

***Factors affecting Employees work Ethics in Organizations the  
Case of Seka Chekorsa Woreda Public Service***

***Research Paper Submitted to the School Graduate Studies of  
Jimma University Partial Fulfillment of the Award of the  
Degree of Masters of Business Administration (MBA)***

**By:**

**Nezamudin Abagero**

**ID No. RM 0381/2011**

**Under the Supervision of**

**Wondwesen Siyum (Assistant professor)**

**And**

**Mohammed Yassin [MA]**



**JIMMA UNIVERSITY  
COLLEGE OF BUSINESS & ECONOMICS  
MBA PROGRAM**

**July, 2020  
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## **Declaration**

I declare that the research thesis entitled: “Factors affecting Employees work ethics in Organizations the Case of Seka Chekorsa Woreda Public Services” has been carried out by me under the guidance and supervision of Mr. Wondwesen Siyum (assistant professor) and Mr. Mohammed Yassin (MA). The research thesis is original and it has not been submitted for the award of the degree or diploma at any university or institution.

Researcher Name

Date

Signature

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# CERTIFICATE

This is to certify that the research thesis entitled: “Factors affecting employee’s work ethics in Organizations the case of Seka Chekorsa Woreda Public Service” submitted to Jimma University for the award of the masters of business administration and is a record of valuable research work carried out, under our guidance and supervision

Therefore, we hereby declare that no part of this research thesis has been submitted to any other university or institution for the award of any degree or diploma.

Name of Main Advisor	Signature	Date

Name of Co- Advisor	Signature	Date

## Approval Sheet of Thesis

As members of the Examining Board of the Final Open Defense, we certify that we have read and evaluated the research Thesis prepared by Nezamudin Abagero, entitled “Factors affecting employees work ethics in organizations the case of Seka Chekorsa Woreda Public Service”, and recommend that it be accepted as fulfilling the research thesis requirements for the award of the degree in Master of business administration.

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Name of Internal Examiner	Signature	Date

Hagos Brhane



9/17/2020

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Name of External Examiner	Signature	Date

### ***Abstract***

*The main aim of this study is to assess factors affecting employee’s work ethics in organizations the case of Seka Chekorsa Woreda Public Service. To achieve the objective descriptive and*

*explanatory survey design were used; the target population of the study was all permanent employees who currently working in 31 sectors of Seka Chekorsa Woreda public service, their total number is 1004. The sample size of the respondent's was 286. Sampling techniques which is employed is probability sampling specifically simple random sampling were used. The method of data collection was through the survey method and the tools are questioners and interviews. The data obtained through the questionnaire was analyzed quantitatively using descriptive, inferential statistical, regression analysis and correlations were used to analyze using SPSS version 23, while data obtained through interviews were analyzed qualitatively. The major findings of the study show that leadership, organizations internal control, recruitment selection, and training were factors affecting employee work ethics. Also, the study found there was a statistically significant and positive relationship between the leadership, organizations internal control, recruitment selection, and training, and employee work ethics. Finally, the study recommends organization administrator be supposed to involve employees in key decision making and create a relationship where employees can be open and free, management should support the employees and work together with employees in ensuring the procedures, code of conduct and processes are well understood and followed.*

**Keywords:** *Leadership, Organizations Internal Control, Recruitment and Selection, and Training and Employee Work Ethics.*

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## **LIST OF ABBREVIATIONS**

ANOVA – Analysis of Variance

AQR – Audit Quality Reduction

CEO – Chief Executive Officer

ECA – Economic Commission for Africa

EEO – Equal Employment Opportunity

FDRE – Federal Democratic Republic of Ethiopia

GAAP – Generally Accepted Accounting Principles

HR – Human Resource

IIA – Institute of Internal Auditors

IRB – Independent Review Boards

LMX – Leader-Member Exchange

SPSS – Statistical Package for Social Sciences

VIF – Variance Inflation Factors





# CHAPTER ONE

## INTRODUCTION

This chapter deals with the background of the study, statement of the problem, basic research question, objectives of the study, significance of the study, scope of the study, and organization of the paper.

### **1.1 Background of the study**

According to Ferrell, (2005), ethics is an investigation into the nature and ground of morality where the term morality is taken to mean moral judgments, standards and rules of human conduct with an emphasis on determining right and wrong. High ethical standards require both business and individuals to conform to sound moral principles. Business ethics comprises the principles and standards that guide behavior in the world of business. Whether a specific action is right or wrong, ethical or unethical, is often determined by investors, employees, customers, interest groups, the legal system, and the community. Ethics is the code of moral principles that guide the behaviors of a person, group, or organization, and that constitute the boundaries of truth or wrong, good or evil. Among various alternatives of action, it aims to create behavioral principles that will "help people in choosing the right". Thus, the paths of the purpose of ethics and moral rules intersect, while attempting to embody ethics as a philosophy of ethics (Çalışlar, 1983).

According to Miller (2007), ethics focuses on processes and topics that guide the decision making process in terms of what is right. Ethical standards are a group of professional process guidelines or codes for doing what is considered the right practice (McIntire & Miller, 2007). Thus, ethics are important in order to ensure that processes and practices are doing what is considered to be morally right. Ethics differ from organization to organization based on the organization's specific ethical values and issues. According to Cascio and Aguinis (2011), employers have ethical responsibilities, which are often demonstrated through the execution of company ethics programs. Ethical actions are not dictated by specific and strict guidelines; it changes and evolves in response to social standards and the wishes and interests of those aided by the profession (Cascio&Aguinis, 2011).



Drucker (1954) described ethical behavior as a reflection process and a communal exercise that concerns the moral behavior of individuals based on an established and expressed standard of individual values. Ethics should apply to every individual in an organization, but ethical behavior is an absolute requirement of all organizational leaders or managers. Further, Suhonen et al., (2011) described ethical behavior as acting in ways consistent with what society and individuals typically think are good values. According to Ricoeur (1981) makes a distinction between ethical purpose and ethical rule: The ethical purpose is based on Aristotelian thought and it is "to aim good life". The moral rule is "based on Kant's conservatism and it is an obligation to obey the rule." For this reason, a person must first have ethics in order to have morals; the ethical purpose must go through the sieve of the rule. However, if the rule comes to a dead end in practice, it may be legitimate to resort to the purpose in this case. Thus, ethics and ethical behavior both in terms of individual and organization may require a dynamic thought and practice to be reconsidered when the ethical rules come to a dead end.

