

[Original Article]

Business ethics education, employee perceptions of corporate business ethics, and organizational performance of apparel companies

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Abstract

The purpose of this study is to explore relationships between company's characteristics, the status of business ethics education, employee perceptions of corporate business ethics, and organizational performance. A total of 161 small- and medium-sized apparel companies participated in a survey and data was analyzed using cross-tabulation, ANOVA, and SPSS PROCESS. The results show that, larger companies involved with export are more likely to implement business ethics education, whereas no company characteristic is associated with perceptions of corporate business ethics. Furthermore, apparel companies that implemented or planned to implement business ethics education, have employees with more positive perceptions of corporate business ethics and better organizational performance than fashion companies that have no plan to implement such education. In addition, companies in the apparel sector with higher employee perceptions of corporate business ethics had greater organizational performance than apparel companies with lower employee perceptions of corporate business ethics. This study emphasizes the need to implement business ethics education to enhance employee perceptions of company business ethics, which in turn promotes organizational performance. It is expected that the results of this study will positively affect the development and expansion of business ethics education programs and contribute to the foundation of knowledge for business ethics education for fashion companies.

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I. Introduction

As interest in the sustainable environment and related education in business grows, so does awareness of the importance of business ethics. Companies generally focus on competency-related education that directly helps to accomplishing tasks and generating an economic gain when it comes to training programs. As a result, competency-based education will always take precedence over corporate ethics education. Because social criticism of unethical business practices has a detrimental

impact on company sales, firms have become increasingly interested in educational training in business ethics, and efforts to build ethics training programs are becoming more widespread (Floyd, Xu, Atkins, & Caldwell, 2013).

The collapse of garment factories in Bangladesh and Cambodia in 2013, which resulted in the deaths of many garment workers, sparked global condemnation of unethical business practices including the use of deteriorating and hazardous production facilities to reduce costs (Bolle, 2014). People were reminded of the necessity of corporate ethics in the fashion sector, as well as in other businesses, as a result of the disaster.

Education is critical for practitioners who must make moral decisions and act in accordance with ethical principles in their enterprises to enhance their ethics (Qablan, Al-Ruz, Khasawneh, & Al-Omari, 2009). Although academics have given some business ethics education (Wu, Kuo, & Wu, 2010), there have been few attempts to provide applied business ethics education in the industry. Sustainable Apparel Initiative (SAI) is “a global, multi-stakeholder non-profit alliance for the fashion industry” that consisted of “over 250 leading apparel, footwear, and textile brands, retailers, suppliers, service providers, trade associations, non-profits, NGOs, and academic institutions working to reduce environmental impact and promote social justice throughout the global value chain” (Sustainable Apparel Coalition, n.d.). The coalition developed the Higg Index to measure social and environmental impacts on the value chain (Sustainable Apparel Coalition, n.d.). The coalition has created several cooperative programs for graduate students and practitioners (University of Delaware, 2012), however these are quite restricted when compared to the scale of the apparel sector. Kim and Yoh (2020) attempted to develop a business ethics education program for apparel companies and confirmed the effect of the educational program through a trial session with a group of industry practitioners. In the United States, the social com-

pliance team at Macy’s educated suppliers and employees on ethical and legal issues (Macy’s, Inc., 2020).

Despite the growing interest in business ethics, many studies have concentrated on consumers’ responses to unethical activity by apparel companies focusing on labor (i.e., sweatshops) (e.g., Arrigo, 2012), the sourcing process, and/or products (e.g., Lee, Jackson, Miller-Spillman, & Ferrell, 2015). Lee and Ha-Brookshire (2020) found that corporations’ moral responsibility for sustainability and their sense of values positively influenced organizational citizenship behaviors by employees. Employees’ understanding of a company’s business ethics may be improved through educational training programs. Positive employee perceptions toward the company’s business ethics may motivate them to have pride in the company, which consequently leads to more dedicated themselves to work, resulting in an improvement in business performance. However, there has been little research into whether business ethics education helps employees become more conscious of corporate business ethics, which would inspire them to perform better at the organizational level in apparel firms. Apparel firms are facing a variety of issues and obligations related to business ethics since apparel manufacturing is inevitable to business conditions that are labor-intensive and detrimental to the environment.

