

ETHICAL APPROACHES USED BY THE MANAGERS
DURING THE JUDGMENT OF ETHICAL ISSUES: AN
EMPIRICAL STUDY

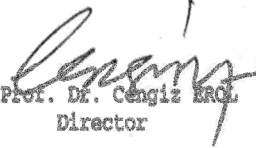
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ŞEBNEM PENBEK


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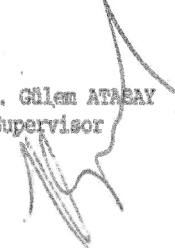
Approval of the Graduate School of Social Sciences


Prof. Dr. Cengiz EROL
Director

I certify that this thesis satisfies all the requirements as a thesis for the degree of Doctor of Philosophy.


Prof. Dr. Serdar UZKAN
Head of Department

This is to certify that we have read this thesis and that in our opinion it is fully adequate, in scope and quality, as a thesis for the degree of Master of Science/Doctor of Philosophy.


Doç. Dr. Gülen ATABAY
Supervisor

Examining Committee Members

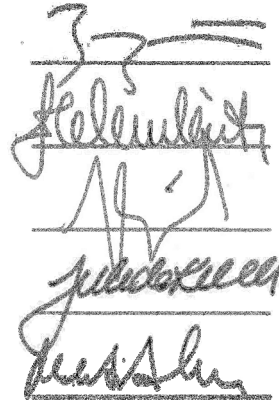
Doç. Dr. Burcu GÜNERİ ÇANGARLI

Prof. Dr. Gülsem CERİT

Doç. Dr. Gülen ATABAY

Prof. Dr. Jülide KESKEN

Prof. Dr. Mahmut ARSLAN


The signatures of the five examining committee members are written on horizontal lines. From top to bottom, they correspond to Doç. Dr. Burcu Güneri Çangarlı, Prof. Dr. Gülsem Cerit, Doç. Dr. Gülen Atabay, Prof. Dr. Jülide Kesken, and Prof. Dr. Mahmut Arslan.

**ETHICAL APPROACHES USED BY THE MANAGERS
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EMPIRICAL STUDY**

Penbek, Şebnem

Ph.D. in Business Administration, Department of Business
Administration

Supervisor: Assoc. Prof. Dr. Gülem Atabay

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The study examines the ethical evaluation criteria of managers when they encounter an ethical dilemma in their daily business activities. The main argument of the study is that managers will use one or more of the ethical perspectives –deontology, teleology (utilitarian and egoism), justice and relativism- for judging the ethical issues in any ethical decision that they are faced with. Moreover, the study provides the “ethical dilemma vignettes” that are specific to

Turkish business settings. Besides these major aims, the study investigates the perception of the acts' of significant others (peers, mother and father) and the impact of demographics (age, gender, education, and tenure) on the preferred ethical theories by the respondents.

The field of the study was designed in two basic steps. In the first part, 6 vignettes whose themes are ethical dilemmas that managers faced during their daily business activities have been conceptualized through focus groups. In the second part of the research, a questionnaire was constituted. The questionnaire was including demographic variables and three different vignettes where respondents were asked to evaluate the scripted situation on a 7 point Likert type scales. For the evaluation of the vignettes the revised version of Redienbach and Robin (1988; 1990)'s "Multi Dimensional Ethics Scale" developed by Cohen, Part and Sharp (1993) was used.

The results showed that managers mainly use three different ethical perspectives in their ethical decision making processes. Thus the managers use relativist, utilitarian (teleology) and deontological perspectives in judging the ethical dilemmas. Among these perspectives the factor named as "deontology" and holds the items of

“violates/not violates an unwritten contract” and “violates/not violates an unspoken promise” was used more than other two factors during the judgments of ethical issues. Further, the respondents who perceived the act in the vignettes as “ethical” and reported that “I would do the same” also specified that, their significant others including peers, mother, and father would act in the same with the hypothetical decision makers in the vignettes. Finally, the statistics showed that “gender” and “tenure” had no significant effect on any of the ethical theories used by the respondents of the study. However, age had a significant main effect on both relativism and utilitarian. Addition to this, as the education level of the respondents improved (master and doctoral degree holders), they perceived that the acts in the vignettes “lead to the least good for greatest number” of stakeholders.

Keywords: Ethical Decision Making, Ethics, Business Ethics, Ethical Perspectives, Vignettes

**ETİK ÖĞELER İÇEREN KARARLARIN
DEĞERLENDİRİLMESİ SIRASINDA YÖNETİCİLERİN
KULLANDIĞI ETİK YAKLAŞIMLAR: AMPİRİK BİR
ARAŞTIRMA**

Penbek, Şebnem

İşletme Doktora Programı, İşletme Bölümü

Tez Danışmanı: Doç. Dr. Gülem Atabay

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Çalışma, yöneticilerin etik ikilemler ile karşılaştıklarında başvurdukları etik karar verme kriterlerini ortaya çıkarmayı amaçlamaktadır. Çalışmanın temel argümanına göre, etik öğeler içeren karar verme sürecinde yöneticiler, etik ikilemenin değerlendirilmesi sırasında, deontoloji, faydacılık, egoizm, adalet yaklaşımı ve/veya relativizm (görecelik) yaklaşımlardan herhangi

birine ve/veya birilerine göre karar vereceklerdir. Ayrıca, araştırma sırasında yapılan odak grup çalışmaları sonucunda, Türk iş hayatında karşılaşılan ve içerisinde etik öğeler taşıyan 6 kısa hikaye yazılmıştır. Diğer taraftan çalışma, etik ikilemlerin değerlendirilmesi sırasında yakın çalışma arkadaşları, anne ve babanın tutumunun nasıl algılandığı da sorgulamaktadır. Son olarak, demografik değişkenlerden -yaş, cinsiyet eğitim ve çalışma süresinin- etik karar verme sürecinde yararlanılan etik teoriler üzerindeki etkisi incelenmiştir.

Araştırma iki aşamada yürütülmüştür: Birinci aşamada yöneticiler ile odak grup çalışmaları düzenlenmiş ve elde edilen sonuçlardan 6 kısa hikaye yazılmıştır. İkinci aşamada ise, demografik değişkenler ve hazırlanan kısa hikâyelerden oluşan anket formları düzenlenmiştir. Anket formunda katılımcılar, hikayelerde betimlenen olayı 7'li Likert tipi ölçeğe göre değerlendirmişlerdir. Çalışmada, Redienbach and Robin (1988; 1990) tarafından geliştirilen “Çok Boyutlu Etik Ölçeği” nin, Cohen, Part and Sharp (1993)'in çalışmasında ortaya çıkan uyarlaması kullanılmıştır.

Çalışmanın sonuçlarına göre, yöneticiler etik karar verme aşamasında belirgin bir bakış açısının etkisi altında kalmamaktadır. Sonuçlara göre, etik ikilemlerin değerlendirilmesinde katılımcılar,

deontoloji, faydacılık ve/veya relativizm (görecelik) yaklaşımlarına göre hareket etmektedirler. Ancak sonuçlar incelendiğinde, deontoloji olarak tanımlanan faktörün (“dile getirilmemiş bir sözü ihlal eder/etmez” ve “yazılı olmayan bir kuralı çiğner/çiğnemez”) en çok tercih edilen yaklaşım olduğu görülmüştür. Diğer taraftan, “etik” olarak değerlendirdikleri ve “ben olsaydım aynısını yapardım” dedikleri tüm durumlarda kendileri için önemli olan kişilerin de aynı şekilde davranacağını belirtmişlerdir. Etik karar verme sürecinde başvurulan teorilerin seçiminde “cinsiyetin” ve “kurumda çalışma süresinin” herhangi etkisinin olmadığı görülmüştür. Ancak, katılımcıların yaşının, seçilen teorilerden relativizm (görecelik) ve faydacılık üzerinde etkili olduğu ortaya çıkmıştır. Diğer bir sonuca göre ise, katılımcıların eğitim seviyesi arttıkça, kısa hikayelerde ki karar vericinin tutumunun, “çoğunluk için en düşük faydayı sağladığı” şeklinde algılandığı tespit edilmiştir.

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CHAPTER 1

INTRODUCTION

1.1. Introduction of Main Concepts and General Aims of the Study

“Ethical standards and practices in the workplace are the pillars of successful employment and ultimately the benchmark for a strong business.”

(Jennings, 2009: 12)

Recent corruption in business world such as Enron and Tyco, had triggered business stakeholders -consumers, governments and investors- to inspect the business decisions and activities of the organizations in general (Fraedrich, Ferrell and Ferrell, 2011). Organizations, business schools and academe have react with

variety of ways to this boom by developing code of ethics, offering business ethics courses and producing new scholarly studies simultaneously (Jones, 1991; Solomon,1992). As of 2011, besides its obligation in philosophy, business ethics is also recommended or required in the curriculum of leading business schools in USA, Europe and Turkey. Due to the accelerating concern on the subject in both academia and business, one can find numerous significant conferences, textbooks, journals, collections of case studies and workshops on the subject. Thus today, “doing business ethically” has moved beyond offensive arguments such as “business is a big bluff”, to a setting where major ethical theories are seriously sought out and much in demand (Solomon, 1992).

Managers of today frequently found themselves in situations that hold an ethical issue, where the accepted rules of a regular decision making do not help to choose the best alternative. Thus, the decision makers need to weight their own values and in most of the cases forced to make a decision where they ignore either their values or the accepted practices within the company (Fraedrich, Ferrell and Ferrell, 2011). Individuals who faced with an ethical dilemma in an organization are assumed to involve in a decision which is very parallel to the ethical decisions they made in their daily lives. However, one must not forget that “business environment” is different

than “daily life”. Therefore, not surprisingly, the managers who involved in the ethical scandals are the outstanding members of their society in most of the cases. This side of the ethical medallion proves that “ethical decision making¹” is a complex process which requires a profound study of personal values, ethical theories, business principles, industry specific ethical standards, law, legal procedures, and all the stakeholders of the business environment (Valesquez, 2012; Fraedrich, Ferrell and Ferrell, 2011; Jennings,2009; Fisher and Lovell,2006).

Ethical decision making, a decision that holds an ethical issue in it, is a situation, a problem or an opportunity that must be discussed and investigated properly before the final decision is done (Ferrell and Gresham 1985; Trevino, 1986; Weiss, 2006). Hiring “ethically good or morally right” employees does not always mean that all the decisions will be ethical in other words employees who complete their cognitive moral development do not prevent organizations from engaging in unethical behaviors. Rest (1986) argued that a moral agent first “sense” an ethical issue and then started to judge the situation from various point of view. At this point, imposed “norms and values”, “organizational and individual factors”,

¹ The abbreviation of EDM for “Ethical Decision Making” will be used in some sentences through out the study.

and “internal and external environment” oriented the ethical judgment of managers (Weiss, 2006).

Ethicist proposed that individuals judge the ethical issue by following various patterns such as relativism, utilitarianism, egoism, justice, and deontology (Redeinbach and Robin, 1988:1990). These are called “Ethical Theories”, and they have been studying by scholars of business ethics since the beginning of the popularity of the subject in the literature. Scholars, especially the ones who have been working in the field of marketing, have published studies where they investigated the ethical theories used by both consumers and decision makers during the ethical dilemmas they are faced with (Hawkins and Cocanougher, 1972; Ferrell and Gresham, 1985; Hunt and Vitell, 1986; Ferrell, Gresham and Fraedrich, 1989; Rallapalli, Vitell and Barnes, 1998; Bannet, 1998; Hunt and Vitell, 2006). The results are multifarious. Thus, while Hunt and Vitel (1986) argued that deontology must be the guide of ethical decisions others explored that moral agents preferred a combination of various ethical theories in evaluating the ethical issue .

This study argues that, the “ethical perspective” preference is the initial step to understand the ethical orientation of managers in business environment. Knowing the chosen ethical perspective(s)

used by decision makers, will help organizations in developing functional “ethical” structures, and efficient solution to “ethical” problems that will best comply with the majority of stakeholders.

In the light of these motives, the elaborative investigation of the business ethics literature showed that the studies about the ethical perspective preference among Turkish respondents is limited with few studies that investigated the attitudes of Turkish individuals toward business ethics. Although these studies supply some clues about the ethical orientations of Turkish samples neither of them used the multi-dimensional ethics² (MES) scale of Reidenbach and Robin (1988) to explore the ethical theories used by Turkish managers, and their samples were either students or consumers.

Eventually, the initial aim of this study was to explore the ethical theories used by Turkish managers during judgments of decisions that hold ethical issue in it. So that, the study explored the factor distribution of MES in a Turkish sample. Addition to this the relation between the selected ethical theories and significant others - self, peer, mother, father- was investigated. Finally, the impact of demographic factors such as age, gender, tenure, and education on the selection of ethical theories was demonstrated.

² The abbreviation of MES will be used for the multi-dimensional ethics scale through out the study.

1.2. Significance of the Study

The study will make a valuable contribution to business ethics literature, which is dominated by Western cultures, through exploring the ethical theories used by Turkish managers during their ethical judgments. To my recent knowledge, the study will provide the initial “ethical dilemma vignettes” that are specific to Turkish business settings. So, the major contribution of the study to the business ethics literature is two folded: First this is the first study that explored the factor distribution of MES, and the preferred ethical perspective among Turkish managers in their ethical judgments; secondly, the vignettes, developed by the contribution of focus groups, are the first ethical vignettes written in Turkey. Therefore the findings of the research and the vignettes developed, may both triggered the future studies, and used in future researches simultaneously.

Organizations work hard to create a smart reputation that will attract the attention of various stakeholders including customers, investors, suppliers, employees and government. They toil great importance to increasing their financial performance, efficiency, investors’ willingness to invest on their company, loyalty, and satisfaction among their customers. Beyond, they are all eager to create an ethical organizational climate that will augment employee

commitment. Thus, the results and implications of the study may help organizations in developing sustainable organizations which support the ethical business environment.

Knowing the ethical perspective(s) preferred during ethical judgments will help top management to visualize the forthcoming acts of their “decision maker team” under any ethical issue. This will eventually help them in taking required precautions for the “acts” that will stay out of the general ethical climate in the organization. Furthermore, being aware of the ethical notions of their “moral agents” may help organizations in, crossing out the ethical codes, and creating ethical climates that best outfit with the ethical values and norms of their employees.

1.3. Structure of the Thesis

Compatible with the outline of the thesis, Chapter 2 will start with discussing the main concepts such as meaning of ethics, and the development of business ethics both in national and international business settings. Chapter 3 will continue with the main concepts about ethical decision making, and the nature of ethical theories. In chapter 4, the study will demonstrate the theoretical model of the thesis, and research questions. Chapter 5 contains the method of the

research, measures used, and the results of statistical analysis performed in exploring the findings regarding research questions. Finally in Chapter 6, the results of the statistical analysis are discussed, conclusions are made, and managerial implications are suggested.

CHAPTER 2

BUSINESS ETHICS: DEFINITIONS AND BASIC APPROACHES

2.1. The Concept of Ethics

“The beauty and the challenge of ethics is that it provides framework for decision making”

(Guy, 1990:13)

“Ethics” is an enchanting word that almost everybody has something to say, discuss, or write about it for ages. Although people may have blurry definitions about its meaning, when someone wants to define ethics, he/she can at least list some concepts such as; not to lie, not to steal, not to give any physical harm to others, not to

cheat, be fair, and just, which in fact, entitle the quality of relationship between individuals and groups (Hall, 1993). Nevertheless, when the subject is the interaction of ethics and individuals, it is not easy, and in most cases impossible to designate accurate results such as “right” and “wrong”. The philosophers, scholars, academicians, researchers in brief the ethicists, have long been developing theories, philosophies, and models in order to help individuals to solve ethical dilemmas (Ferrell and Gresham, 1985; Rest, 1986; Trevine, 1986; Hunt and Vitell, 1986; Jones, 1991). However, they all argue that, neither of these theories can dictate a “right” or “wrong” course of action, rather they highlight pathways that organize the decision makers mind about ethical decision making (Hall, 1993; Jennings, 2009).

Guy (1990:7) made a disclosure about ethics by saying, “In ethics, actions speak louder than words”. Thus, regardless of what you thought or believe inside, your final decision will be judged by individuals around you as ethical or unethical. In this sense, ethics can be an umbrella concept or a kind of inner state for any kind of action that helps decision makers to choose between right or wrong course of action. However, one must not forget that, ethics is a kind of starting point, it does not put formal procedures like laws, load theological meanings to actions as religious, it is different from

prudence, and any specific purpose or role such as parenting, governing, financing, and marketing (Guy, 1990).

2.1.1 Philosophical Bases of Ethics

Ethics is a concept that is as old as civilization and have been the subject of researches for philosophers, sociologist, psychologist, medicine, religious, academy, and business for more than 2500 years (Leys, 1968). The word 'ethics' is derived from the Greek word 'ethos' which means customs and defined as "rules of behavior based on ideas about what is morally good and bad" (Akarsu, 1998:74).

A great number of philosophers have discussed the meaning of ethics of their times and their societies for ages and they developed various theories to draw road maps to help individuals in resolving ethical matters (Reidenbach and Robin, 1990; Solomon, 1992; Jennings, 2009)

It is argued that, "ethics" was first discussed by sophist, who elaborated the importance of social life, politics and virtue in ancient Greek. Protagoras (BC 482-411) said that good is a subjective concept and "mankind is the benchmark of everything"

(Gökberk,2013: 43). However, until Socrates (BC 469-399), sophists developed a negative perspective about this subjectivity and believed that people who depended on their inner states might ignore the well-being of others in the society which than would harm the social order, and morality of communities (Cevizci, 2013; Ocak, 2011; Gökberk, 2013:38-47).

Socrates (BC 469-399) is believed to be the father of ethics in philosophy (Gökberk, 2013; Ocak, 2011). The dialogues between Socrates and Meno clarified that he believed in the impartibility of the virtue. Thus, as long as people learn virtue and behave like information to it they might reach ethical decisions (Störig, 2013; Stone, 2010). According to the 'Ethics Knowledge Parallelism' of Socrates, an individual who behaves unethically was like an individual who made a mistake in any geometrical problem due to his/her lack of knowledge (Störig, 2013).

Among the other early theories of ethics, Plato (BC 428-348) and his student Aristotle (BC 384-322); argued that in order to solve ethical dilemmas in the businesses the decision makers have to be trained to develop and foster a set of virtues (Solomon, 1992; Jennings, 2009). Aristotle's ethics is based on happiness, which is reached by good citizens who manage to cultivate his virtue not only

by training rather by balancing friendship, pleasure, virtue, honor and wealth together as a whole at a moderate level. Thus a “virtue man” neither has a very high self-confidence, nor self-distrust (Lapsley and Narvaez, 2004; Solomon, 1992). So, from Aristotle’s perspective, individuals should develop set of virtues to follow in ethical decision making both in social and business life (Jennings, 2009).

Beside early writings, there are numerous followers which delineated ethics from various perspectives and have an impact on ethical decision. For example, according to ‘Divine Command Theory’³ the decision maker guided from a divine -frequently defined as “God”- while he/she is faced with an ethical dilemma (Adams, 1979; Austin, 2006; Jennings, 2009). Although the theory may vary between different religious, basically it argues that, if individuals internalize and follow the commands and character of God, they will probably make ethical decisions (Austin, 2006). The theory has long been the subject of discussion and investigation topic for ethicists whom are interested in the relation between ethics and religion (Wainwright, 2005; Evans, 2004).

³ There are various versions of the “Divine Command Theory”. In the history of philosophy. Saint Augustine (354-430), Duns Scotus (1266-1308), and Thomas Aquinas (1224-1274) have proposed their ideas about the theory; and finally Robert Merrihew Adams has presented a "modified divine command theory" depending on the right and wrong conception of individuals (Adams, 1979; Austin, 2006).

Thomas Hobes(1588-1679), who's one of the most famous ethics philosophers, argued that, individuals act according to their own self-interests and limit their judgments with their own ethical egos (Störig, 2013). Hobes and others who believe that ethical decisions are made by self- interest are the representatives of '*Egoism Theory*' and classified under *teleology* in the literature (Jennings, 2009). "Teleological Theories" defines an action as either ethical or unethical according to its results (Reidenbach and Robin, 1990). An individual, who seeks a solution for an ethical dilemma with a teleological motive mostly concentrate on the cost-benefit balance in the situation (DeConinck and Lewis, 1997). When the decision maker tires to maximize his/her own benefit as stated above, it is defined as egoism. In contrast, Jeremy Bentham (1748-1832) and Stuart Mill (1806-1873) argued that ethical dilemmas can best be solved by maximizing the benefit of society which is named as "*Utilitarian Theory*". In other words, when the decision maker consider the happiness of the majority instead of pure self, then the final decision is ethical (Guy, 1990; Jennings, 2009; Störig, 2013).

According to 'Kantian Approach', ethics includes the actions that guided by "universal unconditional principles" that must be applied regardless of the results of the actions (Guy, 1990). In addition an action can only be morally right if it is carried out as a

duty, not in expectation of a reward and if people act in the same way society will benefit (Fisher and Lovell, 2006:108; Guy, 1990). This philosophical approach is named *deontology* in the literature (Guy, 1990).

John Locke (1632-1704) and John Rawls (1921-2002) drawn an argument by assuming that there are not any regulations in societies- a blank state “*tabula rosa*”- and argued that if individuals act for the best interest of the society instead of pure self, they might reach to an ethical community (Beauchamp and Bowie, 2004; Störig, 2013). This theory named “Justice” or “Social Construct” theory and mainly focuses on distributing justice to everybody instead of changing the rules and laws for the benefit of oneself (Donaldson and Dunfee, 1994; Fritzsche and Becker, 1984; Hasnas, 1998; Fisher and Lovell, 2006; Jennings, 2009)

On the other side of the medallion, *relativists* severely support that, there are no universal rules for ethics and the ethical judgments are shaped by time and place (DeCew, 1990; Frederick, 2007; Jennings, 2009). Thus an action is defined as ethical, if it is culturally acceptable, applicable within organization, and appreciated by the significant others (family, peers, managers and else). For instance, from a relativist perspective, the defense of Former Enron

CFO: "...I thought I was helping myself and Enron to make its numbers." (Jennings, 2009:8) is a reasonable explanation which defines the actual situation.

As can be seen, the discussion about 'ethics' has been the subject of societies, philosophers, and academicians for about 2500 years. The increasing popularity of the subject in divergent professions including physics, journalism, education, human rights, environmental issues, law, industry, commerce and international trade proves that the theme will be the point of issue for another 2500 years.

The dynamic nature of world we are living in may be the victim of these conflicting theories and definition of ethics. However this is the major discussion area of philosophy and it's appropriate to be discussed in the relevant literature by professionals of "ethics and morality'. The definitions of 'ethics' which can also be applied in other fields of science such as business, education ,medicine, law and journalism other than philosophy are seemed to have various common ground in general. Although majority of "Business Ethics" books open their chapters with a brief explanation of philosophical theories, some scholars and dictionaries proposed neater definition

of ethics. The following statements about ethics are example of these definitions:

“...the branch of philosophy that deals with the problems about the moral behavior of individuals in their social and personal lives. Ethics tries to find the answers for ‘what is good’ and ‘what we should do?’

(Akarsu, 1998, page:74)

“The science of human duty; the body of rules of duty drawn from this science; a particular system of principles and rules concerning duty, whether true or false; rules of practice in respect to a single class of human action as, political or social ethics; medical ethics”⁴

“The discipline that examines one’s moral standards or the moral standards of a society to evaluate their reasonableness and implications on one’s life.”

(Velasquez,2012:581)

“Inquiry into the nature and grounds of morality where the term morality is taken to mean moral judgments, standards and rule of conducts”

(Taylor, 1975 cited in Fraedrich, Ferrell and Ferrell, 2011:705)

⁴ <http://www.websters-online-dictionary.org/definitions/ethics> : 2012-03-03

All these theories and definitions conclude ethics from various perspectives, and show us that, both philosophers and academicians are continuously searching a system that will make life more worth of living for both nations and organizations. Today, we are living in a global world where the individual differences are becoming more diverse each day, and in some cases law and legal rules of a society fall short of solving the conflicts arouse as a result of these differences. For example, a physician needs to be guided by defined code of principles in order to decide which one of his/her patients will benefit the kidney transplant from a recent donor. Although a university student who cheated in the exam will not be sent to the jail, the university management should apply particular penalties in order to keep the discipline during the exams. In more severe cases the breach of these ethical standards can be punished by a higher authority which is the national and international courts in most of the cases. With the inspiration of the current literature; the following definition for ethics, which will best contribute to the scope of this study can be made as:

“Ethics is thorough group of principles, rules and moral standards that guide and channel the relations and decisions of individuals in particular community or institution such as medicine, business, education and science for a better and more habitable futures”

2.1.2 Normative, Meta and Applied Ethics

The theories, studies and definitions of ethics nested a range of notions such as moral, moral standards, values, beliefs, responsibilities and culture. Among these, 'moral and morality' is the most conflicting concept which is used interchangeably with 'ethics' in most of the cases. Morality is "A system of conduct based on moral principles. That which is moral therefore relates to the principles of right conduct in behavior." (Rich and DeVitis,1985: 5). Moral is the combination of custom based duties, laws and principles that organize the relations between individuals at a specific time, in a specific society (Aksu, 1998:18). Since the ancient times, there are some norms, values and rules that guide individual's relationship, and these rules led societies to create certain moral standards (Cevizci, 2013)

Ethics as described above is a science which studies the basis and core of moral (Akarsu, 1998). Ethics is the "philosophy of moral" (Cevizci, 2013:218). So, like any branch of science such as anthropology, sociology, psychology or philosophy "ethics" is also studying "moral behavior". So, as individuals, we all born into a series of moral standards that we are supposed to follow. However, we develop our own ethical judgments about an "act" depending on

mostly on those moral standards. So ethics is the theory of “act” where moral is the practice of it, and therefore as a science ethics needs a more active approach where individuals conceptualize the reasons and basis of their actions’ which they are accountable for (Cevizci, 2013).

