Research Article

AN EMPIRICAL INVESTIGATION ON PERCEPTION OF BUSINESS ETHICS AND ORGANIZATIONAL CULTURE. A CASE OF ORGANIZATION IN NORTHERN CYPRUS

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ARTICLE INFO	ABSTRACT
	Business ethics and organizational culture concepts were observed to be important in business management and organization over recent years and this has been a concept largely discussed in the literature. The present study examines the relationship between employee's perceptions of business ethics and organizational culture by investigating the organization in Northern Cyprus. The methodology used in this research was of a quantitative nature. The empirically tested attitudes towards business ethics questionnaire (ATBEQ) was administrated to collect data in a survey of 127 respondents with a participation rate of 98%. Descriptive statistics, factor analysis, T-test, Pearson Correlation analysis been applied. One-way analysis of variance (ANOVA) with the two groups treated as our two levels of the independent variable has been implemented. The research findings prove the hypothesis stating that there is significant relationship between organizational culture and variables in the attitudes of employees toward business ethics and organizational culture.

INTRODUCTION

Starting from 1980's, a special importance of the company's business ethics and organizational culture been given to advance towards development and globalization in the world through maintaining established systems and doing research in this area. Organizational culture is the result of individuals' values and cultural perceptions. Communication between individuals creates an environment that affects the angle of individual's view. Therefore, each individual has a unique perception of the organization. On the basis of organizational culture, social values and at the same time the shared viewpoints are taking place within this research. As a result of the organization to adopt and implement business ethics, work life quality and organizational trust were found among key factors to increase organizational dynamics. Therefore, business ethics - code of ethics are dominant in the organization.

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Employers are increasingly paying attention to the culture and ethics of business and personal relationships in the selection of personnel and recruitment, as well as in the direct performance of their professional staff roles. It should be emphasized that the concept of "professional role" includes not only the ability to perform job duties for a particular position but also the set of skills and relationships towards professional tasks or functions with the external environment (colleagues, leadership, subordinates, customers, partners, and others). Compliance with business ethics is one of the main evaluation criteria of professionalism as an individual employee and the organization as a whole.

Literature Review

Business Ethics

The ethics is broadly understood as a system of universal and specific ethical requirements and standards of conduct to be implemented in the course of social life. Accordingly, the ethics of the organization focuses on one of the spheres of public life. Based on universal norms and rules of conduct, ethics norms in the organizations have some distinctive features.

Marshall (1999) defined ethics as "guidelines to influence human social behavior in a manner intended to protect and fulfill the rights of individuals in a society" whereas Krishnan & Sulphey (2009) describe the concept as "the methodical and systematic elaboration of norms and values that appeal to in the day to day activities of any organization". Hardly questioned the fact that the attitude of others to a specific person (and vice versa) in the course of professional work is a continuation of relations in society as a whole. Thus, the surrounding people expect us to knowledge of the rules of conduct and ability to implement them. Smit *et al*. (2007) define ethics as the code of moral principles and values that direct the behavior of an individual or a group in terms of what is right or wrong. Ethics is a set of values and rules that define right and wrong behavior. Codes of ethics are a significant instrument where business concern on them by decreasing and relying to reduce uncertainty and building robust ethical climate.

These primary values and the ethical rules been broadly explained by numerous scientists (e.g., Adams *et al*., 2001; Farrell and Farrell, 1998; Valentine and Barnett, 2002, 2003). They are "moral standards used to guide employee or corporate behavior" (Schwartz, 2001). Following to Polder (2011), the importance of business ethics is discussed from different viewpoints. We assume, that this approach can be viewed organizations that are viewed by focusing on industries. The examples are Montoya and Richard (1994) compared health care facilities and energy companies. Emmelhainz and Adams (1999) researched companies in the apparel industry. Another context of research is examination of professions. Gaumnitz and Lere (2002) examined fifteen professional organizations such as the Institute of Internal Auditors and the American Marketing Association. Sustaining a strong ethical culture is a critical issue to keep pace with regulations and law, however it is not considered as a catalyst for ethical environment. The norms, attitudes and actions of organizations managers hold an essential part in the formulation of an organization's ethical culture and climate.