Ethical orientation of a leader is the key factor in promoting ethical behavior; ethical leaders must take personal, ethical responsibilities for their actions and decision making. Leaders who show high ethical standards become role models for others and raise the organizations overall level of ethical behavior. Ethical behavior must start with the leaders before the employees can be expected to perform accordingly (Dess, 2010).

According to Jones and Hill (2013), many studies of unethical behavior in business setting have come to the conclusion that business people sometimes do not realize that they are behaving unethically, primarily because they simply fail to ask if a decision is unethical. Instead they apply straightforward business calculus to what they perceive to be a business decision, forgetting that the decision may have an ethical an important ethical dimension. The fault here is within the process that does not incorporate ethical dimensions. Unethical behavior of employees in the workplace not only threatens the reputation of the affected organizations, but also has a devastating effect on these organizations' ability to render quality services to its customers and other stakeholders.

Ethical behavior is the standards in an organization, and in particular the behavior of those who own and manage the organization. Ethics has been a matter of public concern since the industrial

revolution. Much of the current concern of ethics has been prompted by a resurfacing of public criticism if organizations are perceived to have amassed vast personal fortune at the expense of the public or being ruthless and corrupt in their dealings with anyone. Ethical dilemmas arise in business more frequently than it is convenient to recognize. Indeed what is right or wrong is sometimes very unclear in organizations and vary from place to place and change with time (Rollinson, 2002).

Unethical behavior is periodic and individualistic in nature, evil is systemic and embedded in the culture of the organization. Programs, policies, practices, reward systems, hiring and training, external and internal relations all are designed with the intention to seek immediate advantage through the deliberate harm of others. The climate in some organizations does not encourage people to think through the ethical consequences of organizational decisions. An organizational culture that de-emphasizes business ethics and considers all decisions to be purely economic ones, another cause of unethical behavior maybe pressure from top management to meet performance goals that are not realistic and can only be attained by cutting corners or acting in an unethical manner. An organizations culture can “legitimize” behavior that society would judge as unethical, particularly when this is mixed with a focus upon unrealistic performance goals such as maximizing short-term economic performance regardless of the cost. In such circumstances there is a high probability that managers will violate their own personal ethics and engage in behavior that is unethical (Jones and Hill, 2013).

In some cases, according to ECA (2003), anti-corruption initiatives have only been partially successful in achieving some of the objectives behind these measures. It outlined reasons for this partial success. In the first instance, many of such initiatives have been introduced in an overall political and policy environment that has not been sufficiently conducive to the success of the measures. The nature of the state and governance and commitment at the highest political level are therefore crucial prerequisites for any successful drive to control and punish ethical violations. Secondly, some of the anti-corruption measures that have been introduced were partial in nature, focusing mainly on sanctions, and not the source. Third, many of the institutions that were established to promote ethics and accountability often lack the resources, public visibility, impartiality and public support that are critical to their success.

## **1.2. Statement of the Problem**

The ethical dimension of public administration has engaged the attention of governments, scholars, donor agencies and public servants. According to the Economic Commission for Africa (2016), there has been an increase of interest in improving ethics in the public service throughout the world in the last two decades. Ethics was identified by the Ethiopian government as one of the areas requiring attention and was made an integral part of the ongoing Civil Service Reform Program since 1996. Definitely, ethics in the public service has become a major concern in public administration and management in recent decades, with some intensification in the 1980s and 1990s (Kernaghan, 1993; OECD, 1996 as cited in Larbi, 2001). In many African countries, a variety of measures has been taken to control ethical violations. This has been done through the development of institutions in the civil service and involvement of the parliament and the judiciary to create the necessary checks and balances.

According to Rollinson (2002) there are various factors that influence workers behavior, some of which are not conducive to the individual behavior in a way that is ethical in a particular organizational context. Since the list of issues about the ethical standards is continually growing, a convenient way to consider matters is to examine two relationships: the internal relationship between the organization and its employees and the relationship between an organization and its external stakeholders. For this study the researcher focused on the internal relationship between the organization and its employees that is the way an organization deals with employees and the way that employees deal with the organization.

Organization is highly concerned about unethical behavior for a number of reasons; decreases in organizational performance, financial losses, reputational damage, safety concerns, and a loss of customers are all concerns that are connected with unethical behavior. Organization wants employees to exhibit ethical behavior in order to produce outcomes that are beneficial. In contrast, unethical behavior is an area of great concern. Unethical behavior violates generally accepted moral norms, is widespread, and the costs involved are high (Kaptein, 2011). Among the worst effects of unethical behavior on organizations is unable to forge or maintain any long-term relationships with customers. In addition, it becomes vulnerable to long and expensive litigations. The fact is that even one such instance can make the organizations vulnerable to further accusations, many of which could be false, made by people and competitors seeking to harm the organizations reputation. Unethical behaviors lead to damaging consequences for others

through ignoring rules, standards, regulations, and company guidelines (Tonus, 2012). Unethical actions foster an environment of conflict; disrupt the company culture, and reduce employee commitment, performance, and inspiration (Tonus, 2012). When employee commitment, performance, and motivation decrease the organization suffers significantly. As a result, companies want to prevent unethical behaviors and to promote ethical behaviors. The best option is through understanding the driving forces behind unethical decision-making in order to predict behavior.

The preliminary survey taken by the researcher at Seka Chekorsa Woreda public service and human resource showed that managers and salaried employees have adequate technical qualifications, they lack the will and commitment to deal with uncertainties and conflicting interests constructively and to enable them to shape change processes. There also exist widespread perception that unethical practices are uncontrolled in the civil service including acceptance of gifts or favors; disclosure of confidential information; using organization's work time for conducting personal business; getting to work late and going out early; wanting quicker promotion; cheating with regard to false/fake qualification documents; and the like. There is a widespread conviction among the public that work ethic is declining in the country in general, and in the civil service in particular.

