

THE ROLE OF MANAGER VALUES THE IMPACT OF ETHICAL CODES ON COMPETITIVE ADVANTAGE

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ABSTRACT

In the international markets, where is a fierce competition, the success and permanence of enterprises that produce goods and services are crucially important for the countries that they are operating in. Being managed with corporate and ethical principles, embracing strategical management principles, being transparent and accountable are basic factors that enable efficient utilization of resources. The aim of this study is to observe the effect of the practices related to ethical management on having a competitive advantage in the companies operating in Borsa Istanbul (Istanbul Stock Exchange) and to determine whether the personal values of the executives play a role in that area and if so, to determine the direction of it. According to the results of structural equation modeling of the study, it was concluded that the ethical code practice has a positive effect on enterprises to achieve a competitive advantage. It was discovered that administrators' value trends create a "moderating effect" in terms of "openness to change" and "self-enhancement".

Keywords: Codes of Ethics, Personal Values Schwartz's the Theory of Value, Competitive Advantage, Stock Exchange Istanbul.

INTRODUCTION

In today's business world, it is observed that the ethics and the concepts and phenomena in the context of ethics are at the center of the strategic management plans of organizations. Nowadays, enterprises are the parties that use social resources most intensively. These social resources are the production factors that are needed and scarce in the production of goods and services. Therefore, the correct and effective use of production factors can be considered as the most fundamental element for the continuation of the assets of enterprises. In this regard, the attitudes and behaviors of corporate enterprises, which implement the strategic management process, when making and implementing decisions are important. When scandals based on any unethical decision and action to be taken is revealed, the collapse they face becomes traumatic both for them and for the global economy. For this reason, the approaches of today's business world to ethics management are examined carefully. Corporate organizations form their "code of ethics" together with their "mission and vision" statements in their strategic management plans. The roles of business managers in the decision-making position become increasingly important in this context. Particularly in the efforts of enterprises competing in the competitive environment in order to gain advantage and to protect this situation, the attitudes of managers regarding the ethics management and the trust relationships they establish with their stakeholders are of particular importance. Thanks to today's technological developments, transparency in communication makes all kinds of actions of organizations more visible, and the unethical incidents and facts such as irregularities, corruption, favoritism, injustice, etc. which occur occasionally in organizations do not remain secret for a long time. These realities lead managers

to be more cautious and lead them to the appropriate analysis of ethical dilemmas that may arise when they form organizational strategies.

At the beginning of the study, the concepts of “*morality, ethics, value*”, which are based on the creation of ethical codes, are summarized from the literature. In the following, the importance of ethical code implementation for corporate enterprises was emphasized. In addition, examples of strategic management and competitive advantage are given in the literature. In order to examine the effects of personal values of managers, value approaches in the literature are summarized. At the end of the literature, Schwartz's Theory of Value was briefly summarized and the importance of the values of the managers was emphasized. The last part of the study; Structural equality analysis results are included in the research section.

LITERATURE REVIEW

Morals, Ethics and Values

Morals can be considered as the whole of the traditional rules and principles of conduct adopted by certain human communities in a certain period. In other words, it is the whole of standards, values, principles, and rules, which explore the right and wrong aspects of an individual or group, the correctness or wrongness of their actions, these actions' aspects that are for the benefits of humanity in terms of their purpose, and which explain the behaviors and decisions necessary to encourage them. Ethics is one of the most difficult terms to define nowadays when conceptually a crisis of values is experienced. Generally, it can be defined as the whole of universal norms that arise from the common point, where different morals understandings intersect, and “*the rules regarding the values that direct the choices, decisions, and behaviors of a person*” (Trong Tuan, 2012 a&b). It was stated that ethics is an inseparable part of human characteristics, and it emphasizes a subjective expression existing at the starting point of any behavior process. Ethics is the basis of human relationships. Therefore, it should be remembered that the issue is directly or indirectly related to “*personal value problems*” (Kuçuradi, 2011). There are values at the focus of the definition of both morals and ethics. In ethical, moral uncertainty situations, it tries to provide supportive solution rules in accordance with normative approaches accepted by society. Regulates these rules with the help of ethical theories (Crane & Matten, 2007). Ethical theories serve as a framework for finding the right answer. Awareness of the strengths and weaknesses of ethical theories while trying to find the truth in an ethical dilemma will lead the decision maker to the right (Rainbow, 2002). Values are the standards' abstract and general designs in the mind, with which the preferred or desirable and existing structures and behaviors can be compared and evaluated (Atabay & İyigün, 2015). Values express the principles and basic beliefs that individuals use to define what is right, good and fair. In this case, it can be said that values and beliefs depending on values are a guiding compass for the rules and decisions that people obey or think they have to obey. It can be concluded that there are values and beliefs behind all types of important or unimportant decisions taken by humans (Erdemir, 2014).

Corporate Governance and Ethical Code Practice

Corporate governance plays a critical role due to the developments in information management and ownership structures within today's free economy structure, where market value is important rather than the balance sheet value of companies. Corporate Governance was

first put on the agenda in the reform works of the SEC (Securities and Exchange Commission) regulating the capital market in the US in 1976. However, the American company scandals (Enron, WorldCom, etc.) that emerged in the early 2000s profoundly shook the confidence of stakeholders in the financial disclosures and accounting systems. Therefore, these irregularities experienced in the most profitable companies of the USA shook the trust in the business world and brought the “*corporate governance strategy*” to the agenda once again (Dibra, 2016). The corporate governance strategy is the whole of the actions which regulate the relations between all of the stakeholders (board of directors, partners, employees, suppliers, public opinion, competitors, financial institutions, state) of an enterprise, the decisions taken in the enterprise, and all of the corporate practices and audit of an enterprise (Akdemir, 2016).

It is important to establish the code of ethics and make the practice sustainable as an indicator of commitment to ethical management in enterprises. In particular, when companies began to expand in the global arena, the transmission of corporate ethical messages verbally became insufficient in the increasingly complex production processes and the business environment. In this context, from the mid-nineties until today, ethical code practices have started to be considered as the main factor in determining the formal policies that regulate ethical decision making and execution in enterprises. Thus, ethical behavior was accepted and the expected standards for acceptance were clearly communicated (Grojen, Resick, & Smith, 2004). When it is considered why there is a need for the code of ethics that can be called the standards that direct moral behaviors, it can be said that human behaviors are affected by the laws and by the decisions taken with the free will. Ethics is found in the middle of these two areas (Figure 1).



Source: Ulgen & Mirze, (2007); Strategic Management in Enterprises.

FIGURE 1
BEHAVIOR AREAS OF THE INDIVIDUAL

The legal area is the field of laws composed of the values and standards applied by the courts and created within the legal system. It requires to comply with the rules of the legislator. The free choice area is on the other end, and it is behavior standards that do not have the legal boundaries and that the person or the institution realizes on his/her own will. It is the value judgments of an individual or the free decisions of an enterprise. There is the ethics area in the middle of the two mentioned areas, and there are no laws in this region, instead, there are shared principles and values, moral behaviors that guide people or enterprises. Many enterprises or individuals may face unexpected negativities while they are behaving properly to the *laws* or *free choice area* standards. The idea of “*If it is not against the laws, it is proper to ethic*” has often led individuals and managers to the wrong. If there were not a third area affecting the behavior, this opinion could be considered correct. Today, however, “*not to be against the laws*” is not an acceptable option by society. The fact that a behavior is legal does not mean that it is ethical. Therefore, all kinds of behaviors and activities that are ethically questionable come to the public agenda. For this reason, for enterprises, “*the best choice*” is to exist by being aware of the ethics

area, within and outside the business, in all decisions, actions, and approaches. Thus, creating ethical standards and putting the code of ethics into practice are considered to be the best way (Ulgen & Mirze, 2007).