Organizational culture

Organizational culture is the knowledge, skills in the field of interaction between people and their interactions in business; allowing to organize a psychological contact with business partners to achieve accurate perception and understanding of the communication process, to predict the behavior of business partners, to direct the behavior of business partners to the desired result. Watson (2006) emphasizes that the concept of culture originally derived from a metaphor of the organization as 'something cultivated'. Schein (2004) emphasizes that 'perhaps the most intriguing aspect of culture as a concept is that it points us to phenomena that are below the surface, that are powerful in their impact but invisible and to a considerable degree unconscious' (p.8). Numerous studies indicate that the prosperity of the organization must be involved in the high level of culture which is formed as a result of deliberate actions. Deal and Kennedy (1982) emphasize the more visible levels of culture (heroes, rites, rituals, legends and ceremonies) because it is these attributes they believe shape behavior. The main sources of organizational culture may include the environment, social values, the internal environment of the organization.

- The external environment refers to factors uncontrolled by organizations such as environmental conditions and historical events that influenced the development of society.
- Social values are attributed to the prevailing social beliefs and values such as individual freedom, humanity, respect and confidence in the authorities, focus on action and a proactive stance.
- The internal environment of the organization is the third source of organizational culture form specific internal factors of the organization. For example, the development of the technological environment will affect the requirements of the company to the level of staff, which, in turn, may affect its organizational culture.
- Specific factors include the organization and the industry in which the company operates. Firms belonging to the same industry, operate in the same competitive environment and a similar legal environment satisfy the same needs of consumers.

Some researchers' conclusions display that certain kinds of cultures correlate with economic performance (Denison, 1990; Kotter and Heskett, 1992; Sorensen, 2002). Thus, organizational culture is a system of progressive social formal and informal rules and norms of activities, customs and traditions, individual and group interests. Features of organizational culture are reflected in the symbolism of which depends on the priority in the organizational culture of power, role, behavior or personality. Organizational culture can have features depending on the type of activity, type of ownership, their position in the market or in the society. There are entrepreneurial, state organizational culture, organizational culture leadership, organizational culture when working with staff and others. Because the survey sample used in this study is a scale used in this study has been used before without any problems. The survey consists of two parts. In the first part, it is aimed to reach the information on the demographic characteristics of the participants. Business ethics of the second part of the research work which is the main problem associated with the organizational culture and factors consist of questions. 5S in this section Likert scale used, strongly agree (1), agree (2), unstable (3), disagree (4), strongly disagree (5) made in the form of ratings, was prepared from 53 questions in total.

MATERIALS AND METHODS

The empirical approach subsists of data selection by operating self-administered questionnaire in a sample study. The questionnaire consists of both Likert scale questions and close-ended questions. The questionnaire on organizational culture is based on Questionnaire (ATBEQ). The survey consists of two parts. Close ended questions were serviced for demographic variables. Business ethics and organizational culture issues were included in the second part and respondents were asked to deliver their attitudes towards organizational culture on a five-point Likert scale ranging from "1 strongly disagree to "5 strongly agree". The questionnaire was pretested on respondents in a pilot study that provided a high a high response rate. Sampling in a researched organization was implemented by adapting the use of convenience sampling. The survey study was quantitative in natureAccording to Cohen (1980), quantitative research is defined as social research that employs empirical methods and empirical statements.

It is phased that an empirical statement is defined as a descriptive statement about what "is" the case in the "real world" rather than what "ought" to be the case. If the researcher is concerned with cause, quantitative methods are more suitable, with correlations and numerical comparisons being possible (Bryman, 2012). Omitting incomplete surveys yielded a final primary data sample of 127 from 150 distributed forms. The data obtained was analyzed using SPSS 20, statistical survey program. Descriptive statistics, factor analysis, T-test, Pearson Correlation analysis been applied. One-way analysis of variance (ANOVA) with the two groups treated as our two levels of the independent variable has been implemented.

Hypothesis of the study

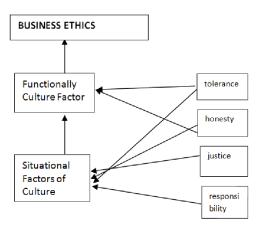The following null hypothesis has been framed by the researchers and it has been tested with chi-square test.

H_1= There is a statistically significant relationship between honesty variable and dimensions of organizational culture and functionally cultural factors.

H_2 = There is a statistically significant relationship between tolerance variable and dimensions of organizational culture and functionally cultural factors.

H_3 = There is a statistically significant relationship between justice variable and dimensions of organizational culture and functionally cultural factors.

H_8 = There is a statistically significant relationship between responsibility variable and dimensions of organizational culture and situational cultural factors.