Few research were done those are; *The Analysis of Unethical Behavior among Employees in Enterprises a Pilot study in the Automotive Industry* by (Zinczuk, 2013); *Understanding Reasons for Employee Unethical Conduct in Thai Organizations* (Phongstorn, 2010); *The Ethical Behaviors of Educational Leaders in Ethiopian Public Universities: The Case of the Western Cluster Universities* (Frew, Mitiku and Mebratu, 2016) and *exploration of work ethics in the Ethiopian civil service: the case of selected federal institutions* (Teklay, 2016), no rigorous academic and empirical research has been conducted to understand the nature and depth of the problems, Moreover, the theoretical discourses in the general literature and the national efforts made by the government and its development partners also emphasize on the structural and procedural issues of ethics, giving little focus to the behavioral components or dimensions of ethics of civil servants, There for realizing this, the study intended to fill the gap by considering the variables like organization internal control, leadership, recruitment and selection and training effect on employee work ethics. This study aimed at finding out which factors are affecting employee's work ethics in the organization in the case of Seka Chekorsa Woreda public Service.

### **1.3. Research Questions**

1. To what extent does organizations internal control affect employee's work ethics in organizations the case of Seka Chekorsa Woreda Public Service?
2. Does leadership affect employee's work ethics in organizations the case of Seka Chekorsa Woreda Public Service?
3. What is the effect of recruitment and selection factors on employee's work ethics in organizations the study area?
4. How does training affect employees' work ethics in organizations the study area?

### **1.4. Objectives of the study**

#### **1.4.1 General objective of the study**

The main objective of the study was to assess factors affecting employee's work ethics in Organizations the case of Seka Chekorsa Woreda Public Service

#### **1.4.2. Specific objective of the study**

- To examine the extent to which organizations internal control affects employee's work ethics in organizations in the study area.
- To investigate how leadership affect employees work ethics in organizations in the study area.
- To assess the influence of recruitment and selection on employees work ethics in Organizations in the study area.
- To examine the extent to what training affect employee's work ethics in organizations in the study area.

### **1.5. Significance of the Study**

The study will help Seka Chekorsa Woreda public service from the ethical side of view. Ethical behavior is an integral part of all departments of the organization. Ethics ensure that organizations are well managed and that they are working following the laws of the organization. The findings of the study will have significant implications on policies and legal frameworks to promote and enforce desirable work ethics in the Seka Chekorsa Woreda public Service sectors. That is, the findings will provide insights for designing and implementing interventions to develop civil service ethics congruent with the cultural environment in which employees find themselves. The findings of this study were important to employees of organizations. Employees

are directly affected by the strategies in place and are responsible for ensuring that ethical behavior is practiced on a daily basis. Employees will, therefore, benefit from the study as they will get to understand the importance of ethics, whether the strategies in place are effective and efficient. By way of synthesis and reflection on empirical findings, the study is also believed to contribute to the existing body of knowledge in the area. The study will also be of benefit to other researchers and academicians, they will be able to borrow ideas and improve on the recommendations for further studies or gaps that have not been tackled or addressed. Stakeholders that being the general public, the media, unions, and communities will also benefit from the findings of the study.

### **1.6 Scope of the Study**

Geographically the study is conduct only in Seka Cokorsa Woreda public service organizations. The research mainly concentrates on the discussion relating to factors influencing the ethical behavior of an employee in organizations in the case of Seka Chekorsa Woreda public service. Considerable that several factors cause for unethical behavior of an employee in the organization, but on this research, it has chosen to focus on only how organizations internal control, leadership, recruitment and selection, and training affect ethical behavior of an employee in the organization. It does not include other variables beyond the organization's internal control, leadership, recruitment and selection, and training. Methodologically this study was conduct based on sample survey research. The research design was descriptive and exploratory; furthermore, the main tools were used to collect data from an employee, key informants and managers are questionnaire and interview.

### **1.8 Organization of the Paper**

The research is organized in five parts. Chapter one is about introduction of the study which contains background of the study, statement of the problem, objective of the study, significance of the study and scope of the study; chapter two is about review of related literature those are theoretically, empirically and conceptual frame work; chapter three is about research methodology of the study and chapter four was about data analysis and interpretation. Finally, Chapter five was dealt with summary, conclusion, recommendations, limitation of the study and further research.

# **CHAPTER TWO**

## **RELATED LITERATURE REVIEW**

### **Introduction**

This chapter deals with the review of literatures in line with the study variables; it includes theory of ethics, empirical study and conceptual frame work of the study.

### **2.1 Theory of ethics**

#### **2.1.1. Consequentialism Theory**

According to Williams (1981) consequentialist ethics, the moral content of an action is determined by the real and expected consequences of that action. An action is morally good if its consequences are desirable and bad if they are not. Consequentialist ethics employs a certain standard (the purpose or end) against which the consequences of an action are judged. Consequentialist theories are those that base moral judgments on the outcomes of a decision or an action. If the outcomes of an action are considered to be positive, or to give rise to benefits, then that action is held to be morally right. Conversely, if the outcome causes harm, then the action is held to be morally wrong. The judgment of right or wrong depends on the consequences of the decision or action. Depending on the number of intrinsic ends that a teleological theory employs, we call it either monistic or pluralistic. Monistic theories hold that there is only one intrinsic end to which all other ends lead, and on the basis of which all actions can be morally evaluated. Pluralistic teleological theories hold that there is more than one such intrinsic end. Teleological theories are also subdivided according to the nature of the end employed. Hedonism, for instance, holds that this end is pleasure or de-lights. This criterion for action dates back to the beginning of classical antiquity (Williams, 1981).

#### **2.1.2. Deontological ethics**

Deontological ethics theories are non-consequentialist, This means that they place the emphasis on the decision or action itself on the motivations, principles, or ideals underlying the decision or action rather than being concerned with the outcomes or consequences of that decision or action. This reasoning is founded on the desirability of principle (usually duties or rights) to act in a given situation. The two main non-consequentialist theories are ethics of duties and ethics of rights and justice. Both of these are rooted in assumptions about universal rights and wrongs and responsibilities. This means that people who promote these types of ethical

principles usually believe that they should be applied to everyone, everywhere in the world. If a child in one country has a right to an education, then this means that all children, everyone in the world, should have a right to an education (Bentham, 1789).

