

See discussions, stats, and author profiles for this publication at: <https://www.researchgate.net/publication/340092292>

Ethics in Banking Turkey

Article · June 2011

CITATIONS

0

READS

9

1 author:



[Vedat Akman](#)

The Hong Kong University of Science and Technology

41 PUBLICATIONS 51 CITATIONS

[SEE PROFILE](#)

Some of the authors of this publication are also working on these related projects:



Accounting of Letter of Credit Transactions (Akreditif İşlemlerin Muhasebeleştirilmesi) [View project](#)



Business Management (İşletme Yönetimi) [View project](#)

ISSN 2073-7122

IJCRB

Vol .3, No. 2
June 2011

Interdisciplinary Journal of Contemporary Research in Business

Double Blind Peer Reviewed Journal

Included in
GOOGLE SCHOLAR

Listed in ULRICH'S



Inclusion in



Indexed in CABELL's-USA



Indexing /Abstracting in



Indexing in ABI/INFORM



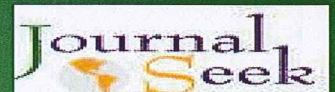
Indexed in APA-PsycINFO



www.ijcrb.webs.com
ijcrbjournal@aim.com

Monthly Edition
Copyright © 2011
IJCRB

Listed in Journal Seek



Institute of Interdisciplinary Business Research~ IIBR

INTERNATIONAL RESEARCH CENTRE

Ethics in Banking: Employees in Turkey

Vedat AKMAN Ph.D

Kadir Has University

Abstract

This study aims to explore the influence of age and gender towards variables components affecting bankers perception of ethics in Turkey. Self-administered questionnaire with scale of 1-5 was used to measure bank employees perception of ethics with reasonable good score on Cronbach's reliability test. With Cronbach alpha of .621 (which should be greater than .5 for a satisfactory analysis), the reliability of the instrument is considered adequate for this study. Thus, we proceeded to our analysis successfully. Results showed that age and gender were not significant determinants to factors affecting bank employees perception of ethics in Turkey. During the years 1997-2002 twenty banks were taken over by the Turkish SDIF (Savings Deposits Insurance Fund) resulting in systemic banking crises associated with structural deficiencies. Unethical behaviour in the banking sector played a crucial role. (Hortaçsu & Günay, 2010)

Keywords: Bank Employees, Bank Managers, Business Ethics, Banking Sector, Turkey

1. Introduction

The importance of ethical behavior in the banking sector is especially important. (Brickley et al, 2002) In the banking sector alone there are seventeen categories of unethical behavior associated with honesty (lies and deception, theft and bribery), integrity (espionage, fraud and abuse), social responsibility (environmental harm, safety and invasion of privacy), accountability and fairness (conflict of interest, insider trading, unfair trade practices and bad judgement in management decisions). (Mitchell et al, 1992) The key words here are trust, reputation and moral obligation. Among the Banks Association of Turkey's (BAT) general requirements for member banks are honesty, accountability, fairness, compliance with the laws, impartiality, reliability, transparency, socially responsible and fighting with laundering of crime-originated assets and insider trading. The Banks Association of Turkey (BAT) is among the 15 professional associations generally accepted as public bodies having either codes of conduct on its website, have ethics commission or Professional ethics rules listed on their websites. (TYEC Report Vol.I-II, 2009) The Banks Association of Turkey (BAT) officers are subject to the Council of Ethics for Public Service Regulation. (TYEC Report Vol.I-II, 2009) The Banks Association of Turkey also has Ethics Commission that works like Disciplinary Committee in way that inspects written applications on unethical behaviours. There is no Disciplinary Committee or Honor Committee but Board of Directors is in charge of the disciplinary process. (TYEC Report Vol.I-II, 2009) BAT web-site classifies ethics in banking under the heading of "Good Practice in Banking" under four sub-framework of ethics regulations (Code of Banking Ethics, BAT Ethical Commission Code of Principles and Procedure of Conduct, and Principles and Conditions Governing Advertisement and Promotions of Member Banks of the BAT). (TYEC Report Vol.I-II, 2009)

2. Background

Determinants of ethical decision making in the literature on banking ethics include; (Green, 1989; Ferguson, 2004; TBB 2006; Stein and Yassa 2005; Chiami and Fullenkamp 2002; Provis, 2001; Lynch, 1991; Taylor, 200; Drennan, 2002; Argandona, 1999; Uche, 2004; Knights and O'Leary,