The purpose of this study is to investigate the relationships among a company’s particular characteristics, implementation of educational training programs on business ethics, employees’ perceptions of corporate business ethics, and organizational performance in small and medium-sized apparel companies. The objectives of this study are to: (1) investigate corporate characteristics that are associated with business ethics education (BEE) and employee perceptions of corporate business ethics (PCBE); and (2) investigate the relationships among BEE, PCBE, and organizational performance (OP) in small and medium-sized apparel companies.

II. Literature Review

1. Business ethics according to company characteristics

Corporate social responsibility (CSR) is defined as “the ethical obligation of companies toward the community and economic, ecological, and social environments in which they operate” (Karpova, Kunz, & Garner, 2021, p. 79). CSR involves three dimensions of sustainability, which are social, environmental, and economic dimensions (Karpova et al., 2021). In academia, CSR has been often interrelated with business ethics meaning that business ethics are a part of CSR or vice-versa (Fassin, Van Rossem, & Buelens, 2011). In practice, findings of interviews among managers indicated that business ethics is a broader and more overarching concept compared to CSR (Weller, 2017). A recent study Ferrell, Harrison, Ferrell, and Hair (2019) supported the conceptual differences in that “CSR relates more to the impact on stakeholders” while “business ethics relates more to individual and social unit decision making” (p. 492). Ferrell et al. (2019) further developed scales based on the identified conceptual differences between CSR and business ethics. The measures for CSR include social and economic responsibilities while measures for business ethics included “stakeholder issues associated with social issues, corporate governance, consumer protection, philanthropy, legal responsibilities, sustainability, and employee well-being from a stakeholder’s perspective” (Ferrell et al., 2019, p. 493). Thus, CSR encompasses the broader unit of analysis such as organizations and businesses with external-focus while business ethics relate to behavior and actions with an internal-focus (Davidson & Griffin, 2000).

Business ethics “comprises organizational principles, values, and norms that may originate from individuals, organizational statements, or from the legal system that primarily guide individual and group behavior in business” (Ferrell, Fraedrich, & Ferrell, 2021, p. 4). The degree of perceptions of corporate business ethics

(PCBE) refers to the extent to which the corporates and stakeholders are perceived to exhibit ethical responsibility (Hur, 2006). Zhang and Lee (2012) found that there was a significant relationship between a company’s size and its perceived level of business ethics among 54 companies in the Shandong region in China. Mohammad, Habib, and Alias (2012) added to the evidence that large corporations have greater levels of business ethics than small and medium-sized corporations. According to Cho and Choi (2011), the number of employees has a beneficial impact on the degree of company ethics. As a result, it is expected that certain corporate characteristics (i.e., higher net income and more employees) will have a positive effect on the employee perception of business ethics.

Furthermore, the characteristics of companies were related to whether or not the business ethics education (BEE) was implemented. Corporates with more than 300 workers delivered business ethics training more frequently than companies with less than 100 employees, according to Chung and Lee (2004). The findings of Cho and Park’s (2008) study indicated that a company’s overall assets determine how much money it invests in business ethics education. In a study of 459 organizations with more than 100 workers, Lee (2010) discovered that large corporations offered more business ethics programs and spent more money on education than small and medium-sized firms. Companies with more revenue and a larger workforce are projected to be more likely to adopt business ethics training. In recent years, there has been a rising interest in ethical business practices in global marketplaces. As corporate social responsibility standards have grown more required, associated education programs have become more widely adopted (Park, Kim, & Kim, 2009). The status of educational programs for business ethics is predicted to differ depending on whether or not companies engage in international exports. The following research questions were proposed as a result:

RQ1: What characteristics of apparel companies are associated with employee perceptions of corporate business ethics (PCBE)?

RQ2: What characteristics of apparel companies are associated with the likelihood of implementing business ethics education (BEE)?

2. Business ethics education affecting employee perceptions of corporate business ethics and organizational performance

Employees would benefit from the company's business ethics education programs by increasing their understanding of business ethics practices and tactics. According to Yoo (2015), corporate ethics education not only improved the atmosphere inside the firm, but it also helped organizations reinforce their ethical underpinnings through internal reforms such as the formation of an ethics department or the development of a code of ethics. Jung, Jung, Yoon, and Lee (2010) also found a significant correlation between satisfaction with business ethics education and the awareness of ethical practice among workers of a firm. Based on these prior studies, it can be expected that business ethics education will increase employee perceptions of corporate business ethics. Thus, H1 was proposed:

H1: Business ethics education (BEE) is positively related to employees' perceptions on corporate business ethics (PCBE).