Philosophers usually categorized ethical studies into three main streams: “Normative Ethics” deals with moral standards that regulate right and wrong conduct of behavior, “Meta-ethics”-depending on the moral principles introduced by normative ethics- investigates theoretical meaning and reference of our ethical behaviors, and finally “Applied Ethics” involves examining specific divisive issues, such as abortion, infanticide, animal rights, environmental concerns, homosexuality, capital punishment, business, medicine or nuclear war (Derry and Green, 1989; Cevizci, 2013; Fieser, 2009). For instance, as a “normative study” ethics tries to investigate what ought to be (Velasquez, 2012). So while a scholar who studies organizational psychology tries to explain the reasons of deviant work place behavior such as “bullying” among employees, a normative ethicist first ask “is bullying behavior right or wrong?” and tries to conceptualize the moral principles that lies behind this unwanted behavior. In order to understand how individuals decide among alternative course of actions which holds an ethical issue,

there were several theories developed such as teleology, deontology, justice, and relativism. With the beginning of 1970s, technological developments had triggered the occurrence of new professional fields because of the changing and diversified needs of societies. The increased diversity in business environment brought about the moral problems and applied ethics has been trying to solve these ethical problems by the help of ethical theories developed in normative ethics.

This dissertation is a part of “applied ethics” as its primary aim is identifying the ethical perspective(s) used by Turkish managers when they are faced with an ethical dilemma in their routine business activities. Therefore I will use “ethics” and “moral” at the same time but not interchangeably. Thus, when the word “ethics” is used it refers to the theory and a general classification of the act and when the word “moral” is used it refers to a more passive meaning which mainly corresponds to the practice of individual act under different circumstances. The second reason of using “moral” and “ethics” together is to make a precise presentation of literature, because in business ethics those words are used together and in most of the studies they are switching one another without providing any logical/scientific explanation of their interchangeability.

2.2 Business Ethics

*“It would appear that the issues and problems that form the subject of business ethics can appear in different forms, sometimes as romances, sometimes as tragedies, sometimes as comedies and sometimes as satires...One of the long running business ethics stories concerns **a moral decision** that faces profit seeking organizations”*

(Fisher and Lovell, 2006: 5 - 8)

Although the ethics itself is as old as the civilization of human kind the “business ethics” has been discussed in the international arena since 1970s (Fraedrich, Ferrell and Ferrell, 2011) and 1980s in Turkey (Arslan and Berkman, 2009). The twentieth century is the victim of “ethical tragedies”-Enron, WorldCom, Tycon- that raised the importance of managing both ethical behavior and the way employees respond to ethical dilemmas in business settings (Trevino, 1986; Jones, 1991; Trevino, Weaver and Reynolds, 2006; Weiss, 2006; McDevitt, Giapponi and Tromley, 2007; Nguyen and Biderman, 2008; Hartman and DesJardins, 2008).

In the early 1970s Drucker argued that being a business man is not an exemption for behaving unethically rather it’s the problem of

lack of individual moral development which must be obtained in the family or during school years. And therefore he argued that business ethics is not a required concept for organizations (Drucker, 1974).

To some extent, Drucker (1974) was not alone in his thoughts. Weiss (2006: 14-18) have listed five very popular myths of our times about business ethics as: Ethics is personal, it is not public or debatable matter; business and ethics do not mix; ethics in business is relative; good business corresponds to good ethics, and information and computing are amoral. If ethics is personal, than hiring employees with high moral standards-through a detailed personal and reference examination- might ease the resolution of ethical dilemmas in the organizations. Nevertheless, in most of ethical scandals, organization members who involved and sent to jail are outstanding members of their societies (Fraedrich, Ferrell and Ferrell, 2011). Moreover organizations that paid great attention to society and social responsibility are investigated to pay lower penalties due to unethical activities (Frooman, 1997; Kuçuradi, 2000). Ethics and business is not nested but they cannot be separated as the core of businesses is human. Hence, when the subject is mankind it is inevitable to pronounce ethics in daily business activities (DeGeorge, 2000). As discussed in the previous part, relativism is a way of defining ethics and serves to understand

ethical judgments of decision makers instead of denying ethics in business. So, scholars who argued that relativism is the core of ethics they said that decision maker act according to his national or organizational culture, traditions or /and significant others instead of set of standards or ethical codes (DeCew, 1990). In contrast, ethical scandals of our century that destroy an industry leader-Enron-over a night like an unexpected fire or an earthquake, revealed that “good business” did not always corresponds to “ethical” decisions. None of the managers can ignore the benefits of information and computing as they both create efficiency. However, they all must aware of their negative consequences such as manipulation (DeGeorge, 2000; Weiss, 2006).

The very early questions about ethics in business has been conceptualized in the studies of Rawls and Nozick where they queried whether the free market is a just and fair place for the distribution of goods and services (Solomon,1992). The modern time story of business ethics has started with the corporate scandals such as Enron and WorldCom that caused great corruption in organizations and its stressful enduring with Tyco, HealthSouth and Parmalat (Trevino, 1986; Jones, 1991; Anand, Ashforth and Joshi, 2004; Trevino, Weaver and Reynolds, 2006; Weiss, 2006; McDevitt, Giapponi and Tromley;2007; Nguyen and Biderman, 2008; Hartman

and DesJardins, 2008). Today all these organizations are called with the ethical scandals they have experienced and assist the 'business ethics' courses as case studies.

By contrast, to the history of ethics, the history of business ethics is a very young concept that developed as an interdisciplinary field in the past decades and unfortunately until late 1970s it was still possible to ask whether there was such a thing as business ethics (DeGeorge, 1987). As the wide majority of the business ethics literature is directed by the western culture, the historical development of the business ethics in those countries became important. However as already stated above philosophers, traditions and religions have comparable holy or ancient texts that have guided people's actions in business, for centuries, and still do. For example, Luther, Calvin, and John Wesley, among other Reformation figures also discussed trade and business and led the way in the development of the Protestant work ethics with Weber (DeGeorge, 1987; Arslan, 2001)

2.2.1 Historical Development of Business Ethics in the World

The history of business ethics is classified according to the critical milestones in nation's business lives (Beets, 2011). Literature holds various supports for the development of business ethics in western societies including USA, European and Asian countries (DeGeorge, 1987; Bohata, 1997; Luijk, 1997; Werner, 1992; Ferrell and Fraedrich, 1994; Jirasek, 2003; Arslan and Berkman, 2009; Beets, 2011; Ciulla, 2011; Fraedrich, Ferrell and Ferrell, 2011; Swanson and Fisher, 2011; Arslan, 2012; Schwartz, 2012; Abend, 2013). The actual articles denoted parallel continuums for the development of business ethics among these countries although there exists disagreement that the development of ethics in business had a more sophisticated and former history in Europe (Liedekerke and Dubbink, 2008). As exploring the history of business ethics around world and displaying the priorities among nations about business ethics practices is not the primary motive of the study, the historical development of business ethics is demonstrated by the 6 phased expression of Ferrell and colleagues (1994:2011) which is referenced in various studies, is used with the assistance of existing literature attained (DeGeorge, 1987; Bohata, 1997; Luijk, 1997; Werner, 1992; Ferrell and Fraedrich, 1994; Jirasek, 2003; Arslan and Berkman, 2009; Beets, 2011; Ciulla, 2011; Fraedrich, Ferrell and

Ferrell, 2011; Fisher and Swanson, 2011; Arslan, 2012; Schwartz, 2012; Abend, 2013) .The following Table 2.1 made a brief summary of the development of business ethics in western nations and America:

TABLE 2.1 HISTORICAL DEVELOPMENT OF “BUSINESS ETHICS” IN THE WORLD

The Development of Business Ethics	Periods
Before 1960s	<i>Ethical issues were the major subject of philosophy</i>
The 1960s	<i>The rise of social issues in business</i>
The 1970s	<i>Business ethics as an emerging field</i>
The 1980s	<i>The years of consolidation</i>
The 1990s	<i>The institutionalization of business ethics</i>
The 21 st Century	<i>The new focus on business ethics</i>

- Adopted from the studies of Ferrell and Fraedrich (1994) and Ferrell and Ferrell (2011)

Until 1960s ethical issues were the major subject of philosophy and business related subjects such as fair wages have been discussed in the religious domains such as churches, synagogues and mosques by religious leaders (Fraedrich, Ferrell and Ferrell, 2011). It will not be an exaggeration to attribute the roots of ethics in business to Roman collegium of first centuries which is the foundation of today’s organizations where managers named

“magisters” (Beets, 2011:196). The innovation of “Amsterdam Stock Exchange” in 1611, “The Dartmouth case of 1819” where companies named as legal organizations, stock market booms between 1929-1934 that brought the necessity of annual financial audits of public corporations and the end of World War II precipitated the development of business ethics around world (Beets, 2011). The discussions about ethics had been polarized around theological and religious doctrines which did not separate ethics (morality) in business from all other areas of life. Thus the laws stood against cheating, lying, stealing, killing, and protected the unity of governments, families, individuals and politics regardless of its relevant to business (DeGeorge, 1987). Protestant churches had started to disseminate their opinions through series of courses, speeches, seminars and some colleges in both USA and Europe started enriched their course programs with lecturers about trade morality (DeGeorge, 1987; Ciulla, 2011; Arslan, 2012).

The 1960s were witness of growth in environmental issues and rise of the consumer rights (Fraedrich, Ferrell and Ferrell, 2011). Until 1970s the world was celebrating the end of Second World War with the prosperity and abundance in all areas of life including business (Arslan, 2012). Multinational companies, became the core of nations’ businesses and several social issues such as protecting

civil rights, consumer orientation, environmental issues, and organizational safety started to emerge in 1960s (Arslan, 2012; Abend, 2013). Parallel to the ethical development in business, academy had started to understand the inevitability and acceptance of the “ethics” and introduced “Ethics (Morality) in Business” courses and books (DeGeorge, 1987; Arslan, 2012; Abend, 2013). Those were the years during which ethics was started to pronounced and applied to business beside the other areas of life such as politics, sex, personal lives and families (DeGeorge, 1987)

The third phase is 1970s. The luminary of business ethics as a field of study started with 1970s. Business scholars had started to discuss and define the concept of “social responsibility” and “stakeholders” and companies had paid more attention to their images on the eye of societies (Edmunds, 1977; DeGeorge, 1987; Arslan and Berkman, 2009; Fraedrich, Ferrell and Ferrell, 2011; Beets, 2011). Their aim was to help organizations in minimizing their harm and maximizing their positive impact on their stakeholders (Beets, 2011). By the end of 1970s the world of business met several corruptions such as misleading advertising, bribery, environmental pollution, price conspiracy and product safety which then defined as ethical issue (Fraedrich, Ferrell and Ferrell, 2011). The “Watergate” scandal experienced in USA government under the administration of

Nixon has turned the attention to the ethical issues in government (DeGeorge, 1987; Arslan and Berkman, 2009). Those were the years during which academe had started to talk about how managers must respond to ethical issues (Fraedrich, Ferrell and Ferrell, 2011; Arslan, 2012). Regardless of the limited attempts, those were also the years during which the ethical decision making were started to be considered as a subject of scholarly papers (Hellriegel, 1971; Hawkins and Cocanougher, 1972; Strother, 1976; Morgan, 1977; Varner, 1979).

The fourth phase is defined as the years of consolidation for business ethics which is announced as a field of study in both institutions and academe followed by the publication of various text books, academic journals and casebooks (DeGeorge, 1987). The government, private, public and non-profit organizations like General Motors started to develop their own ethical conducts and ethics centers (Fraedrich, Ferrell and Ferrell, 2011). Private business ethics centers such as “European Business Ethics Network” in Holland, organized seminars, workshops and publications to raise awareness to the subject among society and organizations (Arslan, 2012). More than 500 hundred “Business Ethics” courses offered in schools around USA and nearly 40.000 students were enrolled to those lectures in those days (De George, 1987:203).

The following ***fifth phase or years of 1990s*** were representing institutionalization of business ethics (DeGeorge, 1987). Those years exhibited the unsuccessful attempts of governments to organize the ethical structure of organizations and showed that as long as the legal standards for ethics are external and dictated from an higher external authority, it is very difficult for organization to operationalize and prevent ethical misconduct (Fraedrich, Ferrell and Ferrell, 2011). Both scholars and business people started to experience that all philosophies of ethics, decision maps and ethical theories were serving individuals to understand business ethics. Business ethics defined as national and global as business (DeGeorge, 1987). Therefore all organizations should developed their own code of ethics, training programs for ethical awareness and center for ethics to create an organizational culture that support ethical decision making .

And finally as of ***21st Century*** business ethics started to change with the increased desire for better ethical standards after Enron scandal (Atchinson, 2005; Koehn, 2005; Archie, 2010) . Such abuses increased public and political demands to improve ethical standards in businesses and the USA companies were introduced with the most far reaching change since 1934 in accounting, with

Sarbanes-Oxley Act announced in 2002. It created an accounting transparency for all stakeholders by pushing companies to develop code of ethics for financial reporting (Fraedrich, Ferrell and Ferrell, 2011:15). Today organizations in all around the world is trying to raise the awareness against ethical issues among their employees by the help of ethical codes and training programs. The importance of understanding ethical decision making and the way employees act under different ethical dilemmas became critical for creating ethical organizations in today's global business world.

2.2.2 Historical Development of Business Ethics in Turkey

The history of business ethics in Turkey can be classified under two main streams as; “ the development of business ethics before and during Ottoman Empire” and “the development of business ethics during the republic period” (Arslan and Berkman, 2009:63-78). There are several studies that discuss the nature of business ethics in Turkey, however these studies did not made any classification about the historical development of business ethics in Turkey rather they focused on cultural behavior patterns such as values, hospitality, respect, morality and virtue (Köseoğlu, Karayormuk and Barca, 2013; Özdemir, 2009; Tabakoğlu, 2009). The studies about Turkish Business Ethics is preeminently compiled

in the study of Arslan and his colleague (2009:63-78) that was prepared for TÜSİAD⁵. Table 2.2 and the following section is representing and briefly discussing the classification in Arslan and Berkman's (2009) study.

TABLE 2.2 HISTORICAL DEVELOPMENT OF “BUSINESS ETHICS” IN TURKEY

The phases of Development of Business Ethics in Turkey*	Periods
Business Ethics Before and During the Ottoman Empire	<i>Before Ottoman Empire</i>
	<i>During Ottoman Empire</i>
Business Ethics during the Turkish Republic	<i>The Period of 1923-1950</i>
	<i>The period of 1950-1980</i>
	<i>The period of 1980-2001</i>
	<i>The period of 2001- Present</i>

**Adopted from “Dünyada ve Türkiye’de İş Etiği ve Etik Yönetimi” prepared by Mahmut Arslan and Ümit Berkman for Turkish Industry and Business Association, June, 2009)*

Very similar to ancient Rome, “customs”(ethos) (Akarsu, 1998) were the former of both trade and daily life in old Turkish states. Therefore, it was not difficult for Turks to embrace “Islam” where hard work and honesty in trade is assumed as worship in Quran (Arslan

⁵ Türkiye Sanayici ve İş Adamları Derneği

and Berkman, 2009). Under the management of Anatolian State of the Seljuks, a kind of trade union which was named “Ahi Community” had been developed to train and teach the beginners for hard work, ethics behavior, fair and moral trade (Ortaylı, 2008:93-104; Tabakoğlu, 2009). However under the management of Ottoman Empire, the major importance had been given to military success and conquests where entrepreneurs were not supported. Ottoman Empire was not successful in supporting capitalism, especially in the last 300 years of the empire, economic developments were fall short of western states of those times as they were despising the trade (Arslan and Berkman, 2009:64). Ottoman Empire had developed trade routes and centers, encourage individuals to cultivate land and support trade between its sovereignties. However while the Europe had been experiencing the age of capitalism, the prevalent thought in Ottoman Empire was acting according to the financial and political interests of the state. This approach had given great damages to the empire especially during the decline stage (İnalçık, 1978).

During the first years of Turkish Republic (1923-1950), with the motivation of industrialization and modernization, the government gave importance to the economic development. Those years were the witness of the rise of public sector, and government institutions during which being a manager in of the public intuitions worth very

prestigious when compared by the employment in private sector (Arslan and Berkman, 2009:63-78). Due to the policy of state, Turkish government had undertaken the role of preservative; intervening and directing leader in order to create a national industry that directly placed the public sector into the center of attention and raise the respect to work done in public institutions (Köker, 2007:207).

There is no doubt that economic and political advancement experienced after the Second World War had also affected the business practices in Turkey between 1950-1980s. Transition to multi-party democracy had started a new period in Turkey which last with the military revolution in 1980. During this period, the Turkish business institutions met with uncertainty and arbitrariness of business operations as a result of wrong policy making (Arslan and Berkman, 2009:66). In 1971, Turkish Industry and Business Association (TUSİAD) was established as a response to unproductive closed economy of Turkey⁶. The vision of TUSİAD includes the term “business ethics”; “...*TUSİAD aimed to challenge all Turkish entrepreneurs to work according to the universal code of*

⁶ <http://www.tusiad.org/tusiad/tarihce/tusiad-retro>: 04.04.2012

business ethics...” that clearly demonstrating their attitude towards the economic instability of those years⁷.

On, 24 January 1980 Turkey reversed a longstanding policy of extensive state intervention in the economy. Turkey shifted from “mixed capitalism” to an open economy where the system more fully concentrate to the dictates of the marketplace. Those years (1980-2001), were the witness of scandals such as İSKİ, İstanbul Bank, Emlak Bank, Türk Bank, Ege Bank, Yurt Bank and Eti Bank as a result of the off balance sheet activities and their arbitrary usage (Sener, 2003). During those years Turkey had experienced dangerous increase in inflation due to uncontrolled public expenditures and as a result there happened critical economic crisis in 1994, 1997 and 2001 simultaneously (Arslan and Berkman, 2009:67). Like in global business world, all these scandals and economic crisis had triggered the "ethical actions" In Turkey. In 1992, TUSİAD had published a report named “Business Ethics and Attitudes toward Ethics in Turkey” where 156 managers had listed the “unethical actions” in their organizations. In 1994 a new NGO was established to support ethics and virtue both among business and in social life named “Beyaz Nokta Gelişim Vakfı”⁸. Finally in

⁷ <http://www.tusiad.org/tusiad/tusiadin-vizyonu>: 04.04.2012

2000, the first national ethics symposium was held in İstanbul with the contribution of nearly 300 contributors from both academe and professional business environment. By the beginning of 2000s, there were sections and sub-themes devoted to "business ethics" in the majority of "Management and Organization" congress held in Turkey and the lectures of "Business Ethics" was placed in the curriculum of leading business schools (Arslan and Berkman, 2009: 67-68).

Finally with the beginning of 2001 a new period had started for "business ethics" in Turkey. In order to create an ethical business environment and with the motivation of admitting by the global business partners both in Europe and USA; there were lots of new legislations arranged in both public and private sectors and among social institutions and NGOs. The most leading developments in the public sector was the establishment "Ethics Committee for Public Employees" law numbered 5176 announced in 2004⁹ which declared the founding of an ethical committee in order to assemble the ethical principles among public employees. However the actions taken in private sector for a more ethical environment has been processing more gradually compared with the ones in USA and European countries. This is most probably because the social and legal pressure is very limited and inadequate in Turkey (Arslan and

⁹ <http://www.tbmm.gov.tr/kanunlar/k5176.html>

Berkman, 2009). In the last ten years some of the institutions have aimed to develop their own code of ethics such as Sabanci Holding¹⁰. These rules are mostly arranging the work environments such as entry and leave hours and protecting the right of consumers. In that sense the non-governmental organizations (NGOs) and universities in Turkey have gained a vital role in reminding the social responsibilities of public and private sector with various publications, seminars, congress and symposiums. The major contributions of these non-governmental organizations to Turkish Business for a more ethical environment can be listed as:

1. TUSIAD has been placing articles about business ethics and published the “principles of business ethics of TUSIAD” in its periodical “Görüş”¹¹.
2. The Center of Turkish Ethics Values, TEDMER which was established in 2001 with the vision of “toward an ethical society for a better Turkey” has been governing researches about the attitudes and perceptions of Turkish professionals toward business ethics¹².

¹⁰ <http://www.sabanci.com/tr/sabanci-toplulugu/is-etigi-kurallari/is-etigi-kurallari/i-16>

¹¹ <http://www.tusiad.org/information-center/publications/tusiad-gorus-magazine/>

¹² <http://www.tedmer.org.tr/>

3. The association of Turkish employee management, PERYON, has announced the “ethical principles and rules” in order to protect the rights of its members¹³.
4. Turkish Quality Association, KALDER, was established to sustain modern quality principles in various sectors. KALDER is responsible for the well processing and spreading of the standards of “International Standards of Organization ISO” in Turkey¹⁴.
5. Besides these, the principles of ethics among banking institutions¹⁵, among healthcare services and universities¹⁶ are governed through related ethical committees simultaneously.

2.2.3 Definition of Business Ethics

“Ali is working as human resource manager for a local airplane company. During the high season rush, one of their ground workers lost his life as a result of an accident. Deceased’s family applied to the court in order to receive compensation each month until the end of their lives from company. Legal authorities require an “accident” report from the company in order to determine whether the worker has any fault in this accident or not. If the court decides that the worker has some fault in this accident, they

¹³ <https://www.peryon.org.tr/Pages.aspx?PageId=0cf51527-20d9-e011-81cd-001a4ba63c4a>

¹⁴ <http://www.kalder.org/>

¹⁵ <http://www.tbb.org.tr/tr/tuketiciler-icin/tbb-etik-komisyonu/89>

¹⁶ <https://www.yok.gov.tr/web/guest/etik-komisyonu>

will decrease the amount of compensation according to the portion and type of his fault. Ali investigates the pictures of that day and made an examination in the accident area. He discovers that worker was not working in the secure zone when the accident occurred. However if he reports this "fault" the family will loose more than half of the compensation. Ali decides to ignore the worker's fault in this accident and prepares the report as if the worker was working in the secure area. The court considers the report written by Ali, and confirms the lifelong compensation for the family."

The global and national history of ethics in business have clearly identified that as well as any industry, organization, or job, "business ethics" is also the natural outcome of civilization. Thus the advancement and regulations in social, political and economic life, along with technological improvements and globalization are affecting and structuring the business ethics around the world (Weiss, 2006).

In general, business ethics corresponds to the right and wrong course of action in the workplace and sometimes called as "Moral Behavior in Business" (Halıcı, 2000). The following definitions are taken from the scholarly books of "business ethics" whose writers have numerous studies on the subject:

“Business ethics means a great deal more than obeying the civil law and not violating the moral law. It means imagining and creating a new sort of world based on the principles of individual creativity, community, realism, and other virtues of enterprise...In this light, business ethics means meeting the responsibilities of corporations and small businesses.”

(Novak, 1996 cited in: Jennings, 2009:50).

“Business ethics is a specialized study of moral right and wrong that concentrates on moral standards as they apply to business institutions, organizations, and behavior.”

(Velasquez,2012)

“...business ethics comprises the principles, values and standards that guide behavior in the world of business...principles are specific and pervasive boundaries for behavior that are universal and absolute...values are used to develop norms that are socially enforce integrity, accountability and trust are examples of values...”

(Fraedrich, Ferrell and Ferrell, 2011)

The above definitions demonstrate that business ethics, is somehow a voluntary role of businesses and decision makers, when the laws and principles of business fall short of explaining a dilemma or/and

the alternative to the dictated principles that might be advantageous to one group of stakeholder while on the other hand it is harmful to others (Jennings, 2009). The other point that can be derived from the definition of business ethics is the responsibility that attached to organizations to protect the benefits of their stakeholders and the societies as a whole (Jennings,2009; Fraedrich, Ferrell and Ferrell, 2011; Velasquez,2012).

As mentioned in the beginning of this section, the study of business ethics has gain significant importance in 21st the century (Jones, 1991; Solomon,1992; Anand, Ashforth and Joshi,2004; Nill and Schibrowsky,2005; Trevino, Weaver and Reynolds, 2006; Fraedrich, Ferrell and Ferrell, 2011). Since, 2001 forward, companies are adopting ethical standards and ethical codes that suit both national and international laws and regulations to avoid being penalized by the legal authorities (Jennings, 2009). In most of the cases these procedures support ethical decision making trough promoting organizational and individual ethical values. However the opening vignette and listed definitions showed that the “ethics in workplace” is not a two sided medallion as “ethical or unethical” rather it holds various complex issues such as families, consumers, suppliers, professionals and others (Weiss, 2006). This notion of business ethics directly lead us to the stakeholder approach of

Freeman (1987) who claimed that regardless of the major purpose of their existence organizations are accountable to all parties who are affected from their actions (Freeman, 2004). The underlying ethical dimension of this approach is that, organizations are not only profit seeking organisms rather they are responsible for the development and protection of social environment (Weiss, 2006). In other words the importance given and justice distributed to stockholders must be applied to all parties who had any interaction with the organization (Freeman and Reed, 1983).