2005; Harvey, 1995; Kitson, 1996), on social responsibility and ethics in banking (Carse, 1999; Souter et al., 1994; Brickley et al., 2002), demographic characteristics (George and Mallery, 2001; Zeithaml et al., 1996; Ross, 2004; Zeithaml et al., 1996), managerial influence on ethics (Snell, 1995); banking environment (Carse, 1999); management and organizational structure (Touche Ross 1988; D'Aguila, 2001; TEDMER (Turkish Ethical Values Foundation); code of ethics in banking (Soutar et al., 1995; Murphy et al., 1992; Schwartz, 2001); Examination of banks failures across the globe shows that the unethical behavior has an important role in banks failures. (Aktan, Massod and Yilmaz, 2009)

2.1. Literature

In professional ethics literature researches are categorized in two main approaches conceptual and empirical. (Preble and Reichel, 1988) Our research approach is empirical which places emphasis on examining prevailing banking employees ethics perceptions and attitudes in Turkish financial and banking sector. There is a full body of literature on ethical behavior and decision making models in banking sector; (Brickley et al, 2002; Carse, 1999; Souter et al., 1994; Chiami and Fullenkamp, 2002; Frenkel and Lurie, 2003; Bernard 1989; Fried, 1981; Mitchell et al., 1992; Carse, 1999; Khan, 2002); unethical behavior in banking (Mitchell et al., 1992); ethical education (Sims, 1992); banking law (Ferrel and Weaver, 1978; Hortacsu and Ozkan, 2008); banking failures (Carrasco, 2006; Simpson and Kohers 2002); job definition (Knights and O'Leary, 2005); information (Cemalcılar ve Önce, 1999; Erdal Özkol vd., 2005; Shenkir, 1990; Leung and Cooper, 1995; Bok, 1998; Jones, 1992; Loeb, 1998; Ward, Ward ve Wilson, 1996; Loeb and Bedingfield, 1972; McNair and Milam, 1993). Demographic characteristics in banking (George and Mallery, 2001; Zeithaml et al., 1996; Ross, 2004; Zeithaml et al., 1996); Surveys and scenarios (Snell, 1995; Soutar et al, 1994; Dawson, 1997; Liedka, 1994; Randall and Gibson, 1990) especially on Turkish banking sector; (Catalca, Aktan and Soydan, 2008; Fort and Hayward, 2004). Unfortunately empirical studies on Turkish banking system concerning ethics is very limited and not sufficient. So there is a huge need in the literature on ethics research.

3. Methodology

3.1. Sample

For this study, thirtytwo self-administered questionnaires were collected from bank employees in Istanbul. Snowball sampling method was used and participation to our survey was voluntary. Prior to performing the necessary statistical analysis, frequency distributions were tabulated for each item to ascertain possible response bias. In addition, a visual inspection was also performed to identify possible anomalies. All respondents were asked to respond each 21 statements. A five-point response scale was employed (1= "strongly agree" to 5="strongly disagree") for all items indicating their belief about that particular situation. Our analyses included descriptive statistics, correlations and regression analysis. Correlations were calculated to gain an initial understanding of the relationship between the variables.

3.1. Instruments

Our survey instrument consist of 21 statements that describe a specific event that has some kind of ethical choice connotation. It is conducted in Turkish for clarity, readability and understandability by the Turkish banking sector respondents. In addition, respondents were asked to provide demographic data about themselves. The data collected from the survey was analysed by reliability test, frequency analysis, factor analysis and regression analysis ANOVA test.

Our hypotheses will be tested. The hypothesis is stated below:

H0: Age and Gender is a positive determinant of attitude towards bank employees ethics.

H1: Age and Gender is not a positive determinant of attitude towards bank employees ethics.

In order to test the hypotheses factor analysis was used twice. Our first factor analysis was done to the 20 questions in order to gain the factors related to the ethical variables.

Our second factor analysis was done to gain the important factors for the demographic issues.

The variables for each factor analysis was retained for regression analysis.

The article continues with the two different factor analysis and then the regression analysis is done to test our hypotheses.

4. Analysis and Results

4.1 Reliability Test

When reliability analysis was tested with the 20 questionnaires included in the questionnaire the Cronbach's alpha was found to be 0,621 which means that the data collected is consistently reliable to be analysed.

