Values-Based Approach to Leaders and Organizations: A Research on Value-Centered Leadership and Ethical Climate Relationship

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Extensive Summary

Introduction

As a result of the changes in the world economy, increasing competition has necessitated transition from the traditional management model to the human-oriented modern management strategies for businesses. Human capital investments, which determine the productivity and quality of the human factor in the production process, constitute the main elements of new management mentality, also including issues such as personnel training and health and even what to do in leisure time.

Throughout history, people have always adopted acting together. As a result, a collective society has formed. People have come together to form organizations in order to reach a certain goal. These organizations have developed a culture and some values based on it. For example, everybody knows that discipline is indispensable in a military organization. Being a soldier means discipline everywhere across the world. In addition, values such as obeying the order, respect to the superior, and not breaking the chain of hierarchy have come to fruition. In the same way, a distinctive organizational structure introduces its own values all the time. Thus, the concept of value has become an important element for organizations.

Although a leader, by his/her position, is at the top of the hierarchy s/he is part of within an organization, s/he cannot be expected to be completely free from individual attitudes and behaviors that show one-to-one parallelism with the ethical understanding of the organization in terms of values. This is because; even if s/he is at the top of the organization, s/he exists with the values s/he believes in and accepts, just like every individual. In this regard, to create a values-focused organizational structure, s/he has to serve as the best model before his/her employees in the processes of forming and implementing supportive ethical rules and values for creating a corporate culture. In this sense, a values-centered leader is a leader who has put values at the center of his/her life and takes such values a guide in his/her way to lead his/her organization to success (Çiçek, 2016, p. 1).

An ethical relationship going beyond classical patterns has emerged between society and organization in recent years. The image of a business is determined by not only the products it makes or the services it offers but also its environmental consciousness, sense of responsibility, etc. At this point, the concept of ethical climate is important for businesses. The businesses violating ethics are not welcomed by the society, and it seems impossible for them to ensure sustainability in the long term (Çiçek, 2016, p. 2).

Ethical climate refers to rules, standards, laws, or principles that provide guiding principles for ethically decent behaviors and trueness in specific conditions (Victor and Cullen, 1987). Just like individuals, organizations also have ethical rules that help to define their characters and are accepted by everyone. These rules guide managers or employees about how to act in the face of certain situations. Hence, an organization can be said to have an ethical climate if people serving the same purpose in it can automatically act in the way considered proper in a particular situation.

The present study aims to determine the relationship between values-centered leadership and ethical climate. This is because; it is possible to say that the values and the ethical climate an organization has constitute its intellectual capital. This capital is the instrument that makes a business superior to other businesses it competes with at the present time. In other words, all the values and ethical elements possessed by a business are what renders it different from others and provides it with an identity. This study departs from the fact that the above-mentioned elements (i.e. values-centered leadership and ethical climate) have to co-exist in an organization.

Conclusion and discussion

Based on the responses provided by the employees and managers from two countries, our main hypothesis, "H1: There is a relationship between values-centered leadership and ethical climate" was accepted. Accordingly, the findings of the study can be interpreted for the participants from Turkey and Germany as follows: Values-centered leaders can build ethical climates in organizations.

According to the results of the tests carried out to examine the responses given by the participants to the demographic questions in the research, there is no difference between the participants' perceptions regarding values-centered leadership and ethical climate by country. However, the female and male participants from Germany were observed to have different perceptions of ethical climate. The females were seen to attach more importance to ethical climate. The participants from Germany were also found to have perceptions of values-centered leadership and ethical climate varying by age. As age rises, importance paid to values-centered leadership and ethical climate increase. The participants from Turkey were seen to have a similar tendency to the participants from Germany.

The variable of educational background did not lead to any variance between the participants from Germany. However, there was a difference between the participants from Turkey in terms of values-centered leadership. As educational level goes up, perception of values-centered leadership goes down. On the other hand, research in Turkey and Germany shows that gender has no effect on managers' perceptions of values-centered leadership and ethical climate.

The working period was determined to have an effect only on the ethical climate perceptions of the employees and managers of the businesses located in Germany. It was found out that there is a direct proportion between perception of ethical climate and working period in the business, but this proportion is true until the working period of nine years. However, the employees with a working period of not less than 10 years were seen to have a lower perception of ethical climate. Working period was observed to have an effect on both variables for the employees of the businesses located in Turkey. Perceptions regarding values-centered leadership and ethical climate were detected to be highest among the employees with a working period of not less than 10 years.

Position at work was determined to lead to no difference between the participants from Germany in terms of perceptions regarding values-centered leadership and ethical climate. However, it is just the contrary in the case of Turkey. Position at work affects both variables in question. For the said variables, the highest perceptions belong to top level managers.