2.2.4 From Levels of Business Ethics to Stakeholders' Approach

All *stakeholders* of a business and society which is replicated several times by business ethics scholars (Jennings,2009; Fraedrich, Ferrell and Ferrell, 2011; Velasquez,2012) is intrinsically demonstrating that business ethics is not the study of a simple personal or business related relations in a work setting (Weiss,2006). Rather it is the study of providing fair distribution of benefits (profit, goods, services, reputation, justice, chances and all others) obtained through operations among all parties that an organization may affect.

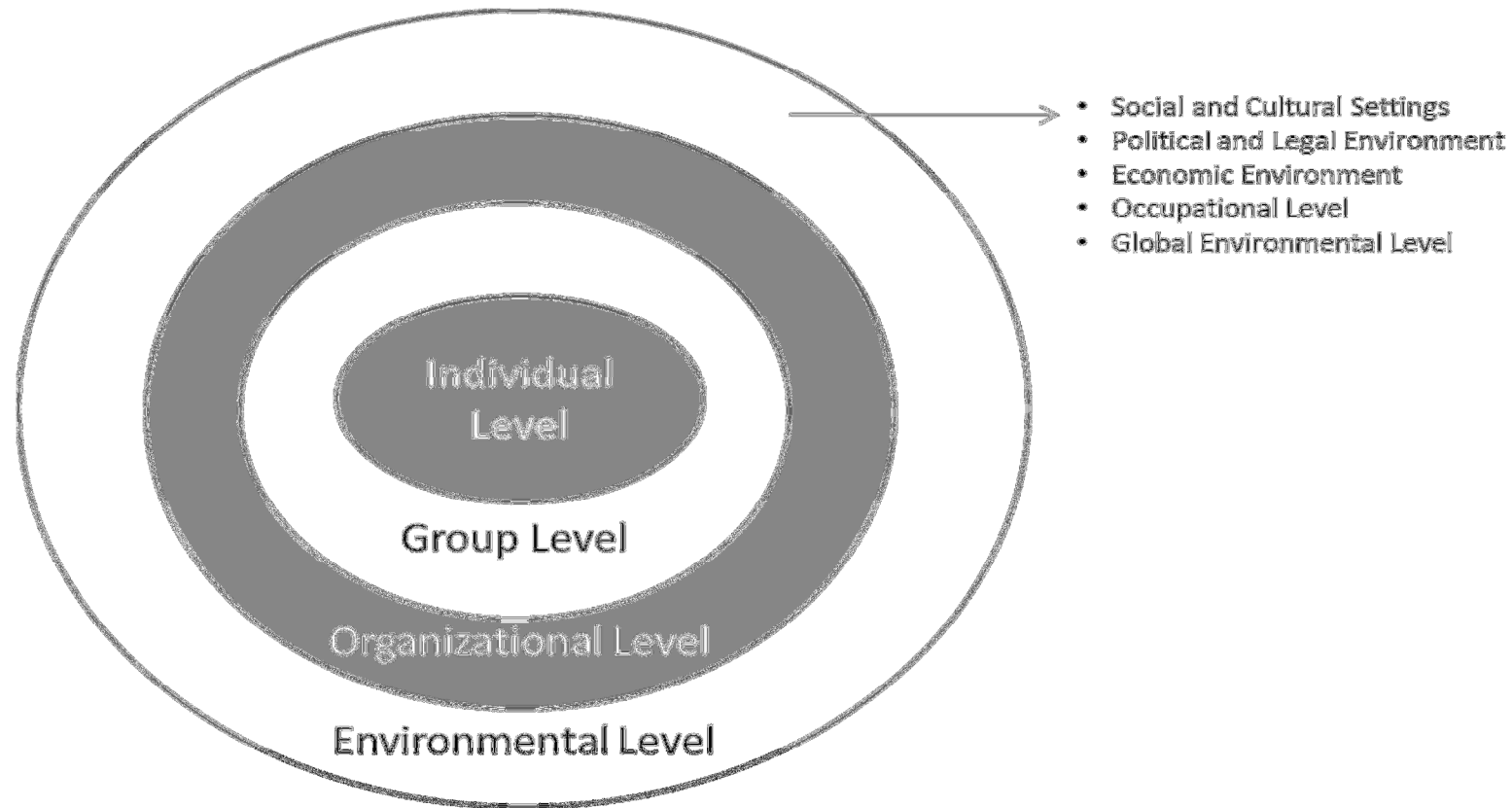
In 1978 Carroll claimed that, for an appropriate ethical thinking framework, managers should understand the levels of business upon

which the results of their act will be influential. The following Figure 2.1 is summarizing the different levels of business ethics that must be considered by the decision makers.

As can be seen from the figure above; employees, customers, investors, shareholders, suppliers, government agencies, communities and all others who provide tangible or intangible resources for the sustainability of the organizations are all effected by, and have an impact on the ethical actions of businesses (Fraedrich, Ferrell and Ferrell, 2011). In the light of this, stakeholder approach turned out to be an essential instrument for planning, organizing and evaluating the relationship with stakeholders trough developing a division of “ethical principles” such as trust and cooperativeness (Jones, 1995). Moreover, there is a close relation between capitalism and stakeholder theory (Freeman, 2000). Freeman (2000) called this relation as ‘Stakeholder Capitalism’ and resembled the capitalism to a big umbrella under which stakeholder theory tries to create value and trade.

It is obvious that in 21st Century, the capitalism definition of Friedman, where social responsibility is equal to both maximum profit and economic responsibilities leave its place to the capitalism definition of Adam Smith.

FIGURE 2.1 THE DIFFERENT LEVELS OF BUSINESS ETHICS: “STAKEHOLDER PERSPECTIVE”



*The figure is adapted from Caroll (1978:7;1989:110)

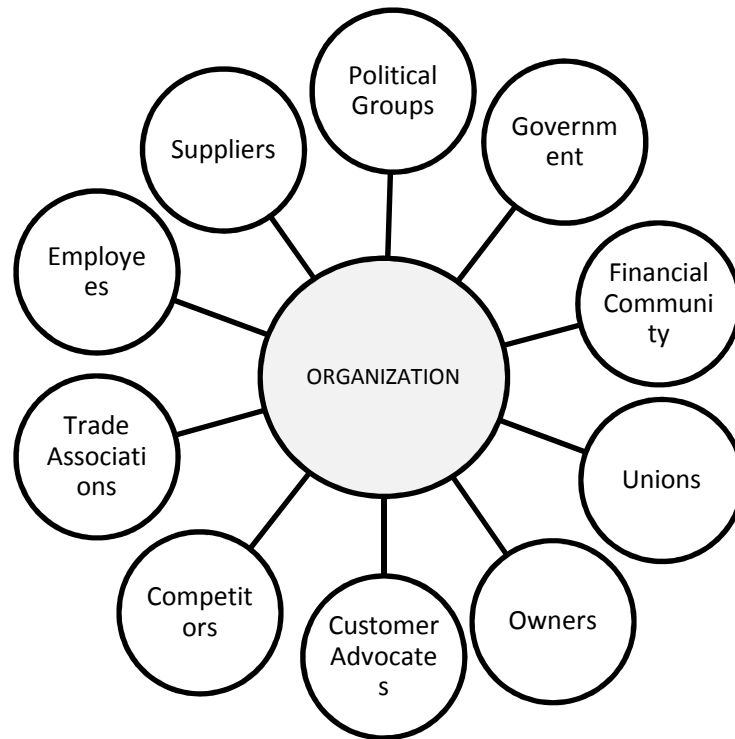
Thus each human being should work for the common good of society by; acting according to the accepted values, thinking about the future, reasoning and promoting the happiness (Fraedrich, Ferrell and Ferrell, 2011). The new definition of capitalism focuses on the idea that profit is not the mission rather it is just a tool and a part of sustainable development of any organization. However for countries like Turkey, who still works for profit and economic sustainability is the core of industries, the transmission of Friedman capitalism to Smith's took more time.

With enlightened capitalism, organizations started to take care of their stakeholders (Freeman, 2004). The inevitable contribution of this change to both academe and business world was: Corporate Social Responsibility (CSR). Corporate social responsibility is defined as "categories or levels of economic, legal, ethical and discretionary activities of a business entity as adapted to the values and expectations of society" (Andrews, 1987). It refers to decisions and actions which are taken for reasons beyond the firm's economical interest in order satisfy the diverse needs and expectations of stakeholders. Four kinds of responsibilities are developed as components of CSR; which are economic, legal, ethical and philanthropic (Caroll, 1978). So, business ethics is a form of social responsibility and obligation to maximize its positive impact on

stakeholders and minimize its negative impact. Socially responsible firms contribute to society and meet societal expectations while being ethical and making profits at the same time.

Freeman and his colleagues (1983; 1987; 1994) who have outstanding studies about stakeholders and business ethics has defined the term stakeholders from business ethics perspective and determine very parallel “stakes” as the ones demonstrated in the levels of business ethics. Freeman and Reed (1983:91) define stakeholder from two dimensions as; *wide sense of stakeholder and narrow sense of stakeholders*. Narrow definition includes the groups or individuals who are vital for the organizations such as owners, customers, employees, suppliers, local community and management. The wider definition corresponds to the any group or individual who can affect or affected by the actions of organizations (Freeman and Reed, 1983; Jennings, 2009). The stakeholder map of an organization can be seen in Figure 2.2.

FIGURE 2.2 STAKEHOLDERS OF AN ORGANIZATION



Ethical decisions have very limited regulated justifications and holds personal values and beliefs; therefore it is crucial to response systematically to the needs of stakeholders while announcing the final ethical decision (Taylor, 1975). Organizational structures, general policies and all decisions made must be carefully managed according to the interests of all related stakeholders (Donaldson and Preston, 1995). Maignen and Ferrell (2004) argued that, stakeholder orientation for an effective ethical decision making process, can be achieved through the collection and understanding of data about stakeholders, distribution of this data as information to the

organization and finally the sensitivity of the organization to this information. The satisfaction of multifarious needs of stakeholders' through ethical business activities is crucial for the organizational sustainability. Thus stakeholders are expecting valuable returns such as wage, dividend, compensation, insurance, prestigious, reputation, security, benefits, and taxes in return for their contribution to the achievement of a firm (Freeman, 1994).

The theory of stakeholder helps to clarify the direct relationship between the business ethics and corporate social responsibility while on the other hand focuses on the crucial results of all three on organizational effectiveness and efficiency. In order to underline the ethical reasoning in this threesome decision makers are supposed to ask the questions of "What is just? Who is weak? Who will benefit most? Who needs the benefit?" (Weiss, 2006). Thus the stakeholder approach to business ethics is not giving priority to any stakeholder but force managers to balance the benefits of various parties (Jennings, 2009). However, it must be stated that, organizational approach to business ethics is effective if the term "doing business ethically" is internalized by the whole members rather than just leaving it as a "trendy" topic to be discussed during the marketing practices. Moreover, the word "ethics" can only be a part of "business decision making" if and only if the motto of "doing

business ethically” became a natural and equivalent step in any type of business activities from strategy formulation to employee selection.

There is no doubt that majority of the ethical misconducts, that may cause serious problems and threaten the sustainability of organizations, can be prevented by understanding individual motivation for resolving ethical dilemmas (Weiss, 2006). In order to create an ethical business environment within the organizations managers should first focus on their own processes of ethical decision making and then challenge and support their peers, subordinates and supervisors for selecting the best alternative during the times of ethical crisis or when they face with “ethical dilemmas”. At this point it became vital to know the ethical principles used by individuals during ethical decision making. The following Chapter 3 will recount features ethical decision making and ethical evaluative criteria (Ethical Theories) including justice, relativism, egoism, utilitarian and deontology.

CHAPTER 3

ETHICAL DECISION MAKING

“Good people do not need laws to tell them to act justly, while bad people will find a way around the laws...”

Plato

3.1 Introducing: Ethical Decision Making

“...Steven arrived at Summer's office at about 2 p.m. However he was not in his office. Steven was first told that he was out for a lunch and then informed that he had gone home to care for his sick wife. Unfortunately, after a small inquiry in the office Steven discovered that having drunk 3-4 martinis at lunch Summer was unable to come back to office. Summers desk was full of unanswered telephone messages and piles of papers. The only positive thing with

him was that clients really liked him and thought he had an excellent job. When Steven and Summer had a conversation, Summer argued that he had a drinking problem and promised to reform from that illness and for the next few months he showed he had meant it. Therefore Stevens wrote a report that Summer had some problems but he was salvageable”

(Guy, 1990:65)

The opening dilemma acknowledged that decision makers are ruled by ethical concerns of stakeholders, and the ethical/unethical evaluation of that action is subjective. Thus, Steven’s decision can be valuable for the organizational benefits in the long run, as he considered his good reputation among clients, but questionable from Summer’s peers’ point of view. One might also think that Steven protected his own position as contented customers’ means sending satisfactory financial reports to the top, which then stabilized and even promoted his position on the eyes of his managers. So, the argument underlying the opening dilemma was that employees are bounded by the stakeholders’ values which cause alternative courses of actions which are subject to personal and professional accountability (Guy, 1990).

The recent developments in the field of business ethics have placed more responsibility on the shoulders of decision makers in

organizations. Ethical disasters can be more damaging to company's reputation in the sector than disasters such as fires, natural disasters or technological failure, and ethical failures cannot be compensated for by insurance policies or any other methods (Ferrell, Fraedrich and Ferrell, 2011).

The most disappointing and confusing common ground in all of these ethical scandals is that they are the unethical stories associated with of numerous employees who are otherwise upstanding members of their community, caring parents, and donors rather than a typical criminal (Anand, Ashforth and Joshi,2004). Perhaps, just because of this dilemma, the field of business ethics has been trying to answer a question "Are there any business practices that can be accepted as ethical although by nature they are unethical?" (Ferrell, Fraedrich and Ferrell, 2011). Like in the opening vignette, Steven's act can be acceptable for one manager; while on the other hand, for another it can be a reason to lay him off.

Unfortunately, managers frequently found themselves in those kinds of situations, where the accepted rules of an ordinary decision making process do not serve. Ethical decision making, a decision that holds an *ethical issue* within it, is a situation, a problem or an

opportunity that must be discussed and investigated properly before the final decision is taken into action (Ferrell and Gresham 1985; Trevino, 1986; Ferrell et al, 2011). At that point, hiring “ethically good or morally right” employees will not prevent the harm caused by choosing among alternatives, and having “morally right employees” does not always mean that all the decisions will be ethical. Considering that “Decision makers must consider the multiple needs and expectations of their stakeholders with an individual, organizational or situational motivation for ethical reasoning” means that an EDM process holds *dilemmas* to solve and *factors* to identify (Hartman and DeJardins, 2008).

Therefore, neither Chapter 3 nor the whole dissertation will try to define what is ethical or unethical in an ethical decision making. The main motive and concern of this study is to understand the ethical evaluative criteria used by managers in solving the ethical dilemmas, regardless of the judgment of the final act. Knowing “how” the decision makers evaluate the action will help the top management to visualize and control the unexpected ethical crisis, and in structuring organizations that support ethical thinking. Thus instead of being an advocate of one particular action over another, the study will seek to answer “How do they evaluate the action?”, and built its conclusion around the result to create organizations that best

suits the need of their stakeholders. In the light of this, Chapter 3 will start with the discussion of ethical “issues and dilemmas”, moves on to the “factors” of ethical decision making, and concludes with the interpretation of “ethical theories” that guide individual ethical reasoning in evaluating ethical dilemmas.

3.2 Ethical Issues and Ethical Dilemmas

In the study of a business ethics, when the subject of any decision is an ethical misconduct, the ordinary rules of decision-making abandoned in favor of different factors shaped by the individual, organizational or situational perceptions of the decision makers (Fraedrich, Ferrell and Ferrell, 2011). Thus, there is no doubt that the decision making process will be different for a manager who tries to buy new computers, and a human resource manager who was obliged to lay off an employee who has been late for work for weeks due to his daughter’s illness. In the second example, the *ethical issue* is loaded to the situation, which cause the individual values, moral judgment, organizational rules, accepted principles, state legislations and emotional intelligence conflict with each other, this automatically putting the decision maker in a dilemma.

Those who think that there is an ethical dilemma to solve in any situation denote that they recognized an ethical issue in that situation (Fraedrich, Ferrell and Ferrell, 2011). Fraedrich and his colleagues (2011: 112) defined ethical issue as: “A problem, situation or opportunity that requires an individual, group, or organization to choose among several actions that must be evaluated as right or wrong, ethical or unethical”. Ethical issues resulting due to conflict of interest among different stakeholders can be as simple as taking company stationery home, or as severe as fraud in financial accounts (Hall, 1993; Kidder, 1994; Weiss, 2006; Tenbrunsel and Crowe, 2008).

As soon as the decision maker recognizes an ethical issue, a clash of individual factors such, as knowledge, values, attitude, intentions, and organization factors such as peers, and opportunity, brings yielding the decision maker into a cognitive discrepancy (Ferrell and Gresham, 1985; MacKay and O’Neil, 1992). Standford Encyclopedia of Philosophy¹⁷ defines this situation as an ethical dilemma: “In each case, an agent regards herself as having moral reasons to do each of two actions, but doing both actions is not possible. What is common in well-known ethical dilemmas is conflict experienced by the agent”. Thornely (2001) insisted that an ethical

¹⁷ <http://plato.stanford.edu/>

dilemma is a kind of scenario in which the decision maker is dealing with the right and wrong, the ethical and unethical at the same time.

So, do all ethical dilemmas load a war of, “right vs wrong” or “good vs bad”? According to Perry (2011) the answer is “No”. Thus in mixed dilemmas, two alternatives can be serve for equal benefits and denigrated the decision maker from one to another, as for both substitutes there may be different concerns such as legal system, employers demand, inter-profession relationships, and inadequate resources, that must be considered (MacKay and O’Neil, 1992:235; Perry, 2011). In mixed dilemmas like this, decision makers must remember that constructive results of both action is impossible in ethical dilemmas and should focus on maximizing the benefit of one group of stakeholders over another (Carlson, Kackmar and Wadsworth, 2009)

Since the impact of ethics begin to rise in both business and academe by the beginning of 1980s, scholars have been trying the find ways of resolving these ethical dilemmas. Initial steps were to develop models that conceptualize the process of ethical decision making (Ferrell and Gresham, 1985; Rest, 1986; Hunt and Vitell, 1986; Trevino,1986; Jones,1991). Although these models neither guaranteed nor claimed that following them will yield an ethical act,

they presented the major factors of ethical decision-making in organized schemes. Therefore, before describing the factors of EDM, it will be stimulating to discuss the basic framework behind these models.

3.2.1 Models of Ethical Decision Making

Marketing scholars were leading the way in developing models for ethical decision making. In their study **Ferrell and Gresham (1985)** had tried to describe a framework for understanding the ethical decision making process of marketing professionals. Their model was named “A Contingency Model of Ethical Decision Making in Marketing Organizations”, and they admitted that there are some external factors that influence individual ethical decision making process. According to their framework; behavioral outcome of an ethical dilemma is related with the interaction between the nature of ethical situation and the individual factors specific to the decision maker, significant others and the opportunities associated with the situation (Ferrell and Gresham, 1985). Rather than to make any definition of what is ethical or unethical, they tried to portray a picture in which the core is “individual decision making” and supporting characters are knowledge, values, profit, rewards, and peers (Tenbrunsel and Crowe, 2008). The scholars also argued that, the

“social and cultural environment” surrounding the individual factors, organizational factors, significant others, and opportunity, is external to both decision maker and organizations (Ferrell and Gresham, 1985; Ferrell et al, 1989).

Ferrell and Gresham (1985) were followed by **Rest (1986)** who argued that “... moral behavior is an exceedingly complex phenomenon and no single variable (empathy, pro-social orientation, stages of moral reasoning, etc.) is sufficiently comprehensive to represent the psychology of morality” (Rest, 1986:12). Rest (1983; 1986; 1994) has defined such situations as the “recognition time” for how one’s action affects others’ lives and interprets the consequences as “moral decision/action”. Rest and colleagues have tried to solve the complex nature of the moral behavior by asking “When a person behaves morally, what must we suppose has happened psychologically to produce that behavior?” (Rest,1986:3). Their studies specified that the person must have passed through a process involving at least four kinds of psychological processes for a moral behavior, and they named four component model and define the terms in their studies (Rest, 1983:549; 1986:3-17) as follows: *Component 1 (Moral Sensitivity)*, refers to the step during which an individual recognizes an ethical issue in the experienced situation; in *Component 2 (Moral Judgment)*, decision maker evaluates the

alternatives, and tries to decide the best course of action. In the next step, *Component 3 (Moral Motivation)*, the agent is supposed to make a selection among the alternative course of actions, and finally in *Component 4 (Moral Character)* the decision maker is expected to take action or in other words terminate the dilemma and made a decision. Not surprisingly, Component 2 -during which decision maker is considering two courses of action and forced to act in one way- has taken great attention among scholars, as this step involves a very important choice: “How a moral agent selects one action in preference to another?”.

The four component model of Rest has some unique features when compared with other theories of ethical decision making. As stated above, the model denies that the moral behavior of an individual is the result of a successive levels of an individual moral development (Rest,1983;1986). There is no doubt that the four components of the model can influence each other, but all have typical meanings which means that even though an individual can be very good at making complex judgments, he may behave like a novice decision maker during the implementation of his choice. Moreover these components represents the moral act of an individual under particular circumstances thus the perfect combination of these four component is rather than defining “ideal moral man” helps to

predict the actual moral behavior or decision making under different situations of ethical dilemmas (Rest, 1986).

Contemporaneously, **Hunt and Vitell (1986)** proposed a general theory of marketing ethics where environmental factors (cultural, industrial, and organizational) and personal experiences affect perceptions of the ethical dilemma. These perceptions, lead to both deontological and teleological evaluations, which, in turn, results with ethical judgment. Thus the judgment affects intentions, which then with the triggered by situational constraints, affect ethical behavior. According to Hunt and Vitell (1992), the goal of the decision-maker is an important factor in ethical decision making, and the desire to reach their goals may compromise their attainment of ethical judgments. The researchers did not define the action against ethical dilemmas as either “ethical or unethical” or “wrong or right”, rather they defined a continuum, in which one end corresponds to least ethical and the other end to most ethical (Sparks and Pan, 2010).

Trevino (1986) developed “Person – Situation Interactions Model of Ethical Decision Making in Organizations”, whose major component was derived from the Kohlberg’s Model (1958) of individual moral development. Trevino argued that the starting point

in evaluating an EDM process must be the cognitive moral development stage of the agent, and progress her model by adding additional individual (ego strength, locus of control and field dependence) and situational (job context, organizational culture and characteristics of the work) variables that interact with the cognitive moral development level of an agent. Together, these factors affect the final ethical behavior of the decision maker (Trevino, 1986). Her main motive in developing the interactionist model of decision making was her fair esteem on individual moral development. Thus she eagerly insisted that individuals' intensity of understanding of the ethical dilemmas and their judgment depends to a great extent on the levels of their moral development (Trevino, 1986; Tenbrunsel and Crowe, 2008).

Jones (1991), synthesized of all these models into a single model "An Issue Contingent Model of Ethical Decision Making in Organizations" which relies upon Rest's (1986) four components as its foundation. Jones' (1991) contribution is the addition of a component that acknowledges the characteristics of the ethical dilemma itself as a variable in determining the outcome which he named as the "moral intensity" of the issue. He argued that moral intensity is the contingency that influences the decision, and helps

the individual to recognize the ethical issue imposed on the situation (Tenbrunsel and Cowe, 2008).

The proposed theories of ethical decision making described in this section inspired many scholars, and paved the way for new studies in business ethics literature. There are two main streams emerged after these ethical models.

In one domain, scholars are continuing to develop new models of ethical decision making, by adding new variables to the existing models which are not previously mentioned by scholars (Boomer et al, 1987; Church and Gaa, 2005; Moores and Chang, 2006; Cavusgil, 2007; McDevitt, Giapoponi and Tromley, 2007; Woicheshyn, 2011; Theil et al, 2012; Park, 2012; Culiberg and Bajde, 2013; Jackson, Wood and Zboja, 2013). For instance, Çavuşgil (2007) worked on the model of Ferrell et al (1989) which was in fact a combination of Kohlberg's Stages(1958) , Ferrell and Gresham (1986) and Hunt and Vitell (1986). He re-examined Ferrell's et al (1989) model for ethical marketing decisions and added two new variables to the model: "observed and unobserved intentions", and escalating commitment as moderator on the intention behavior relation (Çavuşgil, 2007) . In another study, Culiberg and Bajde (2013) departed from Jone's (1991) ethical decision making model

and expanded the model by adding the personality variables of altruism believing that it has a great impact on the well-being of stakeholders that involved in ethical decision making process. Among the examples given above Theil et al (2012) had said that traditional models fall short of explaining the ethical decision making process of leaders, as they exclude the sense-making through adapting their emotions, self-reflecting, forecasting, and information gathering. They defined sense-making as “an inherent response to ambiguous, Complex, high-risk situations, including ethical dilemmas” and explore the positive impact of compensatory tactics on sense-making under conflict situations (Theil et al, 2012:53).