The code of ethics primarily reveals enterprises' expectations from their employees in different situations. On the other hand, it helps to clearly meet the expectations that are similar to the enterprise's decisions and actions (Wheelen & Hunger, 2012). The fact that the enterprise has the code of ethics means an important message for managers and employees. It implies that ethical behavior is encouraged, and sanction will be imposed on unethical attitudes and behaviors. Creating and implementing the code of ethics has become the most concrete example of the tending of the business world to the ethical issue. The code of ethics or behavior rules is the manifesto of the systematic and formalized principles, which are formed from the values of the enterprise (Tusiad, 2009). Nowadays, for enterprises, having the code of ethics is important in terms of strengthening and increasing the recognition and brand image of enterprises, being an indicator of the organization's loyalty and sensitivity to ethical behaviors, and gathering employees around the culture of an enterprise. On the other hand, thanks to this, enterprises also keep away from the negativities and cases which they may face because of unethical behaviors (Çakırel et al., 2010). The code of ethics is also important for professional organizations. The code of ethics, which is formed by the relevant unit of the professional organization or professional institutions and which guides members of the profession on ethical principles is written documents aiming at protecting the beneficiaries of the service and elevating the professional reputation. Furthermore, it is an important expression of the common social values of individuals belonging to the same society. It includes a set of principles and values that are expected to be followed by the members of the organization in business life (Espinosa-Pike & Barrainkua-Aroztegi, 2014). Ethical code practices in enterprises are an important guide in decision-making processes. The important element here is the strategic thinking style. The code of ethics is a tool which is a shield to the threats in strategic decisions and which foresees the opportunities. When the code of ethics overlaps with the vision and mission of an enterprise, a strategic thinking style will be formed (Bektaş & Köseoğlu, 2007). It is known that the code of ethics is created by different responsible units in each country. On the other hand, considering the cultural differences, it seems that it is not possible to create a single list of codes of ethics that everyone can accept. Nevertheless, some international professional organizations are observed to make efforts in this sense (Soylu, 2010). Today, most major corporate organizations have formal ethical programs. These programs are written ethical codes that are communicated to all employees. In addition, it is supported by ethical training and advice lines. Research shows that formal ethics programs and legal compliance programs can have a positive impact (Trevino & Brown, 2004). When evaluated within this scope; The importance of ethical code practices is undeniable.

Strategic Management and Competitive Advantage

The strategic management process includes all of the tools which will be used by enterprises to provide a long-term competitive advantage and to be ahead of other enterprises and their competitors. Creating competitive advantage is something that a firm does especially well compared to its competitors and this is a position that competing firms cannot achieve or that competing companies desire. For example, the ability of a firm with high liquid resources to establish new strategic partnerships is quite high and this power can create a competitive advantage over its competitors (David & David, 2013). Global competition conditions brought

the concept of “*strategic management*” to the forefront for enterprises. In an environment with increasingly globalizing economies, it is necessary to develop strategies that will provide always being ahead of competitors. The concept of competition can be defined as “*a game or a race, which is played between more than one player in an environment where there is no privilege or discrimination and where basic freedoms and human rights are guaranteed within the framework of certain rules and restrictions, in order to share something scarce or to obtain a reward*” (Turkkan, 2001). When evaluated in terms of enterprises, enterprises seeking an advantage should aim at developing specific competencies, creating a superior customer value, and at the lowest delivery cost or differentiation. The objective of the enterprise may be achieving profitability, market share superiority, profit higher than the industry average, etc. For this purpose, enterprise management must first try to understand the reasons for the existing advantages and shortcomings of the enterprise. They must obtain an advantage that competitors cannot copy or attack. A diagnosis should be made correctly. Otherwise, managers cannot select the appropriate action to maintain or improve the current situation. There may be two different approaches to this subject. Competition strategy; is to provide above-average returns on the basis of the industry in which the company is located. The Competitive Advantage, on the other hand, is a set of decisions taken and applied in order to provide above-average returns on a firm basis. In any case, the goal is to achieve an above-average return. For the above-average return, there are two options that companies must fulfill; to produce at a lower cost than the competitor and to sell at a market price or to differentiate the goods or services from others in the market to sell at a higher price acceptable to the customer (Porter, 1998). In the strategic management literature, there are broad views of positioning and resource-based strategies that are generally viewed as opposed to each other for the selection of business strategies that will provide competitive advantage and superior performance. Managers can set market-based and customer-focused goals, or with competitor-focused goals, they can compare their enterprises and products with the competitor. Therefore, managers have to cope with numerous trends and events (Day & Wensley, 1988).

Value Approaches

The first information about the concept of value was introduced to the social sciences literature by Znaniecki (1918). The concept was derived from the word “*valere*” which means “*being precious*” or “*being strong*” in Latin (Grojean et al., 2004). According to the study by Kluckhohn and Strodtbeck (1961), values are the factors that influence people's evaluation of events and their behavior choices. Different societies act with different values in the solution of various social problems. In time management, in nature-human-environment relations, in mutual relationship management, in behavioral motivation, values that arise in different dimensions become factors. Roeach (1979), Hofstede (2001) and Schwartz (1992) conducted pioneering studies to understand what the basic human values are, how the measurement can be performed, and the similarities and differences between people from different cultures (Hills, 2002). Hofstede defines values as belief standards determined by individuals in the distinction between right and wrong. In this sense, values affect the positive or negative attitudes and behaviors of individuals regarding the possible events and results. Values help people to emphasize what they care about in their daily lives (Hofstede, 2001).

On the other hand, Feather (1994) investigated the personal value systems and explained the cognitive infrastructure of these values. Values can be understood as an organized summary of human experiences and as a “*mental cognition network*”, and this network also has a link with

the person's emotional system. According to Feather, values in working life play an important role in the formation of individual ideas on how to share scarce resources in an organization within acceptable processes (Feather, 1994). Values can be understood as the ideals behind actions. They affect our behavior and are relatively general beliefs. Values are linked to ethics in terms of providing ideals and possibilities that can be important for people when they try to achieve a good life (Eastwood et al., 1998).

According to Schwartz (2006) values have been used in the characterization of individuals and societies, in monitoring the changes that have occurred over time and in explaining the motivational basis of behaviors and attitudes. Values are defined as desired aims which exist as guiding principles in the lives of individuals or other social entities, have different important levels, and maintain validity in different situations. Schwartz (1992, 2006) highlighted six main characteristics which were also involved in different theoretical studies, in the value theory he created (Schwartz, *Basic Human Values: Theory, Measurement, and Applications*, 2006).

- Values are the beliefs that are strongly connected to emotions.
- Values tend towards ideal goals, which motivate to be effective.
- Values are over certain behaviors, attitudes, and events, and in a structure that exceeds them.
- Values have functions as standards or criteria.
- Values are ordered by importance relative to one another.
- The relative importance of the value belonging to the individual guides his/her behavior.

It is stated that the majority of individual values are hereditary, and the others arise depending on environmental factors such as the national culture, parental teaching, teachers and friends, etc. In a study conducted on twins, 40% of the values developed in relation to the work were found out to be hereditary. Therefore, the values of biological parents could be said to play an important role in the formation of the values of individuals. On the other hand, environmental factors are also important in the formation of many other personal values (Özkalp & Kirel, 2004). According to value theorists (Schwartz, 1992), “*values*” show a structure according to the perspectives owned by individuals when evaluating the assets, events, and phenomena around them. Value priorities of individuals can be measured. The values that individuals possess are used as principles that allow them to make comparisons in their understanding of new events and phenomena while arranging their current knowledge (Güngör et al., 2012).

