

**BUSINESS ETHICS AND MEASURING ETHICAL PERCEPTIONS OF
THE OWNERS AND MANAGERS: EVIDENCE FROM BUSINESSES IN
AKSARAY ORGANIZED INDUSTRIAL ZONE**

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Abstract

This study has been carried out in order to measure ethical perceptions and determine if the managers and owners of SME's, thought to be pioneers of development, behave in accordance with the business ethics. Emergence of the concept of business ethics is quite old, but the concept still has the importance and timeliness within rapidly growing competitive environment. There is no doubt that ethical rules have become a necessity for SME's because these businesses, established for the purpose of profit, social benefits and maintenance of existence, have to act in accordance with the ethical rules. The mission of today's businesses should be not only producing goods and services but also fulfilling the social responsibilities. Businesses should respond to the needs and demands from various strata of society for the business ethics and social responsibilities. For the purpose of the study mentioned above, owners and the managers of the businesses working in Aksaray Organized Industrial Zone have been asked to determine their attitudes towards business ethics. The data have been obtained by using the technique of survey and analyzed through the statistical package for the social sciences software. As a result, the relationship between ethics and responsibility

has been observed and it has been found that type of the management has an effect on business ethics and social responsibility perceptions.

Key Words: Business Ethics, Social Responsibility, Ethical Rules

JEL Classification: D23

I. INTRODUCTION

The word “ethics” is a widely spoken term in everyday conversations, but its meaning is really confusing. An example for this confusion can be the managerial decision processes in each type of businesses. That is, it is highly possible that managers face with the situations which cannot easily be classified as right or wrong. Even though it is difficult to define what ethics means, ethics generally deals with the moral principles and values governing the behaviors of a person or group. (Daft, 2010:112).

As a popular research field, many scientists have dealt with business ethics since the beginning of the 19th century. These studies have concerned about the methodological approaches; conceptual and empirical ones. The former ones have identified the meaning of ethics and its relationships between morality and responsibility. The latter ones have focused on the ethical perceptions of the business people, public or students (Preble & Reichel, 1988:942).

An ethical issue arises when the goals are overlapped and affect the others goals. When the overlapping effect is helpful or good, it is said that the behavior is ethical. When the effect is bad or wrong, it is said that the behavior is unethical (Mason, 1995:55). At this point, it would be useful to think about this metaphorical expression which refers to the method of ethical reflection as corrective vision which is actually demonstrating the link between the sight and insight; “Ethics supplies a type of corrective lens and relies heavily on the distinction between what is and what ought to be” (May, 1983:2).

In this study, managers and owners of the SME's have been included to the research and their ethical perceptions have been tried to be measured. Businesses established for the aim of profit have also a responsibility for the people they serve and workers they employ. Moreover they have to act in accordance with the ethical rules. This situation occurs as a necessity for the businesses. So, ethical measurements need to be analyzed in the light of regional perspectives such as Aksaray because we believe that ethics in business management helps the managers see the distinctions between right and wrong.

Consequently, owners and managers of the businesses working in Aksaray Organized Industrial Zone have been asked to complete a data collection tool and their responses have been the basis of author's inferences. Data collected via face to face interviews and survey techniques have been analyzed via statistical package for the social sciences software. This empirical study aims to identify ethical perceptions of the businessmen in Aksaray.

II. LITERATURE REVIEW

Ethics is a popular subject in business administration field because business scandals such as Enron and Parmalat in recent years have businessmen and academicians' interest turned into business disasters and this situation has increased the importance of ethical issues in doing businesses (Clegg et al, 2007:107).

The Enron collapse is thought to be one of the biggest scandals in economic world because it resulted with failure of many savings. It shows the reforms required for both economic and ethical issues. Moreover, due to this scandal business culture of United States has been disputed and close look at the ethical quality of businesses and their operations have occurred (Santa Clara University, 2013). Also an Italian company Parmalat which is also the fourth biggest food company in Europe has had a great effect on business world. It was

controlling 50% of Italian market and it was discovered that it's claimed liquidity of 4 billion euro didn't exist. This company has been remembered as the largest bankruptcy in European History (Executive Intelligence Review, 2013).

It is believed by the consumers that businesses should both make a profit and think about the implications of their activities. Maximization of positive impacts for the businesses can be described as social responsibility. Although social responsibility and ethics can be misused terms, a broader term social responsibility deals with the impacts and activities of businesses while ethics is used for the businesses' choices as right or wrong (Ferrell et al, 2010:39).

Business ethics is related with the moral philosophy and norms of the behaviors, formalized principles, value systems and codes of conduct. These indicated features guide for the businessmen for the type of behavior while doing business (Francis and Armstrong, 2003:5). Deontological ethics which is one of the approaches of ethics studies is an important research field so that it constitutes a step away from an ethics based on certain values. As Clegg et al described "such an ethics based on duty does not take into account the changing socially and discursively constituted environments in which people enact their sense of duty" (Clegg et al, 2007:108).

