

Ethical and Economic Impacts 2022 Measurement Analysis and Evaluations

Istanbul University
March – May 2022





This research was conducted between Istanbul University (I.U.), Turkish Ethics and Reputation Society (TEID), and I.U. Technology Transfer Center as an R&D project with TTM-KAP 2021-35.



The model, design, and scales used in the project were developed specifically for TEID, and the ethical suitability of the study was approved by decision number 2022/85 made at the meeting of the Humanities Ethics Committee of Istanbul University on 21/02/2022.



The modeling and implementation of this ethically approved R&D project were carried out by researchers performing their academic activities in different faculties, centers, and programs.



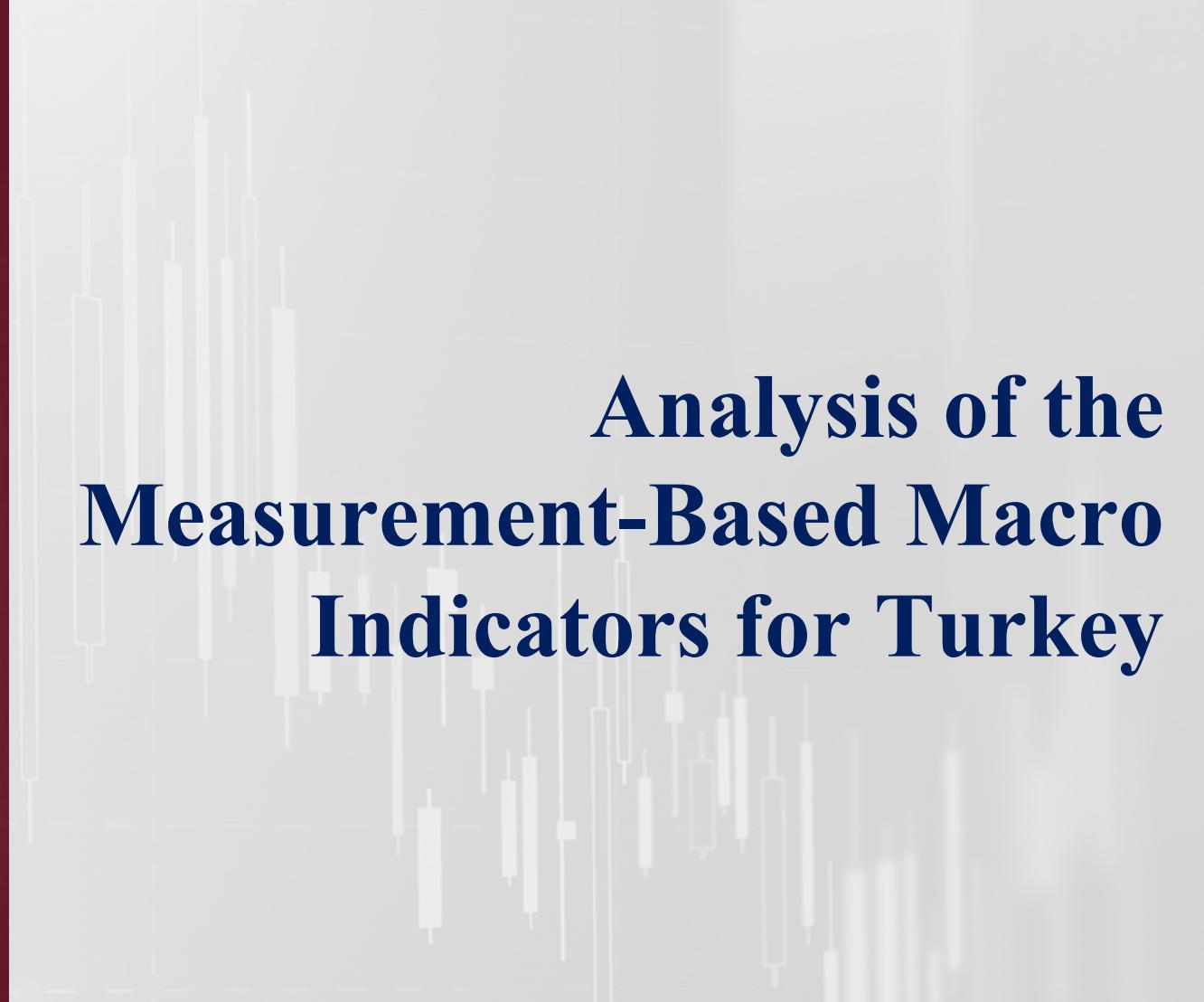
The study is based on measuring the perception and importance of ethical understanding in the eyes of the institution and the individual, as well as examining the impact of economy on ethical understanding and the impact of ethical understanding on economy. .

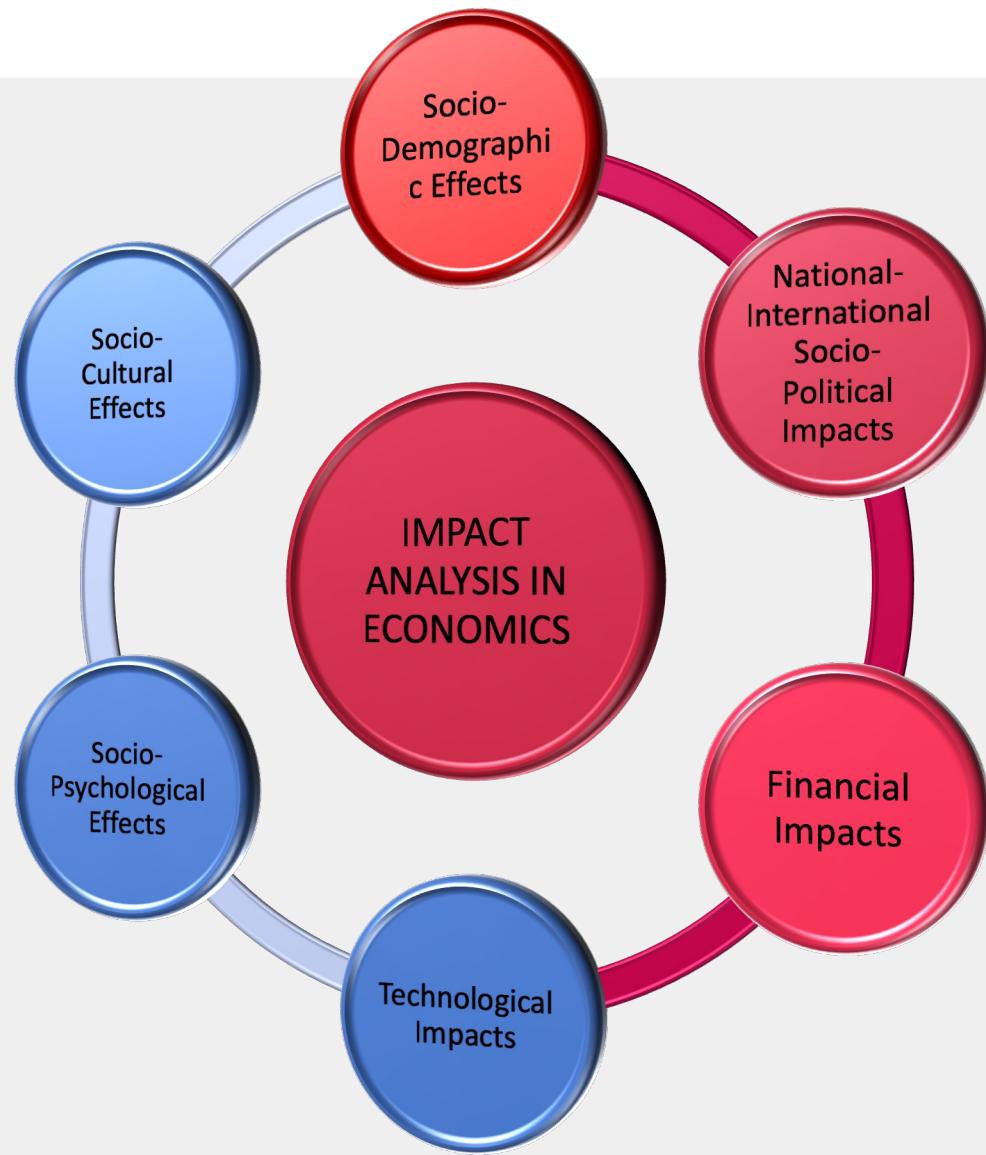


In this context, the study conducted three different types of research. These are a) Analysis of macro indicators based on measurements, b) Quantitative research and analysis c) Qualitative research and analysis.



Analysis of the Measurement-Based Macro Indicators for Turkey





General Model Structure of Economic Impact Analysis

The interaction of each of the six indicator groups we have set as a model for economic impact analysis with the others results in positive and negative impacts or shocks on national income.

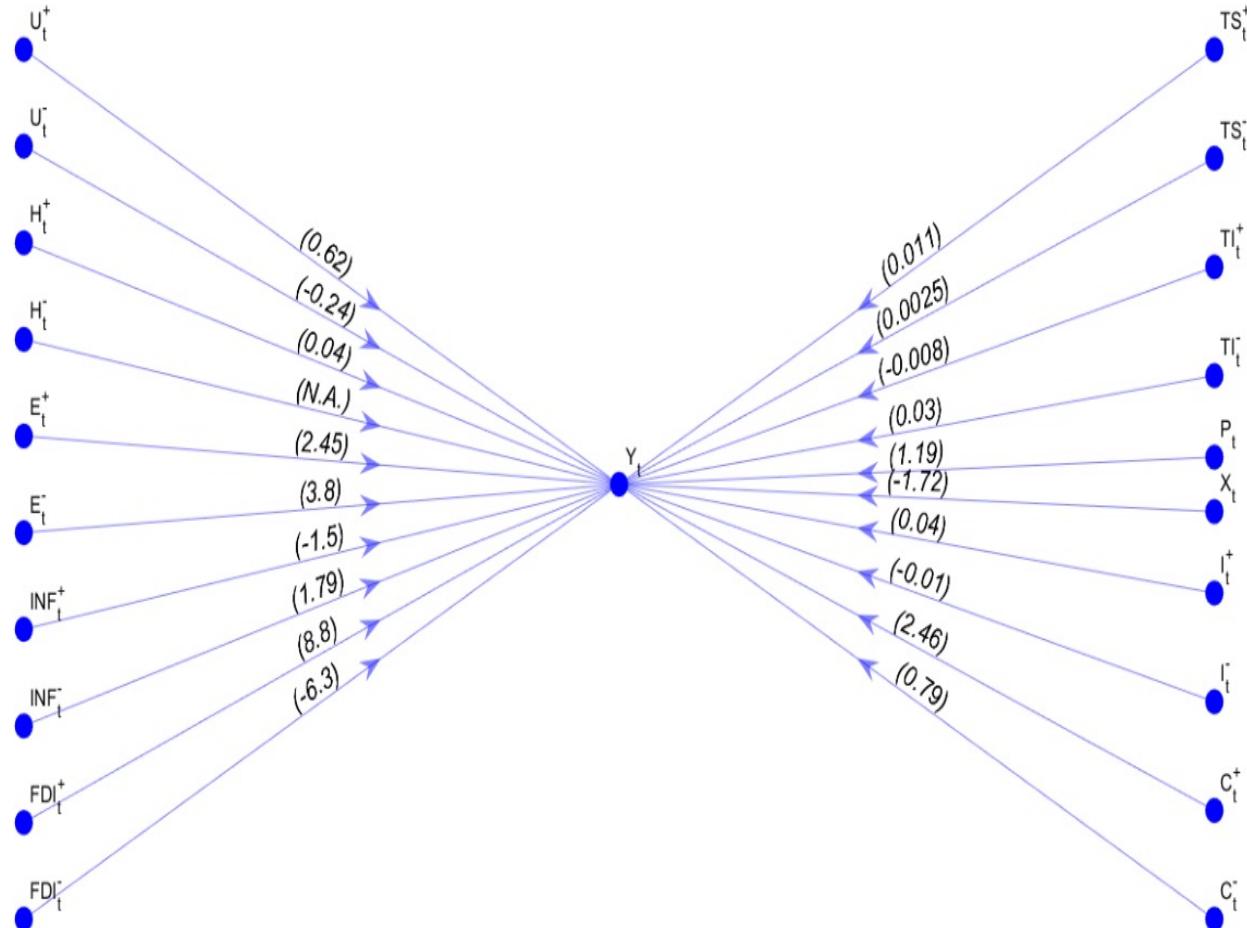
By interpreting the findings from the empirical research covering the years 2004-2020, the connection between the economy and the variables in the indicator groups is modeled as follows.:

$$Y_t = f(U_t, H_t, E_t, INF_t, FDI_t, TS_t, TI_t, I_t, P_t, X_t, C_t) \quad (1)$$

Where Y_t stands for economic impact, U_t and H_t stands for the socio-demographic and cultural group, and E_t stands for financial indicators. INF_t and FDI_t represent inflation and foreign investment, TS_t and TI_t represent tax group, I_t represents household income trajectory, P_t, X_t and C_t represent socio-political indicators.