In the second stream, academe is conducting “empirical researches” to understand the impact of the factors proposed in these models, and again seek for the impact of new independent, moderating and mediating variables on the ethical decision making processes of individuals. The literature is dominated by the three outstanding reviews on empirical ethical decision making, the studies of Ford and Richardson (1994), Fallon and Butterfield (2005), and Craft (2013). These studies summarized the empirical literature on ethical decision making between 1978-1994, 1996-2003, and 2004-2011 respectively. The common ground of these studies is that they mainly focused on the traditional ethical decision making models

proposed in this section, and listed the studies that pave their way from these models. On the other hand all three reviews agreed that, the most prevalent model in EDM literature of ethical decision making is Rest's Four Component Model (1986), and Jones' (1991) Issue Contingent Model which synthesis the former models under the inspiration of Rest (1986). Moreover the studies identified that, the most attention have been given to the individual factors – demographics in common sense- such as age, gender, education, religious, ethical theories, and nationality. The effects of significant others, codes of ethics, ethical culture, and reward systems which are grouped under organizational factors are the following most cited variables in the literature (Ford and Richardson, 1994; Fallon and Butterfield, 2005; Craft, 2013). Fallon and Butterfield (2005) took a more sophisticated approach. They considered the 4 components- awareness, judgment, intent and behavior- of Rest's Model (1986) as dependent variable, and reviewed the literature as an independent variable that had affect on these components. Craft (2013) applied the same method and together they found that majority of the studies were trying to explore the relationship between *judgment* (dependent variable) on one hand , and all other factors, predominantly, *age, gender, religious, education, significant others and ethical theories* (independent variables) on the other hand (Fallon and Butterfield, 2005; Craft, 2013).

The studies on gender indicated that no significant difference between males and females regarding ethical judgments (Eastman et al, 1996; Schminke, 1997; Schminke and Ambrose,1997; Roozen et al, 2001; Forte,2004; Fallon and Butterfield, 2005; Valentine and Rittenburg,2007). However, there are some studies that reported significant differences between genders, in which females are revealed as being more ethical (Cole and Smith, 1996; Tse and Au, 1997) and are less tolerant and more critical of unethical situations than men (Okleshen and Hoyt, 1996; Fleischman and Valentine, 2003). Valentine and Rittenburg (2007) reported diverse results about the gender of respondents. Thus when being a male or female did not affect the ethical judgment, females were found to be more ethical oriented than men.

Elango and his colleagues (2010) have demonstrated a relation between age, ethical culture and ethical judgments. They identified that young managers are influenced by the ethical culture of the organization in making their ethical judgments. On the other hand, Marques and Pereira (2009) had found no significant relation between ethical judgment and age. Valentine and Rittenburg (2007) discovered that the ethical judgments of individuals were affected by their age and experience.

Again, the studies showed that education has a positive effect on ethical judgment of individuals, for example graduate students in Smith and Oakley's (1997) gave higher responses to rule based judgments than undergraduate students. Moreover, Razaque and Hwee (2002) found that education had a significant positive effect on moral judgment of individuals. In 1997, DeConninck and Lewis identified that in marketing decisions, deontology is more popular than teleological theories of ethics. On the other hand, Rallapalli, Vitell, and Barnes (1998) and Kujala (2001) found that teleological theories, especially utilitarianism, played a vital role during ethical decision making among managers.

Beside these individual factors, empirical studies also focus on some organizational factors such as code of ethics, ethical culture, rewards, and training (Jeffrey, Dilla, and Weathholt, 2004; Smith, Simpson and Huang, 2007; Watson, Berkley and Papamarcos, 2009; McKinney et al, 2010; Elango et al, 2010). For instance, Jeffrey, Dilla, and Weathholt (2004) found that auditors who believed that their unethical action would be discovered and punished hesitated to act against rules.

The thorough review of empirical studies on ethical decision making showed that "ethical judgment" of western managers and the

impact of individual and organizational factors on their judgment had revealed great attention among scholars (Ford and Richardson, 1994; Fallon and Butterfield, 2005; Craft, 2013)¹⁸. This is most probably because “ethical judgment” or 2nd Component of Rest’s Model is asking the most critical question of the ethical behavior : “How does one, decide which one of these courses of action is morally right?” (Rest, 1986:8). While endeavoring to find answers to this question, scholars have the chance to develop strategies, and impose the impact of billions of factors such as stated above (age, gender, education, personal traits, behavioral intentions, rewards, organizational factors, and environmental factors). This nature of the “ethical judgment” made it an outstanding field of study for many scholars. Following the motivation of the majority of the studies in the literature, this dissertation will move with “Component 2” of Rest’s Model (1986) and will explore the ethical theories that affect the ethical (moral) judgment of Turkish managers along with some individual factors.

Four component model of Rest (1986) was the successive consequence of Piaget’s(1932) concept of autonomous morality, and Kohlberg’s (1958;1969) theory of cognitive moral development. Much

¹⁸ In order to avoid any duplication, the studies about the relationship between ethical judgment and individual factors, organizational factors, ethical theories will be continued to illustrate under the related sections of this chapter.

research on moral judgment is constructed on Kohlberg's (1969) Theory of Moral Development (Trevino, Weaver and Reynolds, 2006). Thus before moving on to factors of EDM and ethical theories it will be beneficial for the rest of the study and conclusion to discuss the individual moral development and Kohlberg's (1969) Theory of Moral Development in more detail.

3.2.2 Individual Moral Development: Kohlberg's Theory of Moral Development

The level of individual's cognitive moral development is among the most significant determinant of ethical thinking process through which an individual interpret and evaluate the wrong and right course of action in an ethical dilemma (Trevino, 1986).

Development can be diversified as both changes in the shape and integration of the body of an individual; and intellectual, moral, social and emotional developments of mankind through their life span (Rich and DeVitis, 1985). In their book Rich and DeVitis (1985:7) define moral development as the "...growth of the individual's ability to distinguish right from wrong, to develop a set of ethical values, and to learn to act morally". The scholars who study the individual moral development had pursued different methods to define individual

moral development through life span. The most vivid, comprehensible, and moreover, cited way to quote these theories is done by either allocating individual's life into sequences as childhood and adolescence, or compromising a theory that includes a life time (Rich and DeVitis ,1985).

With the initial longitudinal study of Piaget (1932), life time theories of moral development were shown to have a profound impact on the models of EDM. Thus, according to "Piagetion Tradition" the moral judgment of individuals fit into a two-stage theory, in which during the first stage morality refers to "told rules and regulations", whereas during the second stage individuals started to believe that "morality is affected from the subject's own actions and can be manipulated as a result of interaction with others" (Crain, 1985). Piaget's (1932) concept of autonomous morality motivated Kohlberg (1969) and in late 1950s he developed a 6 stage moral development model that consists of three levels : Pre-conventional Level (Stage 1: Obedience and Punishment Orientation; Stage 2: Individualism and Exchange), Conventional Level (Stage 3: Good Interpersonal Relations, Stage 4: Maintaining the Social Order) and Post-conventional Level (Stage 5: Social Contract and Individual Right; Stage 6: Universal Principles).

Kohlberg's model presents how the ethical decision making become more complicated and sophisticated as a person matures and develops (Kohlberg, 1969; Trevino, 1986; Trevino, Weaver and Reynolds, 2006). He developed his model by interviewing males from childhood to adulthood and evaluated their responses to hypothetical ethical dilemmas (Trevino, Weaver and Reynolds,2006). At each stage of moral development, Kohlberg focuses on the reasons of moral choice rather than the end or final decision (Trevino, 1986). Kohlberg (1969) argues that individuals progress through these levels, and once they transferred to the next stage there will not be any deterioration. He also said that ".....moral development passes through invariant, qualitative stages, and the moral development is stimulated by promoting thinking and problem solving" (Rich and DeVitis, 1985:88). Moreover, his model of cognitive moral development suggests that the level of cognitive moral development of an individual strongly manipulates the person's response to a particular ethical dilemma. Children and morally immature adults are categorized under pre-conventional level of Kohlberg's model, where the moral rules and norms are not internalized by the decision maker but rather they are imposed on the subject from a higher authority (Trevino, 1986; Jones,1991). During this moral level, the motive for making morally right decision is just to protect oneself from any punishment (Jones, 1991). At the conventional level, an individual is

expected to live according to moral rules and values of their families, communities, and more broadly, societies simultaneously (Rich and DeVitis, 1985; Trevino,1986;Jones,1991;Lapsley,1996). The major motive for moral behavior is approval (Rich and DeVitis, 1985). Finally at the post-conventional level, the determinant of moral behavior becomes universal thus individual at this level act for “good and just societies” (Trevino, 1986; Jones,1991). The basic characteristics of the stages of Kohlberg’s model are summarized in the table 2 below:

TABLE 3.1 THE STAGES OF KHOLBERG’S THEORY OF MORAL JUDGMENT

Levels	Characteristics
<i>Pre-conventional Level</i>	
Stage 1: Obedience and Punishment Orientation	This stage is similar to Piagets’s first stage of moral thought. Moral rules are given from an outside higher authority and we are obeying them to avoid any punishment.
Stage 2: Individualism and Exchange	The individual at this stage recognize that there is not one right way of doing things. However they continue to obey the rules of outside authority not to take the risk of being punished.
<i>Conventional Level</i>	
Stage 3: Good Interpersonal Relations	Living according to the moral expectations of people whom are close to you. So the major motivation of an individual is becoming a “good person” for the people in inner circle.
Stage 4: Maintaining the Social Order	In this stage the emphasis of the decision maker is on obeying laws, contributing to society, respecting authority, and performing one's duties

	so that the social order is maintained.
<i>Post-conventional Level</i>	
Stage 5: Social Contract and Individual Right	Now the agent feels free to criticize the existing legal arrangements. People at this stage begin to think about society in a very theoretical way, respondents basically believe that a good society is best conceived as a social contract into which people freely enter to respect of other's rights.
Stage 6: Universal Principles	At this stage individual ethical values and principles are developed. People at this stage act for the universal rights. "Commitment to equality" is the motto of the stage. The respondents in this stage do not hesitate to follow their own principles to protect the right of their society even these principles are against the legal procedures.

(Adopted from: Rich and DeVitis, 1985:87-89; Trevino,1986: 605; Jones,1991; Lapsley,1996:69-75)

Kohlberg's (1969) model makes clear suggestions for ethical behavior in organizations, and provided the basis and clues for evaluating the ethical decision making of managers (Trevino, Weaver and Reynolds,2006). Thus following the assumption that majority of individuals may be grouped under Level 2, one may claim that ethical decision making of a myriad of managers are affected by external influences such as significant others, age, education, tenure, intensity of ethical issue, leadership style, ethical theories, and ethical climate (Trevino, 1986; Jones, 1991). The impact of these, and other factors, on the moral judgment of employees have been investigated by scholars and exemplified in the previous part 3.2.1 in

the light of the extensive reviews of Ford and Richardson (1994), Fallon and Butterfield (2005), and Craft (2013).

Kohlberg's studies motivated one of his students to develop a four component model for ethical decision making, which then postulate the base for most cited "ethical decision making models" in the literature (Ferrell and Gresham, 1985; Rest,1986; Trevino,1986; Jones,1991; Trevino, Weaver and Reynolds,2006). Rest (1983) argued that people vary from one stage to another and the model falls short of explaining some phenomena such as, ethical dilemmas that all individual experience in society or business environment. Rest (1983, 1986,1994) has defined such situations as the "recognition time" for how one's action affects others' lives, and interpret the consequences as "moral decision/action". Rest and his colleagues have tried to solve the complex nature of the moral behavior by asking "When a person behaves morally, what should we suppose has happened psychologically to produce that behavior?"(Rest,1986:3). Their studies specified that the person must have passed through at least four kinds of psychological processes for a moral behavior which occur in order and they suggested the name "four component model" and define the terms in their studies as moral sensitivity, moral judgment, moral motivation, and moral character (Rest, 1983,549; 1986,3-17).

In addition to Rest (1983), Kohlberg's (1969) theory had been critiqued from different perspectives in the business ethics literature. The extraordinary confidence on the justice based "ethical decision making" philosophy, was the most prominent critiques of Kohlberg's Theory of Moral Development (Gilligan, 1982; Straughan, 1986; Petrovich 1986; Trevino, Weaver and Reynolds,2006). In Kohlberg's (1969) theory each stage is referred as a "structured whole", and although other factors such as culture, might have an effect on the development, it does not make any change on the flow of hierarchal levels (Eckensberger and Zimba, 1997). Rather, fairness based justice, such as respect for others, mutual benefit, equality, and balance, which were perpetually repeated under Stage 3 and 4 were considered to be the core of individual moral development, hence, of the ethical decision making process (Rich and DeVitis, 1985; Kohlberg, 1986; Trevino, 1986; Jones, 1991). Gillian (1982) argued that justice is a masculine perspective, and the importance of "care" is ignored in the original study of Kohlberg, who focused on males of different ages. Kohlberg argued that rules of ethical behavior, such as not to stealing, lying, killing, cheating, are not always the rules of ethical act, rather there may be some exceptions under which these rules may serve as the reason for action to be fair and just (Lovell, 1997). Gillian did not completely ignore the cognitive moral development of Kohlberg, but she expanded the discussion to another field by

stressing the importance of other factors such as “care” (Jorgensen, 2006). Straughan (1986) critiqued Kohlberg’s stance to justice claiming that depending only on justice and ignoring the other theories of ethics may push societies to conflict as the deciding on when to ignore a law, took lives, or steal is a very subjective issue which can be viewed from limitless perspectives (Lovell, 1997). Moreover, Rest and others who criticize Kohlberg’s stages argued that these stages will always be affected by content, method of assessment tool difficulty, testing conditions and other factors. They claim that each stage is a reflection of cooperation of people in social relations (Lapsley, 1996 ; Killen and Smetana, 2008; Lapsley and Narverez, 2008).

At this point, it is my respective notion that, Kohlberg’s theory of moral development is an outstanding study that prepares the ground for numerous courses of interactive studies-new theories about individual moral development, assessment tools, factors of ethical decision making- in different fields including business ethics, psychology, and philosophy. In one stand of these studies, the scholars grouped the factors of ethical decision making and analyzed their impact on individual ethical decision making. The following section of this chapter is considering these factors, which will support

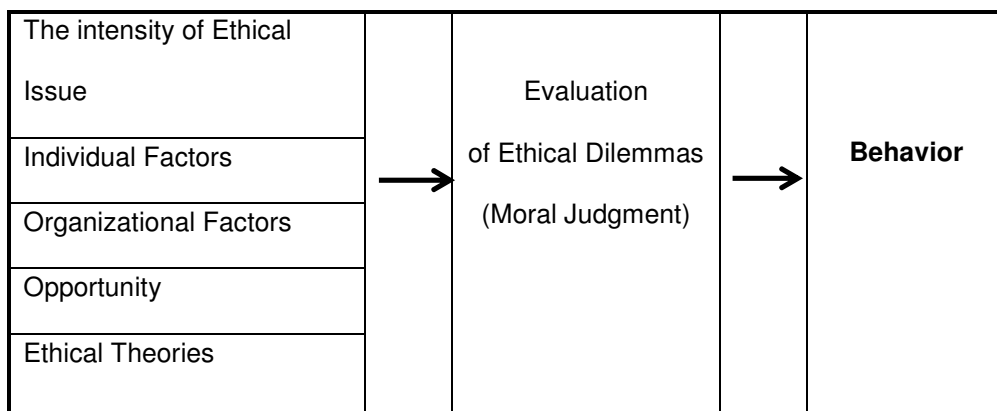
the conceptualization of the theoretical model of the study in the next chapter 4.

3.3 Factors of Ethical Decision Making

Models of ethical decision making and their triggering effects on the business ethics literature induced the compromising of factors of ethical decision making. These factors are also named as “correlates of moral judgment” by Trevino and her colleagues (2006:956-957) and exemplified as age, gender, education level, tenure, type of dilemma, organizational climate and leadership styles. The alternate studies and course books of business ethics have grouped factors of ethical decision making under different names (Guy, 1990; Hall, 1993; Kidder, 1994; Ford and Richardson, 1994; Fallon and Butterfield, 2005; Weiss, 2006; Johnson, 2007; Hartman and DesJardins, 2008; Fraedrich, Ferrell and Ferrell, 2011; Craft, 2013). In the light of the existing literature about factors of ethical decision making, this section will briefly explain the factors of EDM under four groups as adopted from Fraedrich, Ferrell and Ferrell, (2011:232). Each factor which will be discussed according to empirical studies on these factors. Fraedrich et al’s (2011) classification is preferred, due to its comprehensive approach to naming factor which gives the scholars the flexibility to categorize

any discovery in one of heading with an appropriate explanation. Figure 3.1 summarize the names of factors affecting ethical decision making.

FIGURE 3.1 FACTORS THAT IMPACT THE “EVALUATION OF ETHICAL DILEMMAS”



Adopted from: Fraedrich, Ferrel and Ferrell .2011. Ethical Decision Making For Business, South-Western Cengage Learning page:232

The Intensity of Ethical Issue

Once the decision agent understands that there is an ethical issue in the situation, he/she then immediately started to judge the importance of this issue to the various stakeholders. Although the ethical issue is out of the control of both the decision maker and the organization, it directly affects the individual decision making process (Jones, 1991; Valentine and Hollingworth, 2012). Jones (1991) argued that this phenomenon is directly related with the intensity of

ethical issues, and referred to it as “moral intensity”. According to Jones (1991) there are six components of moral intensity as magnitude of consequence (the sum of harms or benefit of actions), social consensus (social agreement about the ethical level of the issue), probability effect (probability of harm or benefit that will impose on stakeholders), temporal immediacy (length of time passed between the action and its results), proximity (the closeness of the decision maker and stakeholders), and concentration effect (number of stakeholders that will be affected by the action of decision maker) (Jones, 1991:374-378). In 1996, Robin, Redeinbach and Forrest(1996) expand Jone’s (1991) theory of moral intensity by adding individual perception, and explored the idea that perception of ethical issue is affected by different perspectives such as values, needs, characteristic of situation, significant others, physical conditions, and beliefs.

The literature about the intensity of ethical issue indicated that some factors, such as reward and punishment systems and demographics factors, may influence the perception of intensity of ethical issue. For instance, Singhapakdi, Vitell and Franke (1999) discovered that being female, increased experience, and salary had positive effects on perceived moral intensity (increase the magnitude of intensity perceived). However the same study showed that

education had negative impact on the perceived moral intensity of employees. According to Fraedrich, Ferrell and Ferrell (2011), the moral intensity may be influenced by organizational factors such as rewards, punishment, values, and polices. Moreover, Kelley and Elm (2003) proposed that context of the organization (social service organizations) had a profound effect on the moral intensity perception of employees. On the other hand, Singhapakdi, Vitell and Kraft (1996) found that the moral intensity of the ethical issue had an impact on the ethical decision making of marketing professionals. Following this study, magnitude of the ethical issue was found to be positively related with the recognition of an ethical issue, highlighting the importance of moral intensity (Barnett and Valentine, 2004). Haines, Streer and Hainess (2008) showed that although the perceived importance of ethical issue had an effect on the moral judgment of an individual, it did not directly affect the ethical behavior. Leitsch (2006) focused on accounting students and concluded that moral intensity had two dimensions: “perceived corporate concern” and “perceived involvement effect”, and together with the moral sensitivity levels of students, it had an effect on the moral judgment. The same study also predicted that moral intensity had a significant effect on moral intentions of accounting students. McMahon and Harvey (2006) study supported that the “magnitude of consequences” which is a dimension of moral intensity, had a

significant effect on the ethical judgments of decision makers. In another study, Sweeney and Costello (2009) moral intensity especially the social consensus dimension had a significant impact on ethical decision making of respondents. Karacaer and her colleagues (2009) had made a comparison between Pakistani and Turkish auditors, and explored that perception of moral intensity in both countries had a significant effect on the ethical judgments of auditors.

Individual and Organizational Factors

When decision makers are faced with an ethical dilemma they base their evaluations on both their own values, beliefs, principles, and also on organizational factors such as ethical climate, significant others, and leaders (Freidrich, Ferrell and Ferrell, 2011). Empirical studies are polarized around the *individual factors* such as age, gender, education, religious, locus of control, and nationality on one hand , and *organizational factors* such as significant others, codes of ethics, ethical culture, and reward systems (Ford and Richardson, 1994; Fallon and Butterfield, 2005; Craft, 2013) on the other hand. The majority of these factors are tested together and conclusions drawn relate to the interaction of three factors.

One such study, Mason and Mudrack (1996) found that females recorded higher marks than males on judging the ethical issue of the proposed statements. Although the literature holds contradicting results about the ethical judgments of different genders, females were found to be more ethical than males in judging questionable situations (Cole and Smith, 1996; Mason and Mudrack, 1996; Tse and Au, 1997; Larkin,2000). Cole and Smith (1996) gave 10 ethically controversial vignettes to students and business people. The results indicated that male students had tendency to accept unethical situation more easily than female students. However results represented no significant gender difference for business people. Larkin (2000) identified that age of decision making had no significant effect on the ethical judgment of respondents. The same study also revealed that female auditors were able to judge ethical issues more effectively than their male peers. Respondents in Larkin's (2000) study were also found to be more ethical than their peers. Ergeneli and Arıkan (2002) tested the effect of gender, and perceived ethical evaluation of their peers with salespeople from Turkey. They found that gender had no significant impact on the ethical judgments of salespeople. Moreover, the respondents reported that their peers would make similar judgments.

Depending on their locus of control, it was concluded that externals referred to teleology, and internals followed the rules in their ethical judgments (Cherry and Fraedrich, 2000). Reiss and Mitra (1998) had also found that externals were more prone to accept unethical behavior than internals. Business ethics literature holds studies that found a significant negative relation between Machiavellianism, and ethical judgments of decision makers (Verbeke et al, 1996; Razzaque and Hwee, 2002). Razzaque and Hwee (2002) constructed a study in Singapore and explored that there was no significant impact of gender on ethical judgment. However the study concluded that younger respondents were more prone to ethical judgments than older ones. In Peterson, Rhoads, and Vaught (2001), young females were found to be more ethical than young males, while on the other hand, older males were found to have higher ethical standards in ethical dilemmas.

Valentine, Godkin and Lucero (2002) suggested that organizations should support an ethical culture via policies or punishments, in order to increase the organizational commitment. Ashkanasy, Windsor and Trevino (2006) explored that organizational reward system has a vital role in promoting unethical behavior. Thus they identified that pragmatic managers can behave unethically just because they perceived that their organization condoned some

unethical behavior, and even reward the moral agent that make unethical decisions. Ethical leadership, organizational communication, policies, and code of ethics have also been found to have a significant impact on the ethical decision making of employees (Loe et al. 2000; O'Fallon and Butterfield 2005; Martin and Cullen, 2006). In their study of "Transitional Ethics", Drake, Meckler and Stephens (2002) claimed that supervisors have an ethical responsibility, and they are the role models of their subordinates during socialization process. In a case study of the leading pharmaceutical company which is defined as the global ethical leader of the sector, Bowen (2004) proposed that organizational factors such as ethical work environment, Y type management, ethics training, overall organizational ethical philosophy, and the match between individual and organizational ethical values encourage the ethical decision making of employees. In a more recent study, Kuntz et al (2012) concluded that, position, experience of ethical climate and ethical leadership, and social cultural factors all had an effect on the evaluation of ethical issues.

Opportunity

Bogle (2009) stated that increased competition in the market shifted decision makers from the position “there are some things that one simply must not do” to “if everyone else is doing it I can do it”. The underlying claim of Bogle (2009) is a good example of what is meant by opportunity for ethical decision making. Opportunity can be defined as the ‘presence of a favorable combination of circumstances that makes a particular course of action possible’ (McKendall and Wagner 1997: 626). For instance, Pinto and his colleagues (2008) developed a model to explain the antecedents of corrupted organizations that consciously or unconsciously trigger unethical behaviors, such as altering financial numbers. The study revealed that, the relation between performance and higher compensations, scarce resources and loosely coupled organizational structures, put pressures on the shoulders of employees. The opportunity created as a result of such cases, increase the “opportunity” of ethical threats, and in order to prevent such unwanted organizational disasters, companies should developed an ethical environment which support ethical decision making through codes, principles, and rules (Pendse, 2012).

The opportunity may also be triggered by the external organizational factors such as; economic, political, cultural, and technological aspects. For instance, Christie and his colleagues (2003) conducted a study with managers from India, Korea and United States about their ethical attitudes. The statistical analysis of the study showed that, managers from different cultural settings judged the 12 ethically controversial hypothetical business practices from different perspectives. The results of the study revealed that culture had a very strong effect on the ethical judgments of managers from different countries. For instance, managers from United States ranked profit more important than being ethical, while the Koreans thought that ethics and business are mutually exclusive. Finally the Koreans and Indians articulated greater difficulties in judging the ethical dilemmas when compared with US managers.

Ethical Theories

As the aim of the current study is to explore the types of ethical theories used by Turkish managers during decision making process, Chapter 3 includes a specific section for this heading. Therefore, ethical theories including deontology, teleology, justice, and relativism will be discussed in the subsequent section **3.4**, extensively.

3.4 Theories of Ethical Thinking

“...Individuals "knowingly or unknowingly use a set of philosophical assumptions as a basis for making ethical decisions.”

(Ferrell and Gresham, 1985, pp: 88).

