

# Employees' Perceptions towards Ethical Business Attitudes and Conduct\*

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**Abstract:** In today's globalized world, business ethics has become a sensitive and important issue. In this regard, this paper will firstly discuss the definition, scope and importance of ethics and business ethics. The purpose of this survey type study is to analyze the perception of business ethics in a public higher education institution through a scale titled "ethical attitudes and conduct in the workplace". For this purpose, a questionnaire was applied to a total of 317 employees. The data were analyzed using frequency, t-test and ANOVA tests. The findings of the study tend to indicate that the participants hold positive attitudes towards ethical business conduct. The demographic characteristics, such as employees' age, education level, and marital status cause significant differences in perceptions, whereas, gender, period of employment, and income level do not have a significant impact on perceptions.

**Key Words:** Ethics, Morals, Business Ethics, Business Ethics Conduct, Ethical Climate.

Insensitivity to the environment, unfair treatment to employees, ignoring customer complaints, demands, and customer satisfaction, conducting misleading promotions and advertisements may undermine the image of enterprises. Such conduct makes a negative impression on customers; declines the value of goods and services produced by these companies; depicts an unattractive workplace image for skilled labor; causes the enterprise to be blacklisted by the government; and makes it a target for the media (Parlak & Orman, 2009, p. 313).

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“The whole set of applications based on moral principles, such as ensuring the safety of its employees, arranging the business environment in accordance with health regulations, conducting a satisfactory remuneration and a merit-based selection and promotion policy, being tolerant of union activities, not monitoring the employees discreetly, refraining from emotional abuse directed towards employees’ professional competence and reliability, disallowing racial and gender discrimination, not exploiting the labor of women and children, preventing acts of sexual harassment in the workplace, and providing social rights, are among the main conditions of reliability and productivity of the enterprise” (İlhan, 2009, p. 2).

Within the framework of institutions, customer satisfaction in the public sector is not as emphasized as the one in private institutions, and employees’ commitment to ethical principles and transferring them to behavior may have flows. Besides, public authorities are having difficulties in ensuring employees’ compliance with the codes of business ethics. Therefore, revealing the perceptions related to ethical business attitudes and behavior of the administrative staff of a public higher education institution and offering solutions to the problem mentioned above constitute the basic purpose of this research.

## Theoretical Framework

### *Definition and Scope of Ethics*

Ethics is derived from the Greek word “ethos” meaning “character”. The word “morality” comes from Latin with a meaning of behavior and habits. This concept has been transferred into Turkish from the Arabic word “hulk”, which means morals (Taş, Bingöl, & Cebeci, 2005, p. 84). In general, ethics can be considered as the criteria for praising or criticizing the behavior of individuals (Jones, Bos, & Parker, 2005, p. 13). According to Thiroux (1998), ethics is about controlling human behavior as to what is right and wrong. “Ethics searches for answers to questions about the perception criteria for good or bad, right or wrong human behavior, and investigates the impact of personal interest, or the interest of others in moral decisions and judgments” (as cited in Celep, Doyuran, Saridede, & Değirmenci, 2004, p. 1). Özkalp and Kirel (2003, p. 231) make a distinction between narrow and broad definition of ethics. In the narrow sense, ethics is primarily a pursuit for researching and understanding a world that is desirable, and in the broad sense, it is the cognition of what we are allowed to do, ask for and own.

## Theoretical Approaches to Ethics

**Teleological Approach:** According to this approach, an action in itself is not good or bad; the result of the action renders it good or bad. Teleological approach is divided into selfishness and utilitarianism. Selfishness is guided by “individual interest”, and defines the right and acceptable behavior for the individual (Özgener, 2004, p. 33).

**Deontological Approach:** This approach, which was developed by Kant, can be described as a principled decision-making system. It is a highly convincing ethical understanding with a wide range of scope. This theory focuses on rights, rather than obligations and principles (Özgener, 2004, p. 42). Its theory of justice is based on “equals should be treated equally and non-equals unequally.”