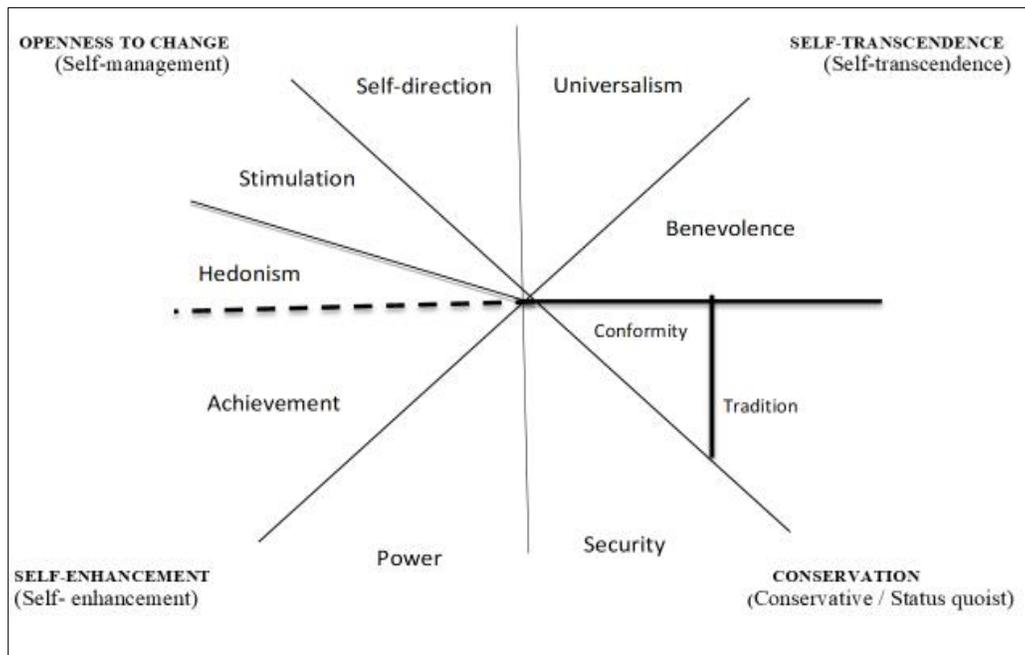
Schwartz’s Value Approach

Schwartz’s value theory was used to measure manager values in this study. Values are a phenomenon, which is the center of interest in social sciences in that both their effect on behaviors and attitudes is predictable, definable and interpretable and the effect of some structural variables on values is similarly predictable, definable, and interpretable, and they allow to make an intercultural comparison. Values are “*cognitive reflections of universal human needs*”. Differences in the ranking of the importance given by individuals to values make the person, group, society, and cultures different (Schwartz & Bilsky, 1987).

Schwartz separated values in terms of the motivational goals they express. These requirements were defined as, firstly, the needs of individuals as biological organisms, secondly, as providing coordinated social interaction, and, finally, as providing social welfare and meeting social institutional demands for life. Thus, he stated that it is connected to three basic needs of the human being. When the content of each value is examined, self-direction is important in

terms of independent thinking and taking action, choosing, creating, exploring, self-managing, mastery, and controlling the independence needs. Stimulation controls the needs of thrill, innovation, and challenge to life. Hedonism: hedonism values based on satisfaction, pleasure and emotional pleasure arise from organic (biological) needs and the desire to obtain them. Achievement meets the need for personal achievement through displaying competence according to social standards. Power meets the needs of achieving social status and prestige and forming control or domination against people and resources. Security meets the needs related to the security, harmony, and stability of society, relations, and self. Conformity meets the need of restricting tendencies and stimulations which may sadden or harm others and which mean the violation of social expectations and norms. Tradition is based on the need to respect and accept the traditions and ideas provided by a religion or a person's culture. Benevolence meets the need to protect and improve the well-being of individuals with whom the person contacts frequently. It originates from the basic requirement for trouble-free group operation and from organic need. Universalism / Humanism is the value of understanding, appreciation, tolerance, and protection for the welfare of all people and nature.

According to Schwartz (2006), in addition to determining ten theoretical core values, the structure of value relations also determines the structure of dynamic relations between values. The value structure originates from the requirement that actions that search for any value have results which contradict some values but compromise with others. For example; pursuing the “*achievement*” value often conflicts with the “*goodness*” value. The circular structure seen in Figure 2 depicts the pattern of conflict and cohesion relations between the values.



Source: Schwartz (2006), “*Basic Human Values: Theory, Measurement and Applications*”, *Revue Française de Sociologie*, 47/3.

FIGURE 2
SCHWARTZ' VALUE CIRCLE, DISTRIBUTION OF 21 PROBLEMS TO FOUR MAIN VALUE AREAS

The first dimension in the circular shape, the values of “*Openness to Change*” and “*Conservation*” contradict. The second dimension, the values of “*Self-Enhancement*” and “*Self-Transcendence*” contradict. There is hedonism in both dimensions. While the value types, of which motivational substructure is compatible, line up as neighboring areas, the value types with conflicting motivational substructure are positioned as areas at opposite poles. The value types are located on the two main motivational conflict axes.

The First Basic Axis; Openness to Change-Conservation

There is Openness to Change (innovation and autonomy), which includes individual novelty seeking, independent thinking and behavior orientation, at one pole of the axis. There is the Conservation (compatibility, tradition, and security) axis, which includes the tendency to limit individual wishes according to social norms and traditions and to protect individual and social stability, at the opposite pole.

The Second Basic Axis; Self-Enhancement-Self-Transcendence

There is Self-Enhancement (power and achievement), which directs the motivation of individual achievement and dominance, at one pole of the axis; and at the opposite pole, there is Self-Transcendence (universalism and benevolence), which expresses the tendency to the well-being of the others who are close, the well-being of people in the outside group, and the well-being of nature. It is observed that the value of hedonism is in between Openness to Change and Self-Enhancement in relation to the two value types. When Schwartz's circular value structure presented above is examined, it can be said that the values also reveal the person's tendency, as being person-oriented and community-oriented. This view recalls Hofstede's individualism and collectivism values.

Results of numerous studies conducted to date have demonstrated a pattern that supports the “*circular model*” (Schwartz, 1992); (Schwartz et al., 2001). Schwartz stated that the reliability value of the Portrait Value Scale should not be expected to be high since each value in the scale is measured with two items and values with a wide range of meanings involve many meanings. Again, Schwartz stated that if there is no need to focus on fine details, it can be dealt with through four core values in which ten values are dealt with in a higher dimension (Schwartz, 2003 a & b). According to Schwartz (2006), values are concepts that shape the behavior of individuals, enable us to evaluate the events and people around us. The priorities attributed by individuals to different values reflect their personality, social experiences, life experiences, cultures, etc. The value explains what people think about the beliefs that they qualify as good or bad, and about the things that they should and should not do.

Manager Value and its Importance

Managers are not independent of the cultures of the societies and organizations they are raised in. As the culture of society and organizations affects managers, the culture of managers also affects society and organizations. Managers are influenced by some cultural forces in the decisions they make towards organizational actions. Values, which are considered as a part of the culture, are the main forces, which directly or indirectly influence them (Kara, 2007). Individual values have an important impact on the understanding of decision-making and leadership styles of managers. According to Guth and Taigeri (1965), value systems of managers play a critical

role in decision-making behaviors. Similar studies have demonstrated that managers' personal values have an important effect in case of innovation, hierarchical relations, group behavior, organizational communication, conflict, etc. in terms of decision making (Altıntaş, 2008). Individual values, which play an important role in explaining management behavior, are effective in managers' decision-making and leadership styles (Marshall Hunt & Al-Twaijri, 1996). The importance of values is undeniable in terms of organizational behavior. Individuals decide what should be done and what should not be done in the organization according to the value measures they learn and gain in their previous life processes (Özkalp & Kirel, 2004). In the light of his studies, Posner (2010) states that manager values are the strong voice of organizational life and their effects continue for decades. Especially in decisions in the ethical field, changing or unchanging aspects of the values of managers with time are important (Posner, 2010). Values are not the cream on the cake, on the contrary, they form the foundation that supports the structure (Argandoña, 2003).

METHODOLOGY

The research was conducted with the survey method intended for middle and high-level executives of Joint Stock Companies registered in Istanbul Stock Exchange.

The Research Variables and the Scales Used

The survey study in the research model was shaped by the following variables.