Organizational performance (OP) can be measured by financial performance (i.e., sales, productivity, etc.) and non-financial performance (i.e., credibility, image, employee turnover, job satisfaction, etc.) (Joo & Cho, 2014). Although the primary purpose of a corporation is to pursue profits, corporate ethics are also valued (Min, Kim, & Ha, 2015). An increasing number of studies in the field of business and management have demonstrated the relationship between business ethics and organizational performance (Choi & Lee, 2009).

Corporate education is frequently used by busi-

nesses to develop staff abilities and adapt new technologies to the company's needs (Joo & Cho, 2014). Although there is growing interest in whether education has a positive impact on organizational performance (Joo & Cho, 2014), there is limited empirical evidence that corporate education investment results in changes in employee behavior or organizational performance after taking educational classes. Less than 10% of businesses have attempted to determine whether their performance has improved as a result of training at work (Kim, 2015).

Among the research indicating that education programs in general had a favorable influence on organizational performance, Kim and Joo (2010) concluded that the implementation of education programs enhanced employee work performance as well as financial performance, such as labor productivity and sales per capita. Joo and Cho (2014) investigated the association between corporate education and organizational performance. They discovered that these programs improved organizational performance by boosting work satisfaction, decreasing employee turnover, and enhancing basic job competencies. This is in line with Kim and Na's (2012) results, which found that new knowledge, skills, and attitudes acquired by employees through educational training in the real work situation improved organizational performance (i.e., labor productivity and sales).

Only a few studies have looked into the link between organizational performance and business ethics education. Martin and Cullen (2006) investigated whether corporate education on business ethics influences organizational performance in non-apparel companies. They discovered that corporate ethics education has a beneficial influence on non-financial performance, such as work satisfaction and employee attitude. Employees who have received corporate ethics training are more aware of their company's ethical policies and hence more likely to acquire organizational citizenship (Lee & Ha-Brookshire, 2020). As a result, employees are more likely to support their

companies and their aims (Mohammad, Habib, & Alias, 2011). However, there is insufficient empirical evidence to explore the impact of business ethics education on a company's financial and non-financial performance. Based on these notions, H2 was proposed:

H2: Business ethics education (BEE) is positively related to organizational performance (OP).

3. Employee perceptions of corporate business ethics affecting organizational performance

In a study exploring the relationship between ethical judgment and organizational performance, Kim (2001) found that the greater the degree of ethical judgment among sales personnel, the higher the organizational performance. Jung and Yoon (2009) found that employees' perceived ethical judgment was also favorably associated to organizational performance, such as personal organization suitability, job satisfaction, and employee turnover intention. Yoo (2009) also discovered that SMEs' business ethics had a favorable impact on organizational performance, which in turn had a beneficial impact on work satisfaction and commitment. Yeo (2011) also found that business ethics improved financial stability (i.e., total asset yield and equity ratio), implying that business ethics improved financial performance. Park and Lee (2002) also demonstrated that business ethics had a positive impact on financial performance (i.e., total net income, current-to-equity ratio, and debt-to-equity ratio).

Other researchers found a positive relation between the employee perception of business ethics and organizational performance in apparel companies. According to the findings of Lee and Park (2008)'s study, 223 workers in apparel companies showed that their perceptions of corporate business ethics had a positive effect on perceived organizational performance (i.e., job satisfaction, business commitment, and performance in organizational and social dimensions) and economic performance. In Yoo and Jo's (2014) case

study on apparel firms, the researchers demonstrated that if a company lacks business ethics, it would lose market and societal credibility regardless of its performance level, making it impossible to sustain as a result of decreased sales. Based on these studies, it is expected that employees' perceptions of corporate business ethics may improve organizational performance. As a result, H3 was proposed:

H3: Employees' perceptions of corporate business ethics (PCBE) is positively related to organizational performance (OP).

III. Method

1. Data collection

Preliminary data from ten firms in the apparel sector was obtained, and the survey questionnaire was then amended based on the preliminary data. A research agency was selected since it had the largest database of apparel companies in the Daegu and Gyeongbuk region which is one of the leading regions in the apparel industry. The survey agency checked the contact information and sorted 801 companies with information of an available contact person. The agency delivered questionnaires to the 801 small and medium-sized apparel companies in the Daegu-Gyeongbuk region for 3 weeks for the survey. A total of 161 SMEs answered to the survey questionnaire, which was gathered by visiting each firm (return rate of 20%). The questionnaire was completed by a member of the company's staff with more than 5-years of experience.