Research Model

RESULTS AND DISCUSSION

As a result of the survey, the conversion process method with Varimax factor analysis been applied that identified two sub-factors: first factor: "Functionally Culture Factor" covering questions 4th, 7th, 8th, 9th, 10th, 11th, 12th, 13th, 14th, 15th, 16th. The second factor is:

Table 1. Factor Analysis of the Organizational Culture

Factors	Variable Nümce	Alfa	Explained variance
Functionally Culture Factor	11	0,795	30,075
Situational Factors of Culture	6	0,809	51,449
The total explained variance	81,524		
Cronbach Alpha	0,903		
KMO Test	0,890		
Bartlett's Test of Sphericity	599,392		
df	55		
Sig.	0,000		

Table 2. Sub-scale Factors Analysis of Business Ethics

Factors	Variable Number	Alfa	Explained variance
TOLERANCE	16	0,967	65,975
JUSTICE	11	0,801	10,029
RESPONSIBILITY	6	0,854	4,994
HONESTY	3	0,637	2,041
The total explained variance	83,039		
Cronbach Alpha	0,967		
KMO Test	0,939		
Bartlett's Test of Sphericity	4559,040		
df	595		
Sig.	0,000		

H_4 = There is a statistically significant relationship between responsibility variable and dimensions of organizational culture and functionally cultural factors.

H_5 = There is a statistically significant relationship between tolerance variable and dimensions of organizational culture and situational cultural factors.

H_6 = There is a statistically significant relationship between honesty variable and dimensions of organizational culture and situational cultural factors.

H_7 = There is a statistically significant relationship between justice variable and dimensions of organizational culture and situational cultural factors.

"Situational Culture Factor" covering 1st, 2nd, 3rd, 5th, 6th, 17th questions in the questionnaire.

The total explained variance of the work ethic factor, Cronbach's alpha, and the KMO and Bartlett's Test of Sphericity values are shown in Table 2.

The second part of the questionnaire from 18 to 53 questions applied to Varimax method to measure the organizational culture and substructured 4 key subscales. The first subscale factor:

Table 3. The Average Distribution (SC)

Ethics

Variables	N	X	SS	F	P
Age*SC	127	2,5778	0,75805	0,123	0,933
18-25	7	2,5714	0,58567		
26-40	65	2,5346	0,73138		
41-55	45	2,6389	0,82410	0,165	0,920
55 and above	10	2,5875	0,81234		
Total	127	2,5778	0,75805		
Gender*SC	127	2,5778	0,75805	0,125	0,074
Male	42	2,6250	0,86559		
Female	85	2,5544	0,70327	0,242	0,623
Total	127	2,5778	0,75805		
Marital Status *SC	127	3,9947	0,93146	0,123	0,459
Situational culture (SC)					
Married	75	2,6917	0,76735		
Single	29	2,3966	0,82380		
Widowed	20	2,4063	0,54693	1,479	0,224
Divorced	3	2,6250	0,90139		
Total	127	3,9947	0,93146		
Education * SC	127	2,5778	0,75805	0,122	0,070
Primary education	2	2,8750	0,82648		
High school / vocational school	48	2,5208	1,02253		
Junior technical college	11	2,5680	0,83787	0,195	0,941
Faculty / high school	49	2,5995	1,03119		
Graduate School	17	2,6544	0,93146		
Toplam	127	5,5778	0,75805		
Profession *SC	127	2,5778	0,75805	0,120	0,757
General Manager	4	2,5000	0,95197		
Director	8	2,3594	0,42488		
Executive Director	3	2,4167	0,61661	0,265	0,952
Chief	12	2,4792	0,73437		
Office Manager	70	2,6429	0,78143		
Manager	19	2,5724	0,82423		
Staff	11	2,5114	0,80127		
Total	127	2,5777	0,75804		

Table 4. The Average Distribution (FC)