Many variables were considered in performing the analyses.

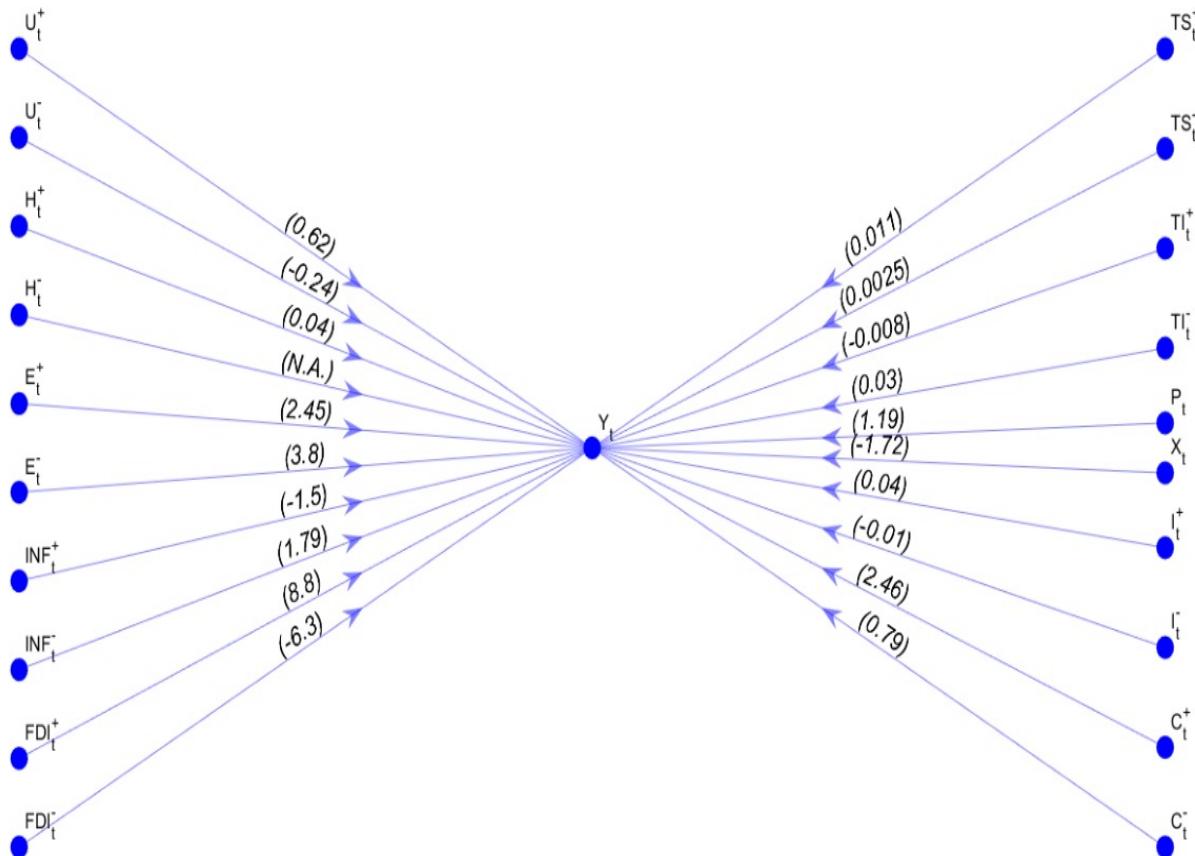
Definition	Measuremen t unit	Data Source
GDP per capita	Logarithmic	World Bank
Urbanization	%, Ratio	World Bank
University Education	%, Ratio	TÜİK
Exchange rate	TL/Dolar	World Bank
CPI-based Inflation Rate	%, Ratio	World Bank
Foreign Direct Investments (Net Flow)	%, Ratio	World Bank
Corporation tax	%, Ratio	World Bank
Individual Tax	%, Ratio	World Bank
Household Income / Savings	%, Ratio	World Bank
Democracy Index	Logarithmic	POLITY 5
Institutional Restrictions	Logarithmic	POLITY 5
Confidence Index	Logarithmic	TÜİK



Econometric Model Analysis Results

It is possible to list the findings as follows:

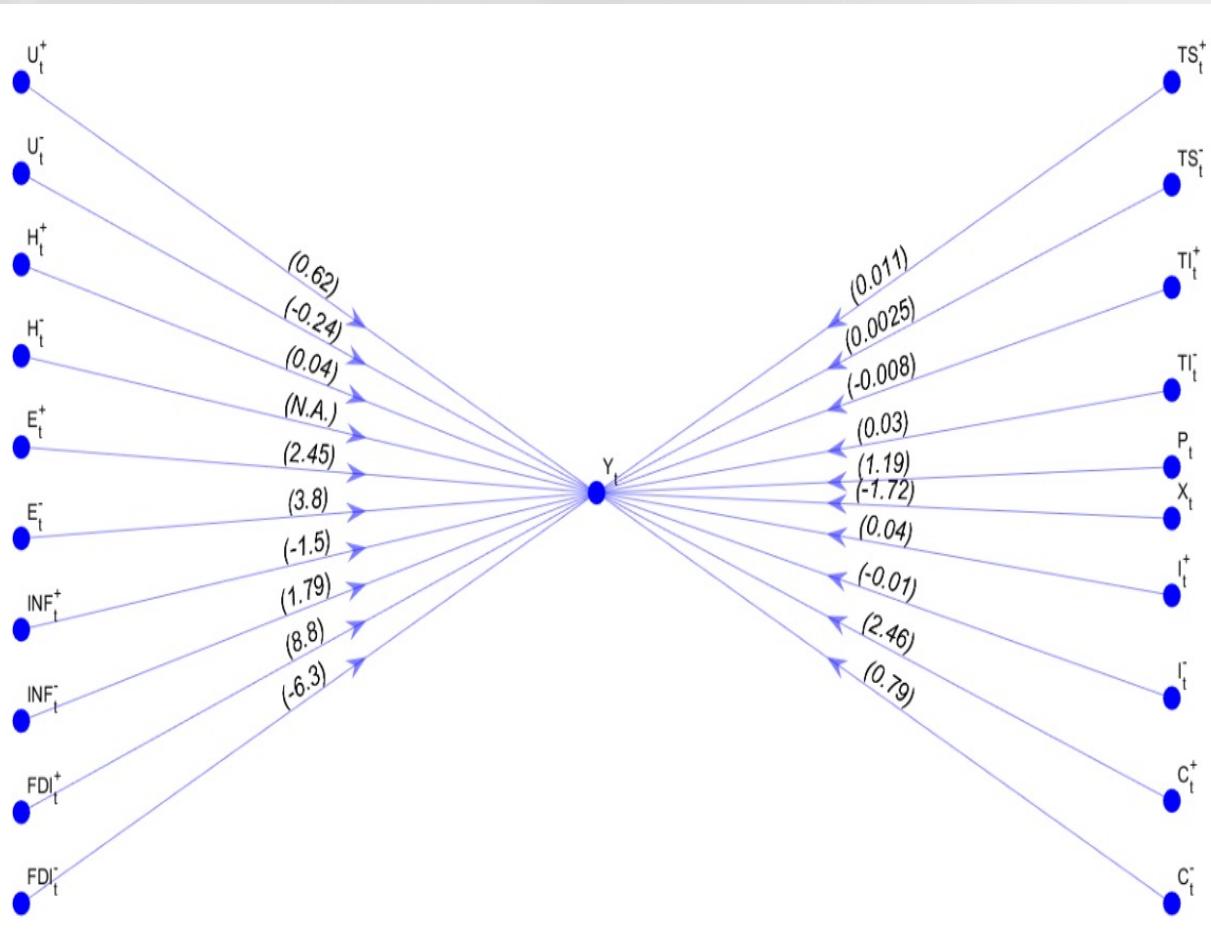
1. A 1% increase in the urbanization rate increases economic growth by 0.62% on average.
2. If the share of higher education in the total increases by 1%, economic growth increases by 0.04% on average.



Econometric Model Analysis Results

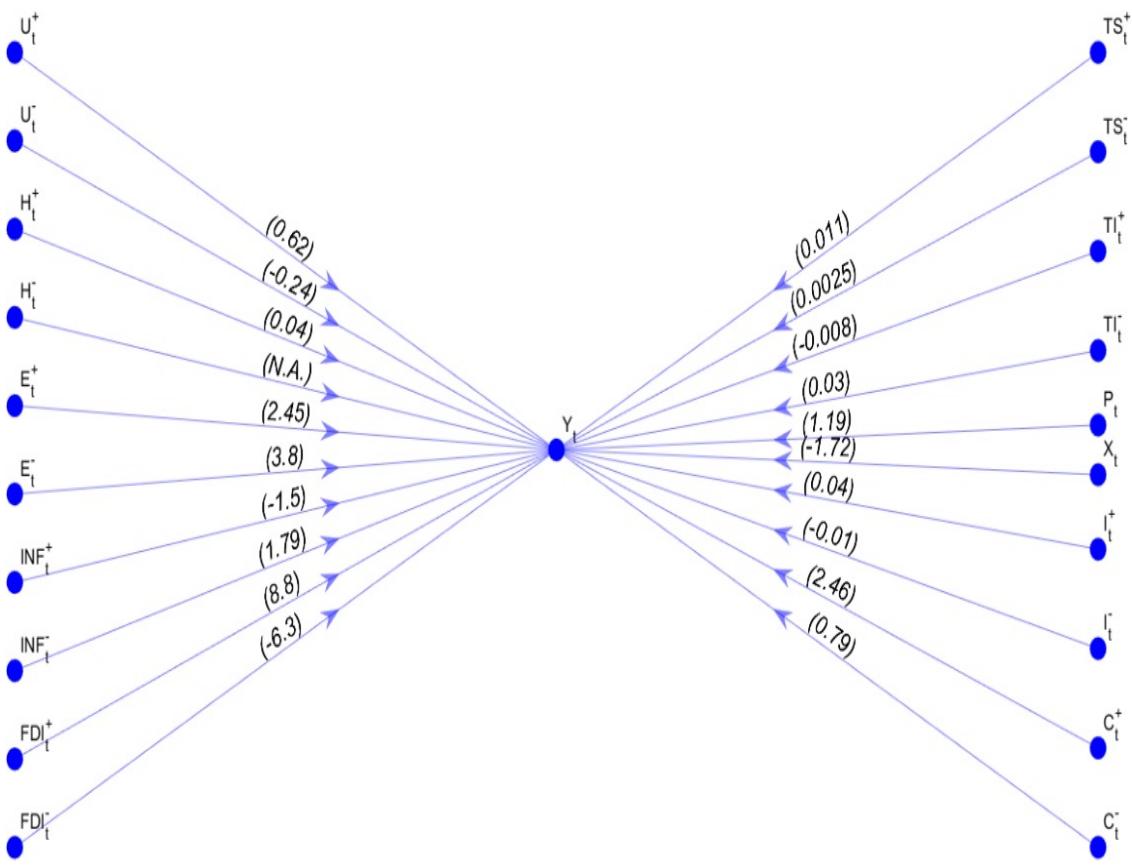
3. While a 1% increase in the inflation rate reduces economic growth by 1.5% on average, a 1% decrease increases economic growth by 1.79% on average.