The survey questionnaire included questions regarding experiences in business ethics education, employee perceptions of corporate business ethics, organizational performance for the past three years, the current status of implementing business ethics education, and characteristics of a company and an individual employee who is filling out the questionnaire.

The perceived corporate business ethics was mea-

sured by 12 items. Eight items asking about internal policies for business ethics were adopted from Kehinde (2010). Four items asking about involvement with top management for business ethics were adopted from Koh and Boo's (2001), which were initially adopted from Hunt, Chonko, and Wilcox (1984). A total of eight items based on Joo and Cho (2014) were adopted to assess organizational performance. Characteristics of companies included years in operation, number of workers, kinds of industry, products, transaction targets, sales, export involvement, export country, and status of business ethics education. Individual characteristics included respondent's department, position, work experience, number of years at the company, and level of education.

An exploratory factor analysis with varimax rotation was conducted to test whether the perceived corporate business ethics and organizational performance consisted of a single dimension. To test reliability of each variable, Cronbach's *alpha* was used. Cross-tab analyses with χ^2 test were used to examine differences in status of business ethics education and the perception of corporate business ethics by its characteristics. The hypotheses were tested using univariate (ANOVA) analyses. An ad-hoc analysis was then performed to test the mediating effect of perceptions of corporate business ethics between status of business ethics education and organizational performance using PROCESS in SPSS (Hayes, 2017).

2. Company and individual characteristics

As indicated in (Table 1), the results of companies' characteristics showed that slightly less than half of the firms (48.2%) were founded more than 15 years ago, followed by companies with 5-14 years of operations (32.5%). The majority of companies had less than ten regular employees (81.4%), followed by firms with 10 to 49 employees (16.7%). About 70% of the companies (70.6%) had annual net sales of less than \$5 million dollars, while roughly 30% of the companies (29.7%) had annual net sales of more than

\$5 million dollars. Customers were targeted by 67.8% of the companies, followed by 28.2% of companies that targeted domestic corporates and SMEs. Main areas of the companies were pattern and sample making (25.0%), retailing (23.7%), and sewing and construction (23.2%). The majority of the principal product lines were clothing (66.7%), including women's apparel (27.1%). In terms of export, the majority of the firms do not export their products overseas (78.5%), whereas 34 companies do.

The characteristics of the respondents were summarized in (Table 2). One-third of respondents worked in departments of sales and marketing, followed by planning and management (31.7%), and design and production (25.5%). The respondents were top management (55.9%), managers or team leaders (30.5%), and members of business management teams (13.7%). When it came to work experience, about 60% of respondents had 5-9 years (31.1%) and 10-19 years (28%). Two-fifths of them were in their 50s (41.6%), followed by their 40s (22.45), and their 60s (18.6%). In terms of education, 42.9% had completed high school and 30.4% had a bachelor's degree.

IV. Results

1. Business ethics according to company characteristics

1) Exploratory factor analysis

Multiple items were used to measure the perceptions of corporate business ethics (PCBE) and organizational performance (OP) of companies. A total of 12 items to measure the perceptions of business ethics were tested using exploratory factor analysis (EFA) (Table 3), and two items were discarded due to the low factor loading. One factor was derived from ten items, and Cronbach's *alpha* reliability coefficient was .95. As a result of factor analysis on eight items of organizational performance, one final factor was extracted and Cronbach's *alpha* was .94. The factor

<Table 1> Company characteristics

	Item	n(%)
The number of years since founded(n=160)	Less than 5 years	31(19.4)
	5 years to less than 15 years	52(32.5)
	15 years and older	77(48.2)
Types of market*(n=199)	Customers in general	135(67.8)
	Domestic corporates & SMEs	56(28.1)
	Foreign companies	8(4.0)
Main area*(n=401)	Sewing and constructions	93(23.2)
	Product planning	48(12.0)
	Pattern & sample making	100(25.0)
	Fashion brands & fashion designer	65(16.2)
	Distribution & retailers	95(23.7)
Main products*(n=192)	Women's apparel	52(27.1)
	Men's apparel	18(9.4)
	Casual and sportswear	40(20.8)
	Baby and children's apparel	5(2.6)
	Home fashion and interior	50(25.1)
	Others (including intimate wear and uniform)	27(14.1)
The number of employees (n=161)	Less than 10 employees	131(81.4)
	10 to 49 employees	27(16.7)
	More than 50 employees	3(1.9)
Annual net sales (n=126)	Less than \$1 million	45(35.7)
	\$1 million to \$1.5 million	44(34.9)
	More than \$1.5 million	37(29.4)
Export status(n=158)	No export	124(78.5)
	Export	34(21.5)
Educational training in business ethics (n=159)	Already implemented	18(11.3)
	Consider implementing	38(23.9)
	No implementation	103(64.8)

* Multiple selection.

loading for these two factors ranged from .56 to .86, and the validity was confirmed according to the factor loading standard (over .50). The average value of the perceptions of corporate business ethics was 3.30,

while the average value of organizational performance was 3.02, indicating approximately the middle of the 5-point Likert scale.