Variables	Scales	Number of Questions	Resource of the Scale
Code of Ethics	Code of Ethics	7	(Peppas, 2003)
Competitive Advantage	Competitive Advantage (Firm Capital)	6	(Gencturk et al., 2010)
Core values	Openness to Change Self-Enhancement Self-Transcendence Conservation	21	(Schwartz et al., 2001) (Demirutku & Sümer, 2010) (Morsümbül, 2014)

Hypotheses of the Study

In the light of the information obtained from the literature review, the research hypotheses were designed as follows.

H1: *Ethical code practices in enterprises have a positive and significant effect on the enterprise's creating a competitive advantage.*

H2: *In enterprises, the manager value dimension has a positive and significant effect on the enterprise's creating a competitive advantage.*

H2a: *In enterprises, the "Openness to Change" manager personal value, which is one of the manager value dimensions, has a positive and significant effect on the enterprise's creating a competitive advantage.*

H2b: *In enterprises, the “Self-Transcendence” manager personal value, which is one of the manager value dimensions, has a positive and significant effect on the enterprise's creating a competitive advantage.*

H2c: *In enterprises, the “Self-Enhancement” manager personal value, which is one of the manager value dimensions, has a positive and significant effect on the enterprise's creating a competitive advantage.*

H2d: *In enterprises, the “Conservation” manager personal value, which is one of the manager value dimensions, has a positive and significant effect on the enterprise's creating a competitive advantage.*

H3: *In enterprises, the manager value perception has a moderating effect between the ethical code practices and the competitive strategies of the enterprise.*

H3a: *In enterprises, the Openness to Change manager perception has a moderating effect between the ethical code practices and the competitive strategies of the enterprise.*

H3b: *In enterprises, the Self-Transcendence manager perception has a moderating effect between the ethical code practices and the competitive strategies of the enterprise.*

H3c: *In enterprises, the Self-Enhancement manager perception has a moderating effect between the ethical code practices and the competitive strategies of the enterprise.*

H3d: *In enterprises, the Conservation manager perception has a moderating effect between the ethical code practices and the competitive strategies of the enterprise.*

Data Collection Method

In the analysis section of the study, a “questionnaire” was used as the data collection method. The sources of the scales used in the study were presented in Table 1. Firstly, a pilot study was conducted with 30 enterprise managers. The questionnaire form of the study consists of two parts. In the first part, there are 7 statements aimed at understanding the ethical rules of the enterprise, 6 statements aimed at identifying the competitive advantage strategies, and 21 statements aimed at measuring the manager perception of core values. In the second part of the questionnaire, 13 questions were used to determine the demographic and socio-economic characteristics of the participants. The questionnaire form, which was prepared for the study, was sent to all enterprises in the sample (277) via e-mail in the light of the contact information in the Public Disclosure Platform (PDP).

The Population and Sample of the Study

The population of the study consists of companies that are included in Borsa Istanbul Stock Exchange and should declare compliance with the Corporate Governance Principles. Of the mentioned companies, those that are publicly open constitute the sample of the study (Table 2). In the study, the top and middle-level managers of the companies, which are in the Star and Main Market, in Borsa Istanbul, were targeted. However, some companies stated that they did not fill out the questionnaire because of their general policies, and some enterprise officials also showed the lack of time as an excuse not to fill in the questionnaire.

	Study Sample	Form Sent	Respondent	Filling Completely
Number	296	277	116	110
Rate (%)	100	94	41.87	39.71

The hypotheses were tested by using the Structural Equation Model. For this purpose, firstly, factor analysis related to the Structural Equation Model and assumptions necessary for establishing the model were tested. Afterward, the research hypotheses were tested by using the Structural Equation Model.

Number of Observations, Validity, and Reliability

It is stated that the accepted criteria regarding that the data set has sufficient size should be calculated with the formula given below (Çetin & Kumkale, 2016 cited from Tabachnick et al., 2001). $N \geq 50 + 8m$; N = Sample volume, m = Number of variables. The number of independent variables for this study is 6, including the Code of Ethics, Competitive Advantage, Self-Enhancement, Self-Transcendence, Openness to Change, and Conservation. In this case, the minimum sample volume was found to be 98 when the formula was applied. The study's number of samples, which is 110, may be accepted as sufficient.

The validity and reliability of the scales: The Kaiser-Meyer-Olkin (KMO) test and Barlett's test results obtained from the explanatory factor analysis applied to the variables were observed to be appropriate. Thus, it was understood that the scales provided a valid factor formation. On the other hand, Cronbach's alpha reliability coefficients were considered suitable for analysis (Cokluk et al., 2012). The results were summarized in the following Table 3.

Cronbach's Alpha	Standardized Cronbach's Alpha	Number of Factors
0.879	0.879	4 Ethical code practices
0.883	0.883	6 Competitive Advantage
0.691	0.691	4 Openness to Change Value
0.678	0.678	3 Self-Enhancement Value
0.771	0.771	4 Self-Transcendence Value
0.666	0.666	4 Conservation Value

Confirmatory Factor Analysis of the Research Variables

Confirmatory Factor Analysis (CFA) is a natural extension of the Explanatory Factor Analysis (EFA) model. Confirmatory Factor Analysis is a type of the Structural Equation Model that deals with measurement models of relationships between latent variables and observed measurements (Çelik & Yılmaz, 2013). In another definition, Confirmatory Factor Analysis was defined as “*the model in which the factor analytical structure is used to test and verify how the data fit the hypothesized model*” (Bayram, 2016). Anderson & Gerbing (1988) mention the requirement of taking confirmatory factor analysis as a prerequisite for the Structural Equation Model (Anderson & Gerbing, 1988). Therefore, the study model was evaluated with Confirmatory Factor Analysis and made ready for the Structural Equation Model. For confirmatory factor analysis, models and dimensions obtained with explanatory factor analysis were used.

On the other hand, in the Structural Equation Model, the suitability of the established model is expressed by Compliance Values (Meydan & Şeşen, 2011). These values are generally expressed as χ^2/df , GFI, NFI, CFI, and RMSEA (Bayram, 2016). The mentioned compliance values of the variables of this study were given below.

Confirmatory Factor Analysis for the Code of Ethics Variable

For the code of ethics variable, single level confirmatory factor analysis was applied. A single level CFA model is the analysis that includes also the relationship between the formed factors (latent variable and implicit variable) in the model (Meydan & Şeşen, 2011). Confirmatory Factor Analysis of the Code of Ethics Variable was presented below (Figure 3).

In the CF analysis of the Code of Ethics variable, modification indices were not applied between the error terms. Table 4 presents the factor loadings of the values obtained from the analysis, standardized regression coefficients, and p values showing the statistical significance of the bilateral relations between the parameters.

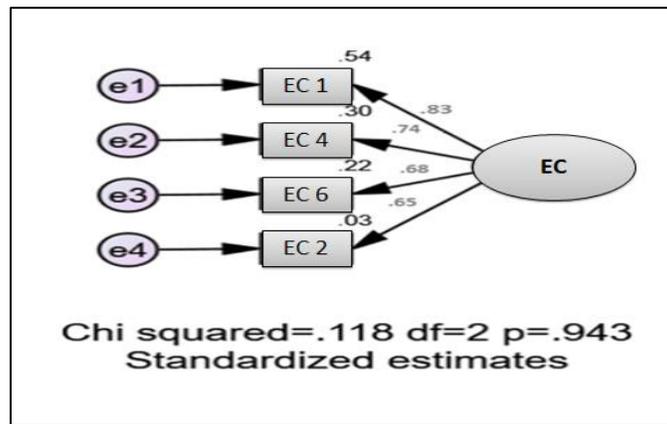


FIGURE 3
CODE OF ETHICS (EC), CONFIRMATORY FACTOR ANALYSIS DIAGRAM

Parameters			Standardized Regression Weights
EC1	<---	EC	0.834
EC	<---	EC	0.739
EC6	<---	EC	0.680
EC2	<---	EC	0.648

