Relationship between Organizational Ethical Climate and Innovative Behavior: An Example from Turkey

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ABSTRACT

This study theoretically and empirically examines the relationship between organizational ethical climate and innovative behaviors of middle level managers in companies. Additionally, this paper was written to contribute to the ethical management policies, rules and regulations of organizations to discover the impacts on innovative behaviors of employees. The sample data are derived from a questionnaire survey from 170 participants in a group of production companies located in İstanbul, İzmir, Ankara, Adana, Mersin and Osmaniye in Turkey. The results compared by factor, reliability, correlation and regression analyses confirming the relationship between innovative behavior and organizational ethical climate. As a consequence, these two organizational practices are positively related. The results indicate that perception of positive ethical climate is positively associated with innovative behavior. We discuss our results and their implications for both future academic research and practice.

Key Words: Ethic, Ethical Climate, Innovation, Innovative Behavior, Organizations

INTRODUCTION

The importance of ethical values, principles, fundamentals, policies, social rules for the top managements of the companies has been increased in recent years. Accordingly, companies have progressed their activities with a generation of social regarding perception by taking into consideration these moral concepts more than just the past. As a natural result of this change and development, the ethical climate concept has been consolidated and the importance of the subject has increased in businesses. As a result of extensive communications, information sharing and interactions ethic and moral have more potential effects and inferences on companies, managers, employers, customers, groups, non-governmental organization and even on general public day by day.
Ethical issues were started to enter the field of interest of academicians and researchers together with 1980s. There are a lot of conducted researches on this subject. The issues such as ethical practices in working life, moral decision making were started to be examined within theoretical and empirical research models. Especially, Ethical Climate Theory developed by Bart Victor and John Cullen in 1988 has provided a contribution to the literature guiding by many researchers (Fritzsche, 2000).

Ethical climate theory is a concept with a high severity among the business ethic (Martin & Cullen, 2006), this structure expresses any organization’s various and diversified climates which are the moralistic inferences and designs portraiture of these concepts to the individuals (Cullen, Parboteeah & Victor, 2003).

Under the terms of today’s business conditions, organizations must act innovative constantly to be competitive and to exist and outlast survive in the long period. Then again, endurance durability of the firms in competitive environment hinge on a particular and specific concentration to the innovation. There is respectable concurrency of opinion in literature that as an outcome of communal and economical progressions, technological events, modifications of organizational designs, missions and goals, innovations have become a pivotal characteristic of recent business life conditions (Anderson, De Dreu & Nijstad, 2004). Ortt and Duin (2008) think about that present-day business circumstances are so greatly forceful that default in innovation planning and execution will give occasion to competitiveness diminution. For organizations, innovations are significant to increase the potency of interior proceedings and the quality of resultants, to execute and sustain a competitive dominance, and to ensure the future period of the organization (Amabile, 1988; Kanter, 1988; Scott & Bruce, 1994).

Numerous researchers indicate that the field in which a company has a constant innovative ability is depended on innovation of individual employees (Janssen 2000; Scott & Bruce 1994; Sharma & Chrisman 1999; Van de Ven 1986; De Jong & Den Hartog 2007). Employees can innovate either because it is part of their job description or by expressing voluntary innovative behavior. Katz (1964, p.132) declare that “… an organization which depends solely upon its blueprints of prescribed behavior is a very fragile social system” and that organizations rely on voluntary innovative and spontaneous behavior (i.e., actions that are not specified by role prescriptions), which makes easier achievement of organizational aims and targets. Innovative work behavior mentions behaviors that cover both the generation or launching of new ideas and the actualization or carrying out of new ideas (Yuan & Woodman 2010).

This current study tries to examine the relationship between ethical climate and innovative behavior in organizations. It was intend to evaluate the influence of ethical climate and practices on innovative behavior of middle level managers in different type of companies. The research survey measures how ethical policies, principles, applications, organizational norms and values relate to middle level managers’ innovative behavior and how this interaction directs the the managers as positively or negatively to contribute for the aim of the study. In this context, the study contribute the literature by addressing the following central question:In
what way does ethical climate affect innovative behavior and how can managers influence innovative work behavior?

**Ethical Climate**

Foremost theoretical and empirical studies in discipline of ethical climate were made by Victor and Cullen so this makes them to be known as the first researchers who introduce the construct of ethical climate in 1987 (Fritzsche, 2000). Victor and Cullen (1987:51) determine ethical climate as “the shared perception of what is correct behavior, and how ethical situations should be handled in organization”. In accordance with Despande an organization’s ethical climate is “shared perception of personnel about how ethical issues should be addressed and what ethically correct behavior is” (Deshpande, 1996: 655-660). Researches related to subject indicate that top management plays a crucial and serious role both in the creation and prolongation of a firm’s ethical climate (Deal & Kennedy, 1982; Schein,1985). In addition to this the behavior of top management has a greater and important function in elucidating ethical climate to members of the organization.