<Table 2> Individual characteristics

(n=161)

	Item	n(%)
Department	Sales & marketing	54(33.5)
	Design & production	41(25.4)
	Planning & management	51(31.7)
	Human resources & accounting	13(8.1)
	Others	2(1.2)
Position	Top management	90(55.9)
	Executive director or higher	22(13.7)
	Managers or team leader and others	49(30.5)
Years of experience in the related areas	5 to 9 years	50(31.1)
	10 to 19 years	45(28.0)
	20 to 29 years	29(18.0)
	30 years and older	37(23.0)
Age	20 to 29 years old	9(5.6)
	30 to 39 years old	19(11.8)
	40 to 49 years old	36(22.4)
	50 to 59 years old	67(41.6)
	60 years old and above	30(18.6)
Education	Middle school or equivalent	22(13.7)
	High school or equivalent	69(42.9)
	Vocational/technical schools	15(9.3)
	College graduates	49(30.4)
	Master's, doctoral, or professional degrees	6(3.7)

2) Perceptions of corporate business ethics and business ethics education according to company characteristics

RQ1: Relationship between perceptions of corporate business ethics (PCBE) and company characteristics.

The average value ($M=3.30$, $SD=.69$) of the multi-item was used to divide participants into two groups (PCBE1 vs. PCBE2) based on their perceived level of corporate business ethics, such as high group ($n=83$)

and low group ($n=75$) (Table 4). According to the results of the cross-tab analysis, there were no differences in perceptions of corporate business ethics according to business characteristics such as years in business, export status, net sales, and the number of regular workers. In results, employees' perception of corporate business ethics was not associated with the company's characteristics. The results were inconsistent with previous studies that found a positive relationship between employees' perceptions of corporate business ethics and the size of the business (Cho & Choi, 2011; Moon et al., 2012).

<Table 3> Results of exploratory factor analysis for perceived corporate business ethics and organizational performance

	Item	Factor loading	Eigen value (% of variance)	Cronbach's α	<i>M</i> (<i>SD</i>)
Perceived corporate business ethics	My company encourages input throughout the organization regarding appropriate values and practices for implementing the cultures.	.84	6.88 (68.76)	.95	3.30 (.69)
	My company explores methods to provide for diversity and dissent, such as grievance or complaint mechanisms or other internal review procedures.	.85			
	My company ensures that a whistle-blowing and/or ethical concerns procedure is established for internal problem solving.	.80			
	My company regularly examines guides and procedures against stated organizational objectives and values.	.79			
	My company endeavors to reward employee's actions that in line with the ethical demand made on staff by members.	.86			
	My company sends clear and consistent messages on the importance of ethical behaviors.	.86			
	My company ensures a good code of ethics.	.84			
	If a member of my company is discovered to have engaged in unethical behavior that results in primarily personal gain (rather than corporate gain), she/he will be promptly reprimanded by top management.	.82			
	If a member of my company is discovered to have engaged in unethical behavior, she/he will be promptly reprimanded by top management even if the behavior results primarily in corporate gain.	.79			
	Top management in my company has clearly conveyed that unethical behaviors will not be tolerated.	.85			
Organizational performance	Sales improved.	.73	5.67 (70.84)	.94	3.02 (.76)
	Rate of return improved.	.74			
	Productivity improved.	.76			
	Market share improved.	.77			
	Corporate credibility improved.	.71			
	Corporate image improved.	.75			
	Employee turnover rate decreased.	.56			
	Employee's job satisfaction improved.	.66			

RQ2: Relationship between business ethics education (BEE) and company characteristics.