One of the most important steps in business ethics is learning to recognize ethical issues. They refer to the problem or situation which can be identifiable and this identification generally occurs as ethical or unethical and right or wrong. Although the key issues in businesses seem to be easy to resolve, actually they are difficult to identify. An employee who wants to identify the issues should spend a number of years in that business (Ferrell et al, 2010:41).

According to Francis and Armstrong (2003), ethical risk management deals with the infrastructure which is promoting the ethical conduct. The directives and supports associated with lack of ethical practices. They provide incentives to promote ethical conduct (Francis and Armstrong, 2003:7).

III. METHODOLOGY

Data were collected from owners and the managers of businesses located in Aksaray Organized Industrial Zone. According to the figures about this zone's structural features, there are 133 businesses responsible for production (OSBBS, 2013). So, population of the research consists of these businesses located in Aksaray Organized Industrial Zone. 83 of 133 businesses have been included to the research, but 2 of them have been eliminated due to the missing fields on the data collection tool.

In data collection tool there were three parts. First section of the data collection tool was about business ethics perceptions and there were 30 questions about this concept. This scale was adapted from the work of Neumann and Reichel (1987) and Moore and Radloff (1996). The scale is known as ATBEQ and it consists of 30 questions. It is a widely used scale in various researches in the field of ethics. The questions were carefully translated into Turkish by certified translators and the scale was reviewed in terms of its grammar and semantic features by linguists. The second part of the data collection tool consisted of 18 questions and the social responsibility scale was adapted from the work of Türker (2006).

The responses for first two section were placed with a rating scale system ranging from 1, "not at all characteristic," to 5, "very characteristic". The last section was about participants' demographical features. This section included the questions determining participants' profile that is age, gender, position, salary, marital status, the number of employees and how long they are experiencing this proficiency. This is an explanatory research and it deals with business ethics analyzes ethical perceptions of the managers and owners. During the data collection, ethical considerations have been observed. Data is treated as confidential and authors collected only required data. Also participants were informed about the reasons for data collection and the required information about

participants' anonymity about their responses was given. Authors carried out interviews with managers and owners of businesses and a survey form was applied in order to collect the required data. For the theoretical framework, mostly digital libraries were used and scholar databases were scanned.

IV. FINDINGS

Required data have been collected from 83 participants, but 2 of them have been eliminated. The study covers the responses of managers and owners of the businesses located in Aksaray O.I.Z. The two scales used in the survey are reliable so business ethics scale's Cronbach's Alpha is ,619 and social responsibility scale is ,751. We can infer from the figures that both of the scales are reliable, especially social responsibility scale has a high reliability. As it is shown in Table 1 demographical features of participants are given. These questions clarify the profile of participants and give idea about the sample. So, participants' age, gender, marital status, experience and level of education have been identified.

Table 1. Demographical Features of Participants

Demographical Features	Freq.	%
Age		
• 18-25	5	6,2
• 26-30	19	23,5
• 31-35	21	25,9
• 36-41	10	12,3
• 41-45	11	13,6
• > 46	15	18,5
Gender		
• Female	7	8,6
• Male	74	91,4
Marital Status		
• Single	21	25,9
• Married	60	74,1
Level of Education		
• Primary School	18	22,2
• High School	36	44,4
• Short Cycle (Associate Degree)	14	17,3

• First Cycle (Bachelor's Degree)	12	14,8
• Second & Third Cycle (M.D.-PhD Degree)	1	1,2

(n):81

Various features of businesses have been given in table 2. Firstly, managerial responsibility position of the businesses is analyzed, so most of the businesses are managed by entrepreneurs (44,4%), the person who founded the business. Also, sector of the businesses are analyzed and according to the results most prominent sector in the light of participants is "metals & minerals" (21%). When the website of Organized Industrial Zones Information Center is analyzed, it can be easily seen that businesses working on metals and minerals are majority of the zone (OSBBS, 2013).

Table 2. Features of Businesses

Business Features	Freq.	%
Managerial Responsibility		
• Entrepreneur	36	44,4
• Family Members	20	24,7
• Stakeholders	12	14,8
• Professional Managers	13	16,0
Business Sector		
• Metals & Minerals	17	21,0
• Machine Tools & Accessories	5	6,2
• Mining	11	13,6
• Food Wholesale	13	16,0
• Plastics	6	7,4
• Construction Materials	7	8,6
• Furniture	11	13,6
• Textile & Clothing	6	7,4
• Automotive	4	4,9
• Other	1	1,2
Experience		
• < 2 years	2	2,5
• 2-5 years	22	27,2
• 6-10 years	32	39,5
• 11-15 years	14	17,3
• 16-20 years	3	3,7
• > 20 years	8	9,9

Number of Employees		
• < 9	27	33,3
• 10-49	41	50,6
• 50-99	7	8,6
• 100-150	2	2,5
• 151-250	2	2,5
• > 250	2	2,5

(n):81

Moreover, the number of employees has been wanted to be determined and the results shows that most of the businesses included in the research have less than 50 employees (83,9%). This situation can be inferred as most of the businesses are categorized as Small and Medium Sized Enterprises. Correlations between business ethics and social responsibility scales are given in Table 3.