“Ethical Philosophies” are the theories that refers to specific principles or rules that decision makers use to judge what is ethical or unethical in an ethical dilemma (Fraedrich, Ferrell and Ferrell, 2011:255). The business ethics literature holds different denomination for these philosophies as “Moral Philosophies” (Fraedrich, Ferrell and Ferrell, 2011), “Ethical Philosophies”, “Moral Evaluations”, “Ethical Theories” (Reidenbach and Robin,1990), although nearly all of these denominations refer to theory of justice, deontology, teleology, and relativism. The proposed dissertation will measure the ethical evaluation criteria of managers by using the multidimensional ethical scale of Reidenbach and Robin,1990 who used the term ethical theories. Therefore, to prevent any confusion in the flow of dissertation and to be consistent with the existing business ethics literature, I will also refer to “Theories for Ethical Decision Making” trough the theoretical background of the study. However, this dissertation develops a managerial perspective about ethical decision making rather than a philosophical approach.

Therefore apart from the literature review, the study will use the term “ethical perspectives” or “ethical approaches” while referring to preferred ethical judgment of managers about ethical issues mainly in the methodology, discussion and conclusion chapters. This is typically because neither of the managers judge the ethical issue with a motivation of selecting one theory over another rather they judge the situation depending on various different factors and the literature classified their final decision under a specific theory or philosophy. In other words, managerial perspectives or approaches during the ethical decision making are categorized by scholars depending on the existing literature about ethics.

None of these philosophies provide an easy resolution to the ethical dilemmas; rather they guide the ethical judgments and actions. And there is no doubt that particular circumstances require a different ethical decision making methods. For instance, Hunt and Vitell (1986) claimed that, according to individual and environmental factors, decision makers may refer to either deontology or teleology in their judgments. The empirical research on the impact of ethical theories on ethical decision making support Hunt and Vitell (1986) by revealing various factors that affect the ethical philosophy preference of the agent. Therefore, the impact of ethical theories on ethical

decision making should be evaluated by empirical studies on business ethics (Barnett et al, 1998).

All the ethical theories demonstrated in this section seems to have an important impact on the ethical language of today's modern societies (Reidenbach and Robin,1990). There are many scholars who study in diverse fields of business such as marketing, accounting, management, human resources and those who specialize in certain subjects such as nurse management, technology development, IT technologies and many other. These scholars revealed that when faced with an ethical dilemma, employees applied various opposing ethical philosophies according to the ethical issues, situation and sector (Rallapalli, Vitell, and Barnes, 1998; Ford and Richardson, 1994, DeConinck and Lewis,1997; Gowthorpe, Blake and Dowds, 2002; Fallon and Butterfield, 2005;;Stapleton, 2008; , Tanner, Medin and Iliev 2008; Park, 2012; Craft, 2012)

Especially in the literature of "Moral Philosophy", ethical theories is considered part of human development, and parallel to the development of human nature. However this section of the dissertation is limited with the "ethical philosophies", which are mostly cited to explain the ethical decision making in businesses. This is mainly because a pure philosophical approach to ethical theories

requires a profound knowledge of moral philosophy. Secondly, it is believed that, such a detailed explanation for ethical theories is the subject of moral philosophy rather than business ethics. Consequently in the subject of business ethics, scholars refer to these philosophies as instruments for ethical decision making rather than causes and means. The theories of ethics discussed the following sections of in chapter 3 are adopted from the books and studies of scholars who developed theories and measurement methods, and are most often cited in business ethics literature (Reidenbach and Robin, 1988;1990; Hunt and Vitell, 1986;1992;2006; Fisher and Lovell, 2006; Jennings, 2009; Fraedrich, Ferrell and Ferrell;2011; Valesquez,2012).

3.4.1 Deontology

The theory of deontology states that actions must be guided by universal principles that apply irrespective of the consequences of the actions (Reidenbach and Robin, 1990). Thus, individuals should act as if performing a duty, even though they will not receive any positive credits for their ethical judgments (Fisher and Lovell, 2006). If decision makers refer to deontology to resolve ethical dilemmas, this means that they refer to rules, regulations, and laws (Sparks and Pan, 2009). Deontologist confesses that the ethical decision made

depend on the motives not to the consequences of the action specified to the stakeholders (Hansen, 1992). Hunt and Vitell (1986; 1992 and 2006) developed a theory of ethical decision making for marketing, arguing that an individual may either use deontological or teleological theories in making ethical judgments (Hunt and Vitell, 1986; 1992; 2006). Spark and Pan (2009) stated that managers should select among alternative courses of ethical action according to their compliance with rules and regulations. therefore, individuals must not lie, steal, or cheat even doing if these will save a human life, which in fact corresponds to the categorical imperative of Kant which stated that individuals must act so that their actions comply with a universal law (Fisher and Lovell, 2006; Weiss, 2006).

As stated in the previous paragraph, deontology insist that it is our duty to tell the truth under any condition, protect our children and pay our debts, as these are the “right” things to do, and by doing them we maximize our own wealth and the wealth of others (Redienbach and Robin,1990:651). Deontology creates duties for one side (as a credit card holder it is our duty to pay our bill) and rights (as a card issuer it is the banks right to receive cash from us) for the other side. According to deontology, regardless of the results of an action, decision makers should choose the alternative that complies with the rules. Thus, even if acting in line with rules will

minimize the benefit distributed to stakeholders, moral agents should still act so (Weiss, 2006). For instance, when a multinational reduces its cost in home country by decreasing the benefits supplied to its employees, and establishes a new branch in a host country, it will be considered as acting unethically (Tenbrunsel and Crowe, 2008).

Smith, Simpson and Huang (2007) asked “Why do managers fail to make the right choose?”. Their results indicated that they mainly depend on utilitarian and deontological perspective when making illegal decisions. The relative importance of the act or the consequences is the ongoing debate between deontologist and consequentialist (teleology), however, Tanner, Medin and Iliiev (2008) found that in fact these are not mutually exclusive. Individuals can use both theories at the same time in judging the ethical action. However, their findings suggested that there is still a greater tendency toward deontological orientation, hence the difference between the act and the error imposed on that act is more important than the consequences of that act.

3.4.2 Teleology

Teleology is derived from Greek word meaning “end”, thus, this theory defines an action as either ethical or unethical according

to its results (Reidenbach and Robin, 1990; Hansen,1992; Fraedrich, Ferrell and Ferrell, 2011). A teleology follower will solve an ethical dilemma according to the benefit it creates for the stakeholders or/and self (DeConinck and Lewis, 1997). As already mentioned above, according to Hunt and Vitell (1986;1992), a decision maker can follow two distinct lines of reasoning to make a judgment about ethical dilemmas, teleological and deontological reasoning. When managers refer to teleology in solving ethical dilemmas, they primarily consider the results of their action on various stakeholders, the demand for this action among stakeholders, and the confidence (importance) of each stakeholder to the decision maker (Hunt and Vitell, 2006).

The mostly mentioned teleological reasoning for ethical decision making in businesses are **utilitarianism** and **egoism** (Reidenbach and Robin,1990; Upchurch and Ruhland, 1996; DeConinck and Lewis, 1997; Fisher and Lovell, 2006; Valesquez;2012). Utilitarianism is defined as “A general term of any view that holds actions and policies should be evaluated on the basis and costs they will impose on society” (Valesquez; 2012:70). The founders of traditional utilitarianism, Bentham (1748-1832) and Mill (1806-1873), developed the principles of utilitarianism to evaluate and criticize the social and political system of their age. Their aim

was to form a social and political system that is both legitimate and morally right, and acceptable to the vast majority of the society (Valesquez, 2012). The action is identified as ethical if and only if it creates the maximum benefit for vast majority of stakeholders (Reidenbach and Robin,1990; Hansen, 1992; Fisher and Lovell, 2006)

Contrast to utilitarianism, ethical egoism corresponds to individual wealth maximization regardless of the wealth of others or the society (Reidenbach and Robin, 1990). Thus, egoists, live only for their individual-benefit, and are ruled by their own moral principles in judging ethical dilemmas (Fisher and Lovell, 2006). According to an egoist oriented decision, the consequences of the action are important, and these costs are ethical if and only if they create the maximum benefit for the decision maker when compared to the alternative course of actions (Upchurch and Ruhland, 1996).

The invisible hand of Adam Smith is an important demonstration of egoism in business, and linked the most frequently discussed theories of egoism to utilitarian approach. Thus by maximizing personal benefit (egoism), individuals also serve for the economic wealth of societies (utilitarianism) at the same time (Reidenbach and Robin, 1990).

Kujala (2001) investigated which types of ethical theories were used by Finish managers in their decision making processes. By using items from multidimensional ethics scale of Reidenbach and Robin (1990), she discovered that teleology was the dominant ethical theory directing the judgments of Finish managers in ethical dilemmas. The statistical results of the study (Kujala, 2001) revealed that while in some scenarios, the respondents refer purely to utilitarian approaches in some others they use a combination of egoism and utilitarian approaches. Rallapalli, Vitell, and Barnes (1998) concluded that, marketing professionals refer to teleology more than deontology in their ethical judgments, while deontological evaluation diverges only across situations and alternatives.

3.4.3 Justice Theory

The theory of justice principally depends on virtue, fairness, trust and equality in decision making (Reidenbach and Robin, 1990,1991; Hansen, 1992; Weiss, 2006) . According to John Rawls, there are two basic rules for fairness, as each person has equal right, and all “social and economic” variations are designed to serve for the advantage of all members of a society which are tied to positions and offices (Rawls, 1971; Weiss, 2006:128). In other words, he argued that equals need to be treated equally, and this equality comes from

the position and offices (Reidenbach and Robin, 1990). The ethics of an act is distributive or procedural, according to justice theory (Hansen, 1992). Distributive justice depends on the fair distribution of business outcomes, such as compensation, bonuses, life insurance, promotion, and any other benefits (Reidenbach and Robin, 1990,1991; Hansen, 1992; Weiss, 2006; Fraedrich, Ferrell and Ferrell, 2011). On the other hand, according to procedural justice the organizational outcomes are distributed according to rules, and procedures (Reidenbach and Robin, 1990, 1991). One can easily claim, that the impact of individual moral agent on distributive justice familiarized it with teleology (utilitarian or egoist), while on the other hand rule based construction of procedural justice is very close to deontology.

Zgheib (2005) conducted an empirical research with graduate and undergraduate students in Beirut. The study showed that they highly rely on their personal moral principles than any other ethical principles such as justice and utilitarian. However when the undergraduates (students) were investigated, it was found that they highly depended on justice. Regardless of the ethical theory preferred in judging ethical dilemmas, the Lebanon sample presented no significant relation between their ethical orientation and their final act.

3.4.4 Relativism

According to relativist theory there are no universal rules for ethical decision making (DeCew, 1990; Reidenbach and Robin, 1990, 1991; Hansen, 1992; Weiss, 2006; Frederick, 2007; Jennings, 2009). Thus, these scholars argue that ethical judgments are made according to individual values, which in fact are conceptualized by families, societies, nations, organizations, and countries that they belong to. According to this view, managers of host country should follow the rules of society in which they are operating instead of following the universal rules of ethics (Jennings, 2009). Although the followers of justice, deontology and teleology tend to ignore the remarks of the relativists, they made a significant contribution to the business ethics literature by distinguishing between individual and social values (Weiss, 2006). Thus, relativist managers will consider the conflict that may arise between the marketing and finance departments when they consider producing a new product (Fraedrich, Ferrell and Ferrell, 2011).

Empirical studies in business ethics literature revealed that there is relation between the relativist orientation and ethical judgments. In his study of "Taxonomy of Ethical Ideologies", Forsyth (1980) claimed that individuals judge ethical dilemmas from one of

two perspectives, either idealism i.e. caring for the welfare of others which is a mutual name given to deontology and teleology, or relativism i.e. considering cultural differences rather than universal rules. Contrary to this study, Marques and Pereira (2009) concluded that ethical theories of idealism or relativism did not have any superior impact on the ethical judgments of Portuguese accounting profession. However, their studies revealed a significant correlation between age and relativism. Thus older accountants are more relativistic than their younger colleagues. An earlier study composed by Barnett, Bass, and Brown (1996) found that whistleblowing, i.e. reporting the wrong doing of peers, was more common and reported as an ethical action among non-relativists. On the other hand, Callanan et al (2010) conducted that the students who held a relativist approach had a tendency to choose unethical actions when compared to the ones who held lower levels of relativism. Callanan et al (2010) conducted their study with 7 real life scenarios, and included 3 different contextual factors: the chance of being caught, perceived benefit to the decision agent, and perceived opportunity select the unethical option. Those who reported higher degrees of relativism were also these who perceived higher personal benefits as a result of selecting the unethical act. Supporting this study, Greenfield, Norman and Wier (2008) found that individuals with higher relativistic orientation did also present a higher propensity

toward earnings management for the sake of their individual benefit. Kim (2003) focused on Korean professionals and identified that relativism and idealism were significantly correlated with ethical decision making. The results also showed that idealism is more preferable than relativism in judging ethical dilemmas.

The current chapter discussed the ethical decision making process in logical flow of recognition, and judgment of an ethical issue. The discussion starts with the recognition of an ethical issue in any problematic decision making process. It was stated that the imposed ethical issue in any situation transfers it to an ethical dilemma in which the decision maker is forced to select between alternatives that provide different degree of benefit/harm to stakeholders. Then there was a discussion of the ethical decision making theories which identified various factors of ethical decision making. Among these theories of ethical decision making, Rest's Four Component Model seemed to have the most influential impact on the business ethics literature. Since its establishment the "judgment" component of Rest's model has received the greatest amount of attention of business ethics scholars. Therefore the chapter continued with the brief discussion regarding Kohlberg's Cognitive Moral Development, which motivated Rest to develop his model. The chapter continued with the factors of ethical decision, and

closed with the major ethical theories that influence the ethical judgment of individuals. All sections were supported by citing the various relevant empirical research from business ethic literature. The subsequent section, Chapter 4, will demonstrate the theoretical model of the dissertation, based on the thorough literature review presented in the first three chapters, and will also present the aim of the dissertation.

CHAPTER 4

THEORETICAL RESEARCH MODEL AND THE AIM OF THE STUDY

4.1. Theoretical Model of the Study

The studies showed that the literature about ethical decision making polarized mainly around the “ethical judgment” of an individual (Ford and Richardson, 1994; Fallon and Butterfield, 2005; Craft, 2012). Starting from Kohlberg’s (1976) Theory of Moral Development, they continuously seek the answer for “How do people make their ethical choices?”. Kohlberg (1976) argued that majority of people fall into conventional level and make their ethical judgment

according to the rules of the society and significant others. However, this was the most critiqued argument of Kohlberg's study as it mostly focused on the theory of justice. Moreover, some scholars argued that individuals judged the ethical dilemma according to the context (Ferrell and Gresham, 1985; Hunt and Vitell, 1986; Trevino, 1986; Rest, 1986), others indicated that it is issue based (Jones, 1991).

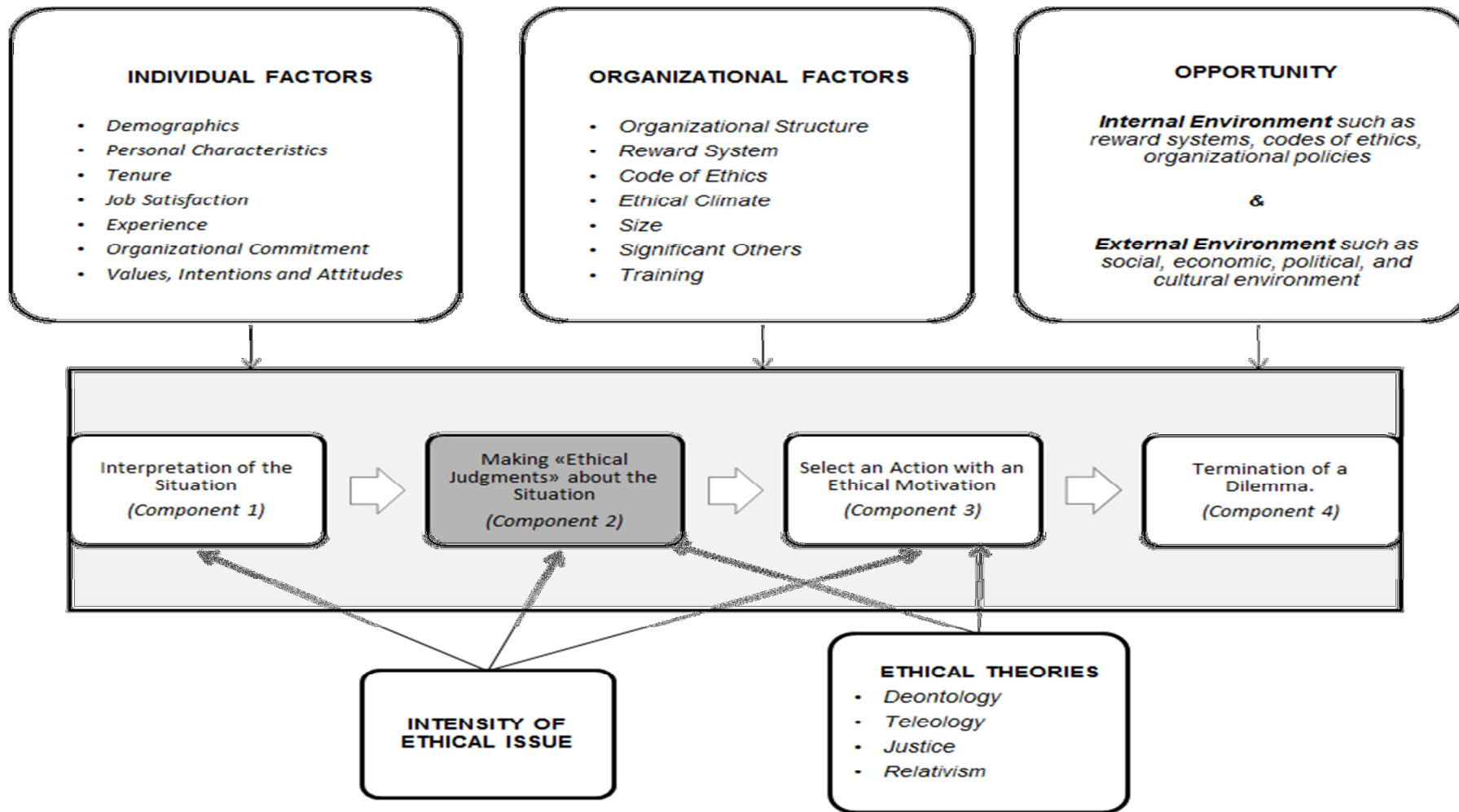
Organizations are assuming that they are working with employees who are at definite levels of maturity as Argy had argued. This assumption had automatically imposed a minimum level of moral development to an individual which falls to the conventional level of Kohlberg's stages. However, to my point of view, actual level of moral development has limited influence on the ethical judgments of individuals, because individuals may act according to higher or lower levels of moral development, while judging different ethical dilemmas at work. Thus I argued that test of an individual's moral development may show that he is at stage 6. As a result, his employer will assume, and anticipate him to ignore nepotism, be fair and act according to the best interest of the firm and community. However, same employee may try to protect a late comer just because that woman is her best friend and she had a handicapped child to look after. Therefore in some cases, level of individual moral development may not be parallel to ethical decision made. Therefore,

this study assumes that all the respondents are at a moderate level cognitive moral development.

The thorough investigation of the business ethics literature structured my mind as: Regardless of the level of their moral development, managers may act differently when they are faced with an ethical dilemma. Thus, ethical judgment is like an endless continuum that holds numerous variables on it. The final act depends on the variable, which is judged or perceived to be the most important factor by the decision maker. For instance, when the ethical dilemma is perceived to be culture specific, decision maker may depend on traditions or/and the perceived judgments of significant others including their family members while making an ethical judgment. Studies showed that employee's may act according to different theories of ethics in judging ethical dilemmas. Moreover, there are various factors that may affect their selection of one to another, but it is proved that they are not strictly tied to one ethical theory in most of the cases. (Hunt and Vitell, 1986; Trevino,1986; Reidenbach and Robin, 1988;1990; Jones,1991; Barnett et al 1998; Weiss, 2006; Johnson, 2007; Hartman and DesJardins, 2008; Jennings, 2009; Fraedrich, Ferrell and Ferrell, 2011)

At this point, numerous variables such as significant others, personality of decision makers, ethical climate, reward systems, intensity of the ethical dilemmas, their past experiences, organizational behaviors such as commitment or perceived psychological contract, internal, external, and global environment may directly affect their ethical judgments. These variables are grouped under 5 basic factors that affect the ethical decision making of individuals as; individual factors, organizational factors, opportunity, the ethical intensity of the issue, and ethical theories (Ferrell and Gresham, 1985; Hunt and Vitell, 1986; Trevino,1986; Jones,1991; Weiss, 2006; Johnson, 2007; Hartman and DesJardins, 2008; Jennings, 2009; Fraedrich, Ferrell an Ferrell, 2011). This dissertation developed a theoretical model for ethical decision making by referring to the four component model of Rest (1986), and the antecedents (factors) of ethical decision making which is shown in Figure 4.1. The figure is drawn from the various empirical studies and business ethics course books that have been discussed in the theoretical background of the study (Eg: Ferrell and Gresham, 1985; Rest, 1986; Hunt and Vitell, 1986; Trevino,1986; Jones,1991; Weiss, 2006; Johnson, 2007; Hartman and DesJardins, 2008;Fraedrich, Ferrell an Ferrell, 2011; Pendse, 2011; Craft, 2012).

FIGURE 4.1 THEORETICAL MODEL OF THE STUDY



4.2 The aim of the Study and Research Questions

The study believes that knowing the preferred ethical evaluative perspective (ethical theory) among organizational members may help top managers in controlling the ethical environment, and minimize the defective reasoning of daily ethical judgments. Therefore the initial aim of the study was to investigate the ethical perspective(s) used by the decision makers during the evaluation of the ethical dilemmas. Cohen, Part and Sharp, (1993) had investigated that the preferred ethical theories were not context specific, and emphasized the importance of relativist, justice and utilitarian philosophies of ethics in their sample. So the second aim of the study was to identify the factor structure of multidimensional ethics scale (MES) of Redianbach and Robin (1988) in a Turkish sample. So, the first research question was:

Research Question 1:

What are the ethical perspectives (theories) used by Turkish managers during the evaluation of the ethical dilemmas?

To my recent knowledge, this is the first study that investigated the types of ethical theories used by Turkish Managers during ethical judgments by using multidimensional ethics scale (MES) of Redianbach and Robin (1988). For instance, Rawwas, Swaidan and Oyman (2005) associated the ethical beliefs of Turkish and American consumers by

using the “Ethical Positioning Questioner” of Forsyth (1980). The results showed that Turkish consumers are rule oriented, and avoid uncertainty in their preferences. In the light of their results, scholars made some suggestions for marketers, and retailers who are operating in Turkey. In another research, French and Weis (2000) studied with 60 students from 6 different countries including Turkey. They paired two respondents from different cultures, and recorded their negotiations about pre-determined moral issues. They scored the responses of the participant as either “focus on justice” or “focus on caring”. The study showed that 10 respondents from Turkey held ethical values which correspond to “caring” such as friendship. Sims and Gegez (2004) had investigated the attitudes toward business ethics with a sample of 125 graduate students from 5 different nations including Turkish students. Their questionnaire included statements such as “Business ethics is a concept for public relations”. Their results showed that there are significant differences about the attitudes towards business ethics between Turkish, American, Australian students.

The theoretical model showed that “peers” which is named as “significant others” may influence the ethical decision process, hence the ethical judgments of managers. For instance Ergeneli and Arıkan (2002) investigated that, Turkish respondents believed that their peers would act in the same way in evaluating the ethical dilemmas. The study expanded

the definition of significant others by including the “perceived act of self, mother and father” and asked the second research question as:

Research Question 2:

How the ethical evaluation of the “act” presented in the vignettes -ethical or unethical- reflected on the perception of the acts’ of the significant others -mother, father and peers- under the situation defined in the presented vignettes?

As stated in the theoretical background the literature holds contradicting results about the effects of demographic factors on ethical judgments (Ford and Richardson, 1994; Fallon and Butterfield, 2005; Craft, 2013). While some studies argued that demographic factors such as gender had no significant effect on ethical judgments (Eastman et al, 1996; Schminke et al 1997; Rozen et al, 2001;Forte, 2004; Fallon and Butterfield, 2005; Valentine and Rittenburg,2007), some argued that females scored higher on ethical judgments than males (Cole and Smith, 1996; Mason and Mudrack, 1996; Tse and Au, 1997; Larkin,2000). Therefore the final research question was:

Research Question 3:

Are demographic factors such as age, gender, education, and tenure have an impact on the ethical theories used by Turkish managers in evaluating the ethical dilemmas?

CHAPTER 5

METHODOLOGY

5.1 Participants and Procedures

The data was collected from upper and middle level managers who are owners/partners or employees of organizations located in İzmir between October-December, 2013. The list of companies whom are operating in province of İzmir was made. Hence the study aims to understand the ethical decision philosophy of the decision makers regardless of their professions, the data was collected from organizations operating in various sectors such as public transportation, education, fast moving consumer goods, automotive, chemicals, agriculture, textile, health, construction, insurance, technology, real estate and others. Convenience sampling was used and in line with the nature of hypothesis

research question, the major elimination criterion for the participants was their having a managerial position that requires decision making.