Before conducting the cross-tab analysis, companies were classified into two groups according to adoption

<Table 4> Relationship between PCBE and company characteristics

		PCBE1(n=75)		PCBE2(n=83)		n(%)	χ^2
		Freq.	Exp. freq.	Freq.	Exp. freq.		
Years in operation	Less than 5	12	15.7	18	14.3	158 (100)	3.68
	5 to 14	32	27.1	20	24.9		
	15 and more	39	40.2	38	36.8		
Export status	Export	22	17.6	12	16.4	156 (100)	2.85
	No export	60	64.4	64	59.6		
Net sales (million USD)	Less than 1	20	25.3	25	19.7	126 (100)	4.21
	1 to less than 1.5	27	25.3	18	19.7		
	More than 1.5	25	21.4	13	16.6		
Number of employees	Less than 5	51	55.5	56	51.5	159 (100)	2.29
	5 and more	32	27.5	21	25.5		

Freq.=Frequency, Exp. Freq.=Expected frequency.

PCBE: Perceptions of corporate business ethics.

PCBE1: Companies with a lower mean value of perceived corporate business ethics than the average.

PCBE2: Companies with a same or higher mean value of perceived corporate business ethics than the average.

of business ethics education (BEE1 vs. BEE2) (Table 5). Companies that have implemented or plan to implement such programs (n=56) and those that have

no intentions to do so (n=103). There were considerable discrepancies in the state of implementing business ethics education according to export status, sales,

<Table 5> Relationship between BEE and company characteristics

		BEE1(n=56)		BEE2(n=103)		n(%)	χ^2
		Freq.	Exp. freq.	Freq.	Exp. freq.		
Years in operation	Less than 5	10	11.0	21	20.0	158 (100)	1.95
	5 to 14	22	18.1	29	32.9		
	15 and more	24	26.9	52	49.1		
Export status	Export	17	11.6	16	21.4	156 (100)	4.85*
	No export	38	43.4	85	79.6		
Net sales (million USD)	Less than 1	10	17.1	35	27.9	126 (100)	8.05*
	1 to less than 1.5	19	16.8	25	27.2		
	More than 1.5	19	14.1	18	22.9		
Number of employees	Less than 5	28	38.0	80	70.0	159 (100)	12.75***
	5 and more	28	18.0	23	33.0		

Freq.=Frequency, Exp. Freq.=Expected frequency, * p<.05, *** p<.001

BEE: Business ethics education.

BEE1: Companies that have implemented or are planning to implement business ethics education.

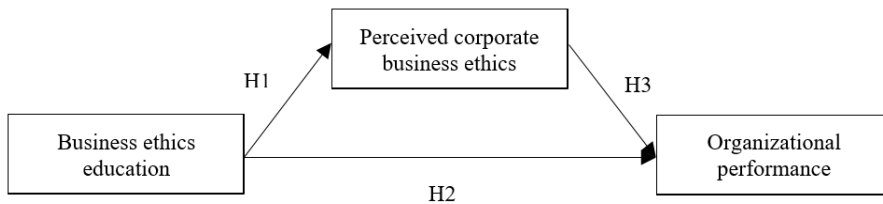
BEE2: Companies that are not planning to implement business ethics education.

and the number of employees among company characteristics. Companies with a high level of exports, sales of \$5 million or more, and five or more regular employees were more likely to undertake business ethics education than those with fewer exports, sales of less than \$5 million, and fewer than five regular employees. In other words, the larger the organization, the more likely to employ business ethics education. Because larger organizations are more likely to invest in education, business ethics education is more likely to be adopted. The results were consistent with previous studies that company's size (Chung & Lee, 2004; Lee, 2010) and total assets (Cho & Park, 2008) were positively related to implementing business ethics education. In result, export status is also related to busi-

ness ethics education. Furthermore, the implementation of business ethics education was associated to export status. It might be due to an increase in global market partners' expectations for business ethics in production and transactions.

2. Hypotheses test

Hypothesized model is presented in <Fig. 1>. According to ANOVA results shown in <Table 6>, employees in companies that implemented or planned to implement business ethics education ($M=3.74, SD=.52$) perceived their companies as more ethical than employees in companies that did not plan to implement it ($M=3.10, SD=.71$) ($F=35.34, p=.000$). As a result, H1 was supported. Companies that were adopt-



<Fig. 1> Hypothesized model

<Table 6> ANOVA results to test hypotheses

	<i>n</i>	<i>M(SD)</i>	<i>SS_B(SS_w)</i>	<i>df_B(df_w)</i>	<i>F</i>	<i>Partial η²</i>	<i>p</i>
DV: Perceived corporate business ethics (H1)							
BEE1	56	3.74(.52)	14.98(65.30)	1(154)	35.34***	.19	<.001
BEE2	100	3.10(.71)					
DV: Organizational performance (H2)							
BEE1	56	3.39(.70)	12.13(75.84)	1(153)	24.46***	.14	<.001
BEE2	99	2.81(.70)					
DV: Organizational performance (H3)							
PCBE1	82	2.74(.63)	14.00(73.04)	1(153)	29.32***	.16	<.001
PCBE2	73	3.35(.75)					

*** $p < .001$

BEE1: Companies that have implemented or are planning to implement educational training on business ethics.