Ethics

Variables	N	$\overline{X}$	SS	F	P
Age*FC	127	2,7863	0,88208	0,123	0,358
18-25	7	2,9388	0,63812		
26-40	65	2,7231	0,89424		
41-55	45	2,8508	0,84732	0,257	0,856
55 and above	10	2,8000	1,16487		
Total	127	2,5778	0,75805		
Gender*FC	127	2,7863	0,88208	0,125	0,077
Male	42	2,7381	0,97908		
Female	85	2,8101	0,85515	0,242	0,623
Total	127	2,7863	0,88208		
Marital Status *FC	127	2,7863	0,88208	0,123	0,659
Married		2,8476	0,81469		
Functionally Culture Factor (FC)					
Single	29	2,6206	0,99362		
Widowed	20	2,6357	0,88970	2,190	0,043
Divorced	3	2,8571	0,79539		
Total	127	2,7863	0,88208		
Education * FC	127	2,7863	0,88208	0,122	0,396
Primary education	2	2,7857	0,30305		
High school / vocational school	48	2,7887	0,85764		
Junior technical college	11	2,5455	0,81771	0,611	0,655
Faculty / high school	49	2,9038	0,85783		
Graduate School	17	2,5966	1,10222		
Toplam	127	2,7863	0,88208		
Profession *FC	127	2,7863	0,88208	0,120	0,674
General Manager	4	2,6786	1,45861		
Director	8	2,9464	0,93814		
Executive Director	3	2,9048	0,35952	0,265	0,952
Chief	12	2,6667	0,92046		
Office Manager	70	2,8469	0,87737		
Manager	19	2,7669	0,87185		
Staff	11	2,7273	0,77842		
Total	127	2,7863	0,88208		

Table 5. Factors Between Organizational Culture and Business Ethics

DKF		honesty	responsibility	tolerance	justice
	Pearson Cor.	511	497	428	,490
	Significance	0,000	0,000	0,000	0,000
	Number	127	127	127	127
GKF	Pearson Cor.	0,655	642	611	594
	0,000	0,000	0,000	0,000	0,000
	Number	127	127	127	127

"Tolerance" composed of questions 18, 19, 20, 21, 22, 23, 24, 25, 41, 42, 43, 44, 45, 46, 52, 53; The second subscale factor: "Justice" composed of 26, 27, 28, 29, 33, 34, 35, 36, 37, 39, 40 questions. The third subscale factor:"Responsibility" consisted of 38, 47, 48, 49, 50, 51 questions. The fourth subscale factor: "Honesty" included 30, 31, 32 questions.

Correlation between factor analysis, $p < 0,01$ was found to be a positive. Test results and reviews of the research hypothesis is located in the following paragraphs.

(H$_1$): According to the results of correlation analysis for the relationship between the factors "functional cultural factors" and "tolerance factor", 0.01 significance was identified. The correlation strength ($r = 0.611$) was found to be strong.

(H$_2$): According to the results of correlation analysis for the relationship between the factors "functional cultural factors" and "honesty factor", 0.01 significance was identified. A strong correlation ($r = 0.655$) was found.

(H$_3$): According to the results of correlation analysis for the relationship between the factors "functional cultural factors" and "justice factor" was slightly positive correlated between the 0.01 significance level and ($r = 0.594$) was observed.

(H$_4$): According to the results of correlation analysis for the relationship between the factors "functional cultural factors" and "responsibility" of 0.01 significance was found with a relatively strong correlation ($r = 0.642$) was observed.

(H$_5$): According to the results of correlation analysis for the relationship between the factors "Situational cultural factors" and "tolerance factor" of 0.01 significance was found with a less strong correlation ($r = 0.428$) was observed.

(H$_6$): According to the results of correlation analysis for the relationship between the factors "Situational cultural factors" and "honesty factor" of 0.01 significance was found with a less strong correlation ($r = 0.511$).

(H$_7$): According to the results of correlation analysis for the relationship between the factors "Situational cultural factors" and "justice factor" of 0.01 significance was found with less strong correlation ($r = 0, 494$) respectively.

(H$_8$): According to the results of correlation analysis for the relationship between the factors "Situational cultural factors" and "responsibility factor" of 0.01 significance was found with less strong correlation ($r = 0.497$) observed.

Conclusion

Business ethics and organizational culture are getting synonyms and turn into essential element for the businesses. From this standpoint, understanding business ethics and its role in the modern organization is a momentum of importance.

Considering the lack of empirical support and data, this research was conducted in Northern Cyprus to test the employees' work ethic perceptions with a survey on certain occupational groups (general managers, managers, assistant managers, clerical workers). The study was focused on a government organization to investigate employees by measuring the relationship between organizational culture of business ethics perception through main variables: situational factor and functional factor in order to propose a solution to the improvements that can be made in the running of the business ethics perception. For this reason, it may be concluded that this research may be defined as empirical in its nature. In conclusion, we note that a deep understanding and adoption of business ethics today as the internal rate is required for a manager at any level, especially for the private organization. Management, being very specific activities requires managers to take care of the limits and consequences of their actions.

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