## Definition and Scope of Business Ethics

The focal point of business ethics is how to administer ethical standards for business policies and conduct (Kirel, 2000, p. 6). Dentchey and Gosselin (2007, p. 107) have defined business ethics as “a form of the art of applied ethics, examining ethical rules and principles within a commercial context, analyzing various moral and ethical problems that may arise in the business environment and particular tasks or obligations of business people”. The structure of business ethics consists of business morals, individual and social ethics; customers, competitors, partners, legal and political groups are external environment factors affecting this structure (Uslu, 1996, p. 35). Kirel (2000) emphasizes that business ethics deals with such values as, honesty, commitment, respect to the environment, fair conduct, equality, and justice. Business ethics are certain requirements that must be applied by managers and other employees (Buchholz & Rosenthal, 1998, p. 263). In ethical decision-making in business, moral judgments should be logical, factual and should comply with currently valid moral principles. According to Arslan (2005), in any moral judgment, parties should understand the situation very well and the moral solution should also be able justifiable publicly.

By the 1970s, theories of business ethics were formed and religious thinkers also contributed to the discussions. During this period, the social demands increased and businesses became more sensitive to their social images. Thus, academics began to reveal the business conduct of business people by carrying out research in business ethics in management and marketing (Bektaş & Köseoğlu, 2008, p. 150).

## Relation between Business Ethics and Ethical Climate

Ethics is a critical tool to help employees make a distinction between acceptable and unacceptable behavior (Erondu, Sharland, & Okpara, 2004, p. 350). Ethical climate is one of the important factors of organizational performance that shape inter-organizational relationships and attitudes of the employees. Hence, it is very important to understand the possible relationships between organization's ethical climate and employees' attitudes (Elçi & Alpkın, 2009, p. 298-299).

According to Chonko and Hunt (1985), some studies show that codes of ethics only have a minimal effect on employees' attitudes and behaviors. This can be explained by employees' unawareness of the existence of codes of ethics in organizations. Ethical climate is perceived by employees, therefore is much more effective on employees' attitudes and behavior (Valentine & Barnett, 2003, p. 361). In a study by Hunt, Wood, and Chonko (1989), ethical values are emphasized to be not only social subjects, but rather "manageable" concept.

## Method

### *Population and Sample*

Population of the study is 757 employees working in a higher education institution, 317 of which are taken as a sample. The sample and the universe of the study are civil servants. The questionnaire was sent to the whole population, however was rejected by some employees due to the sensitivity of the topic. 10 questionnaires were not included in the study because of missing information.

### *Hypothesis*

The study measures employees' perception of business ethics attitudes and behavior, as well as tests the following hypotheses analyzing the relationship between some demographics and ethics behavior:

H1: There are some significant differences between the gender and business ethics perceptions of the employees.

H2: There are some significant differences between the marital status and

business ethics perceptions of the employees.

H3: There are some significant differences between the age and business ethics perceptions of the employees.

H4: There are some significant differences between the education level and business ethics perceptions of the employees.

H5: There are some significant differences between the period of employment and business ethics perceptions of the employees.

H6: There are some significant differences between the monthly income and business ethics perceptions of the employees.

### ***Data Collection Tool***

“Perceptions of Business Ethics Attitudes and Behavior Scale” which has been developed by the researcher was used in the study. This data collection tool is based on two scales; the first one is “Multidimensional Work Ethic Profile” (MWEP), developed by Miller, Woehr and Hudspeth (2002), consisting of 7 sub-scales and 53 items. The second scale is “Attitude towards Business Ethics Questionnaire” (ATBEQ), developed by Neumann and Reichel (1979) (Sims & Gegez, 2004, pp. 253-265). To ensure the internal consistency and reliability of the scale, face to face interviews with 30 people were conducted and they were asked to respond to the questions during the interview. Also a specialist was consulted in order to make the necessary adjustments in the question form. The result of statistical analysis (Cronbach’s alpha coefficient) of data obtained from the pilot group is 0.863.