BEE2: Companies that are not planning to implement educational training on business ethics.

PCBE1: Companies with a lower mean value of perceived corporate business ethics than the average.

PCBE2: Companies with a same or higher mean value of perceived corporate business ethics than the average.

ing or preparing to implement business ethics education had greater organizational performance ($M=3.39$, $SD=.70$) than those that were not ($M=2.81$, $SD=.70$) ($F=24.46$, $p=.000$). As a result, H2 was supported. Furthermore, companies with employees who perceived higher business ethics in their companies ($M=3.35$, $SD=.75$) had better organizational performance than did companies with employees who perceived lower business ethics in their companies ($M=2.74$, $SD=.63$) ($F=29.32$, $p=.000$). As a result, H3 was supported.

For further information, ANOVA was performed on eight aspects of organizational performance. ANOVA was conducted on eight elements of organizational performances. First, firms with and without business ethics education are compared to see if each facet of organizational performance differs (Table 7). All financial (i.e., sales, rate of return, productivity, market share) and non-financial (i.e., credibility, image, job

satisfaction) factors were greater for those who implemented or intended to implement business ethics education than for those who did not. This is consistent with prior research (Martin & Cullen, 2006) finding that companies' business ethics education has a favorable impact on non-financial performance. According to the findings, implementing business ethics education can help organizations perform better.

〈Table 8〉 indicates how employee perceptions of corporate business ethics influenced each aspect of organizational performance. As a consequence, all the financial and non-financial aspects were higher (lower in employee turnover rate) in a group that had a higher perception of corporate business ethics than in a group that had a lower perception of corporate business ethics. This is consistent with findings in previous studies (Lee & Park, 2008; Park & Lee, 2002; Yeo, 2011; Yoo, 2009; Yoo & Jo, 2014) that

<Table 7> Effects of BEE on organizational performance

Organizational performance	BEE1		BEE2		$F(df)$	Partial η^2
	M	SD	M	SD		
Improved sales	3.07	.85	2.45	.94	16.83*** (1, 156)	.10
Improved rate of return	3.05	.86	2.49	.95	13.53*** (1, 156)	.08
Improved productivity	3.32	.83	2.72	.92	16.34*** (1, 155)	.10
Improved market share	3.34	.92	2.69	.86	19.43*** (1, 155)	.10
Improved credibility	3.71	.78	3.10	.80	21.76*** (1, 156)	.12
Improved image	3.77	.83	3.08	.88	23.24*** (1, 156)	.13
Decreased employee turnover rate	3.32	.87	3.00	.84	5.10* (1, 156)	.03
Improved job satisfaction	3.55	.73	3.10	.82	11.91** (1, 155)	.07

* $p<.05$, ** $p<.01$, *** $p<.001$

BEE1: Companies that have implemented or are planning to implement educational training on business ethics.

BEE2: Companies that are not planning to implement educational training on business ethics.

<Table 8> Effects of PCBE on organizational performance

Organizational performance	PCBE1		PCBE2		<i>F(df)</i>	<i>Partial η²</i>
	<i>M</i>	<i>SD</i>	<i>M</i>	<i>SD</i>		
Improved sales	2.96	1.02	2.43	.80	13.17*** (1, 156)	.08
Improved rate of return	3.01	1.00	2.42	.80	16.91*** (1, 156)	.10
Improved productivity	3.26	.91	2.66	.85	18.04*** (1, 155)	.10
Improved market share	3.23	.94	2.65	.83	16.68*** (1, 155)	.10
Improved credibility	3.71	.80	2.95	.80	38.34*** (1, 156)	.20
Improved image	3.75	.87	2.95	.80	35.96*** (1, 156)	.19
Decreased employee turnover rate	3.36	.94	2.90	.74	11.58*** (1, 156)	.07
Improved job satisfaction	3.60	.79	2.98	.72	26.91*** (1, 155)	.15

*** $p < .001$

PCBE1: Companies with a lower mean value of perceived corporate business ethics than the average.