The method to test the research questions of the thesis was embodied in two basic steps which will be detailed in the *measures* sections of this chapter. In the first part, 6 vignettes whose themes are ethical dilemmas that managers faced during their daily business activities have been conceptualized. These vignettes are developed through focus groups. In the second part, a questionnaire that was constituted of 2 major parts has been developed. First part of the questionnaire was including demographic variables and the second part was composed of three different vignettes where respondents are asked to evaluate the scripted situation

In the distribution of questionnaires hand delivery and withdraw was employed. The main motive for this method was increasing the respond rate through direct communication and reminders. Thus, majority of the managers had heavy work-loads and it was assumed that they did not prefer to allocate time to fill a questionnaire from survey monkey via internet. Through electronic mails or/and direct calls a “contribution request” was made to the prospective participants. During these requests a very brief explanation about the importance of their involvement to the study is provided without giving any details about the context of the research. Due to the naïve nature of “ethics”, it was preferred not to have

any face to face interaction with the respondents. Therefore, questionnaires were delivered to the specified individuals in the organizations' of participants who agreed participating in the study. Majority of the contact person were the assistants of the managers or the departments, while some of the respondents preferred to take and deliver back by themselves.

The questionnaires were distributed and withdraw in sealed envelopes. Each envelope holds a cover letter ensuring the anonymity and emphasizing the importance of their contribution briefly. 400 questionnaires were distributed to different companies in İzmir during October, 2013. Two weeks after, a second visit was made to the contact persons or/and participants in order collect the filled questionnaires. During the first visit it was approved to collect back the incomplete questionnaires in the second round. At the end of four weeks, 208 questionnaires were collected back that yields to a 52 % response. Solely, 8 questionnaires were excluded from the analysis as they were either half-filled or inconvenient with the composition of the sample.

According to *Turkish Statistical Institute's Report*¹⁹ and *Grant Thornton's*²⁰ yearly, "The Portion of Women Managers in Turkish Workforce" research announced in March 2014; the portion of female manager in the public is only 9.3% and the percentage of women

¹⁹ <http://www.tuik.gov.tr/PreHaberBultenleri.do?id=16056> : seen on 30 March 2014

²⁰ http://www.gtturkey.com/default.asp?PAG00_CODE=00_TR

managers in Turkish workforce is reported as 25% simultaneously. The demographic constitution of sample reflects a parallel result as 31 % of the sample is female. Out of 200 respondents, 131 are university graduates (65 %); 50 have a master degree (25%), and 9 holds a doctoral diploma (5%). The youngest respondent participate in the research is 25 and the oldest is 63 years old which yield to an average of 40 (calculated with 186 respondents excluding the missing ones) for the overall sample. 45% of the sample holds a middle level managerial position within their employed companies, 14 % are owners/partners/general managers; 14% are seniors taking strategic positions such as regional managers and the remaining 27 % is first line managers who lead teams, projects or groups in their organizations. The demographic and sectorial distribution of the sample is summarized in **Table 5.1** and **5.2** simultaneously.

TABLE 5.1 DEMOGRAPHIC DISTRIBUTION OF THE SAMPLE

	N=200	%
GENDER		
Female	62	31 %
Male	138	69 %
EDUCATION		
High School	10	5 %
University	131	65 %
Master	50	25 %
Doctorial	9	5 %
AGE		
Between 25-34	42	21%
Between 35-44	90	45%
45 and above	54	27%
POSITION		
Owner/Partner/CEO	28	14 %
Senior Manager	28	14 %
Middle Manager	90	45 %
First Line Manager	54	27 %
TENURE		
Less than 1 Year	9	4 %
1 – 5 Year	58	30 %
6 – 10 Year	36	18 %
11 – 15 Year	36	18 %
16 Years and More	59	29 %
SECTOR		
Manufacturing	91	45 %
Service	107	54 %

TABLE 5.2 SECTORIAL DISTRIBUTION OF THE SAMPLE

SECTOR NAME	N=200	%
Public Transportation	44	22,0 %
Education	19	9,5 %
Fast Moving Consumer Goods	11	5,5 %
Food	11	5,5 %
Automotive	20	10,0 %
Chemicals and Plastics	14	7,0 %
Agriculture	7	3,5 %
Textile	3	1,5 %
Health	10	5,0 %
Construction	7	3,5 %
Architecture	4	2,0 %
Consultancy	3	1,5 %
Insurance	5	2,5 %
Technology	11	5,5 %
Real Estate	3	1,5 %
Others	24	12,0 %

5.2 Measures

5.2.1 Exploring the Preferred Ethical Evaluative Philosophies: Vignette Development

Vignettes are compact presentation of a person or a situation through which contributors are directed to report their own judgments or decision making processes via simulated references (Wilks, 2004; Hughes and Huby, 2002; Alexander and Becker, 1978). Hence, vignettes enable researchers to impose adequate amount of data into relatively sensitive

research topics such as ethics, perceptions, attitudes, norms, values and beliefs in social sciences (Premeaux, 2009; Finch, 1987). When the research question is targeting to seek an answer for one of those “sensitive” topics, it is argued that vignettes results with a more qualified data compared to a simple statement or a question as they soothe the negative impact of this sensitivity on respondents (Alexander and Becker, 1978). This is most probably due to the non-personal nature of vignettes which allows participants to answer the questions from the visionary character’s point of view (Hughes and Huby, 2002).

In a quantitative research design, vignettes are usually followed by a serious of questions or a Likert type scale by which participants are lead to reflect their decision about the act in the given vignette (Wilks, 2004). The study follow the same procedure, thus each vignette presented in the questionnaires are followed by the revised multidimensional ethics scale of Redianbach and Robin (1988) where the respondents are asked to evaluate the act of decision maker simulated in the vignettes on a 7 point likert scale.

To our very recent knowledge this is the first study that seeks to explore the ethical evaluative philosophies of Turkish Managers during ethical dilemmas. Due to the culture specific nature of the study it was concurred to develop new vignettes for the study instead of using the original scenarios used by Redianbach and Robin (1988). Addition to

culture specific nature of the study; in the original scenarios authors preferred to focus on specific sectors such as retail, automotive and insurance (Redienbach and Robin, 1988) which is out of focus of this study. Hence the proposed thesis aims to find out the major ethical evaluative philosophies used by Turkish Manager during ethical decision making regardless of the sector they are employed in.

As discussed in the previous chapters, there are thousands of situations in various business sectors that holds an ethical dilemma in it. These ethical dilemmas that yield a decision may comprise an issue about one of the stakeholders of an organization or itself. And during their daily business activities managers often come across such ethical decisions where they have to choose one action to another.

In order to determine the vignettes of the study it was decided to develop focus groups that consist of professionals from various sectors in İzmir who holds a managerial position. Invitation letters that provide a brief explanation about the focus group and it is anonymity, were sent to the managers via mail. According to the replies about their willingness and availabilities, there were 3 focus groups arranged in two weeks-time. Each group was composed of 6 professionals from different sectors such as consultancy, insurance, logistics, audit, fast moving consumer goods, health, pharmaceuticals, government, banking, education and construction.

Each focus group last between 1.5 to 2 hours and recorded by the authors with the permission of the participants.

Records of focus groups were transcribed verbatim and evaluated by the author and three professors with different academic backgrounds in order to reveal the stories that hold an ethical dilemma. According to the highlighted stories underlined by the evaluation committee, 6 “real business life” vignettes were written where the names are coded as A and X, and sectors are hypothetically arranged in order to keep the anonymity of the professionals that participated in the focus groups. An example of vignette written after final evaluation of the transcribed data is:

“GDZ is a family owned business who has been operating in the food industry for many years. Owing to the recent economic crisis, its cash flow signifies a dramatic decrease in total sales. Despite all these financial problems and threatening competitive environment, the company refuses to use any chemical additives which have been used by food producers for years. GDZ argue that although these chemicals make the food look fresher and presentable on retailers’ shelves, they threaten the health of consumers and change the taste and quality of the products. The owners also feel that they need to protect their company reputation which is based on over 120 years of quality products and consumer trust.”

While these discussions were ongoing among the managers, the renewal of the export contract with the most profitable customer was approaching. PINTA Food who is importing fruits from GDZ for nearly 10 years is selling the goods in their home country with their own label. However PINTA found out that the sales of fruits imported from GDZ have been decreasing dramatically in the last two years. They claimed that this is most probably because other fruits in the market look more flavorsome and fresh to consumers. They insist that if GDZ continue to refuse using chemical additives for their products, they will not re-arrange the sales contract in the coming season and will change their supplier with one of those whose fruits is more presentable. The Sales and Export Manager discuss the issue with their CEO and members of the board .They urgently come to a compromise and the meeting end up with a consensus to use chemical make-up but only for the fruits that are exported to PINTA.”

A questionnaire including all 6 vignettes-each followed by the MES on a seven point likert scale- and demographics was designed for the pretest. Each respondent were asked to evaluate the final decision of the hypothetical decision makers in the vignettes according to MES scale and their criticism were demanded for each vignette. The questionnaires prepared for the pretest were given to 60 participants (academicians, doctors, general managers, owners, partner, first and middle line managers) in sealed envelopes with a brief cover letter explaining the nature of the pretest and its anonymity. Each participant was coded by the

researcher in order to exclude them from the final field work hence no names or any affiliation were asked from the respondents for the anonymity of the study. After one week from delivery 50 filled questionnaires were collected back which represent a respond rate of 83%. Each returned questionnaires were examined carefully and all convenient corrections were made. The major adjustments made were the re-written of the sentences or/and words that create ambiguity and correction of grammar mistakes.

The most satisfying outcome of the pretest was that all 6 vignettes were highly appreciated by the majority of the participants supporting their appropriateness for the study and the selected sample. In the light of the pretest, all developed 6 vignettes were decided to be used in the final questionnaires. However in order to increase the response rate and minimize the time spent for the answers, randomly selected (with a combination of six with three) “three” vignettes were used during field work which yields to 20 different sets of questionnaires. Appendix A shows the vignettes used in the questionnaires.

5.2.2 Exploring the Preferred Ethical Evaluative Philosophies: Multidimensional Ethics Scale

The Multidimensional Ethics Scale (MES) was originally developed by Reidenbach and Robin in 1988 and revisited in 1990 by the

authors. Since its early development, MES has been widely used in the area of business ethics (McMahon & Harvey, 2006). MES is an instrument that can be used in assessing the individual's ethical awareness, ethical judgment, and ethical intention when he is engaged in an "ethical dilemmas" (Flory, Phillips, Reidenbach, & Robin, 1992). Scale, is a multi-item instrument, in which participants are asked to specify, the particular action described in a given scenario according to listed criterion. Each criteria listed in MES corresponds to an ethical philosophy that is well-recognized and profoundly discussed in the ethics literature. These major ethical philosophies are justice, relativism, teleology (egoism and utilitarian) and deontology (Redienbach and Robin, 1988; Fisher and Lovell,2006; Johnson, 2007; Jennings, 2009; Arslan, 2012; Cevizci, 2013; Störig, 2013) The brief explanation for ethical philosophies and corresponding questions in MES (Redienbach and Robin, 1988) is shown in Table 5-3.

TABLE 5.3 ETHICAL PERSPECTIVES AND CORRESPONDING EVALUATION QUESTIONS IN MES

Ethical Perspectives *	Questions in MES **
<p>Justice : The act must be judged according to idea that “equals must be treated equally and unequal’s must be treated unequally</p>	Just /Unjust
	Fair/Unfair
	Results/Does not result in an equal distribution of good and bad
<p>Relativism: Actions cannot be judged according to universal rules. Thus each culture/individual forms their original rules depending on various factors such as personal values, family and traditions.</p>	Culturally Acceptable / Unacceptable
	Individually Acceptable/Unacceptable
	Acceptable/Unacceptable to people I most admire
	Traditionally Acceptable/Unacceptable
	Acceptable/Unacceptable to my family
<p>Egoism: According to this philosophy, an act is ethical when it produced greatest good for the individual in the long term. Thus individuals act according to their own interest in order to be satisfied in the long run.</p>	Self-promoting/Not Self-promoting
	Selfish /Not Selfish
	Self-Sacrificing/Not Self-Sacrificing
	Prudent/Not Prudent
	Under no moral obligation/ Morally obligated to act otherwise
	Personally satisfying/ Not personally satisfying
	In the best interest of the company/Not in the best interest of the company

<p>Utilitarian: Individuals should act according to create the greatest good/benefit for all society. Decision maker should consider all the aspects of their actions and choose the one that is best for the society.</p>	Efficient/Inefficient
	OK/ Not OK if actions can be justified by their consequences
	Compromises/ Does not compromise an important rule by which I live
	On balance tends to be good/Bad
	Produces the greatest/least utility
	Maximizes/Minimizes benefit while Minimizes/Maximizes harm
	Leads to the greatest / least good for the greatest number
	Results in a positive / Negative cost/benefit ratio
	Maximizes / Minimizes pleasure
<p>Deontology: According to deontology there are universal rules such as “lying is unethical” and individuals should act according to those rules that underlines the ethic/unethical behavior. We are all responsible to satisfy the legitimate duties and needs of each other.</p>	Violates/ Does not violate an unwritten contract
	Violates / Does not violate my ideas of fairness
	Morally right / Not morally right
	Obligated / Not obligated to act this way
	Violates / Does not violates an unspoken promise

*Summarized from Redeinbach, Robin and Dawson’s (1991) paper named “An Application and Extension of a Multidimensionaol Ethics Scale to Selected Markeitng Practices and Marketing Groups” pages 90-91

** Original items listed in Redienbach and Robin (1988;1990)

Cohen, Pant and Sharp (1993) supported that ethical constructs could not be reliable when assessed with one-dimensional scales and MES is a valuable instrument and an important contribution to business ethics literature. However, they argued that the scales are both sector

(marketing) and culture (United States of America) specific. Therefore, they extended the MES (1988; 1990) on a group of sample from a broader cultural distribution and business discipline. The results of statistical analysis in Cohen, Pant and Sharp's (1993) study yield to a 15-itemed, five factored multidimensional ethics scale leaving 18 items of Redeinbach and Robin's (1988;1990) MES out of scale. Excluded items were either loaded equally in more than one or did not load to any ethical philosophy. The final instrument was tested by using he original scenarios used by Redienbach and Robin (1988;1990) where respondents were asked to evaluate the action simulated in the scenarios on a 7 point Likert Scale. The revised version of MES emerged in Cohen, Part and Sharp's (1993) study and used in the validation part of their research can be seen in **Table 5.4** Results showed that the factors are not context specific and emphasized the importance of relativist, justice and utilitarian philosophies of ethics. Finally, scholars suggested a further study to test the 15-itemed MES in different culture like Turkish where familial and communitarian values are strong (Cohen, Part and Sharp, 1993).

TABLE 5.4 REVISED MULTIDIMENSIONAL ETHICS SCALE

Item Number	Corresponding Ethical Philosophy	Items of Multidimensional Ethics Scale
1	Justice	Just /Unjust
2	Justice	Fair/Unfair
3	Relativism	Culturally Acceptable / Unacceptable
4	Relativism	Individually Acceptable/Unacceptable
5	Relativism	Traditionally Acceptable/Unacceptable
6	Relativism	Acceptable/Unacceptable to my family
7	Egoism	Self-promoting/Not Self-promoting
8	Egoism	Self-Sacrificing/Not Self-Sacrificing
9	Egoism	Personally satisfying/ Not personally satisfying
10	Utilitarian	Produces the greatest/least utility
11	Utilitarian	Maximizes/Minimizes benefit while Minimizes/Maximizes harm
12	Utilitarian	Leads to the greatest / least good for the greatest number
13	Deontology	Violates/ Does not violate an unwritten contract
14	Deontology	Obligated / Not obligated to act this way
15	Deontology	Violates / Does not violates an unspoken promise

In this study it was agreed to use 15- itemed (listed in Table 5.4) revised version of Reideinbach and Robin's (1988) "Multidimensional Ethics Scale", which was emerged and tested by Cohen, Part and Sharp

(1993). There were several reasons to select 15-itemed shorten version of MES. Firstly, there are several “statements” in 33-itemed MES that may cause ambiguity and might give the sense of duplication among participants when translated into Turkish. For instance the Turkish translation of *admire* in “Acceptable/Unacceptable to people I most admire” is conflicting and the derived meaning in the statement is very close to the one in “Acceptable/Unacceptable to my family”. Secondly, the proposed PhD thesis aims to explore the ethical evaluative philosophy (ies) used by managers during ethical decision making regardless of their profession or/and sector. Therefore, 15-itemed MES which was tested in different business settings such as accounting rather than marketing seemed more appropriate for this study. Finally the suggested further study to test the new version of MES in different cultural settings and the advantage of “time consumption” in the shorten instrument motivated the use of 15-itemed MES in this study.

This instrument was first translated into Turkish, and Turkish version was given to English preparatory school teachers to translate it into English. Back translation was compared with the English version of MES and the required adjustments were made with the guide of English preparatory teachers who made the first translation. Final statements were placed on a seven-point Likert-type scale and placed after each vignette used in the final questionnaire.

15-itemed MES was followed by 5 additional statements that is not included in the original instrument. Thus in the proposed study, respondents were also asked to evaluate the act in the vignettes:

- a. from their *own* perspective,
- b. from the perspectives of *significant others* who are listed as “peers”, “mother” and “father”,
- c. as either *ethical* or *unethical*,

on a seven point Likert type scale. An example of the final questionnaire used in the study can be seen in Appendix B.

5.3 Results

The data of the study was analyzed by Statistical Program for Social Sciences (SPSS)-21. Descriptive statistics, factor, ANOVA and correlation analysis were performed. *Descriptive* statistics were used to define sample’s characteristics, while *factor* analysis was operated to identify the dimensions of MES and explore the ethical evaluative philosophy used by Turkish Managers during decision making when they are faced with an ethical dilemma. In order to comprehend the strength and direction of the relation between variables like significant others (peer, mother, father), self-act and justification of act as either ethical or unethical, correlation analysis were performed. Finally, two-way between groups analysis of variance was preferred, in order to figure out the discrete and joint effect of independent variables on a dependent variable.

In ANOVA analysis effects of demographics such as age, gender, tenure and education on the ethical evaluative criteria of managers (relativism, utilitarian and deontology) was tested statistically. The following paragraphs are presenting the results of statistical analysis performed to identify the major ethical evaluative criteria used by Turkish managers during their ethical decisions, and detailing the effects of various variables such as significant others and demographics on those evaluative criteria.

In order to explore factor structure of the sample, hence to discover the ethical evaluative criteria used by Turkish managers while solving the business based ethical dilemmas *factor analysis* was performed. Factor analysis is a statistical technique that reduce the data into smaller sets of factors according to the inter-correlations between sets of variables (Gorsuch,1983). KMO measures of sampling adequacy and Bartlett' Tests of Sphericity were run to assess the factorability of MES used in the study. Results showed that the scale was suitable for factor analysis (KMO: .878, Bartlett: 1627,8 $p=.00$). Following this, the 15 itemed MES was factor analyzed. *Generalized Least Squares* extraction method (Jöreskog and Goldberger, 1972) was used to utilize the factor distribution of MES as it yielded the best factor structure with high reliabilities. Results indicated that 11 out of 15 items were distributed to 3 meaningful factors namely, *relativism* ($\alpha=.91$), *utilitarian* ($\alpha=.84$), and *deontology* ($\alpha=.79$). **Table 5.5** represented item loadings for each factor.

TABLE 5.5 FACTORS AND ITEM LOADINGS OF MES

	Relativism ($\alpha=.91$)	Utilitarian ($\alpha=.84$)	Deontology ($\alpha=.79$)
Culturally Acceptable / Unacceptable	,847		
Individually Acceptable/Unacceptable	,566		
Traditionally Acceptable/Unacceptable	,900		
Acceptable/Unacceptable to my family	,723		
Just /Unjust		,611	
Self-Sacrificing/Not Self-Sacrificing		,430	
Produces the greatest/least utility		,582	
Maximizes/Minimizes benefit while Minimizes/Maximizes harm		,588	
Leads to the greatest / least good for the greatest number		,521	
Violates/ Does not violate an unwritten contract			,703
Violates / Does not violates an unspoken promise			,883

**Factor Loadings less than .300 are not shown in the table.*

Factor distribution of the sample indicated that Turkish managers rely heavily on three main ethical theories while they face an ethically questionable situation in their daily business activities. These are relativism, utilitarian and deontological approaches. Although the managers in Turkey depend on universal rules of business ethics in their final decisions they could not ignore the cultural aspects, personal values, traditions and benefit of the whole society. Addressing reversely shows

that, acting according to culturally acceptable values and believing that it is their duty to act ethically on the light of legitimate rules, will bring the maximum benefit/utility to the society. The descriptive distribution of the factors in **Table 5.6** utilizes that they do not prefer one perspective to another, rather they are thinking multi-dimensionally to decide about an ethical dilemma. In fact this nature of the sample emphasizes the importance of evaluating the “ethical decision making process” of managers from a multidimensional perspective instead of measuring with a uni-dimensional tool such as asking “Do you think it is ethical/unethical?”

TABLE 5.6 DESCRIPTIVE STATISTICS FOR THE FACTORS OF MES

	N	Possible Range	Mean	Std Deviation
Deontology	200	1-7	4,524	1,243
Utilitarian	200	1-7	4,254	1,00
Relativism	200	1-7	4,195	1,12

As stated in the measures section above, in the first part of the study six vignettes were developed and each was used with a combination of three in the final questionnaires. In order to anchor whether each vignette is factorized similar to the main factor distribution of the sample or not, particular factor analyses were utilized. Identical with the main study, *Generalized Least Squares* extraction method and varimax rotation was

used to formulate the factor distribution of MES for each vignette. Addition to this each KMO measures of sampling adequacy and Bartlett' Tests of Sphericity were run for MES's of each vignette to evaluate the factorability of the scales. The results showed that all scales are suitable for factor analysis that can be seen from **Table 5.7**

TABLE 5.7 RESULTS OF KMO and BARTLETT's TEST FOR "6" VIGNETTES

		Vignettes of the Study					
		1	2	3	4	5	6
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.*		,773	.806	.772	.852	.729	.860
Bartlett's Test of Sphericity	Approx. Chi-Square	546,109	673,416	656,561	831,745	730,796	1097,316
	df	105	105	105	105	105	105
	Sig.	,000	,000	,000	,000	,000	,000

* Results showed that the scale was suitable for factor analysis as all KMO are "> .6" and "p <.05".

The results of the analysis showed that the factor distribution of vignettes²¹ 1 and 6 was identical (same items loaded under same factors) with factor distribution of the whole sample. Thus the emerged factors are *relativism* ($\alpha_{v1}=.88$ and $\alpha_{v6}=.85$), *utilitarian* ($\alpha_{v1}=.75$ and $\alpha_{v6}=.81$), and *deontology* ($\alpha_{v1}=.71$ and $\alpha_{v6}=.93$).

MES items of vignettes 3 and 4 are distributed meaningfully under 2 factors as *relativism* ($\alpha_{v3}=.91$ and $\alpha_{v4}=.77$) and *utilitarian* ($\alpha_{v3}=.91$ and $\alpha_{v4}=.80$). The factors in vignettes 3 and 4 are holding the same items like the factors in the overall study with a footing difference. Thus for each vignettes (3 and 4) the utilitarian factors consists of 4 items instead of 5 leaving one-each out of factors.

Finally for vignettes 2 and 5 items of MES were loaded under 3 factors as *relativism* ($\alpha_{v2}=.85$ and $\alpha_{v5}=.92$), *utilitarian* ($\alpha_{v2}=.80$ and $\alpha_{v5}=.81$), and *deontology* ($\alpha_{v2}=.80$ and $\alpha_{v5}=.89$) in both vignettes the items loaded to factors relativism and deontology is identical with the whole sample of the study. However for utilitarian factors; in vignette 2, one item and in vignette 5 two items were left out the factors. The remaining four and three items of utilitarian factors in vignettes 2 and 5 simultaneously, are same with the items of the entire sample. The results presented in **Tables 5.8-9-10** simultaneously.

²¹ The number of vignettes from 1-6 are corresponding to the ones listed in Appendix A "Vignettes of the Study". Numbering for vignettes did not given according any special category or classification.