### ***Data Collection***

The survey form “Business Ethics Attitudes and Behavior Scale” consists of 37 questions, 30 of them are 5-point Likert scale type questions and 7 of them ask some details about the demographics of the participants. The answers to the Likert type questions are numbered from 1 (strongly agree) to 5 (strongly disagree). In data analysis, “t-test”, “ANOVA” and frequency analyzes were used. Significance level was accepted as “ $p < 0.05$ ”. “ $p > 0.05$ ” indicates an insignificant difference.

### Data Analysis and Evaluation

The age demographics show that 45.4% of participants are between 36 and 45 years. 56 years and above are the smallest age group with 1.3%. The gender distribution of employees is 70.3% male, and the majority of them are high school or university graduates. 77.3% of them are married. When the period of employment is analyzed, 25,2 % participants have 0-3 years, 36% have more than 14 years of experience, and 60.6% of participants have 1501-2500 TL income.

Descriptive statistics was used to calculate the minimum and maximum values and simple arithmetic average of the responses. The scale score was found to be minimum-maximum 58-146. The overall average of the scale is 114.85 ± 15.521. Due to its proximity to the maximum value, this average tends to indicate that employees have positive business ethics attitudes and behaviors.

### ANOVA and t-Test Analysis and Evaluation of Findings

Table 1 shows the results of the ANOVA analysis carried out to examine the significance of the relationship between independent variables such as age, education level, period of employment, and monthly income of the participants and the “business ethics, attitudes and behavior” scale.

**Table 1.**

*ANOVA Results for Age, Education, Period of Employment, and Income*

N=317		ANOVA			
Independent variable	Sum of Squares	Degree of freedom	Mean Square	F	Sig
Age	3067,414	4	766,853	3,275	0,012*
Education	6058,689	4	1514,672	6,745	0,000*
Period of Employment	2060,556	4	515,139	2,170	0,07
Monthly Income	1622,459	4	405,615	1,669	0,15

\* $p < 0,05$  indicates significant difference

As a result of the statistical analysis, a statistically significant difference was observed between the scale and participants’ age ( $F = 3.275, p = 0.012$ ) and education level ( $F = 6.745, p = 0.000$ ) at  $p < 0.05$  level. Based on this result, the research hypotheses H3 and H4 were accepted. Post Hoc-Tukey test was

conducted to find out the source of the significant difference, and the test results showed that the source is university graduate and post-graduate participants and primary and high school graduate participants. Therefore, this indicates that as the level of education goes up, attitudes towards business ethics become more positive. Post Hoc-Tukey test that was carried out to spot the source of the difference between age and behavior of business ethics demonstrated that participants of 18-25 years have statistically significant attitudes compared to the participants of 56 years and older ( $p = 0.036$ , Mean Difference = 23.267),  $p < 0.05$ . 18-25 age group held more positive work ethic attitudes and behavior than the latter group.

Monthly income and period of employment ( $F = 2.170$ ,  $p = 0.072$  and  $F = 1.669$ ,  $p = 0.150$ ),  $p > 0.05$  did not display any significant differences; consequently H5 and H6 hypothesis were rejected. On the other hand, in similar studies, these demographic characteristics were observed to have different impacts on business ethics conduct. For example Nurmakhmatuly (2009), analyzed the attitudes and behaviors of managers towards business ethics and individualism in Azerbaijan, Kazakhstan, Kyrgyzstan, Uzbekistan and Turkey, and found that some demographics have a connection with business ethics conduct. According to the study, the highest level of business ethics awareness has been observed in the oldest age group (60 and above). Also, Allman, Page, and Roberts (2000) investigated the relationship between age and ethics in schools and found that older students behave more ethically than younger ones (Pepperas, 2002 as cited in Ay, 2005). Pooner and Smith (1984) express that the age factor has a positive influence on ethical behavior and senior employees are more likely to behave in accordance with the work ethic (cited in Ural, 2003, p. 3). However, this study has produced results that are contrary to others and showed that participants of 18-25 years comply more with business ethics. Some of the reasons for this finding could be that public institutions hire employees depending on standardized test scores, that the education level of the youngest group is higher than other age groups and that young employees are generally on probation in their initial years, which makes them pay more attention to ethical conduct. To be able to get tenure posts, new hires in government posts need to complete a period of time without getting any disciplinary action, and any violation of a legally defined ethical behavior may impede their promotion.