PCBE2: Companies with a same or higher mean value of perceived corporate business ethics than the average.

employee perceptions of corporate business ethics positively affected both financial and non-financial performance. The findings show that a company's organizational performance is more likely to improve if employees have a positive perception of corporate business ethics.

To enhance understanding of the results, we tested the mediation effects of perceived corporate business ethics on the relationship between business ethics education and organizational performance. A PROCESS analysis with the bootstrap method (Preacher & Hayes, 2008) was used in SPSS. According to the results of the mediation test, there was a significant partial mediating effect of perceptions of corporate business ethics between business ethics education and organizational performance (effect=.27, $SE=.08$, $.12 < CI < .44$), as well as a significant direct effect (effect=.30, $SE=.12$, $.05 < CI < .54$). This suggests that business ethics

education improved perceptions of corporate business ethics (i.e., direct effect) as well as organizational performance (i.e., indirect effect). In addition, perceptions of corporate business ethics positively influenced organization performance. The mediation results imply that improved perception of company's business ethics through various business ethics education can have a positive effect on organizational performance. In other words, employees who receive more corporate ethics training are more likely to think their firm as ethical, resulting in improved organizational performance.

V. Conclusions

This study identified the relationships among company characteristics, business ethics education, employee perceptions of business ethics, and organization

performance in small and medium-sized apparel companies. Important findings and implications are as follows.

First, company size and export status are company characteristics associated with an implementation of business ethics education in apparel companies. As a company grows in size or is involved with export, it is more likely to implement or intend to implement business ethics education. The relationship between company size and business ethics education was consistent with prior research. Larger corporations may invest more in education on a variety of areas, including business ethics, than smaller corporations. Because larger companies may face greater social pressure to pursue business ethics, they might be more actively adopting business ethics education. Specifically, the impact of company's export status on business ethics education is new finding of this study. Exporting companies are more likely to be exposed to worldwide requirements for business ethics, thus they may be more active in providing business ethics education. An increasing number of apparel buyers in the global market requires codes of business ethics in transactions, thus a growing number of exporters may be unable to avoid providing related education for their employees in the future. On the other hand, employee perceptions of business ethics were unaffected by firm size or export status. It means that, regardless of firm size or export activity, employee perceptions of corporate ethics may not increase without relevant education. The findings highlight the necessity of corporate ethics education for employees.

Second, it was explored the relationships among business ethics education, employee perceptions of business ethics, and organization performance. According to the findings, perceptions of business ethics are partially mediated between business ethics education and organization performance. In other words, employees at apparel companies that implanted or planned to implement business ethics education are likely to have greater perceptions of business ethics of the

company, in turn resulting in greater performances in organizations. Specifically, both financial (i.e., sales, rate of return, productivity, and market share) and non-financial aspects (i.e., credibility, image, and job satisfaction) of organizational performances were greater in companies implementing business education ethics as well as in companies with employees highly perceived of corporate business ethics. The results can be interpreted reflecting a previous study (Kim & Na, 2012) indicating that organizational performance was increased when new attitudes (i.e., the employees' perception of company's business ethics) established through educational training were applied to work conditions.

Based on the results of this study, it can be concluded while many small and medium-sized companies in the apparel sector do not yet actively practice ethics education, those that began planning to do so are more likely to have superior organizational performance than those who do not. These findings imply that raising ethical awareness among employees through business ethics education may lead to improved corporate performance. In the apparel market facing greater expectations for ethical behaviors of companies, apparel firms need to acknowledge the importance of ethics education not only to meet the requests of consumers and business partners but also to improve business performance. In addition to financial performance aspects, non-financial elements including company image, credibility, and job satisfaction are becoming more important in determining a firm's value. Companies that are perceived as ethical are more likely to hire better personnel among MZ generations, which is more concerned in ethics than other generations. Good workforces would be a main driving force for enhanced business performance.

This study is meaningful in terms of providing an empirical evidence highlighting business ethics education in apparel companies. This research was conducted with responses of small and medium-sized companies in the Daegu and Gyeongbuk region so it should

be careful to generalize the results. In future study, data from companies in various sizes and various regions can be compared. Additional research is needed to increase the generalizability of the results by examining additional Korean and international firms. Furthermore, research into developing ethical education programs according to each company's characteristics would be valuable.

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