TABLE 5.8 FACTORS AND ITEM LOADINGS OF VIGNETTE 1 AND 6

	Vignette 1			Vignette 6		
	Relativism $\alpha = .88$	Utilitarian $\alpha = .75$	Deontology $\alpha = .71$	Relativism $\alpha = .85$	Utilitarian $A = .81$	Deontology $\alpha = .93$
Culturally Acceptable / Unacceptable	,776			.992		
Individually Acceptable/Unacceptable	,649			.307		
Traditionally Acceptable/Unacceptable	,929			.819		
Acceptable/Unacceptable to my family	,711			.473		
Just /Unjust		,408			.604	
Self-Sacrificing/Not Self-Sacrificing		,304			.417	
Produces the greatest/least utility		,570			.700	
Maximizes/Minimizes benefit while Minimizes/Maximizes harm		,560			.635	
Leads to the greatest / least good for the greatest number		,894			.724	
Violates/ Does not violate an unwritten contract			,897			,902
Violates / Does not violates an unspoken promise			,614			,947

TABLE 5.9 FACTORS AND ITEM LOADINGS OF VIGNETTE 2 AND 5

	Vignette 2			Vignette 5		
	Relativism $\alpha = .85$	Utilitarian $\alpha = .80$	Deontology $\alpha = .80$	Relativism $\alpha = .92$	Utilitarian $\alpha = .81$	Deontology $\alpha = .89$
Culturally Acceptable / Unacceptable	,872			,726		
Individually Acceptable/Unacceptable	,475			,840		
Traditionally Acceptable/Unacceptable	,719			,901		
Acceptable/Unacceptable to my family	,583			,916		
Just /Unjust						
Self-Sacrificing/Not Self-Sacrificing		,434				
Produces the greatest/least utility		,733			,706	
Maximizes/Minimizes benefit while Minimizes/Maximizes harm		,575			,970	
Leads to the greatest / least good for the greatest number		,669			,612	
Violates/ Does not violate an unwritten contract			,677			,988
Violates / Does not violates an unspoken promise			,994			,729

TABLE 5.10 FACTORS AND ITEM LOADINGS OF VIGNETTE 3 AND 4

	Vignette 3		Vignette 4	
	Relativism $\alpha = .91$	Utilitarian $\alpha = .77$	Relativism $\alpha = .91$	Utilitarian $\alpha = .80$
Culturally Acceptable / Unacceptable	,791		.890	
Individually Acceptable/Unacceptable	,622		.513	
Traditionally Acceptable/Unacceptable	,927		.884	
Acceptable/Unacceptable to my family	,951		.566	
Just /Unjust		,395		.340
Self-Sacrificing/Not Self-Sacrificing				.857
Produces the greatest/least utility		,783		
Maximizes/Minimizes benefit while Minimizes/Maximizes harm		,664		.414
Leads to the greatest / least good for the greatest number		,735		.556
Violates/ Does not violate an unwritten contract				
Violates / Does not violates an unspoken promise				

The descriptive distribution of the factors of 6 vignettes used in the questioners is summarized in **Table 5.11**. The means of factors showed that respondents do not prefer one ethical evaluative criteria to another, rather they are thinking from multi-dimensional perspective when they are faced with an ethical dilemma. This results of descriptive for each vignettes showed conformity with the descriptive of general factor structure of the sample.

TABLE 5.11 DESCRIPTIVE STATISTICS FOR THE FACTORS OF MES FOR EACH VIGNETTE USED IN THE STUDY

Vignettes	Factors	n	Possible Range	Mean	Std Deviation
1	<i>Relativism</i>	94	1-7	3.229	1.750
	<i>Utilitarian</i>	94	1-7	3.881	1.446
	<i>Deontology</i>	94	1-7	4.830	1.880
2	Relativism	97	1-7	5.070	1.585
	Utilitarian	97	1-7	4.456	1.617
	Deontology	97	1-7	5.180	1.750
3	<i>Relativism</i>	93	1-7	5.933	1.550
	<i>Utilitarian</i>	93	1-7	5.565	1.382
4	Relativism	107	1-7	5.563	1.789
	Utilitarian	107	1-7	5.724	1.364
5	<i>Relativism</i>	100	1-7	2.567	1.683
	<i>Utilitarian</i>	100	1-7	3.430	1.706
	<i>Deontology</i>	100	1-7	2.645	1.875
6	Relativism	109	1-7	2.919	1.635
	Utilitarian	109	1-7	3.305	1.563
	Deontology	109	1-7	3.269	2.200

The relationship between the “evaluation of the act in the vignettes as ethical or unethical”, “evaluation of the acts of significant others” and the “evaluation of the act of self” was investigated using Pearson product-moment correlation coefficient. There was a strong positive relation between the variables which can be seen in **Table 5.12**. Thus when the participants evaluate the action in the vignettes as “ethical” they also stated that they would make the same decision with the hypothetical managers in the text. Addition to this, they also stated that if the actions in the vignettes are perceived to be ethical, their close friends at work, mothers and fathers would act in the same with the decision maker in the given vignettes. In short, the participants of the study said that when the action in the vignettes are ethical both themselves and their significant others would act in accordance with the decision given in the hypothetical stories and vice versa. Moreover the results of Pearson product moment correlation for the analyzed variables indicated that from the perception of our participants, everybody around their inner circle and their selves are acting in accordance when they faced with an ethical dilemma.

TABLE 5.12 CORRELATION BETWEEN VARIABLES NAMED AS THE ETHICAL JUDGEMENT OF THE ACT IN THE VIGNETTES, SIGNIFICANT OTHERS AND SELF ACT

	Means	SD	1	2	3	4	5
1. Self act	4.195	1.365	1				
2. Peer Act	3.902	1.263	.801**	1			
3. Mother Act	4.288	1.359	.791**	.665**	1		
4. Father Act	4.300	1.322	.770**	.672**	.903**	1	
5. Ethical/Unethical	4.450	1.396	.788**	.678**	.708**	.701**	1

**Correlation is significant at the 0.01 level (2-tailed)

Series of statistical analysis were performed in order to explore the impact of demographics on levels of three main factors obtained as a result of factor analysis. Subjects of the study were divided into groups according to their age (Group 1: 25-34, Group 2: 35-44 and Group 3: 45 and above), level of education (Group 1: Higher Education, Group 2: University, Group 3: Master and Group 4: Doctoral Degree) and tenure (Group 1: less than 1 year, Group 2: 1-5 years, Group 3: 6-10 years, Group 4: 11-15 years and Group 5: 16 years and above). Two way means between groups analysis of variance was preferred as it allows the researcher to look at the individual and joint effect of independent variables on a dependent variable. 9 sets of two-way between groups analysis of variance was conducted to explore the impact of:

1. Gender and Age on the levels of relativism,
2. Gender and Age on the levels of utilitarian,
3. Gender and Age on the levels of deontology,
4. Gender and Education on the levels of relativism,
5. Gender and Education on the levels of utilitarian,
6. Gender and Education on the levels of deontology
7. Gender and Tenure on the levels of relativism,
8. Gender and Tenure on the levels of utilitarian,
9. Gender and Tenure on the levels of deontology,

The results of analysis for group 1 showed that there was a statistically significant main effect of *age* ($F(2,180)=3,44$; $p=0.034$) on *relativism*. However the effect size was small to moderate ($\eta^2 = 0.04$). Tukey HSD tests were used for Post Hoc comparison of mean of age groups and the results investigated that the age group 25-34 ($M=3.8$, $SD=1.08$) was significantly different than the age group 35-44 ($M=4.3$, $SD=1.12$) while the age group 45 and above ($M=4.3$, $SD=1.04$) did not differ significantly from other two groups. When the main effect for *gender* is investigated it was seen that there was not any main effect of gender ($F(1,180)=0.099$, $p=.753$) on *relativism*. Therefore the interaction effect for gender ($F(2, 180)=.285$, $p=.753$) on age reached to a *no* significant statistical meaning. The analysis for group 2 yielded very similar results with

group 1. Thus again it was investigated that *gender* has no main significant effect on *utilitarian* levels of respondents hence the interaction effect of gender ($F(2,180)=.549$, $p=.578$) yield to a no statistical significance. However, *age* ($F(2,180)=4,443$, $p=.013$) has a significant main effect on utilitarian levels of respondents. This time eta squared 0.05 indicates a moderate to strong level of effect on *utilitarian* levels. Like in first group of analysis, age group 25-34 ($M=3.8$, $SD=1.06$) was significantly different than the age group 35-44 ($M=4.3$, $SD=1.01$) while the age group 45 and above ($M=4.3$, $SD=1.01$) did not differ significantly from other two groups according to their levels of utilitarian. For the third group of analysis results investigated that there was neither significant main effect for *age and gender*, nor an interaction effect of gender on levels of *deontological* perspective to ethical decision making among respondents.

Again for the fourth and sixth two-way between groups analysis indicated that *gender and education* had no significant effect on *relativism* and *deontological* levels of the sample. However in the following fifth analysis, *education* ($F(3,192)=3.768$, $p=.012$) was found to have a significant main effect while *gender* ($F(1,192)=.504$, $p=.479$) have no significant main or interaction effect on *utilitarian* level. The effect size was moderate (eta squared =0.06). The utilitarian levels of doctoral degree ($M=5.24$, $SD=.64$) holders differ

significantly from the respondents who had a university(M=4.22, SD=1.024) or master degree.

The analysis for groups 7, 8 and 9 indicated that *gender and tenure* had no significant effect on *relativism, utilitarian* and *deontological levels* of the sample.

CHAPTER 6

DISCUSSION

6.1 Discussion of the Results

The aim of the study was to examine the ethical evaluation criteria of Turkish managers when they encounter an ethical dilemma in their daily business activities. The main argument of the study was that Turkish managers will use one or more of the ethical theories – deontology, teleology (utilitarian and egoism), justice and relativism- for judging the ethical issues in any ethical decision they are faced with.

The results of the study supported the principal argument of the study as they showed that, three main theories of ethics are

dominating the ethical judgments of Turkish managers. Thus the managers use relativist, utilitarian (teleology) and deontological perspective in judging the ethical dilemmas. The factor descriptive showed that none of these ethical theories had an out-weighting privilege over each other rather all three had similar means (please see Table 5-5). Nevertheless, if a priority selection was necessarily made, deontology (with a mean of 4.525) had been used more than relativism (with a mean of 4.1959), and utilitarian (with a mean of 4.254).

In brief, the study says that Turkish managers use a combination of three ethical perspectives in their ethical decision making process. However, the factor distribution showed that only relativism holds “pure” relativist items. The statistical analysis also indicated that item which represented “obligation” did not load in any of the factors. Therefore, only two items were grouped under deontology factor as: “Violates/ Does not violate an unwritten contract”, and “Violates / Does not violates an unspoken promise”. Finally, utilitarian factor reflected a combination justice, egoism, and utilitarian statements. This is most probably because “being just” and “self-sacrificing” were perceived as positive individual behaviors that contribute to the well-being of stakeholders. This shows us that universal definitions made for words, and listed in glossaries are the

visible parts of the iceberg. The real meaning of various words—especially the ones that hold subjective contexts such as emotions—lies in the significance that individuals attached to them in accordance with their norms, values, cultural aspects, cognitive development, organizational, and social environment.

The respondents were given 15 items to evaluate the act in the vignette. The factor distribution showed that these items were judged from a different perspective by managers in Turkey that reflected on the final factor structure of the study. Thus all these items were dissolved in the minds of respondents and 11 items were distributed to 3 different factors. Apart from 4 items loaded in factor 1 which is named relativism like in the original scale, the rest 7 items were distributed under 2 factors which are different than the original item distribution of MES. “Justice” and “egoism” does not perceive as different “perspectives” by the respondents rather they are defined as principles which maximize the benefit of society in ethical decision making process. Justice perceived as a problematic and scare aspect in Turkey. So, it became critical for maximizing the benefit of stakeholders by maintaining the justice. Managers believe that acting fair in case of ethical dilemmas will increase the prosperity levels of the individuals affected from the decision. Moreover there is a “sacrificing credence” among individuals in Turkey. Thus parents

sacrifice their selves for the well-being of their children; teachers sacrifice their lives and comfort to teach under improper conditions; employees work for lower returns for the efficiency of the organizations and government and so on. This belief also reflected on the factor distribution of MES among managers from Turkey. The respondents judge the acts of the managers in the vignettes as either self-sacrificing or not during the process of ethical decision making. And a sacrificing manager was not evaluated from an egoist perspective rather it is believed that this feature serves for the well-being of the society.

Finally, acting according to u written contracts and unspoken promises were the other approaches that managers used during the evaluation of ethical issues. Following the items of unwritten contracts is important in an environment where employees feel high uncertainty due to both internal and external factors. Thus the economic and political instability in Turkey reflected on the managerial structures of most organization as uncertainty. In Turkey, an employee - regardless of her position- may find herself fired off when she came to work in an ordinary working day. Therefore acting according to contracts became very important for managers especially during the ethical decision making. There are also “unspoken promises” between managers and employees which in

fact refers to the psychological contracts that we all sign during the entrance of an organization. These promises get stronger and irrevocable as the time spent in the organization increases. As a result following an unspoken promise became the vital element of ethical decision making on the eye of managers. Again in Turkey managers saw themselves as the advocates and defenders of their team against the upper management. Therefore following an unspoken promise during the evaluation of an ethical decision making is a critical factor for the respondents. In line with these discussions-following the rules of a written contract for stable organizations and fulfilling an unspoken promise with a psychological drive- were preferred more than other 9 items in evaluating the ethical judgments according to the results of the statistics (deontology with a mean of 4.525).

Moreover discrete factor analysis made for 6 vignettes used in the study showed that, trilogy of relativism, utilitarian and deontology were repeated in 4 of 6 vignettes. The descriptive analysis for each vignette revealed that for 2 of 4 vignettes, deontological perspective had superiority over relativism, and utilitarian theories of ethics. However for the other 2 vignettes, it did not show any significance over relativism and utilitarian. For the remaining 2 vignettes, the results showed that managers used both

utilitarian, and relativism in their ethical judgments when they are faced with an ethical dilemma (please see Tables 5.7-8-9-10 and 11).

The results of Pearson product moment correlation indicated that when the action of hypothetical decision makers in the vignettes were perceived to be ethical, it was shown that the respondents of the study also act in the same way. Further, the respondents who perceived the act in the vignettes as “ethical” and reported that “I would do the same” also specified that, their significant others including peers, mother, and father would act in the same with the hypothetical decision makers in the vignettes.

Finally, the results of two way analysis of variance between groups indicated that “gender” and “tenure” had no significant effect as either main or interaction variables, on any of the ethical theories used by the respondents of the study. However, age had a significant main effect on both relativism and utilitarian. Thus, younger managers found the acts in the vignettes more utilitarian and culturally acceptable than the older managers. Addition to this, as the education level of the respondents improved, they perceived that the hypothetical managers in the vignettes acted for the maximum benefit of limited number of stakeholders in the defined situations. In other words, the respondents with a master and doctoral degree perceived

that the acts in the vignettes “lead to the least good for greatest number of stakeholders”.

The statistical analysis of the study presented both similarities and differences, for Turkish managers, with the literature of business ethics, which is dominated by the Western studies with the English spoken Christian samples. One group of study indicated that decision makers do not use a single ethical perspective in their ethical judgments (Fosyth, 1980; Hunt and Vitell, 1986) , while on the other hand, other group of studies found that there is one dominant ethical theory used during the judgment of ethical issues (Zgheib, 2005; Smith, Simpson and Huang, 2007; Tanner, Medin and Iliev, 2008; Rallapalli, Vitell and Barnes, 1998). The result of the study overlaps with the first group of studies. Thus, Turkish managers use relativism, utilitarian and deontology in evaluating the ethical issues in any given ethical dilemma, and neither of these theories had a significant superiority over others. The results of current study revealed a similarity with Ergeneli and Arıkan’s (2002) study who tested the perception of “the act of significant others” with a Turkish sample. Both the current study and Ergeneli and Arıkan’s (2002) reported that, their peers would act in the same way as they do, in evaluating the ethical issue in the ethical dilemmas. Finally, gender was found to have no significant effect on either the selection of

ethical theories, or the perception of the action as ethical/unethical. These results of the study showed similar results with some of the studies in the literature (Ergeneli and Arıkan, 2002; Razzaque and Hwee, 2002). Studies indicated that the level of education and age had a significant effect on the evaluation of vignettes as either ethical or unethical (Peterson, Rhoad and Vaught, 2001;Razzaque and Hwee, 2002). However the findings of the current study revealed that, Turkish managers differed between age and education, only in evaluating the action in the proposed vignettes according to the ethical theories. Thus their age and level of education did not have any significant effect on the perception of the act as either ethical, or unethical.

6.2 Managerial Implications

The process of decision making is restricted by the inadequate resources such as limited information, an adequate level of cognitive development, and limited amount of time. Thus with his/her “bounded rationality”, a decision maker is a satisfier who seeks for the maximum benefit with these limited resources. Although majority of ethical dilemmas have two alternatives to select from, decision makers may develop various number of alternatives to justify each alternative in accordance with the bounded rationality.

Thus the moral intensity imposed to the ethical issue, situation, individual and organizational factors, opportunity, preferred ethical theory, stakeholders and significant others involved in the decision making process may guide individuals in decision making. However knowing all the rules, codes of ethics, cultural aspects, perception of stakeholders, dynamics of external and internal environment does not mean that individuals will always choose the right course of action in any ethical dilemma. In fact the use of words such as “right”, “ethical”, or/and “moral” sense a bit pointless when the process of decision making holds an ethical issue. Thus, according to whose rights, ethics, or moral does a decision agent behave? Do his actions mutually exclusive from the situation, organization, or/and self?

The results of the current study, the examples about actions of a rational decision maker, and the review of business ethics literature show that the answer to those questions is “No”. In some cases, the traditional “truth” such as “do not steal” may turn to a “survivor” for the sustainability of the organizations. On the other hand, knowing the rules of basketball and having the talent to play, does not always mean that you can predict the results of each game, because there are various independent factors apart from your high accomplishment in the play. Although knowing the rules, and having

the talent to do, will ease your jobs, unfortunately, they will not make you to win the game each time.

At his juncture, the study argues that knowing the ethical theories used by decision makers during the process of *ethical decision making* is a good point to start for an ethical business environment. In order to develop “healthy organizations”-where the maximum benefit and minimum harm for stakeholders is targeted- it is vital to know the logic of ethical decision making. One can argue that, managing the logic of individuals is the toughest thing to do. However, current study did not focus on managing the minds of decision makers rather it aimed to present the actual state in organizations. I assume that when the top management knows the “logic” of ethical judgment among their team of decision makers, they may better understand, and lead their decisions for the best interest of their organizations. In my opinion, the logic lies behind the normative theories of ethics. Thus understanding the theories of ethics used during ethical decision making may give us various clues about the factors of ethical decision making. For instance, if the results showed that Turkish managers judge each ethical dilemma with a “pure” deontological perspective, I would have suggested that develop code of ethics that put rules and regulations, and pay

attention to employ managers whom are normative, less flexible, and unluckily less creative.

Although the normative theorists used definite examples reflecting the struggle between different ethical theories, ethical dilemmas in real business environment, are not as clear as they argued. The stories obtained from the focus groups and the vignettes presented in the business ethics literature showed that the “ethical nature of dilemmas” is very flexible. The people involved in the vignettes, place and time the situation occurred, experience of moral agents that evaluate the ethical issue, and many other reasons may affect the behavior of the decision makers. Moreover, the same decision agent may follow different clues of cultural norms, organizational rules or personal demands, in judging the ethical issues under various conditions. Thus, two times two is rarely four when the dilemmas hold an ethical issue in it.

This nature of ethical dilemmas turned the process of ethical judgment into a dilemma with different alternatives that benefit/harm the stakeholders as a result of selecting one, over another. So, “How can we judge an alternative course of action as either ethical or unethical?”, “Can we create organizations where there are “strict codes” for each ethical dilemma indicting the right course of action?”.

The answer is unfortunately “No”. This is in a fact why, the outstanding members of the society involved in unethical behaviors, and the corporate ethical scandals directed by their actions have been the starting point for the discussion of “ethical decision making” in the literature. When the subject is individual none of the normative theories of ethics such as justice, relativism, deontology, and teleology is able to create organization where there is an unquestioned “ethical environment”.

Managers are holding the responsibility of choosing only “one” act to do for the very best of stakeholders. This complex nature of “ethical dilemmas” reflected on the ethical theory usage of Turkish managers. Thus instead of judging the action from a certain perspective, they preferred to evaluate the situation from 3 different perspective as relativism, utilitarian and deontology. Moreover, except the factor of relativism neither of the remaining two factors reflected a pure approach of deontology or utilitarianism. This showed that both the factor structure of MES, and the meanings imposed to statements such as “justice” and “self-sacrificing” may differ among different cultural settings. These results also supported the arguments of scholars who developed theories for “ethical decision making”, but eagerly hesitated to claim that following any of these theories will help decision maker to select the best alternative.

Rather, they let the readers to see the process of EDM from different perspectives, and aim to help the organization to visualize the whole picture of ethical decision making. Moreover, the combination of blended ethical theories used by managers indicated that neither of these theories is mutually exclusive.

Robertson and Fadil (1999) had proposed that managers from collectivist cultures are more prone to follow the theory of utilitarianism in their ethical decision making. They also added that empirical test of their proposition might help multidimensional in understanding the different perspective of managers from various cultures. This study also argues that not only multinationals but also local managers might benefit from a study like this as above mentioned reasons. The statistical analysis showed that Robertson and Fadil (1999) proposition is valid for Turkey who is defined as a collectivist culture by Hofstede (Nakata, 2009). In a collectivist culture, where being “we”, and involving in “in-groups” such as families, friendships, teams, and organizations are important aspects of living together, the use of utilitarian perspective for maximizing the benefit of overall stakeholders is not a surprising outcome. This study also stated that, being self-sacrificing, and just are other dimensions of maximizing overall wealth of society. Together with the utilitarian items, these two statements indicated a “caring” environment where

the justice and individual devotion is used for maximizing the benefit of stakeholders. The tendency of Turkish respondents toward self – sacrificing is also outshine in the study of Sims and Gegez (2004). The result showed that self-sacrificing is not a corrupted behavior. The selection of relativism for ethical judgments is also a reflection of the collectivist nature of our culture. As being a member of a collectivist culture, managers rely heavily on the traditions, cultural values and the perception of significant others such as family members. This nature of our culture defined as being friendship oriented, beneficence, filial piety and non-maleficence by French and Weiss (2000:132). Another outcome of a collectivist culture is the “loyalty” among members of different groups. This nature of our culture is reflected on the evaluation of the behavior of significant others in my sample. Thus the respondents indicated that their peers, mothers, and father would act in the same as they do, and significant others are as ethical as themselves. Sims and Gegez (2004) also indicated that Turkish respondents believed that acting in accordance with law will prevent any immoral actions to a certain degree. The emergence of deontology as a factor indicated the rule orientation of Turkish managers. Hofstede (1980;1984) claimed that in cultures where the uncertainty avoidance is very high like Turkey, individuals are the keen defenders of laws and regulation with a motive of a more stable future. In line with this argument the need of more

stable, universal, and certain organizational and social environment triggered managers in using the theory of deontology for their ethical judgments.

In the light of the results figured in Chapter 5 and discussed profoundly above, it can be argued that Turkish organizations should develop an organizational climate where:

“The cultural, traditional, and familial values are supported, the perceptions of co-workers are considered, maximizing the benefit of stakeholders comes forward, and major ethical codes are set to guide the ethical decision making of employees.”

A synthesis of an organizational culture stated above is not an easy construction to build. However, once managed to establish, it seems to comfort Turkish managers in their ethical judgments.

In order to create an environment like this, the first step may be the development of universally acceptable ethical codes. These codes can be exemplified as:

- In order increase accountability organizational actions, decisions and plans need to be documented properly,

- Employees should avoid actions that may create “conflict of interest” such as nepotism, and use of organizational resources for their own wills,
- Organizational resources supported for the use of daily business activities need to be used only within business limits,
- The relation between customers and suppliers need to be accurate, consistent, and reliable. Employees should avoid any action that may cause misunderstanding such as accepting gifts from suppliers.
- Each employee is responsible for the protection of organizational information including financial accounts, patents, innovations, consumer, and supplier documents,
- Employees should respect to each other and avoid any action that may cause discomfort for any stakeholder,
- All employees should avoid any kind of mobbing behavior that may damage the organizational environment,

There is no doubt these are only some general examples. Each bullet may be detailed by pages and various additional bullets may be added according to industry. For organizations whose managers prefer deontology in “ethical decision making” would benefit from such rules, because these codes will help managers in justifying some of their ethical judgments.

Organizations must let their employees to be aware of the meaning of “business ethics”, and “ethical theories of decision making”. Therefore they should organize training programs. These training programs need to be given to each employee in the organization regardless of the position. By this way, both general business ethics principles, and specific organizational ethical codes can be imposed to team members.

Apart from traditional “ethics programs” organizations should develop meetings during which the experienced ethical dilemmas are discussed. Monthly meetings, which are organized with managers, can be opened with a real life ethical dilemma, and chairman may trigger the participants to discuss the ethical issue presented. During these “*ethical brainstorming’s*” managers from different departments, ages, and levels will have the chance to both critique, and understand the decision making process of one another. These meetings may help to create a “collective mind” toward ethical dilemmas, and help moral agents to picture their lapses, and trues. The notes taken during these meetings must be kept and served as a reference book when necessary. These meetings must be arranged with the full participation of the top management team including members of the board of directors. In this way, top managers will

understand the major ethical dilemmas experienced within the organization, and may take preventing actions. Moreover, these meetings may help managers to determine ethical codes that have been overlooked. Finally, these meetings will help the members to understand the meaning of justice in their organization, the level self-sacrificing that is accepted from them, and how the maximum benefit will be distributed among stakeholders. Thus, including phrases such as: “Be just and self-sacrificing in your decision”, and “Always create maximum benefit for the maximum number of stakeholders”, in the list of ethical codes will emerge the question of “according to whom?” because these are very subjective terms. A collective notion and level for those kinds of slippery terms can only be obtained through long discussions, and by mutual understanding. Thus, during these meetings managers will hear the ideas of others against the ethical issue, and lead his/her own ethical judgments in accordance with the others. For instance, let’s assume that in one of those “ethical brainstorming” meeting participants are discussing the action of manager X which is listed in Vignette 1 in “Appendix A”. While 50 percent of the participant think that the action is “ethical”, the rest believe that it is object to rules and “unethical”. At this point, both parties will try to persuade each other and the winners will direct the future actions in similar situations. However, at this point the ethical perception of top management is very important. Their perception of

the act of Manager X as either ethical or unethical will be the main landmarks of the “ethical environment” in the organizations. This is most probably because managers will hesitate to act against the top management for some reasons such as punishments, respect to authority, and fear of losing the actual position. Therefore, top management team must be very careful and consistent with their channelings in these meetings.