The ethical codes affect an employee’s ethical decision making method generally when they become an running part of an employee’s job experience (Hegarty & Sims, 1979). Additionally, Weeks and Nantel (1992) mention that when codes are effectively communicated and understood a greater ethical behavior will be the probable occur. Organizational members notice code of ethics firstly before their behaviors are probably turn into more ethical. If an organization is decided to being ethical, employees’ behaviors will be directly influenced after a period time (Vitell & Hidalgo, 2006: 31-43). Therefore companies can develop an ethical system of organization and compose an ethical climate that help and anticipate to the all members for acting ethically in the organization by applying the rules and policies on ethical behaviors with recompensing ethical and disciplining unethical doings (Schwepker, 2001; Gareth, 2007).

Victor and Cullen (1988) created an ethical climate model and measured this model by utilizing philosophical and sociological perspectives. They created a two-dimensional model to describe the different types of ethical climates that exist in organizations. Victor and Cullen (1988) have developed an organizational ethical climate questionnaire by using this model and further to their studies, identified five ethical climate types, namely caring, law and code, rules, instrumental, and independence.

Victor and Cullen (1988) specify that, according to the basic criteria applied in moral judgment, moral philosophy can be mainly categorized into three vital type of ethical theory: egoism, benevolence, and principle. Agarwal and Malloy (1999) and VanSandt et al. (2006) mention that egoism and benevolence, individually, delineate two subcategories of teleology: egoistic and utilitarian moral philosophy despite principle reflects deontology. Victor and Cullen (1988) associate egoism, benevolence, and principle to Kohlberg’s (1967) model of cognitive moral development, claiming that Kohlberg’s three levels of ethical standards employed by individuals in ethical development (pre-conventional, conventional, and post-conventional) are similar to the three bases of ethical theories noted above. Consequently, Victor and Cullen (1987, 1988) submitted that sort of organizational ethical climates can also be organized in
terms of the three classes of ethical theory depend on Kohlberg’s (1967) model. They define that egoism, benevolence, and principle are the ethical criteria that discriminate and configurator the three fundamental organizational ethical climates. Victor and Cullen (1987, 1988) utilize these three criteria to advance the first dimension of their typology, which includes the criteria for an organization’s ethical judgments. Specifically, they indicated that, when employees realize or identify the organization’s primary ethical climate to be egoistic, they can have the capable to direct ethical quandaries easily automatically. If the organization is qualified by a charitable atmosphere, they will endeavor to increase the corporate attention. Briefly, rules and laws will have control over employees’ struggles if moral context of an organization is realized as principled, compatible with norms and values.

**Innovative Behavior**

Innovation, composing the changings and variations within the organization and protecting organization from the effects of the environment by keeping pace with environmental changes, is simply defined by Daft (1978) as an acceptance and assimilation of a new idea or a format of a behavior. Amabile (1988) defended the idea of the aforementioned product or process will be adopted as innovative in case that product or process expressed innovation independently.

Development and implementation of new working systems, following the latest technological development and innovation, revealing new strategies that will allow to reach the target, finding the new sources to support the new ideas will be put into practice and conservation efforts of these ideas are considered within the scope of the innovative behavior of the organization's members and employees (Yuan et al., 2010). Innovative behavior is a capable of being a gradual process and contains creativity and implementation of the new one (Axtell et al., 2000; Unsworth et al., 2000). Creativity is shortl defined as think different however innovation is denoted as the ideas integrate at a point. While the main objective of the creativity is invention of to find something new, the aim of innovative behavior is to allow the invention that caused by creativity, convert to practice of a competitive advantage. In this context, it will be eligible to differentiate these subjects as creativity is the source of innovation; innovative behavior is the implementation phase of creative ideas (West, 2002; Pirola-Merlo & Mann, 2004).

The most common definition of innovative behavior in literature is made by West and Farr (1989). Researchers have defined innovative behavior as a member or an employee implementation of ideas in their own tasks, in units or in the whole of organization by absorbing and accepting these product, service, procedure and process oriented ideas. According to Scott and Bruce (1994) innovative behavior is a process started by description of problem and presenting idea, solution, analysis new or accepted before; sustained by supporting innovative ideas; ending up with the inverting of the new idea to a concrete format or a new sample.

Kleysen and Street (2001) identified 289 types of behavior related innovation and creativity in the scope of their scientific research and literature review on the subjects. This
number was decreased to 242 by the end of matching the similar or the same nature behaviors. Researchers have detected 17 different behaviors by coding and categorising them into five groups at the final analysis. The groups are named as opportunity exploration, generating, formative investigation, championing and application (Kleysen & Street, 2001).