4. A 1% increase in foreign direct investment increases economic growth by an average of 8.8%.



Econometric Model Analysis Results

5. A 1% increase in corporate income tax increases economic growth by 0.011% on average.
6. A 1% increase in taxes on individuals reduces economic growth by 0.008% on average.
7. A 1% increase in the index of democracy increases economic growth by an average of 1.19%.



Econometric Model Analysis Results

8. A 1 % increase in the index of the institutional constraint reduces economic growth by 1.72 %.

9. A 1 % increase in household income to savings ratio increases economic growth by an average of 0.04 %.

10. A 1% increase in the confidence index increases economic growth by an average of 2.46%.

When the data on the socio-economic, socio-cultural, technological, and financial structure of Turkey for the years 2004-2020 are analyzed from the point of view of negative and positive shocks, the most influential variables on the Turkish economy are;

- **foreign direct investments,**
- **the level of urbanization,**
- **consumer confidence index and**
- **exchange rate and inflation, which can be considered as stability in the confidence index and macro variables.**

Although FDI flows are related to interest rates, it appears that the main obstacle to investment flows is the high-risk situation of the country's economy.

It seems that the best arrangement for Turkey to reduce the risk situation and increase foreign direct investment is **to strengthen the functioning of the institutional structure in the supervisory mechanism and create a regulated environment.**

Another important variable affecting the Turkish economy is urbanization. The increase in the rate of urbanization significantly increases economic growth. It is comprehended that the measures that need to be taken within the framework of urbanization policies not only promote economic growth through job creation but also accelerate development by facilitating social equality and access to health opportunities.

According to the projection based on the data, the calculated per capita income is \$8,5994 in Turkey. A 1% increase in democracy would increase per capita income to an average of \$10,232.

It is observed that democracy acts as a control mechanism for corruption and increases foreign direct investment by creating a safer economic environment.

The fact that the effect of university education on the economy is as low as 0.04% reveals that the structure of the qualified workforce has changed. Human capital cannot be integrated with the country's economy..

Moreover, the fact that the effect of the higher education rate is so small can indicate that many sectors in Turkey have changed from labor-intensive to predominantly capital-intensive sectors.



Increasing technological developments and more intensive use of the factor capital lead to the use of capital instead of labor. This situation is explained as the impact of automation on labor.



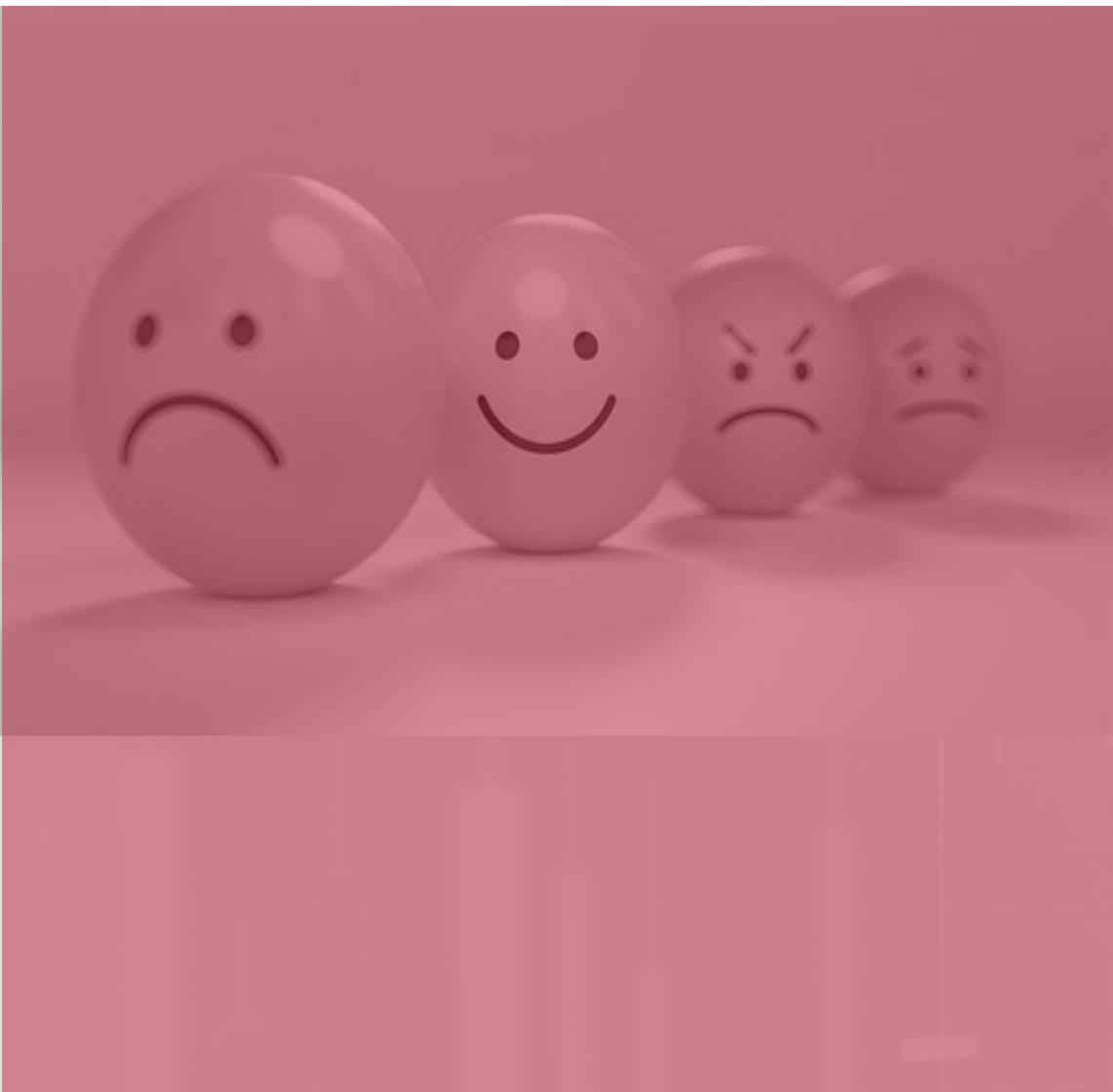
Another reason why the impact of higher education on economic growth is small is that individuals cannot add value if they cannot work in the field in which they received their education due to limited employment opportunities.



The individual who has to work outside the field for which he is qualified cannot transfer economic wealth to the social level by earning a lower income than he should have.

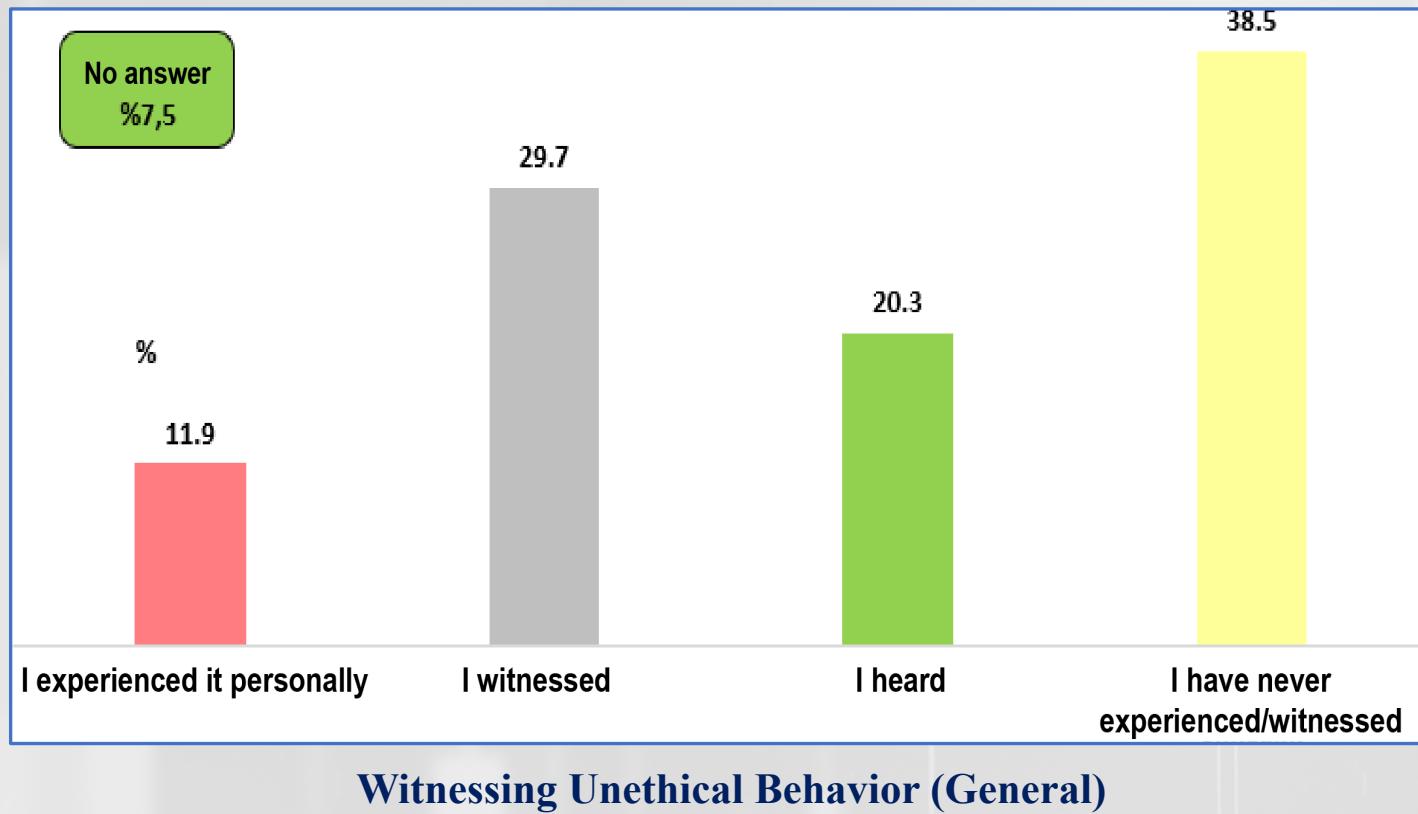


According to empirical data from 2004 to 22, the most influential variables on the Turkish economy are foreign direct investments, exchange rate, inflation, democracy, urbanization, and confidence index, while the relatively low impact is the rate of participation in the economy after university education, taxes, and savings.



Analysis of Perception, Attitude, and Behavior Regarding the Concept of Ethics

Quantitative Research Data



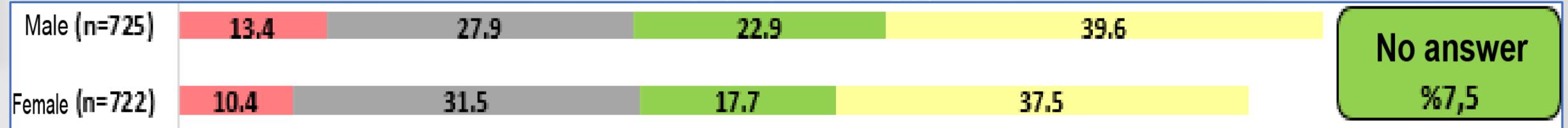
The field data collection study for quantitative research was conducted between February and March 2022 in 26 provinces to ensure the highest possible representativeness in Turkey and to obtain the most accurate data possible. The data was collected through face-to-face interviews.

1,447 people aged 18 and over from Turkey were interviewed for the research. The validity and reliability of the results obtained were tested with a confidence level of 0.95.



Witnessing Unethical Behavior by Education Level

In terms of witnessing unethical behavior, this rate has the highest percentage regarding education levels. While 51.7% of the participants with secondary school education state that they have never experienced or witnessed unethical behavior, this situation moves in the opposite direction with the increase in education level.