In this study, an increase of ethical behavior has been observed with increasing levels of education. Nurmakhamatuly's (2009) research supports the findings of this study. Yilmazer's research (2009) on municipal administrators' attitudes towards business ethics uses cross-table comparisons and statistical tests and does not find a significant difference caused by the age, education, and position of managers.

This study does not indicate any significant difference between attitudes towards business ethics and monthly income of the participants. However this result may be resulting from the fact that participants are civil servants and there are only minimal differences in their monthly incomes.

Period of employment does not seem to lead to a significant difference in terms of perceptions of business ethics. In Harris' study (1990), senior managers in a company were reported to care more about business ethics than their subordinates. However, Nurmakhamatuly'in (2009) study shows that administrators working in the same company for more than 10 years are relatively insensitive to business ethics, while the administrators working for 1-2 years were reported to be more sensitive.

For analyzing the relationship between attitude towards business ethics and participants' gender and marital status, independent t-tests were used. The test did not produce statistically significant differences ( $p = 0.682$ ) at  $p > 0.05$  level.

Other studies have obtained different results in terms of the relationship between gender and business ethics. For example, Chonko and Hunt's (1985) research on marketing managers concluded that female marketers are more susceptible to ethical problems than their male counterparts.

Erturhan and Filizöz (2011) did a study on 150 bank employees and tested whether attitudes towards business ethics are related to demographic factors. Gender was seen to be the source of statistically significant differences in some statements of the business ethics scale. In short, there are some studies displaying gender's influence on perceptions; however in this study no such difference was observed. This could be attributed to the difference of participants' work fields and occupations.

## Results and Discussion

Studies in this area (Chonko & Hunt, 1985; Erturhan & Filizöz, 2001, Harris, 1990; Nurmakhamatuly, 2009) have shown that attitudes towards

business ethics bear cultural differences as well as demographic characteristics. By looking at the literature, one can reach the conclusion that “education” makes a positive influence in business ethics attitudes and behavior.

As a result, attitude and behavior of employees who participated in this study were generally seen to be positive towards business ethics. Demographic characteristics of the participants such as education level, age and marital status created some significant differences in perceptions. Another finding of this study is, an increase in the level of education positively affects ethical business conduct. In terms of age, the most positive perceptions were observed in 18-25 age group. Single participants responded more positively than the married participants, which might as well relate to the age variable. The reason underlying the positive perceptions of young people could be the entrance exam (KPSS) which has been in practice in the public sector hiring since 2000. Another factor that may have an effect on difference is that new recruits are mostly university graduates, and as mentioned before, education level plays a role in business ethics perceptions. As single participants generally tend to be of younger age, it is likely to see similar patterns in their business ethics perceptions.

One of the important results of the study that needs attention is relatively high number of employees who reject the generally accepted ethical business conduct. Each employee is a representative of the organization they work for, so this fact should be taken into consideration by employers and administrators in the organization.

Therefore, employers, managers and administrators in both private and public sector should make an effort for their personnel to adopt the attitudes and behaviors of business ethics by communicating the existing codes of ethical conduct in the workplace. Employees should be closely monitored in order not to allow the violation of the ethical conduct to become a norm in the company. Managers should set role models for their employees in the adoption of business ethics principles, and perform timely monitoring and supervision. In-service training and seminars should be organized when needed.

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