Depending on technological developments, adaption and implementation of innovative policies of the companies and innovative actions of employees have become much more important events in recent years. Companies have focused more recently innovative behavior that has a strategic values providing competitive advantage and is a dynamic capability. Thus, enterprises and workers would have an advantageous position to eliminate problems, discover new methods, generate new useful ideas, provide new goods and services and to implement new management policies (Çalışkan, 2013).

METHODOLOGY

Data Collection and Sample
The current study examines the influence of organizational ethical climate on innovative behavior in which the relationship and interactions between ethical climate and innovative behavior were stated. Questionnaires were used to collect data. Schwepker (2001), Janssen (2000), Klesyen & Street (2001), Scott & Bruce (1994) studies have a special significance on creation of the questionnaire. The questionnaire was first translated to Turkish by a bilingual native Turkish speaker in order to communicate with Turkish personals as not all Turkish subjects would necessarily be fluent in English. Data were collected through Organizational Ethical Scale developed by Schewepker (2001). Innovative Behavior Questionnaire was generated through Innovative Behavior Scales developed by Janssen (2000), Klesyen and Street (2001), Scott and Bruce (1994).

Questionnaire data with 29 questions/explanations based on the factors of organizational ethical climate and innovative behavior were collected from 170 employees who have middle level manager positions in their organization during the fall of 2015. 240 surveys were distributed to companies in production industry. The reply came from 170 of them as response rate of 70.8 percent. The organizations that participated in the study were located in different areas around the country. Approximately 53.5% of this sample was male while 46.5% were female. 85.3% of the samples have higher education degree as bachelor, master’s degree and doctorate. Demographic characteristics of participants can be seen on the Table 1.
Table 1. Demographic Characteristics of Participants

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Frequency (n)</th>
<th>Percent (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sex</td>
<td></td>
<td></td>
</tr>
<tr>
<td>male</td>
<td>91</td>
<td>53.5</td>
</tr>
<tr>
<td>female</td>
<td>79</td>
<td>46.5</td>
</tr>
<tr>
<td>Education</td>
<td></td>
<td></td>
</tr>
<tr>
<td>two-year degree</td>
<td>25</td>
<td>14.7</td>
</tr>
<tr>
<td>undergraduate</td>
<td>101</td>
<td>59.4</td>
</tr>
<tr>
<td>graduate (master&amp;doctorate)</td>
<td>44</td>
<td>25.9</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>26-35</td>
<td>52</td>
<td>30.6</td>
</tr>
<tr>
<td>36-45</td>
<td>88</td>
<td>51.8</td>
</tr>
<tr>
<td>46-55</td>
<td>30</td>
<td>17.6</td>
</tr>
</tbody>
</table>

Questionnaires

Organizational Ethical Climate Scale has been used developed by Schewepker (2001). The scale was applied to a different group of 170 middle level managers for reliability and validity issues. Reliability analysis of the scale showed that Cronbach’s Alpha reliability coefficient of the scale is .926. In terms of validity, KMO test was used to check if the data had been appropriate for the analysis. KMO value of the scale is found to be .927 and p<005. The justice scale consisted of one dimension and it explains .68 of the total variance. A Likert-type response scale from 1 to 5 was used; all responses were marked by indicating responses of "strongly disagree" to "strongly agree". The survey was designed to compare easily across a number of categories.

Innovative Behavior was measured using Innovative Behavior Questionnaire developed by Janssen (200), Klesyen and Street (2001) and Scott and Bruce (1994). A Likert-type response scale with 21 item from 1 to 5 was used; all responses were marked by indicating responses of "never" to "always". For the reliability and validity of the questionnaire, first it was applied to a different group of 170 middle level managers. The Cronbach’sAlpha reliability coefficient of the scale is .944. The KMO value of the questionnaire is found to be .927 and p>005. The questionnaire consisted of one dimension and it explains .68 of the total variance.

Results

The analysis of the responses of the middle level managers’ to the Organizational Ethical Climate Scale is displayed with mean and standard deviation in Table 2.
### Table 2. Means, standard deviations and correlations

<table>
<thead>
<tr>
<th></th>
<th>Mean (M)</th>
<th>Standard deviation</th>
<th>Ethical Climate</th>
<th>Innovative Behavior</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethical Climate</td>
<td>3.78</td>
<td>.82</td>
<td>1</td>
<td>590**</td>
</tr>
<tr>
<td>Innovative Behavior</td>
<td>3.77</td>
<td>.68</td>
<td></td>
<td>1</td>
</tr>
</tbody>
</table>