Table 3. Correlations between Business Ethics and Social Responsibility

Business Ethics and Social Responsibility		Ethics	Responsibility
Business Ethics-	Pearson Correlation	1	,286*
	Sig. (2-tailed)		,010
S. Responsibility	Pearson Correlation	,286*	1
	Sig. (2-tailed)	,010	

(n): 81 *. Correlation is significant at the 0.01 level (2-tailed).

Correlation test results in Table 3 show the statistical relationship between business ethics and social responsibility. Correlation is ,286 and P value is ,010.

Table 4. Statistical Results of Business Ethics and Social Responsibility (t test)

Scales	Mean	Std. Deviation	t	df	Sig.
Business Ethics- S. Responsibility	-,77092	,49058	,14,143	80	,000

The t-test results are given in Table 4. There is a positive correlation (0,286) and at the same time there is a difference (0,77) in terms of the means of

these two scales. So, it can be concluded that social responsibility follows the business ethics positively.

Effects of demographical features of the participants and features of the businesses have been analyzed and the results are given in Table 5 which is indicating the Anova assessment results. Also, means of managerial responsibility are given in Table 6.

It Is found that demographical features including age, gender, education level and marital status don't have any meaningful effect on business ethics and social responsibility perceptions; however, management type (who is responsible for the management in that business) has a meaningful effect on social responsibility perception (p value=,015). It can be concluded that the person who is responsible for the business management has an effect on the changes of social responsibility perception.

Table 5. Effect of Gender and Management Type on Ethics and Responsibility

Gender-Management Types and Business Ethics and Social Responsibility		Sum of Squares	df	Mean Square	F	Sig.
Business Ethics Gender	Between Groups (Combined)	,113	1	,113	1,341	,250
	Within Groups	6,661	79	,084		
S. Responsibility Gender	Between Groups (Combined)	,611	1	,611	2,630	,109
	Within Groups	18,342	79	,232		
Business Ethics Management	Between Groups (Combined)	,088	3	,029	,338	,798
	Within Groups	6,686	77	,087		
S. Responsibility Management	Between Groups (Combined)	2,386	3	,795	3,696	,015
	Within Groups	16,567	77	,215		

(n:81)

When table 6 is analyzed, the means of management types can be said to be a identifiable in order to understand the effect for the business ethics and social responsibility perceptions, so stakeholders' mean is 3,3657 and it is less than general meaning of social responsibility.

Table 6. Means of Managerial Responsibility Function

Managerial Responsibilities		Ethics	Responsibility
Entrepreneur	Mean	2,9259	3,8318
	N	36	36
	Std. Deviation	,15494	,35324
Family Members	Mean	2,9500	3,6500
	N	20	20
	Std. Deviation	,38152	,54197
Stakeholders	Mean	3,0167	3,3657
	N	12	12
	Std. Deviation	,40088	,62830
Professional Manager	Mean	2,9846	3,8803
	N	13	13
	Std. Deviation	,33072	,43559
Total	Mean	2,9547	3,7257
	N	81	81
	Std. Deviation	,29099	,48673

V. CONCLUSION

Business ethics and social responsibility are vital elements in business management process. In today's management world, managers should not only work for profits but also consider social responsibilities. Consumers' changing needs have let the managers think about these two vital terms. Although the emergence of these concepts is quite old, they still have the importance in growing competitive environment. Ethical rules determine what is wrong and what is right for the decisions. Social responsibility also leads the behaviors of managers and businesses. Therefore, fulfilling the consumer requirements is not the only mission of today's businesses.

In this research, business ethics and social responsibilities of managers and owner of the businesses were concerned. For this purpose, businesses located in Aksaray Organized Industrial Zone were selected as research population. There are 133 businesses which are still responsible for production in that zone and 81 of them have been included to the research. Carefully designed data collection tool enabled author to have participants' demographical features, business ethics and social responsibility perceptions. During the data collection ethical considerations was also observed so that not only the data were treated as confidential but also participants' were informed about the research.

According to the results, most of the businesses are managed by male participants. The number of females is only seven. The most prominent sector among the businesses is metal & minerals. In the research, participants' education levels have been analyzed and the results showed that most of them have primary and high school graduations. Unfortunately, the number of short, first and second cycle graduations is too low. Besides that, the number of the employees is less than 50 and this proves that businesses included to the research are mostly SME's. It has also been found that most of the businesses are being managed by the entrepreneurs. This result gets the authors to investigate the relationship between demographical features, business ethics and social responsibility. So, participants' age, gender, marital status and level of education don't have any meaningful effect on ethics and responsibility. However it has been identified that type of the managers of the businesses has an effect on business ethics and social responsibility perceptions. This descriptive research presents a regional view of businesses and in order to have more detailed and comprehensive information about the business ethics and social responsibility, new researches should be carried out with a broader population.

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