Witnessing Unethical Behavior by Gender

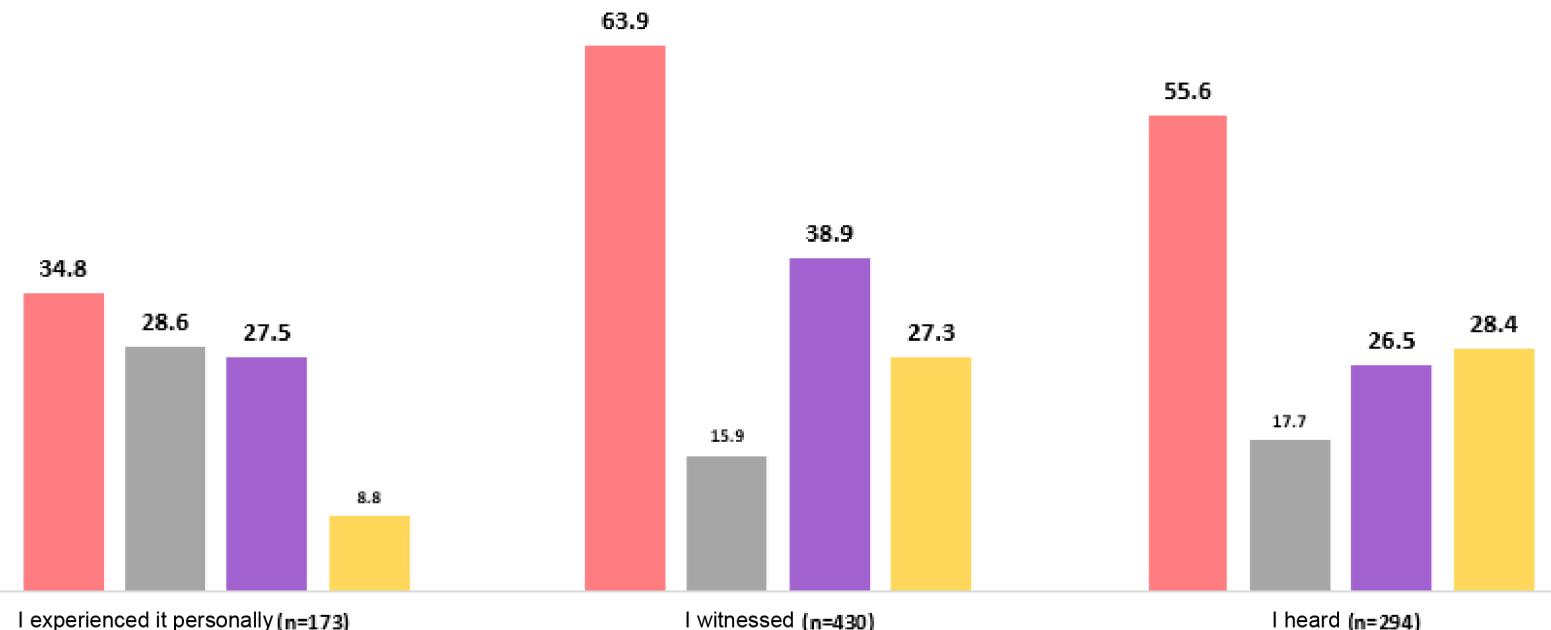
It has been observed that the rate of witnessing unethical behavior in person is higher for men than for women.

% From my close circle

From kin-family

From business relations

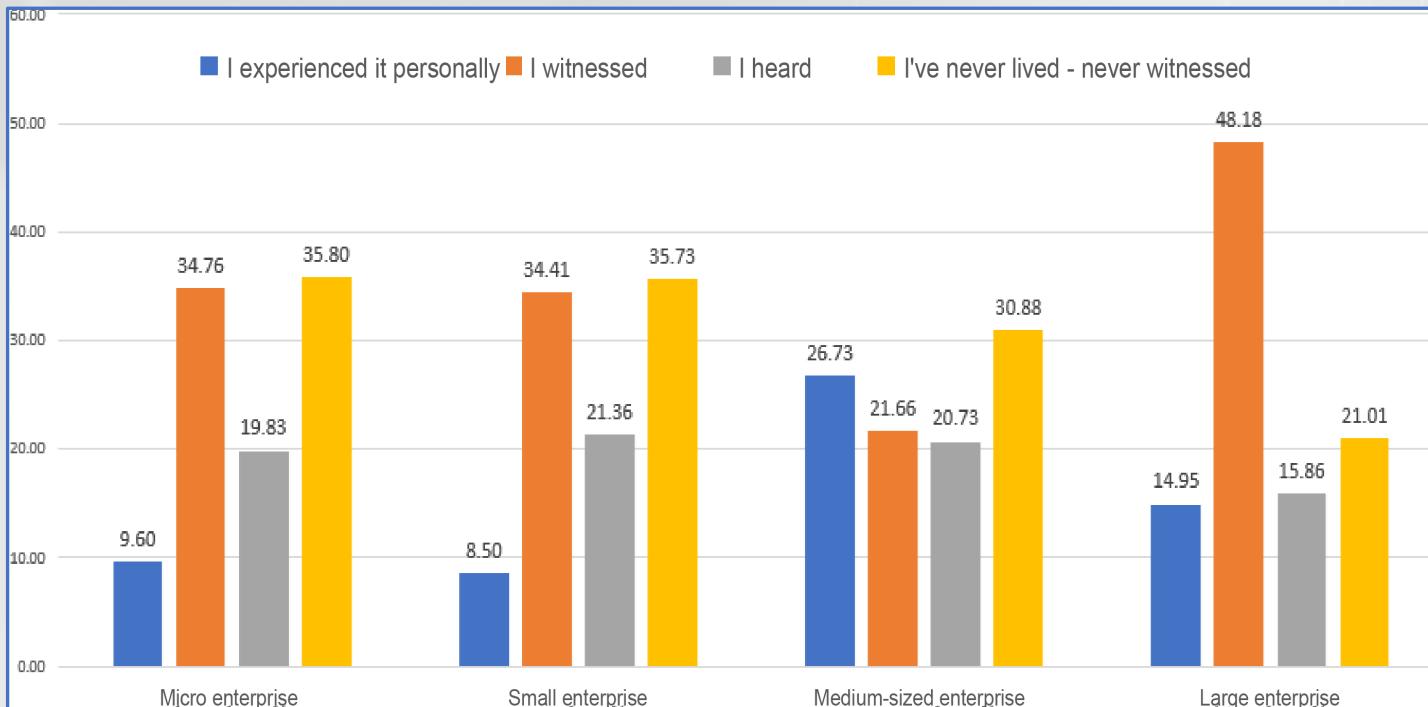
From social media



The Source of Witnessed Unethical Behavior

The highest source of those who stated that they experienced unethical behavior was the close environment with 34.8. It is observed that business relations and social media constitute the second important source of hearing and witnessing.

The rate of those who state that the source of witnessing unethical behavior is the immediate environment is 63.9%, which is quite high compared to other sources. This rate is followed by business relations, social media, and relatives-family categories.

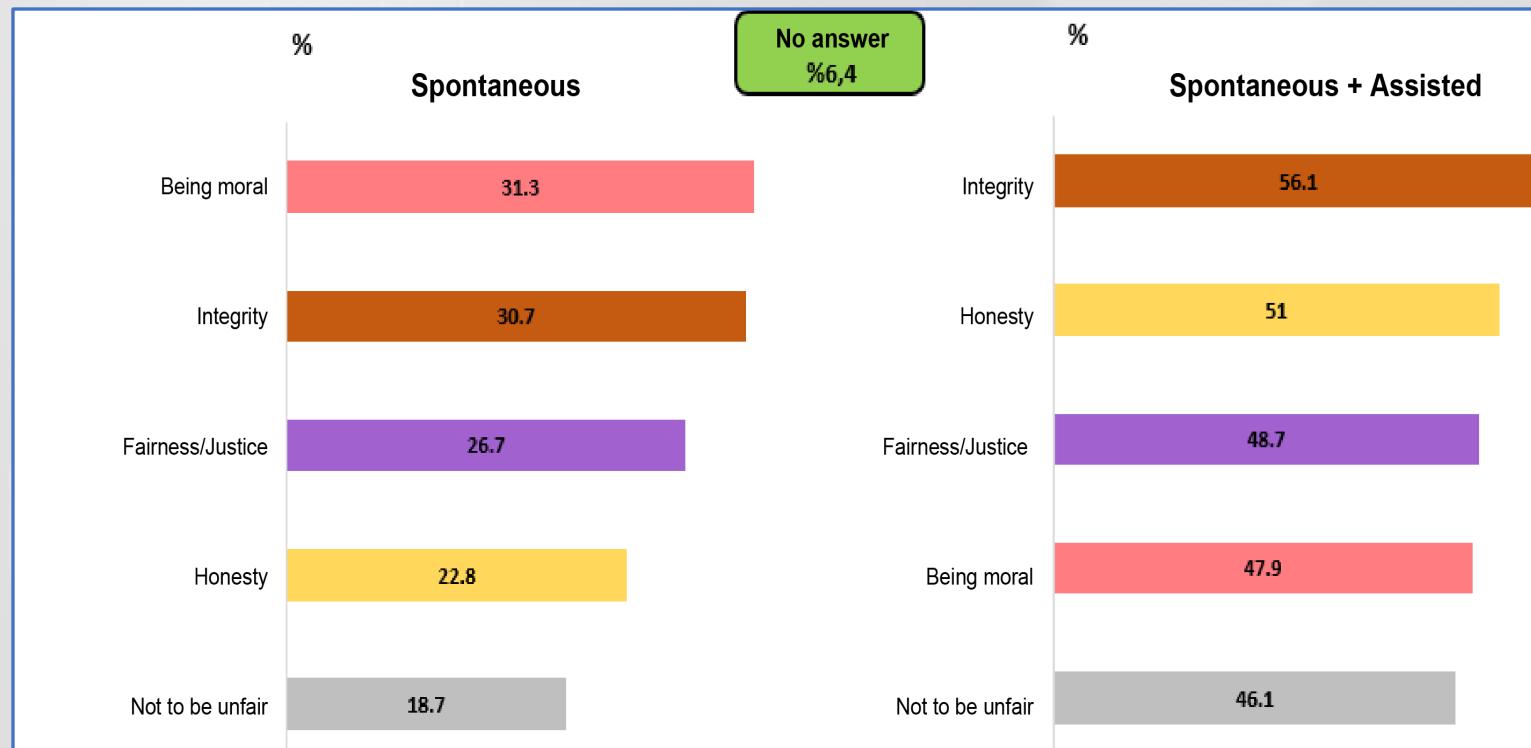


Witnessing Unethical Behavior by Workplace Scale

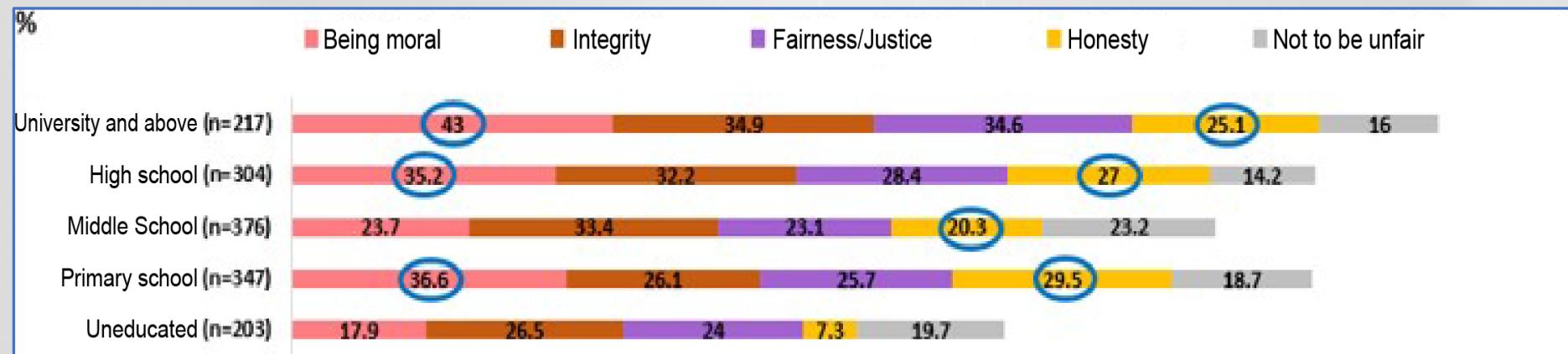
Almost one out of every two people in large enterprises witness unethical behavior. In micro and small enterprises, witnessing unethical behavior is almost the same, approximately 34%. The highest number of participants who experience unethical behavior is large enterprises.