### **2.1.3. Utilitarianism theory**

The modern form of the consequentialist theory of utilitarianism derives from 19th century British philosophers such as Jeremy Bentham and John Stuart Mill, and it has been particularly influential in areas of the world influenced by British culture. Rather than maximize individual welfare, utilitarianism focuses on collective welfare and it identifies goodness with the greatest amount of good for the greatest number of people: the ‘greatest happiness principle’. So maximizing benefits for the greatest number of people involves net assessments of benefit: utility is the net result of benefits and ‘disbenefits’ or costs. Utility has entered modern economics as a key quantitative concept. The concept of trade-offs is specifically embraced and social and environmental cost–benefit analyses are explicit utilitarian tools for assessing the goodness of an action. A simple balance sheet of costs and benefits can be drawn up to assess the overall utility of a decision. Utilitarianism has three essential elements: Whether an action is right or wrong is determined solely by its consequences, The value of the consequences of an action is assessed in terms of the amount of happiness or well-being caused and In assessing the total happiness caused to a number of people, equal amounts of happiness are to have equal value, no one person’s happiness having greater value than another’s (Bentham, 1789).

## **2.2. Theories on Misconduct in the Workplace**

Scholars from multidisciplinary backgrounds have tried to understand and predict misconduct in the workplace. Studies were conducted on how and why misconduct occurred. Research can be separated into three important themes from the fields of industrial psychology and organization science. The three competing theories that are most influential in explaining human motivation towards misconduct are personality trait theory, agency theory, and psychological contracts theory (Kidder, 2005).

### **2.3. Personality Trait Theory**

For trait theory, individual behavior is the result of inherited or acquired traits. Trait theorists subscribe to the premise that certain traits will be disposed to react to a given situation in a certain way (Kidder, 2005). Trait research has provided relative stable and predictable outcomes



(McKenna, 1994; Kidder, 2005). For example, an individual with the personality traits of “conscientiousness” shows the qualities of dependability, carefulness and responsibility (Ones, Schmidt, 1993). In terms of criticism, trait theory has been questioned on its research design and on its ignorance of situational variables (Davis-Blake & Pfeffer, 1986; McKenna, 1994). Furthermore, research by McAdams (1992) has pinpointed the limitations of personality trait theory, namely its inability to predict behavior, its failure to provide causal explanations of behavior, its disregard of the contextual and conditional nature of the human experience.

#### **2.4. Agency Theory**

Agency theory has been developed from economic assumptions of self-interest behavior and utility maximization with consideration of the situations that influence employees’ behavior. Agency theory suggests that the employer as the “principal” wants to obtain maximum performance from the employee as the “agent”. This is in direct contrast to the employee, who is presumed to put in minimal effort. Therefore, agency theory assumes that agents will behave opportunistically if given the chance (Rousseau & McLean Parks, 1993). For example, employees will always shirk or misrepresent their capabilities if they can get away with doing so. Agency research provides managerial implications to set up proper monitoring or controlling mechanisms to reduce misconduct (McKenna, 1994). Agency theory has been criticized for its assumption of overlooking intrinsic human motivations in a positive manner, such as employees’ needs for achievement, exercise of responsibility and authority and recognition from peers, bosses and organizations (McClelland, 1961; Herzberg, 1959). From the organization behavior viewpoint, agency theory has two major limitations. Firstly, the agency theory lacks any consideration of the organization to facilitate effective actions by employees, such as providing clear, consistent role expectations, authority and empowerment (Donaldson & Davis, 1991). Secondly, the theory underestimates the effective use of incentives as extrinsic rewards for good performance (Kunz & Pfaff, 2002).

#### **2.5. Psychological Contract Theory**

Psychological contract theory has been developed from social exchange theory. Psychological contract theory is the idiosyncratic set of reciprocal expectations held by employees concerning their obligations and their entitlements (McLean Parks, Kidder & Gallagher, 1998). For example, the employee will work for an employer with the expectation that they will receive something in

return. Unlike agency theory, and that their trust has been violated (Morrison & Robinson, 1997; McLean Parks & Kidder, 1994).

In terms of criticism, the theory is criticized on its ignorance of differences on situational factors, such as moderating the effect of attractive factors to employees. For example, when there is a violation of justice or fairness, the employee may choose to leave the company for an attractive job elsewhere rather than commit misconduct (Kidder, 2005; Turnley & Feldman, 1999). Psychological contract theory considers trust in the organization by assuming that employees are honest and ethical. Misconduct occurs in an organization when the psychological contract is violated with perceptions of injustice or unfair treatment in the workplace (Kidder, 2005). In other words, honest and ethical employees may commit acts of misconduct when they feel that they work in an unjust environment

## **2.6. Factors affecting employee work ethics**

### **2.6.1. Effects of internal Controls on employee work Ethics**

Organizations structure entails the procedures, controls, authority and the firm's formal reporting relationships and how decisions are made within the organization. Organizations structure and the controls affect firm's performance, performance declines when the firm's strategy is not matched with the most appropriate structure and controls. Managers try to act rationally when forming or changing their firm's structure even though mismatches between strategy and structure does occur. Thus organizational structure influences how managers work and the decision resulting from the work. Having the right structure and process is important (Volberda, *et al.* 2011).

Organizational controls are an important aspect of structure. Organizations controls guide the use of strategy, indicate how to compare actual results and with expected results and suggest corrective actions to take when the difference is unacceptable. It is difficult for the organization to successfully exploit its competitive advantage without effective organizational controls. Properly designed organizations control provides clear insight regarding behaviors that enhance firm's performance. Firms use both strategic controls and financial controls to support using their strategies. Strategic controls are largely subjective criteria intended to verify that the firm is using appropriate strategies for the conditions in the external environment and the company's competitive advantage (Volberda, *et al.* 2011).

An understanding and implementation of organizational control tends to bring out its impersonal and behavioral features with little regard for how meaning, culture or ideology are seen by and implicated in structural configurations of control. Mintzberg's (1983) review of control structures, for example, identifies five means of coordination, each of which is concerned principally with such configurations. Yet, the coordinating and controlling of organizing practices is hardly restricted to the design and implementation of impersonal, generally bureaucratic, mechanisms, where issues of identity are less overtly addressed. Current organization theory concentrates on the administrative form to the exclusion of all else'. Since then, interest in organizational culture and symbolism has undoubtedly increased (Alvesson, and Willmott, 1996). Organizational control is achieved through the self-positioning of employees within managerially inspired dialogues on their daily duties and activities and the organization with which the employees identify with the organization and become more committed. According to Deetz, (1995) the modern business of management is often managing the "insides" the hopes, fears, and aspirations of workers, rather than their behaviors directly.