Note: ***p < 0.05

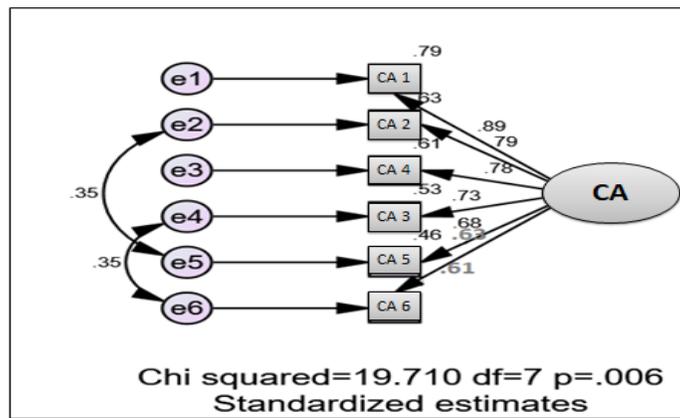
Compliance Measures	Good Compliance	Acceptable Compliance	Model Values
χ^2 / df (CMIN/df)	≤ 2	$\leq 2-3$	0.943
GFI	≥ 0.95	$0.90 \leq X \leq 0.95$	0.999
CFI	≥ 0.97	$0.95 \leq X \leq 0.97$	1.000
RMSEA	≤ 0.05	$0.05 \leq X \leq 0.08$	0.000
NFI	≥ 0.95	$0.90 \leq X \leq 0.95$	0.997

According to the Table 4, the fact that all p values of bilateral relations are less than 0.05 indicates that the model is statistically significant. When the factor loads are examined, it is understood that the values are between 0.600-0.850.

The Code of Ethics variable Confirmatory Factor Analysis compliance values were presented in the Table 5. According to the Table 5, when the fit indices are examined, it is observed that the results meet the compliance criteria.

Confirmatory Factor Analysis for the Competitive Advantage Variable

For the Competitive Advantage variable, Single Level Confirmatory Factor Analysis was applied, and it was given in Figure 4 below. In the CF analysis of the Competitive Advantage variable, the suggestion about modification indices between “e2-e5” and “e4-e6” error terms was taken into consideration, and the covariance relationship was applied. “Standardized Regression Weights” and p values of the bilateral relations of the competitive advantage variable confirmatory factor analysis are presented in the Table 6 below.



**FIGURE 4
COMPETITIVE ADVANTAGE (CA), VARIABLE CONFIRMATORY FACTOR ANALYSIS DIAGRAM**

According to the Table 6, the fact that all p values of bilateral relations are less than 0.05 indicates that the model is statistically significant. When the factor loads are examined, it is understood that the values are between 0.600-0.890.

Parameters			Standardized Regression Weights
CA1	<---	CA	0.887
CA2	<---	CA	0.791
CA4	<---	CA	0.783
CA3	<---	CA	0.730
CA5	<---	CA	0.626
CA6	<---	CA	0.611

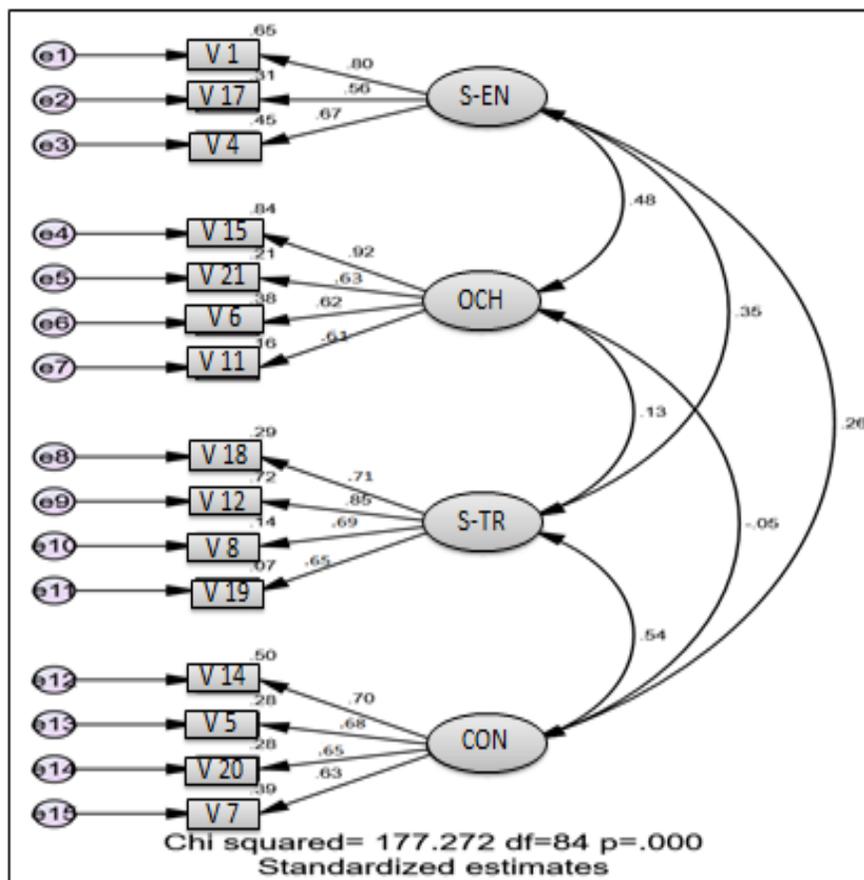
Note: ***p< 0.05

The competitive advantage variable confirmatory factor analysis compliance values were presented in the Table 7 below. According to the Table 7, when the fit indices are examined, it is observed that the results meet the compliance criteria.

Compliance Measures	Good Compliance	Acceptable Compliance	Model Values
χ^2/df (CMIN/df)	≤ 2	$\leq 2-3$	2.816
GFI	≥ 0.95	$0.90 \leq X \leq 0.95$	0.946
CFI	≥ 0.97	$0.95 \leq X \leq 0.97$	0.965
RMSEA	≤ 0.05	$0.05 \leq X \leq 0.08$	0.029
NFI	≥ 0.95	$0.90 \leq X \leq 0.95$	0.947

Confirmatory Factor Analysis for the Core Values Variable

Single level confirmatory factor analysis was applied for the core values variable (Figure 5). Modification indices were not applied between the error terms in the CF analysis of the core values variable. It is observed that there is a relationship between Self-Enhancement (S-EN) and Openness to Change (OCH) in the same direction at an intensity of 0.48, between Openness to Change and Self-Transcendence (S_TR) in the same direction at an intensity of 0.13, between Self-Transcendence and Conservation (CON) in the same direction at an intensity of 0.54, and between Self-Enhancement and Self-Transcendence in the same direction at an intensity of 0.35. It is observed that there is a relationship between Openness to Change and Conservation in the opposite direction at an intensity of 0.05, and finally a relationship between Self-Enhancement and Conservation in the same direction at an intensity of 0.26.



**FIGURE 5
CORE VALUES VARIABLE CONFIRMATORY FACTOR ANALYSIS DIAGRAM**

The factor loadings of the values obtained from the analysis, standardized regression coefficients, and p values showing the statistical significance of the bilateral relations between the parameters were presented in Table 8.

Parameters			Standardized Regression Weights
V13	<---	S-EN	0.804
V17	<---	S-EN	0.559
V4	<---	S-EN	0.669
V15	<---	OCH	0.919
V21	<---	OCH	0.625
V6	<---	OCH	0.619
V11	<---	OCH	0.610
V18	<---	S-TR	0.708
V12	<---	S-TR	0.849
V8	<---	S-TR	0.685
V19	<---	S-TR	0.647
V14	<---	CON	0.704
V5	<---	CON	0.681
V20	<---	CON	0.648
V7	<---	CON	0.626

Note: ***p< 0.05

According to the Table 8, the fact that all p values of bilateral relations are less than 0.05 indicates that the model is statistically significant. When the factor loads are examined, it is understood that the values are between 0.550-0.890. The Core Values variable confirmatory factor analysis compliance values were presented in Table 9.