According to the participants, the first concepts that come to mind and overlap with the word ethics are being moral and honesty.

However, when a helpful reminder of the concept of ethics is given to the participants, "integrity" comes to the fore quite noticeably.

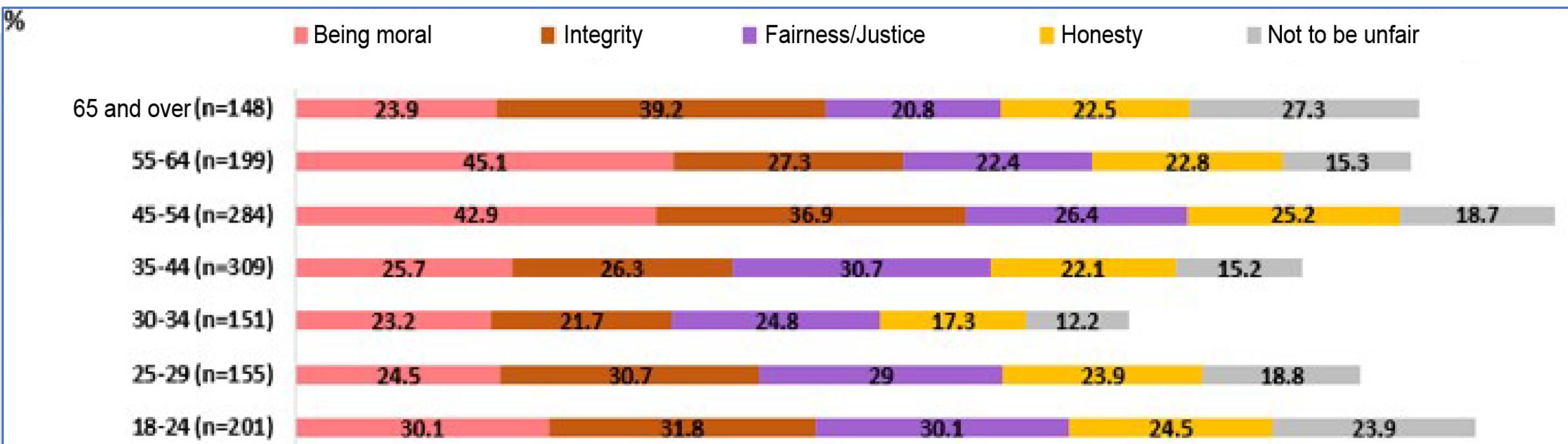


The Closest (Supporting) Concepts Attributed to the Concept of Ethics



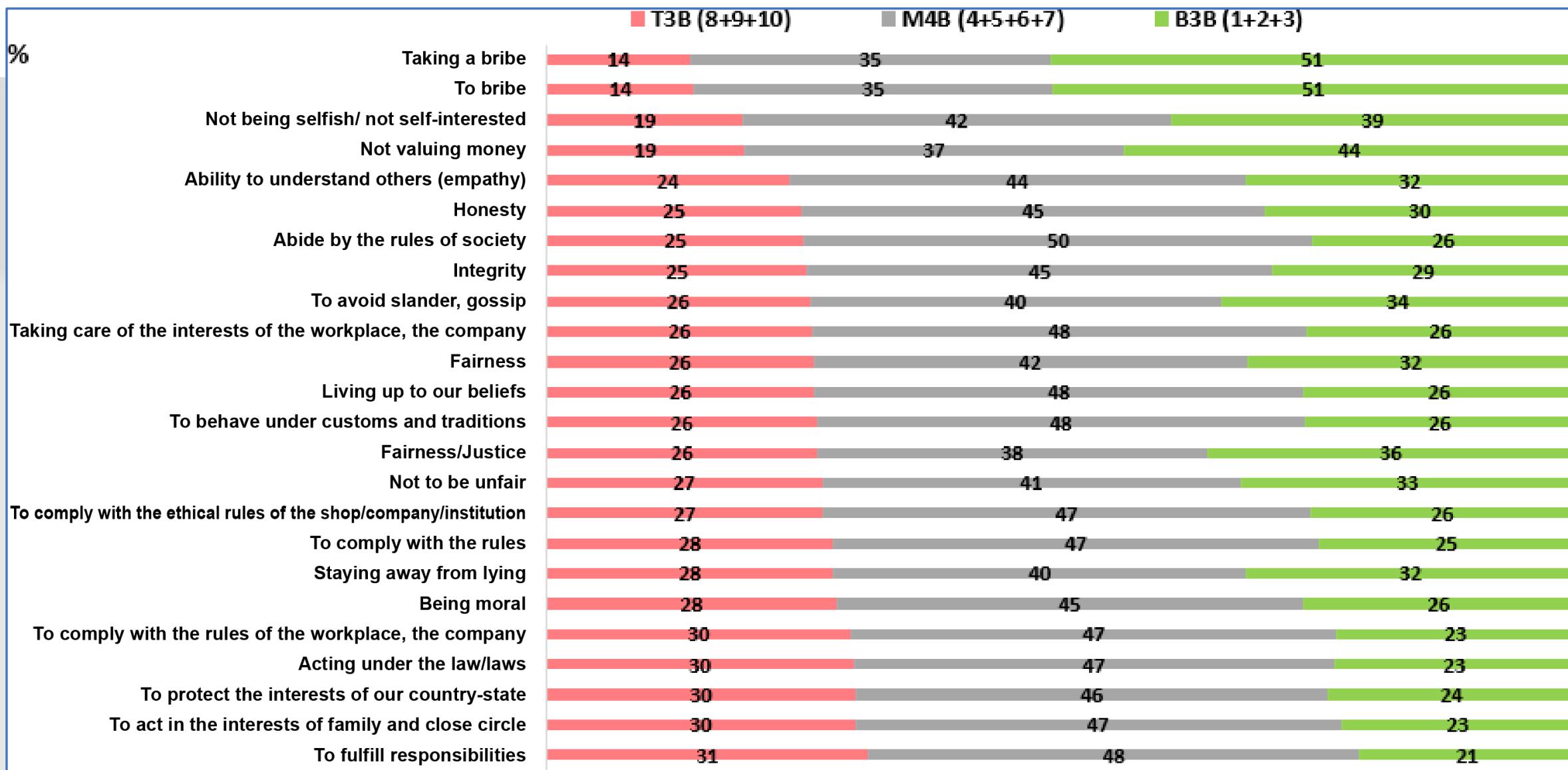
Most Attributable to Ethics Concept by Education Level

For uneducated individuals, the concept of ethics is mostly identified with integrity, with 26.5%. As the level of education increases, the rate of those who find the concept of ethics close to the concepts of morality and integrity increases significantly.



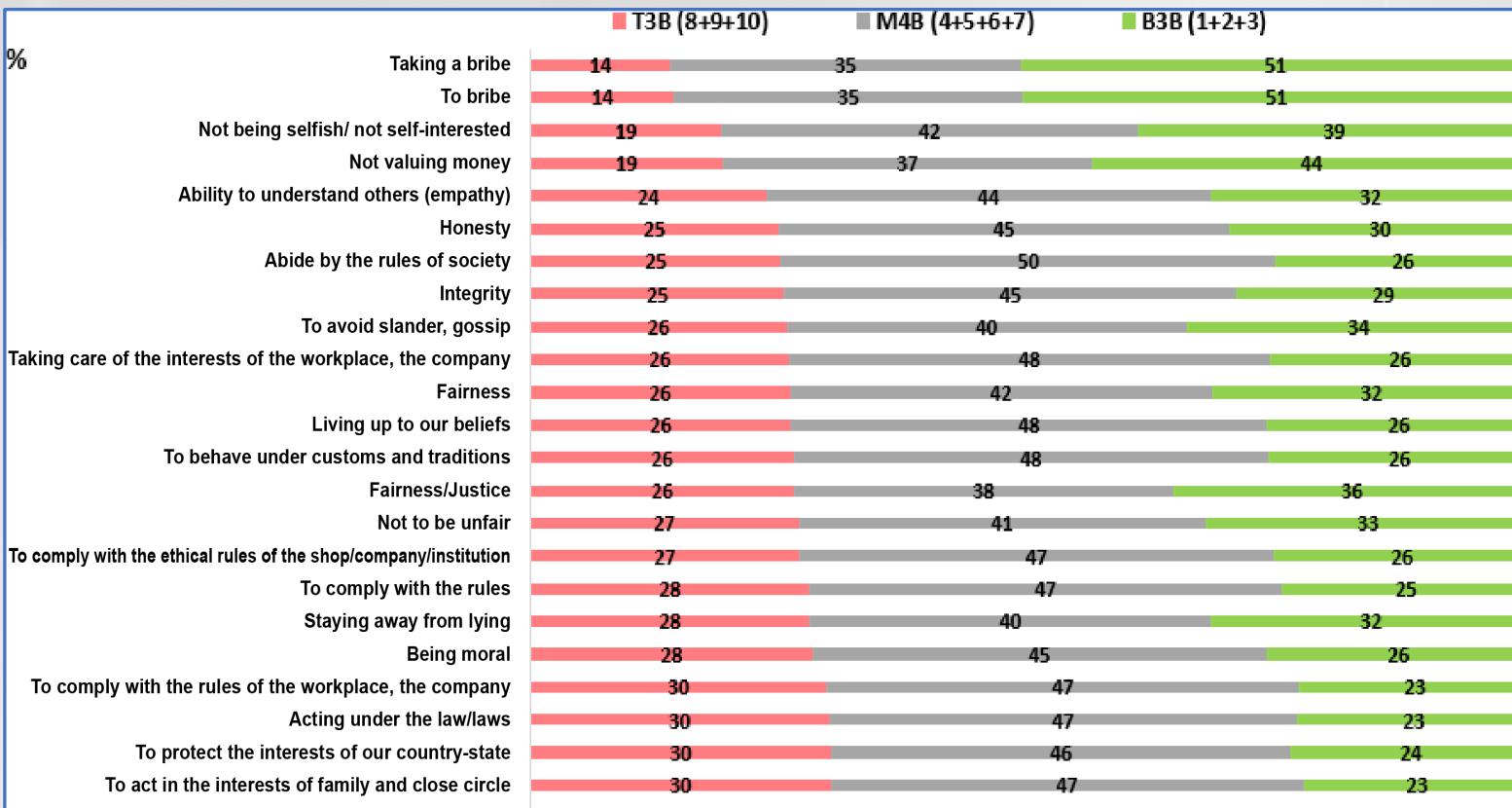
The Closest Concepts Attributed to the Concept of Ethics by Age Range

Regarding ethics, honesty stands out significantly for the 65 and over age group compared to other concepts. For the 45-54 age group, it is seen as the concept of being moral in a dominant way. The concept of dishonoring others remains at a very low level in the 30-34 and 35-44 age range.



Agreeing to Statements Specified Rate

The mean value of the concepts of 'not to be unfair' and 'integrity' in men is significantly higher than in women. Men are less likely to encounter slander and gossip than women.



Agreeing to Statements Specified Rate

The 18-29 age group states that they have never encountered the concept of JUSTICE compared to the 55+ age group.

In the research findings, 'Staying away from lying' does not seem possible for those under 45. Individuals in the 34-44 age group state that they have never encountered the issue of 'taking care of the interests of the company' more than other age groups.