Reliability Statistics

Cronbach's Alpha	N of Items
,621	15

We hope to identify a concise list of constructs representative of bank employees' perception of ethics.

4.2 Frequency Analysis

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 18-25	3	9,4	9,4	9,4
26-30	11	34,4	34,4	43,8
31-35	4	12,5	12,5	56,3
36-40	6	18,7	18,7	75,0
41-50	6	18,7	18,7	93,7
51-60	2	6,3	6,3	100,0
Total	32	100,0	100,0	

Table 1: Age Distribution

Demographic data were also summarized to provide insights into the nature of the participants.

We used SPSS statistic data analysis program. Our analysis included descriptive statistics.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Female	13	41,0	41,0	41,0
Male	19	59,0	59,0	100,0
Total	32	100,0	100,0	

Table 2: Gender Distribution

Education				
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid secondary school	1	3,1	3,1	3,1
high school	0	0	0	0
University	31	96.9	96.9	100,0
Total	32	100,0	100,0	

Table 3: Education Distribution

4.3 Factor Analysis

With our factor analysis, we use a technique to identify the smallest number of descriptive terms to explain the maximum amount of common variance in a correlation matrix. (Hill and Petty, 1995). In our analysis factors with Eigen values greater than 1.0 are retained.

4.3.1 Factor Analysis for Ethical variables (FA#1)

Inspection of scree plot and Eigen values enabled the analysis to reduce the 15 ethics components for bank employees into six factors.

Factor 1: Work Environment Factor

Factor one Work Environment Factor has 5 components included such as;

Q1. The **rights** which are provided to me in **my workplace** are enough and **protective**

Q2. I believe that I am working in an **honest workplace**

Q4. I believe that my **work environment** is **transparent**

Q20. An **effective communication** is **very important** at workplace

Q21. I believe the **golden rule** of having a **good communication** is to **respect others**

Factor 2: Social Responsibility Factor

Q3. The **social responsibility** projects in my **workplace** are **sufficient**

Q5. At workplace **enough importance** is given to **business ethics**

Q12: I think that everybody working in the corporation I work in does his/her job in a responsible professional manner.

Factor 3: Encouraging Factor

Q16: I don't think that it is right in terms of business ethics to **talk behind others' back**.

Factor 4: Compelling Factor

Q14. **No discrimination** or **no preferential treatment** at my **workplace** takes place

Q15. I find it **unethical** the use of **child labor** (under 18) or **unfair work conditions** in my workplace

Factor 5: Administrative Factor

Q13. I encounter some problems arising from **lack of knowledge** in my **work place**

Factor 6: Personality Factor

Q17. I find it **unethical** for co-workers to **blame each other** for things they **did not do**

4.3.2 Factor Analysis for Demographic Issues (FA#2)

Inspection of scree plot and Eigen values enabled the analysis to reduce the 5 components (Age, Gender, job, Education and Sector) into two main factors.

Factor 1: Age Factor

First factor includes age.

Factor 2: Gender Factor

Second factor includes gender.

These two factors will be used as the dependent variables and factor analysis #1 factors will be taken as the independent variables in the following regression analysis.

4.4. Regression Analysis

Analysis of our Hypothesis is seen in the table below.

Dependent Variable	Independent Variable	Significance rate from ANOVA	Relationship
Age (F1 of FA#1)	Factor 1: Work Environment <ul style="list-style-type: none"> • Good communication and respect others 	,072 ,019	slight relationship strong relationship

Table 4: ANOVA Analysis Results

The ANOVA done for this analysis shows that if the significant value is greater than 0,05 which means that the independent variables (bank employees ethics components) do not explain the total variation very well according to the dependent variable (age and gender) the null hypothesis is rejected, meaning that there is no relationship between age and gender and its components.

The ANOVA done for this analysis shows that if the significant value is smaller than 0,05 which means that the independent variables (bank employees ethics variables) does explain the total variation very well according to the dependent variable (age and gender). So we accept the null hypothesis, meaning that there is a relationship between age and gender and bank employees ethics and its components.

The ANOVA done for this analysis shows that if the significant value is above 0,05 which means that the independent variables does not explain the total variation according to the dependent variable (age and gender). So we reject the the null hypothesis, meaning that there is no relationship between age and gender and bank employees perception of ethics and its ethical components.