Compliance Measures	Good Compliance	Acceptable Compliance	Model Values
χ^2/df (CMIN/df)	≤ 2	$\leq 2-3$	2.110
GFI	≥ 0.95	$0.90 \leq X \leq 0.95$	0.941
CFI	≥ 0.97	$0.95 \leq X \leq 0.97$	0.952
RMSEA	≤ 0.05	$0.05 \leq X \leq 0.08$	0.061
NFI	≥ 0.95	$0.90 \leq X \leq 0.95$	0.932

According to the Table 9, when the fit indices are examined, it is observed that the results meet the compliance criteria.

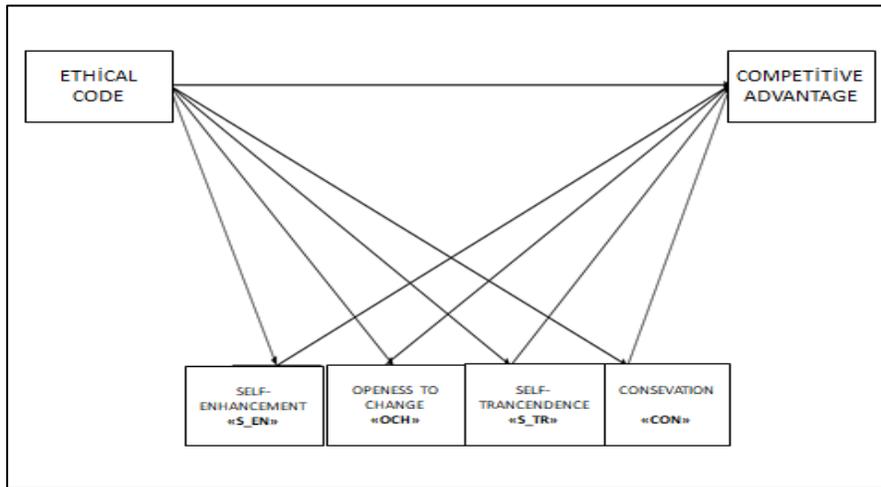
Structural Equation Model Assumptions

Assumptions that the Structural Equation Model must provide were expressed as Multivariate Normality Assumption, Linearity Assumption, and Multiple Correlation Assumption (Kalaycı, 2010). It is understood that the variables used in the study provided the mentioned SEM assumptions: by conducting multiple normality tests and analyzing P-P and Q-Q graphs, it is understood that they provide the multivariate normality; by examining correlation coefficients and scattering diagrams, it is understood that they provide the linearity assumption; by considering the Variance Inflation Factor-VIF, it is determined that there is not multiple

correlation problem, and since the VIF statistics are smaller than the value of 10, it is understood that there is not multiple correlation problem (Sipahi et al., 2010).

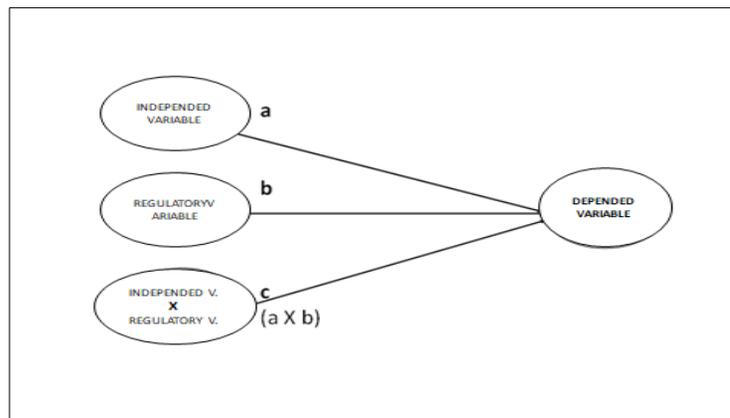
Explanation of the Research Hypotheses with the Structural Equation Model

The moderating effect will be tested according to the model which has been previously established between the Code of Ethics, Competitive Advantage, Self-Enhancement, Openness to Change, Self-Transcendence, and Conservation variables. Regarding the proposed argument, the Structural Equation Moderating Effect Model was established as follows (Figure 6).



**FIGURE 6
MODERATING EFFECT MODEL**

As a result of the theoretical studies on the subject, whether the manager values of self-enhancement, openness to change, self-transcendence, and conservation have a moderating effect on the relationship between the code of ethics applied in enterprises and competitive advantage will be tested. Since Baron & Kenny (1986) stated that moderating effect analysis should be examined in three stages, three models were established and examined in order to test the research hypotheses (Figure 7).



**FIGURE 7
MODERATING VARIABLE ANALYSIS**

As presented in Figure 6, firstly, the relationship between the Code of Ethics, which is the independent variable, and Competitive Advantage, which is the dependent variable, was dealt with in the first model. In the second model given in Figure 7, the relationship between the Competitive Advantage and the Self-Enhancement, Openness to Change, Self-Transcendence and Conservation variables, which are moderating variables, was evaluated. Finally, in the third model, the analysis was terminated by examining the relationship between the interaction term and Competitive Advantage.

The confirmatory factor analysis of the final version of the adjusted model. The final version of the interaction term as a result of the adjusted Confirmatory Factor Analysis. It is observed that the statistics related to the explanation of the interaction term's subdimensions by the implicit variables are high. The standardized regression coefficients of the values obtained from the analysis and p values showing the statistical significance of the bilateral relations between the parameters are presented; p values of all relations are statistically significant. Almost all of the factor loadings of the Core Values variable, affecting the Code of Ethics Variable as a moderator, have a powerful effect of over 0.700.