### **2.6.2. Effect of Leadership on employee work Ethics**

According to Dess, (2010), leadership is the process of transforming organizations from what they are to what the leaders would have them become. Change is brought about by the leaders in the organization and the vision they hold for the organization. Doing the right thing is becoming increasingly important. The global village is becoming increasingly complex, interconnected and unpredictable. Despite the importance of doing the "right thing" leaders must also be concerned about doing "things right". Thus leaders are change agents whose success is measured by how effectively they implement a strategic vision and mission. In order for a leader to be successful, they must consider the following three dependent activities that is; establishing the direction which the organization should follow, designing and crafting the organization and foster a culture dedicated to excellence and ethical behavior.

Leaders help to establish the culture of an organization as they set the example that others follow. Other employees in a business often take their cues from business leaders, and if those leaders do not behave in an ethical manner, employees may not either. It is not what leaders say but what leaders do that matters. A good example is failing to follow the code of ethics as a leader or not disciplining subordinates who engage in unethical behavior, unethical behavior should not be tolerated and standards should be set (Jones and Hill, 2013).

Leaders should be able to overcome the barrier to change by the effective use of power to bring about change. Some of the reasons why organizations are prone to inertia and are slow to learn, adapt and change include; many people vesting interests in the status quo, they tend to be risk averse and resistance to change, systematic barriers that is barriers to change that stem from on organizations design that impedes the proper flow and evaluation of information, behavioral barriers that is barriers to change associated with the tendency for managers to look at issues from a biased or limited perspective based on their prior education and experience, political barriers related to conflicts arising from power relationships and personal time constrains (Dess, Lumpkin and Eisner, 2010).

Successful leaders possess the valuable traits that enable them to perform effectively in order to create value for their organization. Some of these traits include; integrity, maturity, energy, judgment, motivation, intelligence and expertise. These traits are further grouped into purely technical skills, cognitive abilities and emotional intelligence. Emotional intelligence is the capacity of recognizing one's owns emotions and those of others. Studies show that effective leaders have a high level of emotional intelligence (Dess, *et al* 2010).

According to Dess, *et al* (2010), there are five components of emotional intelligence; Self-awareness, self-regulations, motivation, empathy and social skills. Self-awareness involves a person having a deep understanding of his or her emotions, strengths, weaknesses and drives. People with strong self-awareness are neither overly critical nor unrealistically optimistic. Instead they are honest with themselves and others. Leaders are required to make judgment calls that require a candid assessment of capabilities, their own and those of others. Whereas self-regulation is the ability of someone to control their feeling and impulses and are able to create an environment of trust and fairness, People who have mastered their emotions are better able to bring about and implement change in an organization.

Empathy, ethical values, and relations-oriented behavior are distinct constructs that may jointly influence the development of exchange relationships. An implicit assumption in much of the theory and research on effective leadership is that behaviors mediate the effects of leader traits and skills on outcomes such as subordinate satisfaction, motivation, and performance (Yukl, 2010). Based on the theory and research involving leader empathy and ethical values, it is plausible that the effects of empathy and ethical values are mediated by the leader's relations-oriented behaviors.

Motivation on the other hand is the drive to achieve beyond expectations, people are driven by external factors such as money and prestige, but people with leadership potential are driven by deeply embedded desire to achieve for the sake of achievement. Empathy is the thoughtful consideration of employee's feelings, along with other factors in the process of making intelligent decisions. Empathy increases use of teams, rapid pace of globalization and growing need to retain talent. Social skills are the friendliness with a purpose: moving people in the desire you want (Dess, *et al*, 2010).

Decision making process is very key, leaders must be able to think through the ethical implications of decisions in a systematic way and in order to do this they need a moral compass and both right theories. Experts on ethics have proposed a straight forward practical guide, or ethical algorithm, to determine whether a decision is ethical. A decision is acceptable on ethical grounds if a leader and his followers can answer yes to each of these questions; Does my decision fall within the accepted values or standards that typically apply in the organization environment as articulated in the code of ethics or some other corporate statement, Am I willing to see the decision communicated to all stakeholders affected by it for example in the newspapers or on television, would the people whom have significant personal relationship that is family members, or even managers approve of the decision (Jones and Hill, 2013).

### **2.6.3. Effects of training on employee work Ethics**

Unethical and deviant behaviours may be attributable to individual characteristics, to organizational climates that encourage unethical decisions, to other factors or to a combination of all of them (see e.g., Kish-Gephart et al., 2010; Sims, 2010). Research on unethical behaviour in organizations has shown that employees may engage in unethical acts in order to benefit themselves, to retaliate against the organization or to harm co-workers (Umphress, et al., 2010). Numerous studies have found that perceptions of unfairness are related to negative outcomes such as theft or using company property for personal purposes, and may thus amount to a deliberate effort to redress perceived injustices or restore equity (e.g., Greenberg, 1990; Tomlinson & Greenberg, 2006).

Braude (1975), as cited in Fowler (2004), also stated that children learn to place a value on work as they are assigned chores with increasing responsibility and greater expectations of the outcome. Work ethic is positively influenced by expectations of good performance from both those assigning the chores and other family members (Fowler, 2004). As a child gets older, the

attitudes toward work become internalized, and the work performance of the child is less dependent on the reactions of others. Children are also influenced by the attitudes of others toward work (Hill, 1996). If a parent demonstrates a positive attitude toward work, then the child will tend to believe that work is worthwhile. Parents who demonstrate a strong work ethic tend to impart a strong work ethic to their children (Fowler, 2004).

Moreover, Mulligan (1997) noted that the willingness to work is influenced by habits, childhood experiences and attitudes. He argues based on his research output that an adult child may work regardless of his wage and nonwage income because he observed his parents working as a child. It can, thus, be observed from the on-going discussion that childhood experiences affect the resulting work ethic of an adult. As Fowler (2004) suggested, if the child sees a parent with a positive attitude toward work, the child will likely have a positive attitude toward work as a grownup. The expectations placed on the child about work also have an effect on the resulting adult work ethic. Children who are reared with expectations about completing work and doing work well, as Fowler (2004) notes, will likely perform well as adults.

### **2.6.5 Effects of Recruitment and Selection on employee work Ethics**

The attainment of core employee status is likely to be a demanding process. The importance of an individual being able to work with, assimilate, ask for more specific information, judge people's credibility, engage with structured networking relationships, organizational politics, and deal with the flood of information that senior people in organizations have to operate within will necessitate similarly complex simulations for employees to demonstrate their capabilities within. In the urgent quest to get the right person, some of the processes used may become psychologically or even physically invasive (Kwiatkowski, 2003). Human resource plays a crucial part in order for an organization to survive in the current turbulent environment. Various strategies have to be used to ensure that the organization has the best HR force and in order to and have a competitive edge (Peeling, 2005).