It is seen that primary school graduates act more sensitively to 'comply with the ethical rules of the company' than university graduates.

People living in the Eastern Black Sea Region state that they encounter the concept of 'bribe' more often than those living in other parts of our country.

The young population under 45 considers
'not abiding by the rules' more intensely.

People living in Istanbul state that they
encounter the concept of 'taking a bribe'
less than those living outside of Istanbul.





From the survey results, it appears that participants do not hesitate to make sacrifices for the interests of their families.



A spouse's wealth comes before "parents and siblings."



More than half of the participants state that they are "honest and adhere to traditions."



They want to intervene when they witness violence against animals, children, and women.



Although more than 50% of participants say they will demand their rights, belief in justice is at 40%.



Participants believe that "bribery" does not give credibility to individuals or institutions.



More than 50% believe that discrimination occurs in appointments.



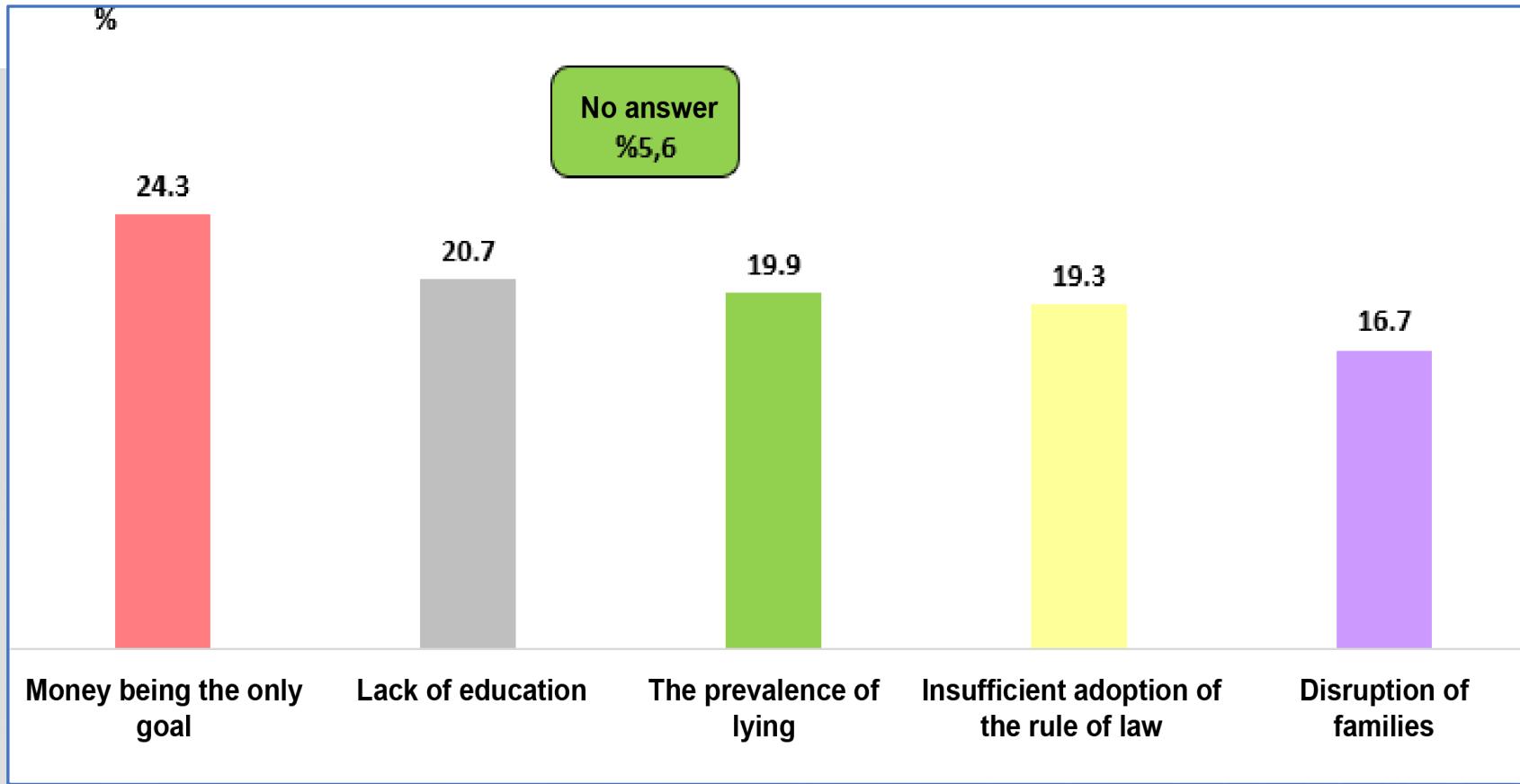
About one-fifth of participants believe that we should open our doors to refugees.



The opinion that "those with good connections should move up, not those who deserve it" is prevalent at 52%.



Those who say, "The party I will vote for may pursue policies that restrict the rights and freedoms of others in order to come to power," makeup only 9% of the population.



Perception of the Root Causes of Ethical Problems



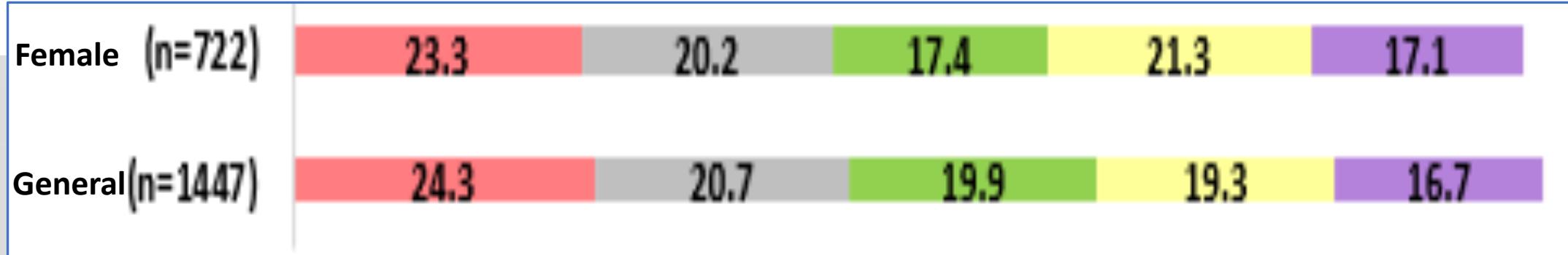
The statement that money is the only goal, which is the main reason for ethical problems, seems to come to the fore more than the others.



Perception of the Main Causes of Ethical Problems by Education Level



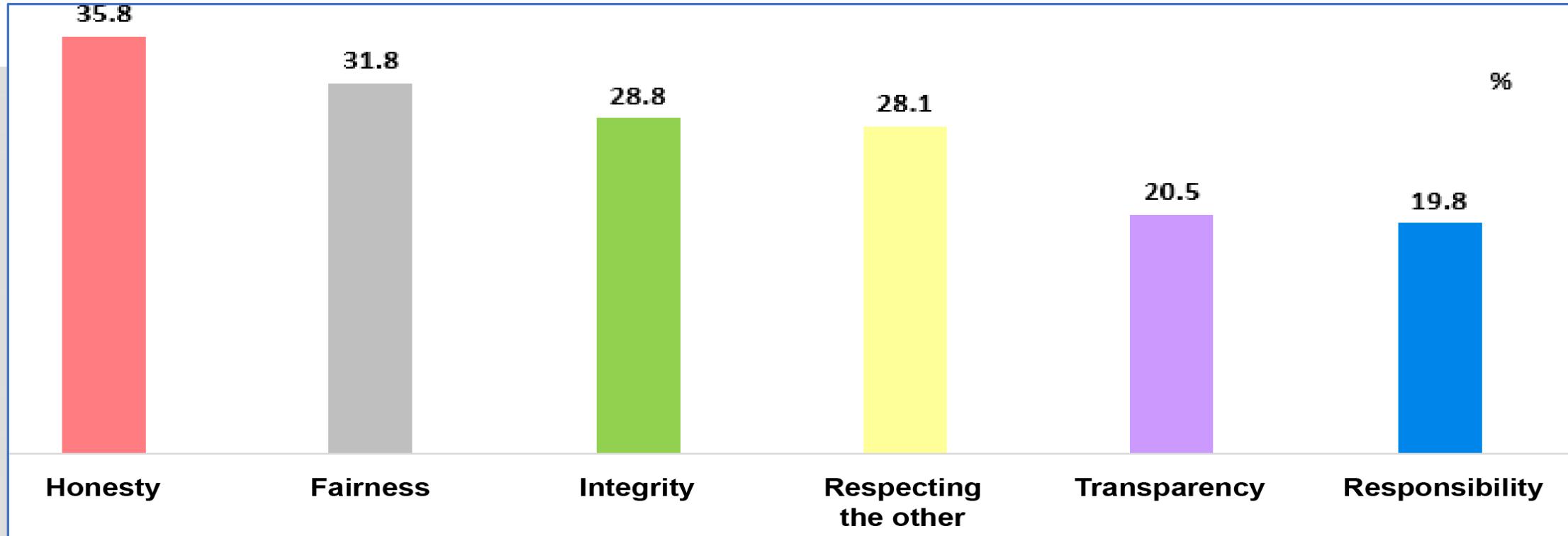
Those with a high level of education attribute their ethical problems to the lack of education, and those with a primary school education attribute the only goal to money.



Perception of the Main Causes of Ethical Problems by Gender



Women's responses to the perception of the root causes of ethical problems are quite close to the general average. It is seen that the perception of the main causes of ethical problems does not differ according to gender.



Three Basic Characteristics Required in Individuals

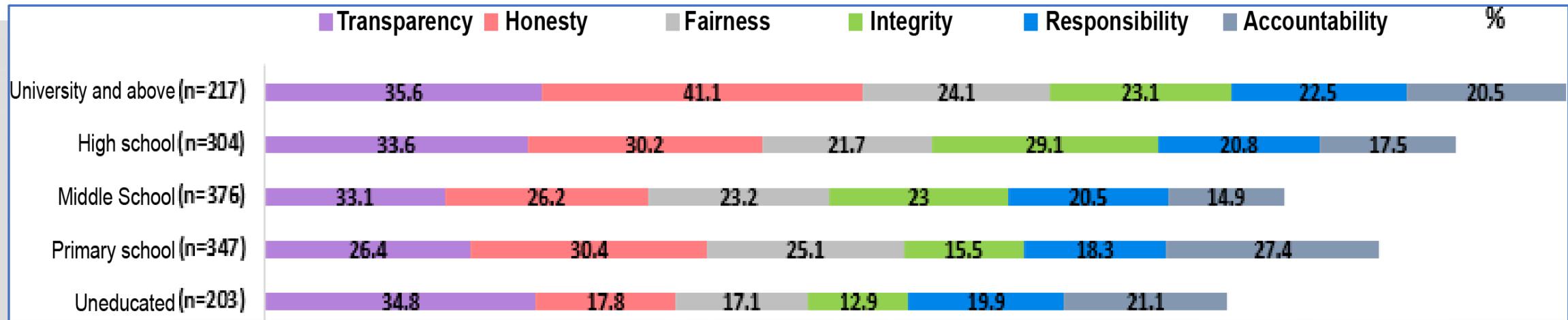
35.8% of the participants stated that honesty is one of the three basic qualities sought in individuals for the question "What are the three basic characteristics that you are looking for in the person you are with?" The characteristics of fairness and integrity follow this, and respect for the other person.