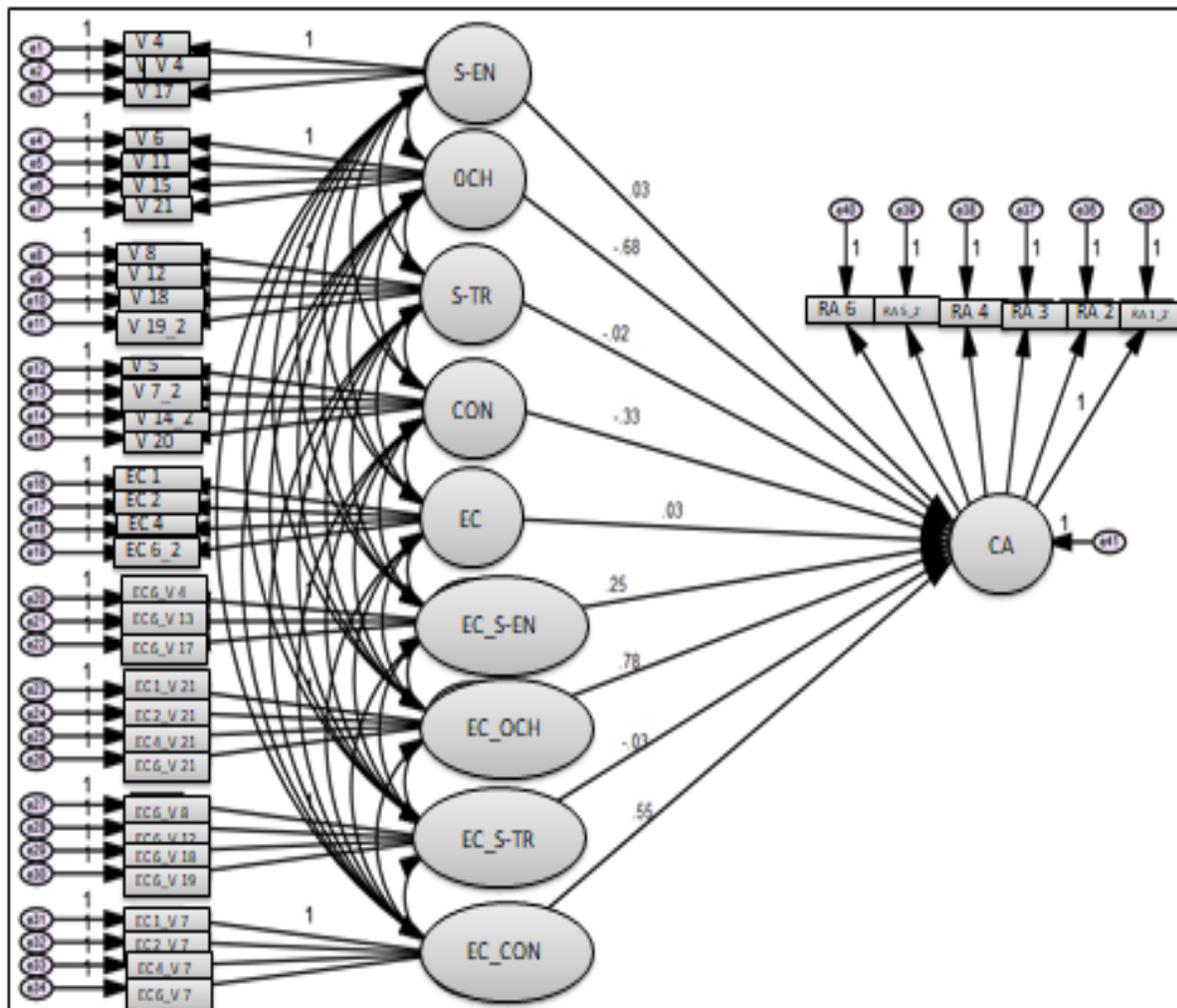


FIGURE 8
MODERATOR VARIABLE ANALYSIS PATH GRAPH

The Interaction Term Sub-Dimensions are presented. When the table is examined, it is observed that the new Interaction Term sub-dimension, which is formed by the multiplication of the Code of Ethics variable and the Self-Enhancement variable, is called EC_S-EN. The EC_S-EN variable symbolizes “*the attitudes of managers having Self-Enhancement values toward ethical code practices*”. The new Interaction Term sub-dimension, which is formed by the multiplication of the Code of Ethics variable and the Openness to Change variable, was called EC_OCH. The EC_OCH variable symbolizes “*the attitudes of managers having Openness to Change values toward ethical code practices*”. The new Interaction Term sub-dimension, which is formed by the multiplication of the Code of Ethics variable and the Self-Transcendence variable, was called EC_S-TR. The EC_S-TR variable symbolizes “*the attitudes of managers having Self-Transcendence values toward ethical code practices*”. The new Interaction Term sub-dimension, which is formed by the multiplication of the Code of Ethics variable and the Conservation variable, was called EC_CON. The EC_CON variable symbolizes “*the attitudes of managers having Conservation values toward ethical code practices*”.

The relationship between EC_S-EN, EC_OCH, EC_S-TR, and EC_CON variables, which are the interaction term variables of the study, and the Competitive Advantage variable was evaluated by using the Structural Equation Model. The path graph related to the analysis is given below.

Upon examining Figure 8, it is observed that there is a positive relationship between EC_S-EN, EC_OCH and EC_CON variables and the Competitive Advantage variable and there is a negative relationship between EC_S-TR variable and the Competitive Advantage variable.

According to the result, positive and statistically significant relationships are observed between EC_S-EN and EC_OCH variables and the Competitive Advantage variable ($p < 0.05$). No statistically significant relationship was found between EC_S-EN and EC_CON variables and the Competitive Advantage variable ($p > 0.05$).

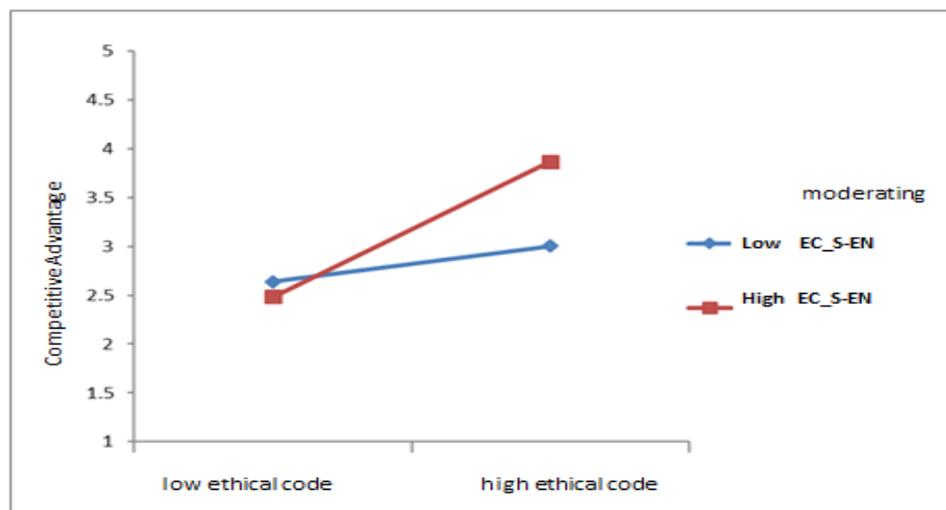


FIGURE 9
SELF-ENHANCEMENT MODERATING EFFECT GRAPH

The compliance values of the model are within the acceptable limits. In this case, the core manager values of Self-Enhancement and Openness to Change have a moderating effect between the Code of Ethics and Competitive Advantage. However, no moderating effect was found for

the Self-Transcendence and Conservation variables. In order to find out how the Self-Enhancement and Openness to Change variables having a moderating effect direct the relationship between the Code of Ethics and Competitive Advantage, the moderating effect graph should be drawn and interpreted (Saruhan & Özdemir, 2013). The moderating effect graph was drawn by benefiting from the Microsoft Office Excel workbook on the web page written by Gaskin (2016), who is a statistical scientist (Gaskin, 2016) (Figure 9; Figure 10).

According to Figure 9 when the attitudes of managers having Self-Enhancement values toward ethical code practices are high, their effect on Competitive Advantage become powerful in direct proportion to the increase in the perception of the Code of Ethics. In addition, when the attitudes of managers having Self-Enhancement values toward ethical code practices are low, their effect on Competitive Advantage is again in the strengthening direction but at a lower level.

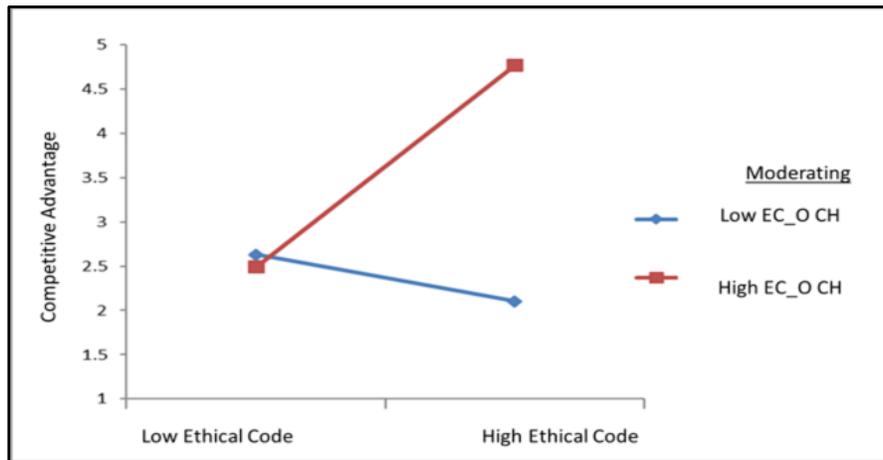


FIGURE 10
OPENNESS TO CHANGE MODERATING EFFECT GRAPH

According to Figure 10, when the attitudes of managers having Openness to Change values toward ethical code practices are high, their effect on Competitive Advantage become powerful with the increase in the perception of the Code of Ethics. However, when the attitudes of managers having Openness to Change values toward ethical code practices are low, their effect on Competitive Advantage is in the reducing direction.

Evaluation of the Moderating Variable Analysis Results

From the Model hypotheses, all of the hypotheses of “H1; H2, H2a, H2b, H2c, H2d” were approved. While “H3 hypothesis was partially and H3a and H3c were fully” approved, “H3b and H3d” were not approved (Table 10).