5. Conclusion

This study explored the influence of gender and age towards factors affecting bank employees ethical perception in Turkey. Self-administered questionnaire with scale of 1-5 was used to measure attitudes towards bank employees perception of ethics. The reliability test resulted with a cronbach alpha of 0,621 show us that the data is consistantly reliable to analyse especially for factor analysis and regression analysis.

Regarding the frequency distribution of the data 9,4% of the respondents were at the age of 18

through 25, 34,4% through 26 to 30 and 12,5% through 31 to 35. Cumulative3 percentage of age shows that almost 56,3% of the respondents were at the age through 18 to 35. 41% of the respondents were female and the rest were male. 96,9% of the respondents were university graduates.

Factor analysis was done twice for different reasons. The first factor analysis (FA#1) was tested for the 21 questions included in the questionnaire related to components making bank employees perception of ethics. The second factor analysis (FA#2) was done to gain the important factors for the demographic issues. Each variables from factor analysis were retained for the regression analysis.

According to the results of regression analysis age and gender factor has insignificant relationship with the compelling factors excluding work environment especially “good communication and respect for others”. There is a strong relationship there. Age and gender factor has a strong relationship with work environment only and not others. Age and gender factor has insignificant relationship with the other factors.

Recent findings in the literature pointed us to the fact that, open to conflict, most previous research in the field were dominated by normative approach. (Hosmer, 2000) There is a lack of empirical research on the topic which this paper hopes to cover by generating facts through empirical research to provide useful data to solve some of the conflicts regarding ethics in banking sector.

6. Discussion

So our current findings with five components under factor one and their relationship to factor two with two components (age and gender) which is trying to establish positive correlation among them. In our case they are age and gender. Our result confirms that work environment is the key factor. When we take into consideration the current working conditions of banking sector in Turkey and PA’s and their role in enforcing, our result is suprising.

Our current findings where age and gender negatively correlated with perception of bank employees ethics.

References

- Joan Marie McMahon, "An Analysis of the Factor Structure of the Multidimensional Ethics Scale and a Perceived Moral Intensity Scale, and the Effects of Moral Intensity on Ethical Judgment", Dissertation submitted to the Faculty of the Virginia Polytechnic Institute and State University, 2002, pp.1-188.
- Hortacsu, Ayfer and Ozkan Gunay, E. Nur, "Ethical Issues and Attitude in the Turkish Banking Sector", June 2004, MPRA Paper, No. 26338, posted 31. October 2010. (<http://mpra.ub.uni-muenchen.de/26338/>)
- Gülçimen Yurtsever, "The Ethical Beliefs of Turkish Consumers", D.E.Ü.İ.İ.B.F.Dergisi Issuet:13, No:II, 1998, pp:135-146.
- "Dünyada ve Türkiye'de İş Etiği Yönetimi" Publicatin No: TÜSİAD/T-2009-06-492, June 2009, pp.1-151.
- Gregory C. Petty, "Work Ethic Characteristics: Perceived Work Ethics of Supervisors and Workers", Journal of Industrial Teacher Education, Volume 42, Number 2, 2005, pp.1-20.
- Aktan Bora, Masood Omar and Yılmaz Senem, "Financial Shenanigans and the Failure of Ethics in Banking: A Review and Synthesis of an Unprecedented Fraud", Banks and Banks Systems, Volume 4, Issue 1, 2009.
- Ethics for the Prevention of Corruption in Turkey (TYEC), Council of Europe and Council of Ethics for the Public Services in Turkey: Academic Researches on Public Ethics, Vol. I-II, Nov. 2009.
- İĞİAD, "İş Ahlakı Raporu", Istanbul, İĞİAD Publication, Turkish, No.9, Rapor.2, 2008.
- Akman, Vedat, "Introduction to Risk Management in Banks", (1st edition), Cetin Printing House, Turkish, Istanbul, 2001, pp.1-240.
- Atakan M.G.S., Burnaz S. ve Topcu Y.I. (2008), "An Empirical Investigation of the Ethical Perceptions of Future Managers with a Special Emphasis on Gender – Turkish Case", Journal of Business Ethics, October, 82/3, 2008, 573-586.
- Hortaçsu, A. and Özkan-Günay, E.N., "Vignettes to Identify the Ethical Domain of an Emerging Country's Banking Sector: Experience of Turkey", Business Ethics: A European Review, 17(2), 2008, pp. 121-137.