While good human resources (HR) practices have been shown to be indicative of good organizational health the presence of a physical HR department is no longer automatically seen as necessary. Many trends in organizations and selection organizations have outsourced their HR function, and have HR intranets that perform administrative functions. They retain a small number of staff at the strategic level. Many organizations will not be able to maintain large cadres of trained assessment specialists, and this function itself will be frequently outsourced.

This will require that organizations will have to be very clear about the sort of people and their qualities and competencies that they wish to have in their organizations, so that this information can guide external assessors. However, if the organizational environment is changing rapidly, then it will be difficult for an organization to keep its core competencies relevant, and perhaps even its people-competency requirements up to date. Thus selecting the right people may prove to be even more complex (Kwiatkowski, 2003).

#### **2.6.5.1 Managing the Employee Relationship**

An interesting twist on the notion of justice and fairness is formalized ethics program. As a complement to an employer's specific attempts to be fair, formalized ethical programs are designed primarily to ensure honest, fair and responsible actions on the part of employees. Ethical thinking programs usually emphasize four elements; respect the customers/rituals of others, thinking of yourself and the organization as part of the larger society, trying to evaluate a situation objectively and evaluate the anticipated and unintended consequences of each possible action and considering the welfare of others as much as is feasible (Bernardin, 2010).

According to Tereseviciene, (2010), human resource development acts as a facilitator in employee learning and development. Continuous learning and development enables employees to improve performance and sharpen their abilities to adapt to innovation and new conditions and creating an ethical behavior. Human Resource development should therefore support, organize and provide learning opportunities to all employees as well as encourage employees to make use of the opportunities. However Human resource development requires commitment at all levels. Employee development practices are generally of the following type: mentoring, coaching and education programs.

Organization policy or legal obligations binds employees to specific behavior in most instances, these programs attempt to ensure that employees will always act in the manner that is fair and ethical to the organization. Benefits of formalized ethical programs are reduced employee misconduct and add protection against lawsuits brought against the organization. The most important component of the ethical program may be the managerial support and role modeling. It seems that a formalized ethics program in and itself is not enough to ensure that employees behave in an ethical manner. Justice, fairness and ethics, on the part of both the organization and the employees are fundamental to the employment relationship (Bernardin, 2010).

Moving from the Human Resource Planning to recruitment is essentially a process of translating broad strategies into operational tasks. HR managers are responsible for determining recruitment policy, ensuring EEO (Equal Employment Opportunity) compliance, training and evaluating the recruiters. Many organizations actively involve line managers and employees as recruiters. Under such circumstances conflict can occur between HR and line managers when their priorities diverge. For example the line manager may be concerned about filling a position more quickly, that is when the new employee is needed, while HR managers may be more concerned about affirmative action guidelines or complying with EEO regulations. Their goal should be the same, hiring the most qualified person when needed and without violating any laws or regulations (Bernardin, 2010).

#### **2.6.5.2. Recruitment and Organizational Attractiveness**

The process of recruitment is attracting candidates who are qualified and capable of carrying out the job in an organization (Dale, 2003). Recruitment is an important function of HRM because it leads to new and better employees with skills and also provides opportunity to change the organizational culture (Marchington and Wilkinson, 2002). There is an interdependent nature of recruiting with other HR activities and the reputation of the organization. Decisions regarding employee testing, work policies and programs, compensation, benefits and corporate image all can have an impact on recruiting. Based on the gap analysis, an organization should have a fairly good idea of its overall recruitment and downsizing needs. The three main steps for translating future needs into specific operational terms are; work analysis, time lapse data and yield ratio analysis (Bernardin, 2010)

Businesses should strive to hire people who have a strong sense of personal ethics and would not engage in unethical behavior. In the same way you will not expect a business to promote people and perhaps fire people, whose behavior does not match generally, accepted ethical standards. Ensuring this is very hard it is not easy to tell whether someone has a poor sense of personal ethics. In this society, if someone lacks personal ethics, he or she may hide this fact to retain people trust (Jones and Hill, 2013).

Businesses can give potential employees psychological test to try and discern their ethical predisposition, and they can check their prior employees regarding someone's reputation, such as by asking for letter of reference and talking to people who have worked with the prospective employee. The latter approach is certainly not uncommon and does influence the hiring process.



Promoting people who have displayed poor ethical should not occur in a company where the organization's culture values ethical behavior and where leaders act accordingly (Jones and Hill, 2013)

#### **2.6.5.3. Internal and External Sources of Recruiting**

Internal recruiting seeks applicants from positions from among the ranks of those currently employed. With the exception of entry-level positions, most organizations try to fill positions with current employees. Some of the advantages of internal recruiting is; internal recruiting is less costly, than external recruiting, organizations typically have a better knowledge of internal applicants skills and abilities than that which can be acquired of candidates in an external recruiting effort. Through performance and competency assessment, decision makers typically will have more extensive knowledge of internal candidates and thus make more valid selection decisions. The other advantage of internal recruiting is that an organization policy of promoting from within can enhance organizational commitment and job satisfaction. These variables have been shown to be correlated with lower employee turnover rates and higher productivity. A policy of internal recruiting is one of high performance work systems (Bernardin, 2010).

In short internal recruitment has the following advantages; better assessment of candidates, reduces training time, faster, cheaper and motivates current employees. Whereas the disadvantages are; it creates vacancies, can stifle politics diversity and insufficient supply of candidates. And external recruitment the advantages are; increases diversity, facilitates growth, can save training time, new problem solving. The disadvantages of external recruitment include; it is slower, less valid data about candidates and stifles upward movement of personnel (Bernardin, 2010).