Moreover, both formal and informal “whistleblowing” need to be encouraged in the organizations. Turkish managers said that “their peers would do the same as they do” against the ethical dilemmas. So, how the top management will decide the right course of action if everybody is acting in a great harmony and believe in each other? In order to understand what is going around the organization top management should develop a system where employees may judge the ethical behaviors of each-others. The best way of doing this seemed to apply a “360 degree” performance appraisal where each employee has the chance to evaluate actions of others. These appraisal forms may be enriched with questions such as “Please briefly explain the behavior of your peer, subordinate, or/and supervisor in a situation (if any) that holds an ethical issue in it”. By this way the reviewers of these forms will both understand the “meaning” of an ethical issue for their employees,

and also capture any harmful action against the benefit of the company. Any informal whistleblowing such as direct complaints via verbal and non-verbal channels such as mailing can be encouraged. However managers must be very careful in developing an informal system like this, and hold the flexibility of it at the most manageable level.

6.3 Limitations and Recommendations for the Future Research

The initial limitation of the study is the use of vignettes. The vignettes used in the study were developed in accordance with the real business “ethical dilemmas” obtained from the focus groups. Therefore, all the vignettes reflected a real business event from Turkish settings. Regardless of the nature of the vignettes, one can still argue that these are all hypothetical situation, respondents may behave stricter or smoother than real life in evaluating the act than they should behave in their real business environment. Therefore, I suggest a qualitative research with in-depth interviews, during which participants encourage to share the ethical dilemmas they experienced with their own words. The transcribed interviews will be coded into various sections, and the results will be evaluated according the context of the ethical theories. This method may also

help the researchers to investigate whether ethical theories are mutually exclusive or not.

The second limitation of the study is the sample size and content. The sample size was not very large because of limiting the sample with only middle and top level decision makers. Due to the heavy work load of the targeted respondents I had some difficulties in withdrawing the completed questionnaires. Secondly due time and financial constraints the sample was chosen from İzmir province. Therefore results reflect the approaches used by managers in and around İzmir. In order to increase the respond rate this study suggests including a ell employees regardless of their position and collecting data from other cities of Turkey such as İstanbul, Ankara, Gaziantep to enrich the sample composition.

Finally, in order not to occupy much time of respondents, this study avoided to include organizational or/and individual variables in the questionnaires. However, as stated in the theoretical background there are various factors that may affect the ethical judgments of individuals. Therefore this study suggests expanding the actual questionnaire with additional scales to measure the perceptions and attitudes of respondents about various factors such as ethical climate, job satisfaction, and self-monitoring.

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APPENDICES

Vignettes developed as a result of “focus groups” and the questionnaire used in the study is demonstrated in this section. Vignettes of the study are shown in Appendix A and the questionnaire in Appendix B.

APPENDIX A: VIGNETTES OF THE STUDY

SENARYO 1

X, uluslararası havayolu firmasında yöneticilik yapmaktadır. **X**' in yanında çalışan **Y** kötü bir iş kazası sonucu hayatını kaybetmiştir. Yasal düzenlemeler gereği, ölen işçinin eşinin ve çocuklarının açtığı tazminat davasında, ödenecek tazminat miktarının düşürülmemesi için, **Y**'nin bu kazada herhangi bir kusurunun olmaması gerekmektedir. Ancak **X**, **Y**'nin kaza günü bulunması gereken bölgenin dışında çalıştığını ve kazada hayatını kaybetmesine bu ihmalin sebep olduğunu fark etmiştir. Olay yerindeki incelemeyi yalnız yapan **X** dışında bu durumu bilen kimse bulunmamaktadır. **X** adliyede verdiği ifadede yaşanan "iş kazasında" **Y**'nin kusurunun olmadığını belirtmiştir. Bu ifade doğrultusunda, hakim, **Y**'nin eşi ve çocuklarına ödenecek tazminat miktarını kusur indirimine tabi tutmamıştır.

Yukarıda ki senaryoda X'in verdiği kararı değerlendirmeniz gerekirse, size göre bu "Karar":

SENARYO 2

"**GDZ**" gıda sektöründe uzun yıllardır faaliyet gösteren bir aile işletmesidir. Ülkede ve sektörde yaşanan olumsuzluklar son yıllarda satışların düşmesine neden olmuştur. Firma yetkilileri satışların hızla düştüğü bu dönemde bile, kimyasal "gıda makyajı" kullanmamaktadır. İmalat sürecinde, ürünlerin görüntüsünü

güzelleştirse de, insan sađlığını tehdit eden bu kimyasalların kullanımı aynı zamanda ürünlerin tadını ve kalitesini de olumsuz yönde etkilemektedir. Ayrıca, 120 yıllık aile şirketinin koruması gereken bir “soy isim” ve gelenekselleşmiş bir lezzet anlayışı bulunmaktadır.

GDZ'nin toplam ihracat rakamının neredeyse %60'ını oluşturan **PİNTA** Gıda ile olan sözleşmesinin yenilenme tarih yaklaşmaktadır. Ancak, **PİNTA** Gıda, markalarının zincir mağazalardaki satışlarının gittikçe düştüğünü, eđer **GDZ** diđer üreticiler gibi görsel açıdan zenginleştirilmiş ürünleri ürün gamına eklememek konusunda ısrarcı olacaksa, yeni dönemde ihracat sözleşmesini yenilemeyi düşünmediklerini açıkça belirtmişlerdir. Sözleşme döneminde toplanan **GDZ** Yönetim Kurulu, başkanlarının isteđi üzerine **PİNTA** Gıda'nın istediđi görsel deđişiklikleri yapmaya karar vermiştir.

Yukarıdaki senaryoda GDZ Yönetim Kurulu'nun verdiđi kararı deđerlendirmeniz gerekirse, size göre bu “Karar”:

SENARYO 3

XYZ'nin çizim ekibi dağılmak üzereydi. Kreatif ekibin yöneticisi 6 ay önce işten ayrılmış ve o günden beri mevcut sözleşmelere ait olan siparişleri yerine getirmek dışında hiçbir yeni model çalışması yapılamamıştı. Tüm rakip firmalar yeni sezon hazırlıklarına başlamış olmalarına rağmen **XYZ** 'nin ekibi henüz yönetim kuruluna bir koleksiyon sunamamıştı.

XYZ' nin kreatif ekibin başına geçmesi için iş teklifinde bulunduğu **Z**, yaklaşık on yıl boyunca pek çok firmanın yaratıcı ekibini yönetmiş, sektörde oldukça tanınan ve başarılı bir yaratıcı direktördür. Ancak 2 yıl önce anne olmuş ve henüz tam zamanlı iş hayatına dönmeye hazır değildir. **XYZ** yönetimi tarafından kendisine yapılan iş teklifini kabul etmesinin tek yolu, kızına yeterli zamanı ayırabileceği, esnek çalışma saatleri ve hatta günleri olan bir iş planıyla mümkün olabilirdi. Oysa **XYZ** Yönetimi, böyle bir planın, özellikle sezon açılışı öncesi olan bu dönemde imkânsız olduğunun farkındaydı. **Z** haftanın 5 günü hatta belki 6 günü işe gelmek zorunda kalacaktı. Ne var ki, bu gerçek onların kurtarıcılarını ellerinden kaçırmaları için bir engel olmamalıydı. Sonuç olarak firma yetkilileri bir anne için oldukça zor olabilecek bu çalışma koşullarını **Z**'den saklamaya karar verdi. Firma yetkilileri, **Z**' nin kızına gereken zamanı ayırabileceği ve haftada 3 gün işe geleceği "sözde" bir çalışma programı hazırladı ve **Z** bu iş teklifini kabul etti.

Yukarıdaki senaryoda XYZ firmasının Z'yi işe alabilmek için yaptıklarını değerlendirmeniz gerekirse, size göre bu "Karar":

SENARYO 4

A, son iki yıldır uluslararası bir inşaat firmasında yönetici olarak çalışıyordu. Çalıştığı firma, **A**'yı sık sık başka şehirlerde devam etmekte olan inşaatları denetlemesi için şehir dışına yolluyordu. Gene bir seyahat dönüşü, **A**'nın uçağı alana indiğinde saat 22:00'ı gösteriyordu. **A** eve geldikten sonra ertesi gün toplantıda tartışacakları raporu düzenleyecek ve sabah mesai saatinin başlangıcında teslim edecekti. **A**'nın çalıştığı firma bu tip iş

seyahatlerinde çalışanlarına iş yerinden uzakta çalıştıkları her 24 saat için harcırah ödemekteydi. **A**, bilgisayarını kapatmadan önce insan kaynaklarına yollayacağı seyahat raporunu düzenledi ve uçağın havaalanına iniş saatini 01:00 olarak belirtti. Böylece, 2 günlük harcırah talep edebilecekti.

Yukarıdaki senaryoda A'nın verdiği kararı değerlendirmeniz gerekirse, size göre bu "Karar":

SENARYO 5

M uluslararası bir denetim firmasının vergi bölümünde yönetici olarak çalışmaktadır. Firma hakkında son zamanlarda basında çıkan olumsuz haberler yüzünden, firma bazı önemli müşterilerini kaybetmiştir. Bu olumsuz gelişmeler üzerine, merkez ofisten yöneticilere gelen uyarıda, şubelerin, mevcut müşteri portföyü ile olan ilişkilerini sağlamaları ve yeni müşteriler eklemeleri istenmiştir. Gene aynı elektronik postada tüm çalışanların maaşlarını aslında "müşterilerinin" ödediği, müşteri kayıplarının, küçülme ve eleman çıkarmaya kadar gidebilecek zor bir sürecin başlangıcı olduğu belirtilmiştir. Bu uyarının üzerinden birkaç gün geçmeden, **M** ve önemli bir müşteri arasında şu olay yaşanmıştır:

LTD Holding, geçen dönem vergi hesaplarını yapan denetim firmasının olumlu görüş bildirdiği bir gider kalemi ile ilgili, **M**'in ekibinin olumsuz görüş bildirdiğini, eğer bu kararlarında ısrarcı olacaklarsa bir sonraki vergi döneminde tekrar eski denetim firmaları ile çalışacaklarını vurgulamışlardır. **M**, ekibinin yazdığı raporu okuduktan sonra, herhangi bir düzeltme yapmanın yanlış olacağına

karar vermiş ve olumsuz görüş içeren raporu imzalayarak gerekli yerlere yollamıştır.

Yukarıdaki senaryoda M 'in verdiği kararı değerlendirmeniz gerekirse, size göre bu “Karar”:

SENARYO 6

K, yaklaşık bir yıldır iş aramaktaydı. Daha önceki işinden aldığı tazminat ve eşinin maaşı ile hem evin masraflarını hem de çocuklarının okul ihtiyaçlarını karşılamak artık neredeyse imkânsız hale gelmişti. Bu günlerde gelen bir telefon tüm aileyi çok mutlu etti. Uluslararası bir baharat firması **K** ile görüşmek istiyordu. Firma **K**'ya üretim alanında görevli olacağını, daha önceki iş deneyimi ve referansları doğrultusunda bu iş için en uygun adayın kendisi olduğunu belirtmişti. Tek engel iş yeri hekiminin vereceği “sağlık raporu”ydu. İş yeri hekimi muayenenin ardından yaptığı rutin testlerde birtakım alerjen bulgulara rastlamış ve raporu “uygundur” diye imzalaması halinde, **K**'nin üretim alanındaki koku ve tozdan olumsuz etkileneceğini tespit etmişti. Ancak muayene sırasında **K** ile aralarında geçen konuşmalarda, **K**'nin bu işe ne kadar çok ihtiyacı olduğunu da anlamıştı. İş yeri hekimi, genel muayenesinde herhangi bir olumsuz bulguya rastlanmadığını ancak rutin testlerde kişinin alerjik bir yapıya sahip olduğunu bunun da ileride **K**'nin sağlığını tehdit edebileceğini vurgulayan bir “sağlık raporu” düzenlemiştir.

Yukarıda “iş yeri hekiminin” verdiği kararı değerlendirmeniz gerekirse, size göre bu “Karar”:

APPENDIX B: QUESTIONNAIRE OF THE STUDY

Sayın Katılımcı,

Elinizdeki soru formu akademik amaçlı olarak kullanılacaktır. Araştırmada önemli olan kişilerin bireysel cevapları değil, örneklemden elde edilecek toplu sonuçlardır. Bu doğrultuda soru formuna adınızı veya kimliğinizi ifade eden herhangi bir şey yazmanıza gerek yoktur. Araştırmaya getirdiğiniz değerli katkılarınız için şimdiden teşekkür ederim.

Arş. Gör. Şebnem Penbek
İzmir Ekonomi Üniversitesi
İşletme Bölümü

Bölüm 1:

Demografik Değişkenler

- 1- Yaşınız:
- 2- Cinsiyetiniz: Kadın Erkek
- 3- Eğitim Durumunuz:
- 4- Bu meslekte ne kadar zamandır
çalışıyorsunuz:.....yıl...ay
- 5- Bu kurumda kaç yıldır çalışıyorsunuz:yıl.....ay
- 6- Bu iş yerindeki departmanınız / göreviniz:
- 7- Bu iş yerindeki pozisyonunuz:
- 8- Hangi sektörde çalışıyorsunuz:

Bölüm 2

Birazdan okuyacağınız senaryolarda, anlatılan durum ile ilgili kişisel görüşleriniz değerlendirilecektir. Anlatılan her durumun(senaryonun) ardından size o durumu (senaryoyu) değerlendireceğiniz 15 adet soru sorulmuştur. Lütfen, senaryolara ilişkin tutumunuzu belirlerken; **iş ve/veya yakın çevrenizden hiç kimse ile kararınızı tartışmayınız ve ideal olanı değil, böyle bir durumla karşılaştığınızda göstereceğiniz gerçek tutum ve davranışı belirtiniz.** Çalışmanın tutarlılığı ve geçerliliği açısından sizin “içten ve gerçekçi” görüşleriniz çok değerlidir. Senaryolarda geçen **X, Y** ve benzeri betimlemeler gerçek kişileri ve kurumları yansıtmaktadır.

Lütfen aşağıdaki senaryoları dikkatlice okuduktan sonra, sizce uygun olan seçeneğe (aşağıdaki örnekte olduğu gibi) işaret koyunuz.

Örnek:

Yukarıdaki senaryo da X'in verdiği kararı değerlendirmeniz gerekirse, Size göre bu “Karar”:

Adildir

<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
-------------------------------------	--------------------------	--------------------------	--------------------------	--------------------------	--------------------------

Adil Değildir

SENARYO 1

X, uluslararası bir havayolu firmasında yöneticilik yapmaktadır. **X**'in yanında çalışan **Y** kötü bir iş kazası sonucu hayatını kaybetmiştir. Yasal düzenlemeler gereği, ölen işçinin eşinin ve çocuklarının açtığı tazminat davasında, ödenecek tazminat miktarının düşürülmemesi için, **Y**'nin bu kazada herhangi bir kusurunun olmaması gerekmektedir. Ancak **X**, **Y**'nin kaza günü bulunması gereken bölgenin dışında çalıştığını ve kazada hayatını kaybetmesine bu ihmalin sebep olduğunu fark etmiştir. Olay yerindeki incelemeyi yalnız yapan **X** dışında bu durumu bilen kimse bulunmamaktadır. **X** adliyede verdiği ifadeye yaşanan "iş kazasında" **Y**'nin kusurunun olmadığını belirtmiştir. Bu ifade doğrultusunda, hakim, **Y**'nin eşi ve çocuklarına ödenecek tazminat miktarını kusur indirimine tabi tutmamıştır.

Yukarıda ki senaryoda X'in verdiği kararı değerlendirmeniz gerekirse, size göre bu "Karar":

Adildir								Adil Değildir
Önyargılıdır								Önyargsızdır
Kültürel açıdan kabul edilebilir								Kültürel açıdan kabul edilemez
Kendi açınızdan kabul edilebilir								Kendi açınızdan kabul edilemez
Örf/Adetler açısından kabul edilebilir								Örf/Adetler açısından kabul edilemez
Aile üyeleriniz tarafından kabul edilebilir								Aile üyeleriniz tarafından kabul edilemez
X 'in kişisel çıkar/faydaları için önemlidir								X 'in kişisel çıkar/faydaları için önemli değildir
Özverili bir karardır								Özverili bir karar değildir
X açısından tatmin edicidir								X açısından tatmin edici değildir
En çok faydayı sağlar								En az faydayı sağlar
Zararı azaltırken, yararı artırır								Zararı arttırırken, yararı azaltır
Çoğunluk için en yüksek								Çoğunluk için en düşük

faydayı sağlar								faydayı sağlar
Yazılı olmayan bir kuralı <u>çığner</u>								Yazılı olmayan bir kuralı <u>çığnemez</u>
Zorunluluktur								Zorunluluk <u>değildir</u>
Dile getirilmemiş bir sözü ihlal <u>eder</u>								Dile getirilmemiş bir sözü ihlal <u>etmez</u>
Böyle bir durumda <u>Yüksektir</u> “ <u>benim</u> ” de aynı şekilde davranma olasılığı								<u>Düşüktür</u>
Böyle bir durumda <u>Yüksektir</u> “ <u>yakın çalışma</u> ” arkadaşlarımla da aynı şekilde davranma olasılığı								<u>Düşüktür</u>
Böyle bir durumda <u>Yüksektir</u> “ <u>annemin</u> ” de aynı şekilde davranma olasılığı								<u>Düşüktür</u>
Böyle bir durumda <u>Yüksektir</u> “ <u>babamın</u> ” da aynı şekilde davranma olasılığı								<u>Düşüktür</u>
X'in verdiği karar <u>Etiktir</u>								<u>Etik Değildir</u>

SENARYO 2

A, son iki yıldır uluslararası bir inşaat firmasında yönetici olarak çalışıyordu. Çalıştığı firma, **A**'yı sık sık başka şehirlerde devam etmekte olan inşaatları denetlemesi için şehir dışına yolluyordu. Gene bir seyahat dönüşü, **A**'nın uçağı alana indiğinde saat 22:00'ı gösteriyordu. **A** eve geldikten sonra ertesi gün toplantıda

tartışacakları raporu düzenleyecek ve sabah mesai saatinin başlangıcında teslim edecekti. **A**'nın çalıştığı firma bu tip iş seyahatlerinde çalışanlarına iş yerinden uzakta çalıştıkları her 24 saat için harcırah ödemekteydi. **A**, bilgisayarını kapatmadan önce insan kaynaklarına yollayacağı seyahat raporunu düzenledi ve uçağın havaalanına iniş saatini 01:00 olarak belirtti. Böylece, 2 günlük harcırah talep edebilecekti.

Yukarıdaki senaryoda A'nın verdiği kararı değerlendirmeniz gerekirse, size göre bu "Karar":

Adildir								Adil Değildir
Önyargılıdır								Önyargsızdır
Kültürel açıdan kabul edilebilir								Kültürel açıdan kabul <u>edilemez</u>
Kendi açınızdan kabul edilebilir								Kendi açınızdan kabul <u>edilemez</u>
Örf/Adetler açısından kabul edilebilir								Örf/Adetler açısından kabul <u>edilemez</u>
Aile üyeleriniz tarafından kabul edilebilir								Aile üyeleriniz tarafından kabul <u>edilemez</u>
A 'nın kişisel çıkar/faydaları için önemlidir								A 'nın kişisel çıkar/faydaları için önemli <u>değildir</u>
Özverili bir karardır								Özverili bir karar <u>değildir</u>
A açısından tatmin edicidir								A açısından tatmin edici <u>değildir</u>
En çok faydayı sağlar								En az faydayı sağlar
Zararı azaltırken, yararı artırır								Zararı artırırken, yararı azaltır
Çoğunluk için <u>en yüksek</u> faydayı sağlar								Çoğunluk için en <u>düşük</u> faydayı sağlar
Yazılı olmayan bir kuralı <u>çığner</u>								Yazılı olmayan bir kuralı <u>çığnemez</u>
Zorunluluktur								Zorunluluk <u>değildir</u>
Dile getirilmemiş bir sözü ihlal <u>eder</u>								Dile getirilmemiş bir sözü ihlal <u>etmez</u>

Böyle bir durumda “ benim ” de aynı şekilde davranma olasılığı	<u>Yüksektir</u>								<u>Düşüktür</u>
Böyle bir durumda “ yakın çalışma ” arkadaşlarımın da aynı şekilde davranma olasılığı	<u>Yüksektir</u>								<u>Düşüktür</u>
Böyle bir durumda “ annemin ” de aynı şekilde davranma olasılığı	<u>Yüksektir</u>								<u>Düşüktür</u>
Böyle bir durumda “ babamın ” da aynı şekilde davranma olasılığı	<u>Yüksektir</u>								<u>Düşüktür</u>
A'nın verdiği karar	<u>Etiktir</u>								<u>Etik Değildir</u>

SENARYO 3

“GDZ” gıda sektöründe uzun yıllardır faaliyet gösteren bir aile işletmesidir. Ülkede ve sektörde yaşanan olumsuzluklar son yıllarda satışların düşmesine neden olmuştur. Firma yetkilileri satışların hızla düştüğü bu dönemde bile, kimyasal “gıda makyajı” kullanmamaktadır. İmalat sürecinde, ürünlerin görüntüsünü güzelleştirse de, insan sağlığını tehdit eden bu kimyasalların kullanımı aynı zamanda ürünlerin tadını ve kalitesini de olumsuz yönde etkilemektedir. Ayrıca, 120 yıllık aile şirketinin koruması gereken bir “soy isim” ve gelenekselleşmiş bir lezzet anlayışı bulunmaktadır.

GDZ'nin toplam ihracat rakamının neredeyse %60'ını oluşturan PINTA Gıda ile olan sözleşmesinin yenilenme tarihi yaklaşmaktadır. Ancak, PINTA Gıda, markalarının zincir mağazalardaki satışlarının gittikçe düştüğünü, eğer **GDZ** diğer üreticiler gibi görsel açıdan zenginleştirilmiş ürünleri ürün gamına eklememek konusunda ısrarcı olacaksa, yeni dönemde ihracat sözleşmesini yenilemeyi düşünmediklerini açıkça belirtmişlerdir. Sözleşme döneminde toplanan **GDZ** Yönetim Kurulu, başkanlarının isteği üzerine PINTA Gıda'nın istediği görsel değişiklikleri yapmaya karar vermiştir.

Yukarıdaki senaryoda GDZ Yönetim Kurulu'nun verdiği kararı değerlendirmeniz gerekirse, size göre bu "Karar":

Adildir								Adil Değildir
Önyargılıdır								Önyargısızdır
Kültürel açıdan kabul edilebilir								Kültürel açıdan kabul edilemez
Kendi açınızdan kabul edilebilir								Kendi açınızdan kabul edilemez
Örf/Adetler açısından kabul edilebilir								Örf/Adetler açısından kabul edilemez
Aile üyeleriniz tarafından kabul edilebilir								Aile üyeleriniz tarafından kabul edilemez
GDZ 'nin kişisel çıkar/faydaları için önemlidir								GDZ 'nin kişisel çıkar/faydaları için önemli değildir
Özverili bir karardır								Özverili bir karar değildir
GDZ açısından tatmin edicidir								GDZ açısından tatmin edici değildir
En çok faydayı sağlar								En az faydayı sağlar
Zararı azaltırken, yararı artırır								Zararı artırırken, yararı azaltır
Çoğunluk için en yüksek faydayı sağlar								Çoğunluk için en düşük faydayı sağlar
Yazılı olmayan bir kuralı çığner								Yazılı olmayan bir

											kuralı <u>çığnemez</u>
Zorunluluktur											Zorunluluk <u>değildir</u>
Dile getirilmemiş bir sözü ihlal eder											Dile getirilmemiş bir sözü ihlal <u>etmez</u>
Böyle bir durumda “ <u>benim</u> ” de aynı şekilde davranma olasılığım <u>Yüksektir</u>											<u>Düşüktür</u>
Böyle bir durumda “ <u>yakın çalışma</u> ” arkadaşlarımın da aynı şekilde davranma olasılığı <u>Yüksektir</u>											<u>Düşüktür</u>
Böyle bir durumda “ <u>annemin</u> ” de aynı şekilde davranma olasılığı <u>Yüksektir</u>											<u>Düşüktür</u>
Böyle bir durumda “ <u>babamın</u> ” da aynı şekilde davranma olasılığı <u>Yüksektir</u>											<u>Düşüktür</u>
GDZ'nin verdiği karar <u>Etiktir</u>											<u>Etik Değildir</u>

Anket bitmiştir, katkılarınızdan dolayı teşekkür ederim.

APPENDIX C: VITA

ŞEBNEM PENBEK was born in İZMİR, on February 14, 1977. She completed her high school education in İzmir Özel Türk College in 1995 and studied Business Administration in Dokuz Eylül University, Faculty of Business where she received her Bachelor's Degree in 1999.

In 1999, she employed as an audit assistant in Pricewaterhousecoopers and worked for 2 years. In 2001, she started to work in her own establishment until 2007. She received her MBA degree from Izmir University of Economics in 2004. In 2008, she started her PhD, in Izmir University of Economics, in the field of Business Administration with specialization of management. Since April, 2014, she has been working as a lecturer at the Vocational School of Health Services.

Her research interests include business ethics, ethical decision making, health care management, and organizational behavior.