Three Basic Characteristics Desired in Individuals by Education Level

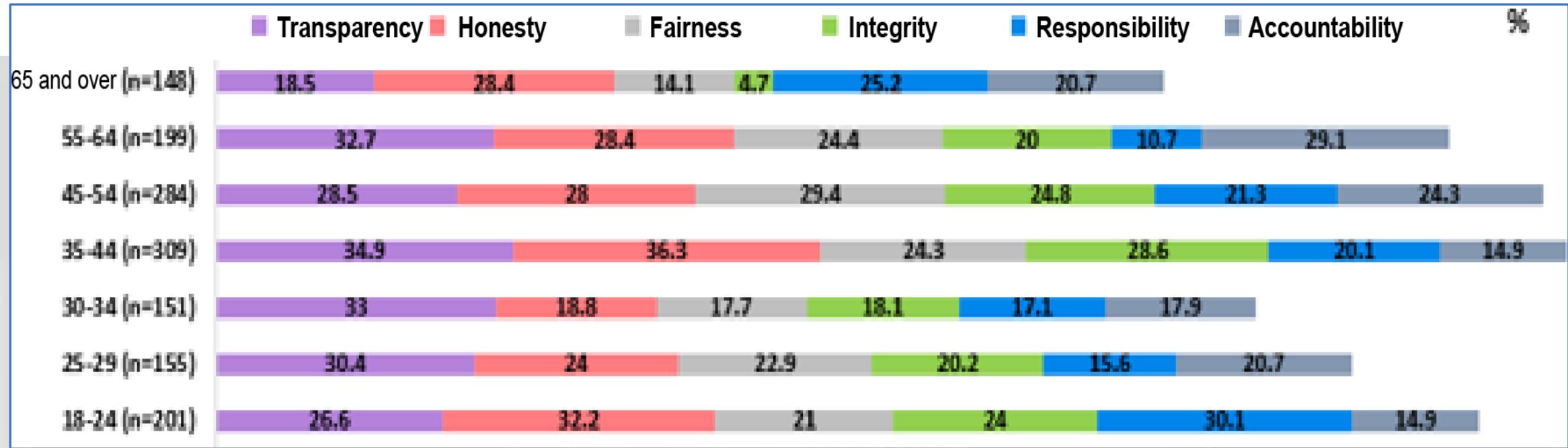
Honesty is the first concept that comes to the fore in all educated people, and integrity and respect for the other are secondary and tertiary concepts.



Three Basic Characteristics Required in Institutions by Education Level



According to the answers to the question "What are the three main characteristics you look for in the institutions?" transparency is given in common within the scope of the features expected from institutions at all education levels. 41.1% of the participants with a university or higher education level see honesty as one of the basic features sought in institutions.



Three Basic Characteristics Required in Institutions by Age Range

 Almost all the participants stated that they wanted to see the transparency feature in the institutions they faced, while the individuals between the ages of 35-44 stated that they wanted to see the honesty feature at the highest rate.



Three Basic Characteristics Required in Institutions by Gender

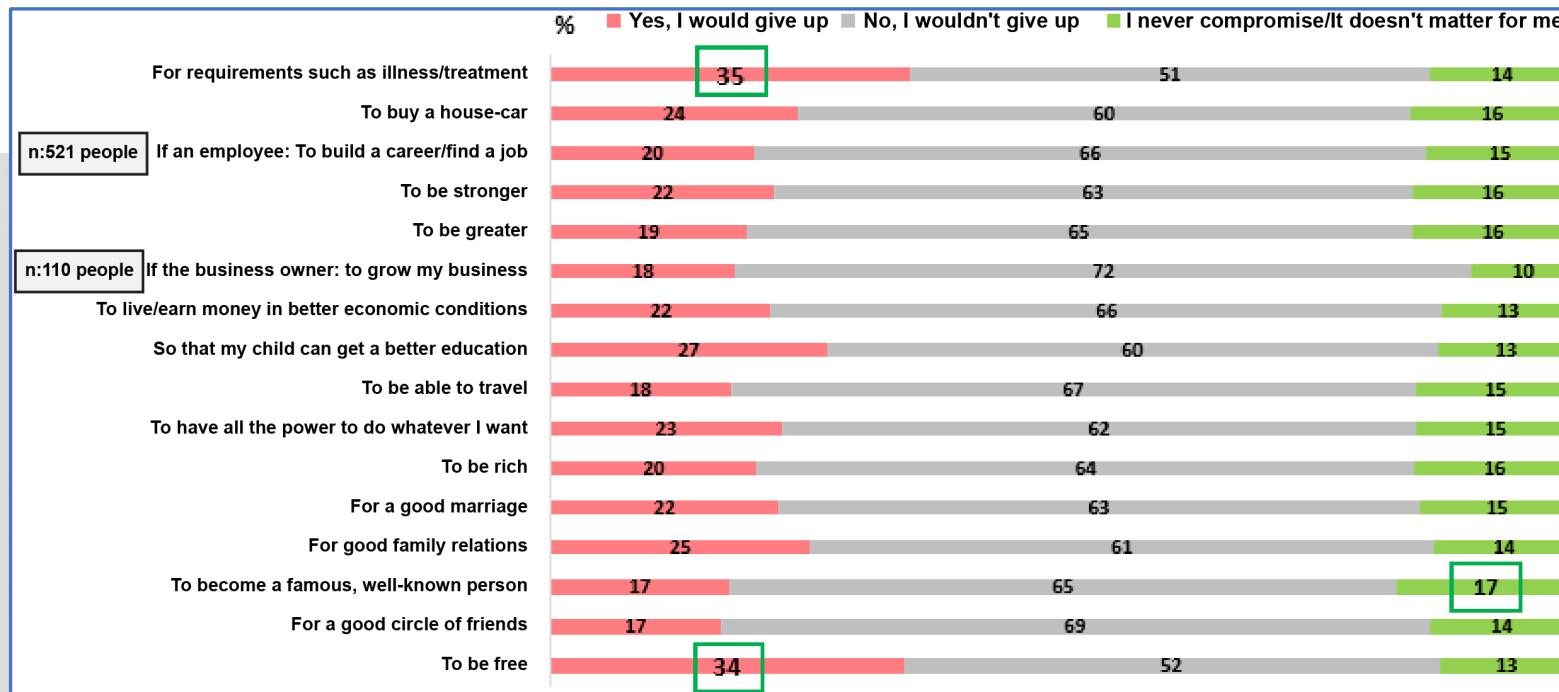


Transparency appears to be the highest response for both women and men.

Features Desired in an Individual	%
Honesty	35.8
Being fair	31.8
Integrity	28.8
Respecting the other	28.1
Transparency	20.5
Responsibility	19.8
Understanding the other	13.1
Predictability	12.7
Merit	11.8
Accountability	10.4
Devotion to religion	9.5
Not to abuse	4.6
Obligation to obey the law	4.1
Modernity	2.6
Other	8.2
No/No answer	1.6

Features Required in the Institution	%
Transparency	29.6
Honesty	29.1
Being fair	22.6
Integrity	21.1
Responsibility	20.3
Accountability	20.2
Respecting the other	18.5
Obligation to obey the law	15
Understanding the other	13
Predictability	11.3
Merit	9.8
Not to abuse	8.9
Devotion to religion	6.5
Modernity	1.7
Other	8.5
No/no answer	1.4

Within the scope of this research, in which 1447 people participated in 26 provinces, it is seen that the basic values considered do not make a big difference in the order of the individual or the institution. It is possible to say that while 'accountability and adherence to the law' come to the forefront only in institutions, 'respecting the other person' is more important for the individual.



Ethical Value Abandonment Rate in Relevant Situations

 According to the answers to the question "In which situations would you give up on ethical values?" the highest rate of abandonment of ethical values is for illness/treatment needs and to be free. About one out of every five people state that they can give up ethical values to make a career, be stronger, live in good economic conditions, be rich, and have a good marriage.

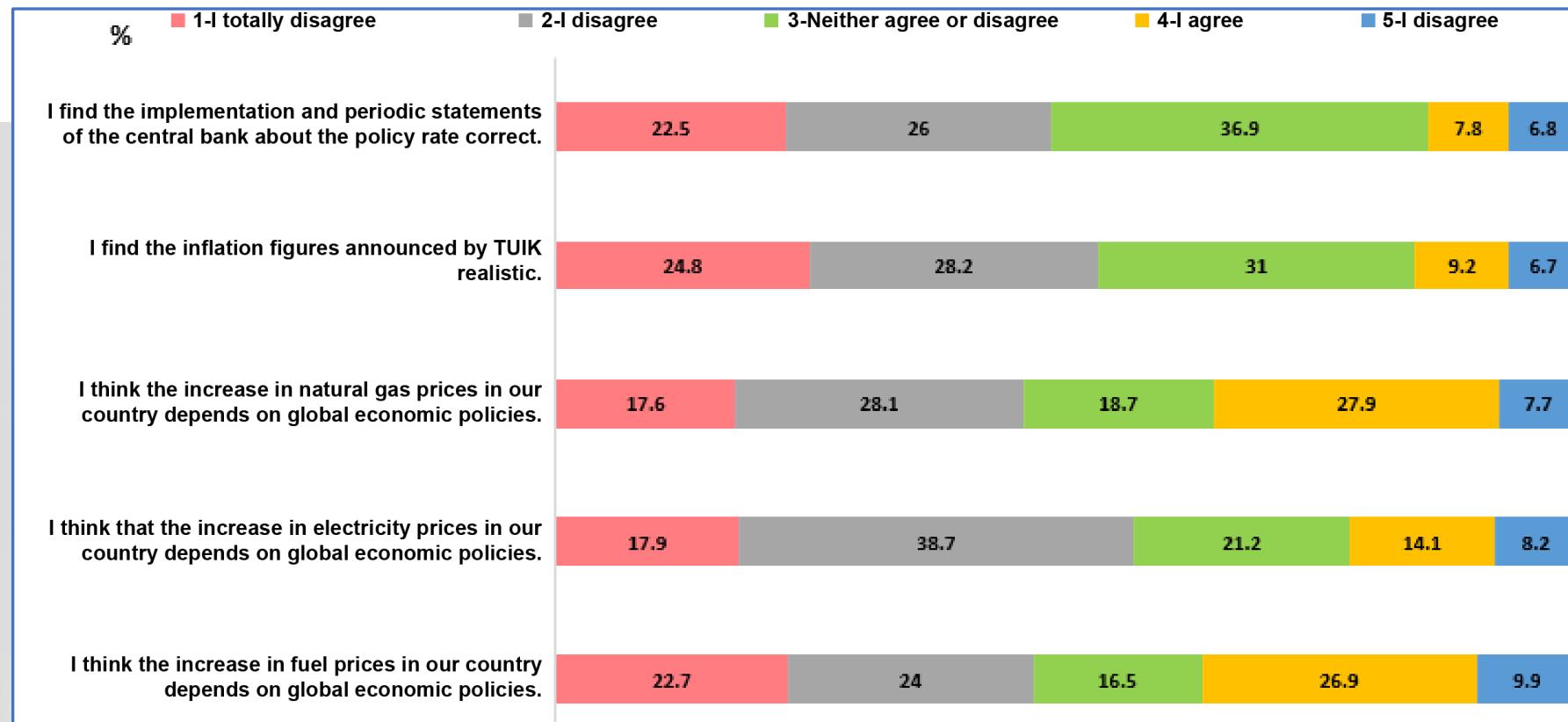


Attitudes, Behaviors, and Trends Regarding the Economy

	%	%	(between 1-10)
The current situation	T3B	B3B	Average
According to international economic indicators, our country's inflation is currently acceptable.	12	42.1	3.59
The current account deficit in our country is at a normal level.	12.6	41.1	3.7
The unemployment level in our country is similar to the world.	13.4	36.1	3.82
The unemployment level in our country is decreasing.	18.9	38.9	3.87
The investments of foreign capital in our country are increasing.	20.7	27.8	4.48
Exchange rate fluctuations in our country are dependent on international economic developments.	15.8	28.9	4.39
The price increases are similar to those seen around the world.	17.3	34.1	4.06
External forces influence exchange rates.	37.3	28.6	5.16
The economic growth rate of our country is at a higher rate than the world.	13.7	36	3.88
There is an increase in our country's exports.	20.2	27.7	4.52

Rate of Agreeing with Statements Regarding the Current Economic Situation

T3B indicates the highest level of agreement, B3B indicates the lowest level of agreement, and the average value indicates the average value scale between 1-10. Accordingly, while most participants agree on the existence of economic instability in the current economic situation, they think that only external forces are involved in exchange rates.