Table 10 RESULTS OF THE STRUCTURAL EQUATION MODEL HYPOTHESIS	
HYPOTHESIS	RESULT
H1: Ethical code practices in enterprises have a positive and significant effect on the enterprise's creating a competitive advantage.	Approved
H2: In enterprises, the manager’s personal values have a positive and significant effect on the enterprise's creating a competitive advantage.	Approved
H2a: In enterprises, the “Openness to Change” manager personal value, which is one of the	Positive and

manager value dimensions, has a positive and significant effect on the enterprise's creating a competitive advantage.	significant
H2b: In enterprises, the “ <i>Self-Transcendence</i> ” manager personal value, which is one of the manager value dimensions, has a positive and significant effect on the enterprise's creating a competitive advantage.	Positive and significant
H2c: In enterprises, the “ <i>Self-Enhancement</i> ” manager personal value, which is one of the manager value dimensions, has a positive and significant effect on the enterprise's creating a competitive advantage.	Positive and significant
H2d: In enterprises, the “ <i>Conservation</i> ” manager personal value, which is one of the manager value dimensions, has a positive and significant effect on the enterprise's creating a competitive advantage.	Positive and significant
H3: In enterprises, the manager value perception has a moderating effect between the ethical code practices and the competitive strategies of the enterprise.	Partially Approved
H3a: In enterprises, the Openness to Change manager perception has a moderating effect between the ethical code practices and the competitive strategies of the enterprise.	OCH has a moderating effect
H3b: In enterprises, the Self-Transcendence manager perception has a moderating effect between the ethical code practices and the competitive strategies of the enterprise.	S-TR has no moderating effect
H3c: In enterprises, the Self-Enhancement manager perception has a moderating effect between the ethical code practices and the competitive strategies of the enterprise.	S-EN has a moderating effect
H3d: In enterprises, the Conservation manager perception has a moderating effect between the ethical code practices and the competitive strategies of the enterprise.	CON has no moderating effect

The moderating effect analysis results were presented in the Table 11 below as a whole.

VALUE DESCRIPTION	Perception of the Ethical Code Practice	Competitive Advantage Change
Manager having the Self-Enhancement Value	If high =>	As an Ethical Code Practice increases, it has an effect that strengthens the competitive advantage at a high level.
	If low =>	As an Ethical Code Practice increases, it has an effect that strengthens the competitive advantage at a low level.
Manager having the Openness to Change Value	If high =>	As an Ethical Code Practice increases, it has an effect that strengthens the competitive advantage at a high level.
	If low =>	As an Ethical Code Practice increases, it has a reducing effect on the Competitive Advantage.

According to Table 11, if the perceptions of managers having the Self-Enhancement value toward ethical code practices are high, this situation creates a strengthening effect on the competitive advantage as the ethical code practices increase. If the perceptions of managers having the Self-Enhancement value toward ethical code practices are low, this situation creates a strengthening effect on the competitive advantage at a low level as the ethical code practices increase. On the other hand, if the perceptions of managers having the Openness to Change value toward ethical code practices are high, this situation creates a strengthening effect on the competitive advantage as the ethical code practices increase. However, if the perceptions of managers having the Openness to Change value toward ethical code practices are low, this situation creates a reducing effect on the competitive advantage as the ethical code practices increase.

RESULTS & DISCUSSION

The aim of this study is to observe the effect of ethical management related practices of the companies, which are managed corporately, which were opened to the public in Turkey and of which shares are traded in Istanbul Stock Exchange, on creating a competitive advantage, and to determine whether the personal values of the firm executives have an effect in this area, and if so, to detect its direction.

According to the structural equation modeling results of the study:

- It was concluded that the “*Ethical Code Practice*” has a positive effect on enterprises' achievement of a competitive advantage.
- It was discovered that the value trends of the executives have a “*moderating effect*” in the “*Openness to Change*” and “*Self-Enhancement*” dimensions.
- It was concluded that, in the long term, positive and strong results will be obtained in increasing the competitive advantage, when the code of ethics is applied with managers who have the “*Openness to Change*” and “*Self - Enhancement*” values and who believe in ethical code practices.
- On the other hand, its effect of increasing the competitive advantage will gradually decrease, when ethical code practices are maintained with managers who have the “*Openness to Change*” value but believe in ethical code practices at a low level.

In the markets, in which top and/or middle managers of Istanbul Stock Exchange Market companies in Turkey operate, corporate governance principles were adopted. In case of detection of a possible unethical situation in this market, sanctions are imposed under the Capital Market Law by the Capital Market Board. In this context, the moderating effect of the values of enterprise executives was examined for the first time in this study. In light of the results, the following suggestions can be made to enterprises:

- The establishment and implementation of the code of ethics in enterprises should be adopted in all managerial positions, particularly in senior management, and should be considered seriously.
- The positive effects of ethical code practices with their acceptance in enterprises on the creation of a competitive advantage will be observed in the long term.
- The fact that upper and mid-level managers have “*self-enhancement values which target achievement, show their talents, make a difference and want to be respected*” will have a powerful impact on the establishment of ethical code practices. Managers who desire self-enhancement will be more creative, reveal their personal talents, and carry out successful works that create respect and admiration. This will make a positive contribution to the enterprise’s achievement of a competitive advantage and its maintenance.
- The fact that managers have “*Openness to Change*” values which target being brave, creative, dynamic, proactive and pro-independence will create a powerful impact on the establishment of ethical code practices in the enterprise. Unethical demands can be easily rejected by enterprise employees. While the motivation of employees serving at every level increases, enterprises will maintain their competitive advantages. Here, the issue that should be considered is that managers having the “*openness to change*” value should have high belief and trust in ethical code practices.
- In providing managers either from the internal sources of the enterprise, or appointing them through transfer, human resources departments and enterprise career management system should include practices that facilitate the selection of managers having ethical values.

When compared with the following results in the literature on this subject, it can be said that the results of the study are in a structure that fits today's competitive conditions.

Hofstede (1984), which shows the differences in cultural values in 72 countries in the IBM company employees and managers of the research results; The Turkish cultural structure provided results consisting of collectivist, high power distance, avoiding uncertainty, feminine dominant values (Hofstede, 2001). However, the results of this research are different from the

general findings of Hofstede's findings on Turkish culture, since Turkish companies managers, which are open to international competition and strategically managed within the corporate governance approach, are openness to change or/and self-enhancement; they have similarities with corporate executives and employees of developed countries. Therefore, the findings obtained in this thesis study will provide an important contribution to the literature.

Hunt and Tuwaijri; They argued that individual values play an important role in explaining management behavior and that managers influence decision-making and leadership styles (Marshall Hunt & Al-Twaijri, 1996). The results of this research support the literature; it was seen that the individual values of the managers had a significant effect on the ethical code practices of the company.

As a result, in “*openness to change*” and “*self-enhancement*” value dimensions of top and middle managers of enterprises, ethical code practices create competitive advantage regulatory effect was discovered. In the preparation and implementation of ethical codes; it can be said that the decisions and attitudes of the managers who empower themselves and / or are open to change will support the competitive advantage positively and strongly.

Ethical code practices in successful enterprises that apply corporate governance principles increase the competitive advantage. It is thought that the personal values of the managers are also effective in this field and if the managers with values “*openness to change or/and self-enhancement*” show a positive and strong attitude towards the implementation of ethical code, businesses can gain an increasingly competitive advantage. This result may be an indication that management understanding has changed in the new period.

Considering its strategic importance, it can be said that it is important for Human Resources Departments to apply the criteria in which managers can determine these characteristics when making the business managers' choices.

Constraints

In this study; It is limited to the share market enterprises and managers registered in Borsa İstanbul. These enterprises are legally liable as they operate in the Capital Market. Therefore, the results should be evaluated at the corporate managed Joint Stock Companies level. But what is the level of institutionalization it has not been studied in Turkey and how to include the results of the research company. Future research can make improvements in this direction.

Approval

This study was adapted from the Ph.D. thesis entitled “*The role of ethical code practices in achieving a competitive advantage in terms of manager values: An investigation in Borsa Istanbul companies*” that was completed under the consultancy of Assoc. Prof. Dr. İlknur KUMKALE.

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