005). To measure unethical behaviors, an anti-social behavior measurement questionnaire (Robinson & O'Leary, 1998), which had been previously adapted to Turkish (Anasız & Püsküllüoğlu, 2018) has also been used, as well as a 4-item scale (Trevino & Weaver, 2001) that had not been adapted to Turkish for measuring the perception of ethics program follow-through.

The measurement model has been estimated using confirmatory factor analysis (CFA; χ^2 = 1400.155; χ^2 / df = 3.656; p = 0.000; *CFI* = 0.946; *GFI* = 0.900; *TLI* = 0.939; *NFI* = 0.927; *RMSEA* = 0.072; *SRMR* = 0.067). These values indicate good fit between the model and the data (Schumacker & Lomax, 2016). Internal consistency has been confirmed with composite reliability values between 0.90 and 0.98 (Fornell & Larcker, 1981) and Croanbach alpha values between 0.90 and 0.98 (Cortina, 1993; Hair et al., 2009). Convergent validity has been confirmed with the Average Value Extraction (*AVE*) being greater than 0.5 and *CR* being greater than *AVE* (*CR* > *AVE*; *AVE* > 0.5; Hair et al., 2009). Discriminant validity has been confirmed with the square root of *AVE* being greater than the inter-construct correlations (Fornell & Larcker, 1981); this satisfies the condition of *MSV* < *AVE* (Byrne, 2013).

Six different applications have been used to test the moderation models. All but one of the results obtained from these six different applications provide the same results. The results obtained from SPSS 21 PROCESS Macro have been used for reporting (Hayes, 2013). Moderation analyses reveal significant interaction ef-

fects for the two models (R^2 = 0.145; F = 28.73; p <0.001, and R^2 = 0.650; F = 322.5467; p <0.001). No evidence of a multicollinearity problem has been found, as indicated by VIF < 3 (Kline, 2015).

The moderating role of ethics program follow-through on the relationship between ethical leadership and unethical behaviors has been determined to be significant (ΔR^2 = 0.077, ΔF = 4.58, p <0.001, b = -0.1517). *H1* is supported.

The moderating role of ethics program follow-through on the relationship between ethical leadership and unethical behaviors has been determined to be significant (ΔR^2 = 0.057, ΔF = 8.4050, p < 0.001, b = -0.090). *H2* is also supported.

Discussion and Conclusion

Summarizing the Findings

Conflicting findings about the effect of the existence of ethical and professional codes on employee behavior (McKinsey, 2010; Kaptein, 2011) have made examining this relationship by creating new models necessary (Kaptein & Schwartz, 2008; Singh, 2011). The indirect effect of ethical programs has been examined in this direction. The moderating role of ethics program follow-through supports the effects of ethical leadership on ethical behavior and on ethical climate.

Discussing the Findings

Hypothesis 1 being supported means that in order to increase the effect a leader has on employee behavior, ethical codes must be created that reflect the organizational culture and the ethics program must be made a part of daily organizational activities.

Hypothesis 2 being supported means that in order to increase the effectiveness of an ethical program, organizations should take into account the current internal organizational context such as organizational structure and culture. Nourishing ethical codes into an organization's culture takes a long time (Trevino et al., 1999). This includes processes such as the transfer of ethical codes through ethical boards and ethical leadership (Weaver et al., 1999; Stevens, 2008), having employees adopt ethical codes by employees (Sims, 1991) and establishing appropriate punishment mechanisms (Laczniak and Inderrieden, 1987). This also entails periodic reviews and the modification of ethical codes (Murphy & Sorenson, 1988; Nijhof et al., 2003).

Ethical behavior is mainly based on an individual's moral and ethical beliefs. The effect of ethical codes and programs on this individuality cannot be directly observed. This kind of behavioral change in employees is observed as part of social and communicative processes (Marnburg, 2000). Therefore, organizations should focus on these processes to enhance the effectiveness of ethical codes. Using effective communication to transfer values is important (Carroll & Buchholtz, 2012).

Ethics codes programs cannot cover every situation where unethical behaviors may arise. Therefore, organizations should adopt dynamic approaches in their ethics programs for keeping ethical codes alive. Ethics should come to life in daily organizational activities (Donker et al., 2008).

Ethics codes and programs can also be used to transform organizational culture (Erwin, 2010). The perception of ethics program follow-through can create a model of social change for employees (Blau, 1964).

Organizations that have the perception of being unable to follow through with ethical programs cause unethical behaviors to increase (Trevino & Weaver, 2001). Adopting ethical codes instead of imposing them is important, because employees then take responsibility when they perceive that they share the same values with others (Carroll & Buchholtz, 2012)

Contributions

Unlike most previous studies in the literature, this study shows how the effectiveness of ethical codes and programs can be measured by implementing ethical codes and programs and by how employee perceptions are affected by this implementation. Neglected issues such as the effects of ethical education, ethical committee(s), and whistle-blowers can be covered in this way by taking into account perceptual factors.

A relationship between organizational ethical constructs and ethical practices has been established by examining the research model containing these concepts. Examining a relationship between perceptual variables and tangible ethical assets makes for a different study. These kinds of studies are scarce in the Literature. We also propose a research model that has not been studied before. No study examining the relationship between ethical leadership and ethics program follow-through could be found in the literature. Similarly, no study could be found exploring the impact of ethical practices on the relationship between ethical leadership and ethical climate. Having findings be directly related to an organization's ethical practices is also important.

Theoretically, it is important to the finding that ethics program follow-through has been identified as an antecedent of ethical climate is theoretically important. It also make difference the fact that modeling of psychological and leadership perceptions influence employee behavior together with tangible ethical assets also makes a difference.

Limitations

This research has been performed in organizations that have ethical codes and policies and that follow certain ethical programs. The effectiveness of ethical codes and policies can be assessed more clearly when similar research is performed in organizations that do not have ethical codes or policies. The sub-constructs of ethical codes and ethical programs can also be studied to determine proper ethics programs. The effect of ethical committees and ethics officers can also be studied.

Suggestions for Future Research

Future research can study ethics program follow-through as the antecedent of ethical climate. In addition, different research models are recommended for considering the various roles of different constructs in order to assess more clearly the impact of ethical codes and programs on organizational ethics.

As ethical code content has been determined to be able to affect unethical behaviors in the literature (Van Tulder & Kolk, 2001; Caracsco & Singh, 2003; O'Dwyer & Maden, 2006; Kaptein & Shwartz, 2008), future research may also search how ethical codes are created. As transferring ethical codes has been emphasized to be important in the literature (Kaptein & Shwartz, 2008), future research may also examine the most efficient way for transferring ethical codes. The effect of ethical codes has been stated to decrease in the absence of participation (Locke & Latham, 1990; Li & Butler, 2004); future research may also study participation effects.

In conclusion, ethics are implemented in organizations through ethics programs and codes. Therefore, organizations have presumed the mere existence of these tangible ethical assets to be enough to prevent legal responsibility for unethical behaviors. However, Trevino et al. (1999) found ethics codes to have little meaning in an organization unless the ethics codes are clearly reflected the organization's own values. This study supports the hypothesis by having empirically researched a different model from Trevino et al's research. Ethical programs that are incompatible with the organizational culture are expected to be ineffective.

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