Rate of Agreeing with Statements Regarding the Current Economic Situation

While most participants abstain from the accuracy of the figures of macro variables announced by institutional centers, they do not agree with the statements that volatility in global markets affects economic variables.

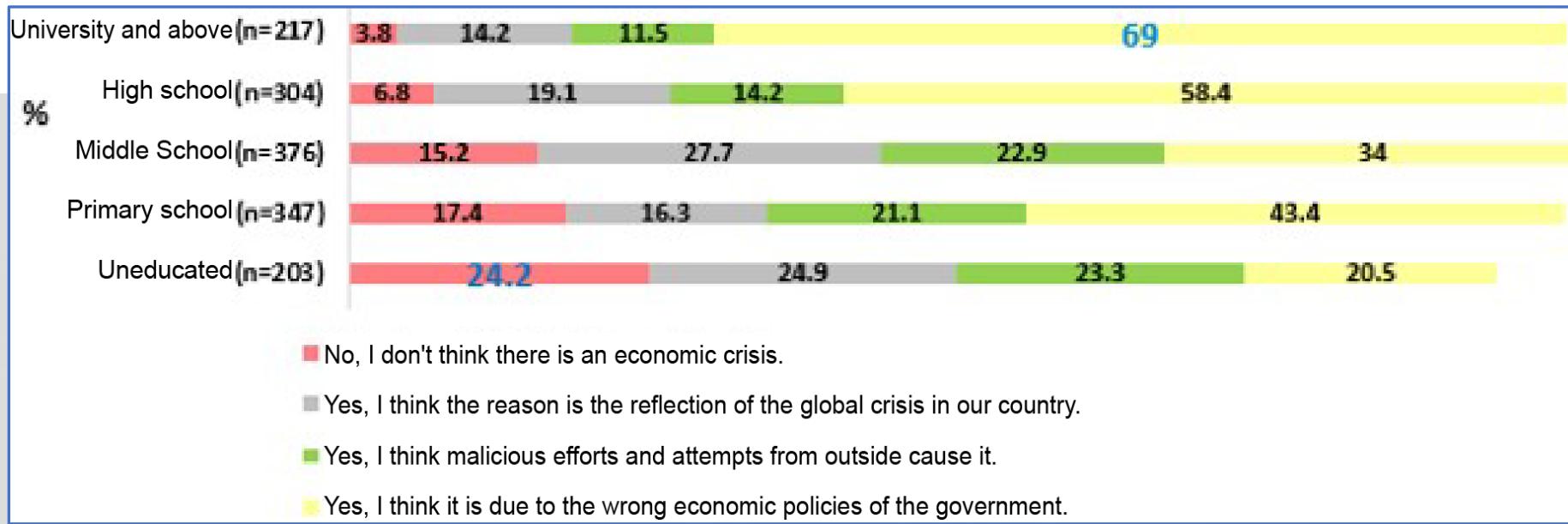


1-I totally disagree	2-I disagree	3-Neither agree or disagree	4-I agree	5-I disagree
			%	%
			T2B	B2B
		I think the increase in fuel prices in our country depends on global economic policies.	36.8	46.7
		I think that the increase in electricity prices in our country depends on global economic policies.	22.3	56.5
		I think the increase in natural gas prices in our country depends on global economic policies.	35.6	45.7
		I find the inflation figures announced by TUIK realistic.	15.9	53.1
		I find the implementation and periodic statements of the central bank about the policy rate correct.	14.7	48.5

Rate of Agreeing with Statements Regarding the Current Economic Situation



Accordingly, while individuals do not agree with the statement that global policies are effective on price increases within the country, they think that only global externalities are effective on natural gas prices.



Perception of the Existence of an Economic Crisis in Turkey by Educational Status

According to the answers to the question "Is there an economic crisis in Turkey in the current situation" according to their education level, while individuals at almost all education levels think that the existence of an economic crisis is due to the government's wrong policies, the uneducated agree that there is no economic crisis in Turkey.



The image is split into two panels. The left panel shows a close-up of a person's hand holding a pen and writing in a lined notebook. The right panel shows a series of candlestick charts on a light gray background, representing financial or market data.

Qualitative Research

The research aims to analyze the impact of ethics on economics and ethical values. In this context, qualitative research was conducted on "The impact of ethical values on the economic structure of the Turkish economy," and the results and recommendations were independently evaluated.

Using the focus group interview technique, which belongs to the qualitative research method, interviews were conducted with six different groups, each consisting of six people of different ages, educational levels, geographic locations, socio-cultural and economic levels that could represent Turkey, and in addition, nine in-depth interviews were conducted.

The data obtained shows a very problematic and questionable confusion and understanding regarding the ethical understanding established in society and the correct association of the concept, in other words, its awareness and internalization.

The concept of ethics is often associated with the concept of morality. Although this relationship is not directly expressed in defining the place of ethics in business, it is predominantly expressed through ethical types such as individual, family, and business ethics.

In this context, moral understanding in Turkey is associated with individual behaviors and attitudes, which shows that the concept of ethics has not yet been fully interpreted and incorporated into life on an individual basis in society.

From the research findings, the concepts such as ethics, morality, and right/wrong are not located clearly in the existing family units in society. The difference between generations causes difficulties in transmitting ethical values.

The family and educational factors underlying individuals' thoughts, attitudes, and truths come to the fore as issues to be taken seriously. Due to their **lecturing behavior** towards the young family members, parents ignore the critical **educational behavior** in their area of responsibility.

In the current education system, education-oriented training of young people and therefore the indispensable components of social life such as economy, financial literacy and ethics within the scope of education are insufficient.

Considering that education is the process of developing high-quality, expected (desired) assessments, behaviors, and cognitions in individuals, it would not be wrong to say that thoughts and practices that are only doctrine-oriented and achieve doctrinal fetishism do not contribute meaningfully to the social structure.

Once again, it is shown that excellent schools, exams, degrees, and grades do not produce good people.



The research has also shown that technology has an effect of deforming the concept of ethics, reducing its presence and increasing its absence. It turns out that the pursuit of technologies, which has become necessary to keep up individually and socially, also causes some individual and social problems.



As both traditional and social media channels are the most advanced, progressive, and constantly updated reflection of technology, their content is similarly rapidly transformed, consumed, and produced, often resulting in easily ignored ethical values.



Social media platforms, in particular, which are set up and organized with an emphasis on individuality and freedom, can distract their users and those they affect from ethical behavior.



Unethical behaviors are normalized in the name of concepts like "freedom" and "individuality" that have been taught but not internalized. As a result of this normalization, fake news, false advertising, excessive expressions of opinion, and behavior patterns turn out to be ethical violations that shake trust.



It has been shown that the idea of "no equality, no ethics" is widespread among the participants interviewed in the research. One of the most important issues that emerged is being a witness, a sufferer, and a victim of inequities that cannot be denied, covered up, or ignored.



"Injustice" that society feels and experiences intensely and quickly spreads through sensations and becomes a belief is unethical. Still, it is clear that those who produce injustice are mainly professionals in the business and financial world.



In this context, the fact that people who continue their daily lives with ethical violations for their economic gain, sustainability, and only for their interests do so in a normalized way has radically damaged the social trust and belief in equality, and it seems that it is increasingly shaken.



Without any costs or sanctions, all kinds of ethical violations continue to be normalized, and it appears that this is the right way to go. For both the concept of equality and ethical values to be put on the right track, the violations must first be eliminated.



The increase in economic prosperity can be accompanied by society's confidence in the administration, its environment, and the ethical values become clear when this research data is analyzed in depth.



Although the individuals participating in the research have different understandings of the concept of ethics, it is evident that the imbalance in the economic order of society easily tempts individuals to commit ethical violations.



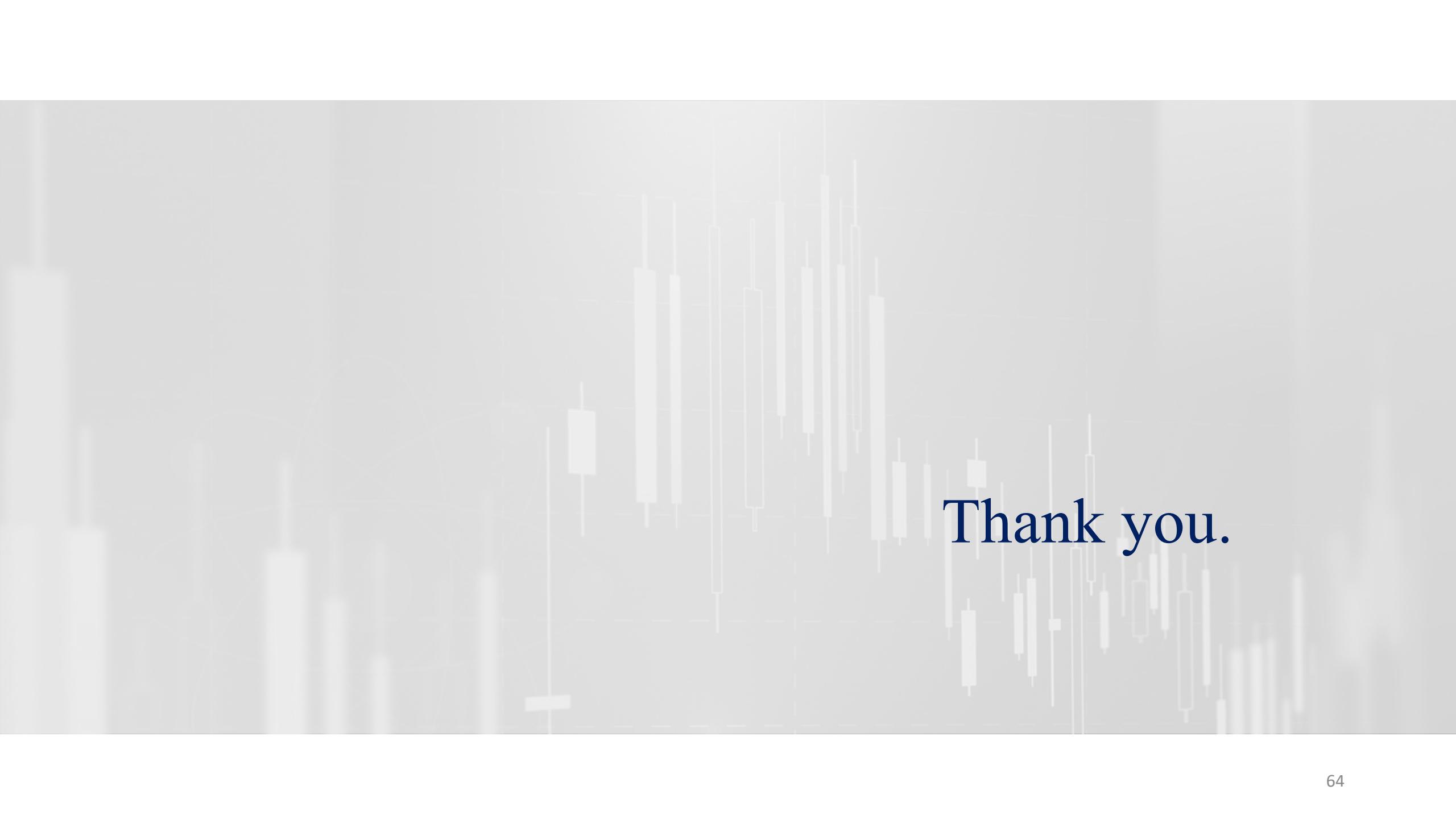
In this context, there is a need for an advanced system of social justice in the case of violations and a management system with the right ethical understanding for economic development.



According to the research data, the impact of the concept of ethics and its attitude on the economy is clearly shown in the daily functioning of the economy, despite the differences in the understanding of ethics. This effect parallels the perception of business ethics regarding level, internalization, functioning, and development. .



It is proven that the existing ethical problems are shaped by the economic conditions of the country in which they live, depending on the individual's perspective.



Thank you.