** Correlation is significant at the 0.01 level (2-tailed). **p< .01

The analysis of the Organizational Ethical Climate Scale reveal that (Table 2) middle level managers’ responses to the behaviors relating to the presence of organizational ethical climate were “agree” (M=3.78, sd=.82). According to the results of the study, it is important to mention that the organizations are consistent and committed to the ethical standards. Everyone is treated equally, fairly and not discriminated in their organizations generally. The study also suggests that most of the organization have formal written ethical regulation and ethical principles are supported by organizational managerial policies. The results of the analysis of Innovative Behavior Questionnaire suggest that (Table 2) middle level managers’ responses to the statements relating to their innovative behavior in organization were “frequently” (M=3.77, sd= .66). Accordingly, the innovative behavior of the middle level managers in their organizations is at a desirable level.

The results of the correlation analysis indicates that there is a positive, meaningful and a moderate relationship between organizational ethical climate and innovative behavior (r=590, p<.01). Accordingly, there will be an increase in innovative behaviors the organizational ethical climate increase.

In the current study, in order to find out whether organizational ethical climate is a predictor of organizational innovative behavior, multiple regression analysis was carried out and displayed in Table 3. When the results of the regression analysis on the organizational ethical climate as the predictor of innovative behavior is examined, it is observed that there is a positive, meaningful and a moderate relationship between organizational ethical climate and innovative behavior (Adjusted R²=.345, p<.01). It is obvious that organizational ethical climate explains approximately 35% of the total variance of the innovative behavior. This result can be interpreted as an indicator of employees’ innovative behavior in their organizations where there is fair treatment. Therefore, there is a possibility that in the institutions where the perception of organizational ethical climate is at its highest level, there will be an increase on innovative behavior in through the middle level managers.
Table 5. The results of the regression analysis

<table>
<thead>
<tr>
<th></th>
<th>B</th>
<th>t</th>
<th>p</th>
</tr>
</thead>
<tbody>
<tr>
<td>Constant</td>
<td>3.814</td>
<td>99,182</td>
<td>.000</td>
</tr>
<tr>
<td>Organizational Ethical Climate</td>
<td>.366</td>
<td>9,484</td>
<td>.000</td>
</tr>
</tbody>
</table>

Adjusted $R^2 = .345$  $F=89,939$  $p=.000$

CONCLUSION

The main objective of this study is to determine the relationship between ethical climate and innovative behavior. In accordance with this purpose this research examines the impacts of ethical climates on innovative behaviors of middle level managers at textile factories located in İstanbul, İzmir, Ankara, Adana and Mersin in Turkey. The impact on innovative behavior of ethical climate which is independent variable of this study was tried to explain with the help of correlation and multiple regression analyses. Descriptive findings were obtained for the textile industry regarding the relationship between ethical climate and innovative behavior. The results of the analysis examine that ethical climate has a significant and positive relationship with innovative behavior. With a wider expression it can be said that the results of the correlation analysis indicate there is a positive, meaningful relationship between organizational ethical climate and innovative behavior ($r=590$, $p<.01$). Accordingly, there will be an increase in innovative behavior as the organizational ethical climate increase. This finding is consistent with similar studies (West & Wallace, 1991; West & Anderson, 1996; Neubaum, et al., 2004; Akkoç, 2012; Kavousi & Mansouri, 2015; Topçu, et al., 2015). Additionally, the results of the multiple regression analysis verify that there is a positive, meaningful and a moderate relationship between organizational ethical climate and innovative behavior. Depending on these results it has been identified that organizational ethical climate perception explains innovative work behavior of middle level managers. Therefore, it is possible to state that this finding can be interpreted as an indicator of employees’ innovative behavior if fair treatment is widely available in their organizations. Hereby, as a main result of this study it can be suggested that there will be an increase in the level of middle level managers’ innovative behaviors when the perception of ethical climate is at high levels in the organization.

Managers at all levels should endeavor to create an ethical climate in their companies in order to put a new face on the business by discovering employees’ abilities and skills and also commanding advantages of these factors. Ethical principles, ethical policies, ethical practices and ethical behaviors will contribute to advance the employees’ productivity. Organizational climate has an unique significance to reveal innovative work behaviors. Nonetheless, it is possible to manage employee behaviors in parallel with employer expectations when a clear, honest working conditions and suitable ambiance are provided for employees. For this reason developing an ethical climate is vital for the organizations to sustain the perception of this atmosphere and finally acting innovative.
Limitations of this study can be expressed as the following points. First, the research done only in the textile sector and the inclusion of other sectors is an important limitation of the study. Different conclusions may occur in research that will be done by including other sectors from the data obtained in this study. Unlongitudinal property is another important limitation of the study. Thus, the results obtained in different time periods are expected to be more descriptive.

REFERENCES