#### **2.6.5.4. Ethics Officer**

A number of firms now have ethics officer to make sure that a business behaves in an ethical manner. These individual are responsible for making sure that all employees are trained to be ethically aware, that ethical considerations enter the business decision making process and that they adhere to the firm's code of ethics. Ethical officers may also be responsible for auditing decisions to ensure that they are consistent with this code. Ethics officers act as an internal ombudsperson with the responsibility for handling confidential inquiries from employees,

investigating complaints from employees or others, reporting findings, and making recommendation for change (Jones and Hill, 2013)

#### **2.6.5.5. Motivating with Rewards and Incentives**

Rewards and incentives systems and structures are a powerful way of influencing an organizations culture, focusing efforts on high priority tasks and motivating individuals and collective task performance. The reward system that is who gets rewarded and why is an effective motivator and control mechanism, To be effective incentives and reward systems need to reinforce basic core values and enhance cohesion and commitment to goals and objectives. An effective reward and incentive system should have the perception that a plan is “fair and equitable” is important and the firm must have the flexibility to respond to changing requirements as its directions and objectives change. Some of the attributes of effective reward and evaluation systems include; objectives are clear and well understood, rewards are clearly linked to performance and desired behaviors, performance measures are clear and highly visible, feedback is prompt and clear and unambiguous, the compensation system is perceived as fair and equitable and the structure is flexible, it can adapt to changing circumstances (Dess, Lumpkin, and Eisner, 2010).

Guidelines can be used to minimize improper and unethical conduct, especially is specifying proper relationships with company’s customers and suppliers. This includes guidelines regarding commercial practices, including the prohibition of any form of payment, bribe or kickback. Regulations backed up by strong sanctions can also help and organizations avoid conducting business in an unethical manner. On the other hand behavioral control in an organization can be achieved by ensuring that the behavior of individuals at all levels of the organization is directed towards achieving organizations goals and objectives (Dess, Lumpkin, and Eisner, 2010).

#### **2.7. Developing a Learning Organization**

Learning organizations are those that create a proactive, creative approach to the unknown characterized by; inspiring and motivating people with a mission and purpose, empowering employees at all levels, accumulating and sharing internal knowledge, gathering and integrating external information and challenging the status quo and enabling creativity.

Leader-member exchange (LMX) theory suggests that a leader will develop an exchange relationship over time with each subordinate (Dienesch and Liden, 1986). Social exchange

theory and role theory provide the basis for explaining how the exchange relationship develops gradually over time as a leader interacts with each subordinate and the role of the subordinate is negotiated. The quality of the relationship may vary from one subordinate to another. In a high exchange relationship there is a high level of trust, liking, and respect. The leader provides outcomes desired by the subordinate for example interesting tasks, additional responsibilities, more rewards, and in exchange the subordinate is expected to be committed to the work and loyal to the leader. In low-quality exchange relationships, subordinates are only expected to perform the formal requirements of their jobs, and extra benefits are not provided by the leader (Mahsud, Yukl, and Prussia, 2010).

A favorable exchange relationship is more likely when the subordinate is perceived to be competent and dependable, and the subordinate's values, attitudes, and demographic attributes are similar to those of the leader. Some personality traits for the leader and subordinate for example agreeableness, extroversion, positive affectivity may also be related to LMX. It may be more difficult for the leader to develop favorable exchange relationships when the work unit or team has many members, when the members are only temporarily assigned to the team, when the members are widely dispersed and seldom interact with the leader, when the leader is overloaded with responsibilities and has little time for interaction with individual members, or when the leader has little power to provide rewards and benefits desired by members. The extent to which leaders develop different LMX relationships with their subordinates is probably affected by other aspects of the situation as well, such as the organizational culture, human resource practices, and the type of team or work unit (Henderson *et al.*, 2009).

Two other leader characteristics that appear relevant for the development of favorable exchange relationship involve leader skills and values rather than leader behaviors. Empathy is the ability to recognize and understand the emotions and feelings of others, and this interpersonal skill can make it easier to develop cooperative relationship of mutual trust with a subordinate. Ethical leader values include concern for the welfare of subordinates and willingness to protect, help, develop, and empower them. A leader with these values will have more desire to develop and maintain a cooperative relationship with subordinates (Prussia, 2010).

## **2.8. Establishing Balanced Organizational Controls**

Organizations control is a basic to a capitalistic system and has long been viewed as an important part of strategy implementation process. Controls are necessary to help ensure that firms achieve

their desired outcome. Controls help strategic leaders build credibility, demonstrate the value of strategies to the firm's stakeholders, and promote and support strategic change. Most critically controls provide the parameters for implementing strategies as well as the corrective action to be taken when implementation related adjustments are required. Strategic leaders especially those at the top of the organization are responsible for the development and effective use of strategic and financial controls, where strategic control focuses on the content of strategic actions rather than their outcomes and financial control focuses on short term financial outcomes (Volberda, et al. 2011).

An understanding and implementation of organizational control tends to bring out its impersonal and behavioral features with little regard for how meaning, culture or ideology are seen by and implicated in structural configurations of control. Mintzberg's (1983) review of control structures, for example, identifies five means of coordination, each of which is concerned principally with such configurations. Yet, the coordinating and controlling of organizing practices is hardly restricted to the design and implementation of impersonal, generally bureaucratic, mechanisms, where issues of identity are less overtly addressed. Current organization theory concentrates on the administrative form to the exclusion of all else'. Since then, interest in organizational culture and symbolism has undoubtedly increased (Alvesson, and Willmott, 1996). Organizational control is achieved through the self-positioning of employees within managerially inspired dialogues on their daily duties and activities and the organization with which the employees identify with the organization and become more committed. According to Deetz, (1995) the modern business of management is often managing the "insides" the hopes, fears, and aspirations of workers, rather than their behaviors directly.

According to Dess, Lumpkin, and Eisner (2010), successful leaders are actively involved in building structures, teams, systems, and organizational processes that facilitate the implementation of their vision and strategies. A firm would generally be able to attain an overall low cost advantage without closely monitoring its cost through detailed and formalized cost and financial control procedures. Related diversification strategy would necessitate reward systems that emphasize behavioral measures to promote sharing across divisions within a firm whereas in unrelated strategy should rely more on financial indicators of performance.

### **2.8.1. Corporate Governance and Ethical Behavior**

According to Seppala (2010), Margaret Blair defines corporate governance as the whole set of legal, cultural and institutional arrangements that determine what publically traded corporations can do, who controls them, how that control is exercised and how the risks and returns from the activities they undertake are allocated. Behind the fluctuations in the level of corporate governance is a cluster of interrelated ethical problems. These problems include; how to ensure that the governing body of an organization acts with integrity and operates for the good of the business, how to balance the influence upon decision making of shareholders and others with an interest in a business and how the governing body of an organization should protect each key stakeholder group.

An organizations corporate values function is looked at as the beliefs within the organization, usually enhanced by management that assist in making choices among different options that help to sustain the organization. More precisely, as the weight which corporate decisions makers attach to alternative goals when making their decisions. The other goals and objectives could vary from different functions such as; accounting, profitability, stock returns, customer value, market share, company growth, employee satisfaction, supplier surplus or measures of corporate social performance like image, environmental impact, and tax revenues. They can be probabilistic to capture different attitudes towards risk. Effectively, they can even encompass the weight, which managers attach to their personal goals. Company behavior can be modeled as a balance struck between these alternative concerns, or more formally as maximizing the expected value of corporate value function defined on the range of potential growth variables. What is key is whether and how much potential goal variables influence the behavior of the company. If a company is a legal fiction, it has no intrinsic values of its own, its values must therefore be imported from the outside (Thomsen, 2004).

Corporate governance includes: the relationship of a company to its shareholders and to society; the promotion of fairness, transparency and accountability; reference to mechanisms that are used to “govern” managers and to ensure that actions taken are consistent with the interests of key stakeholder groups. The key points of interest in corporate governance therefore include issues of transparency and accountability, the legal and regulatory environment, appropriate risk management measures, information flows and the responsibility of senior management and the

board of directors. Many companies have adopted legal compliance mechanisms which address ethics or conduct issues in formal documents (Weaver *et al.* 1999)

The board of directors usually composed of a chair, senior management, significant shareholders, legislation in some countries requires that there also be a secondary board that represents other interests usually employees such as the chief officer, maybe be expected to attend board meetings. It is also generally required that there also be an audit committee that oversees corporate finance performance. Often there will be committees relating to matters such as the appointment and remuneration of directors. Operations of board of directors are a key element of governance; issues that undermine their ethical soundness include potential conflict of interest and recruitment of too like-minded individuals (Griseri and Seppala, 2010).

It is important for an organization to differentiate between values that are held for their own sake, and that are valued as instruments or proxies for more basic, underlying goals. It may be standard practice to regard shareholders value creation as the overall goal, and to regard variables like market share, cost efficiency, employee satisfaction and product safety as a means to the end. But some managers may regard product safety and employee satisfaction as goals in their own right, and some may regard shareholders value creation as nothing but a necessary condition to implement their business vision. Such managers may pay lip service to goals like shareholders value and justify their views by arguing that product safety and employee satisfaction are a means to the end. It is therefore important to establish what values management wants to prevail in an organization (Thomsen, 2004).

Falling stock markets, corporate failures, dubious accounting practices, abuses of corporate power, fraud, criminal investigations, mismanagement, excessive executive compensation indicate that the entire economic system upon which investment returns have depended is showing signs of stress that have undermined investors' confidence. Some corporations have grown dramatically in a relatively short time through acquisitions funded by inflated share prices and promises of even brighter futures. In others, it seems as if the checks and balances that should protect shareholder interests were pushed to one side, driven by a perception of the need to move fast in the pursuit of the bottom line. While some failures were the result of fraudulent accounting and other illegal practices, many of the same companies exhibited actual corporate governance risks such as conflicts of interest, inexperienced directors, overly lucrative

compensation, or unequal share voting rights (Anderson and Orsagh, 2004). In the face of such scandals and malpractices, there has been a renewed emphasis on corporate governance.

There are a number of factors that have brought ethical issues into sharper focus, including globalization, technology, and rising competition. Van Beek and Solomon (2004) also note the ability to deliver a professional service will necessarily take place in an environment in which there is an increasing tendency towards individuality, while society as a whole becomes more global. The new realities of corporate governance show that no entity or agent is immune from fraudulent practices and have altered the way companies operate; they have re-defined the baseline for what is considered prudent conduct for businesses and executives (Dandino, 2004).

### **2.8.2. Auditing and Reporting Social Performance**

A code of ethics, through beliefs and values, forms the building blocks of organizational behavior with a stakeholder firm. Values and beliefs are part of the cognitive sub-structure of any organizational culture. Values are intimately connected with moral and ethical codes, and determine what people think ought to be done. The value set is composed of rights and duties. The distinction is reasonably straightforward. For the most part, rights and duties are the opposite ends of given spectrum. If management as an employer has a duty to ensure reasonable standards of health and safety for workers, workers have a right to expect it, If it disbelieved or if it has become a norm that workers have a right to a minimum wage, then management as employers have a duty to pay it (McNutt and Batho, 2005).

The existence of “irregular auditing” practices also called “audit quality reduction” (AQR) behaviors is evidence that proper implementation of audit procedures by field auditors may not always be achieved, however. An act of irregular auditing has been defined as “an action taken by an auditor during an engagement which reduces evidence-gathering effectiveness inappropriately” (Malone and Roberts, 1996). As a result, the collected evidence can be unreliable, false or inadequate quantitatively or qualitatively. Survey-based research has shown that irregular auditing is widespread in the USA (Malone and Roberts, 1996), Ireland (Otleland Pierce, 1996), the UK (Willett and Page, 1996) and France (Herrbach, 2001) and this raises important questions about the extent of its impact on audit quality. On one hand, irregular auditing can be viewed as a serious potential threat to quality. As noted by McNair (1991): This type of behavior, namely a failure to exercise due care, can in the extreme undermine the integrity of the audit process. The inability to monitor true effort is perhaps the most critical

exposure, or danger, faced by an audit management held accountable for audit integrity by the public. On the other hand, AQR behaviors appear to be so frequent that the extent of their harmful impact can be questioned (Herrbach, 2005).

Audit quality reduction behaviors are interesting in that they reflect the deeper contradictions inherent to the audit activity: audit staff must internalize the “cost versus quality” dilemma arising from the professional and competitive constraints faced by auditing firms an idea which was also elaborated on by Lee (2002). This dilemma reflects the interplay between the “craft of auditing” ensure quality to protect the public interest and the “business of auditing” maximize profitability, which characterizes audit firms organizationally. Audit quality is traditionally defined as the probability that an auditor will both discover a breach in the accounting system, and report the breach (Dingell, 1981). Within the risk-based conceptual view of modern auditing (Smieliauskas and Smith, 1990), audit quality can be more precisely approached as the fact that the performed audit procedures enable the auditor to gather enough evidence to cover the assertions linked to the financial statements of the audited company. The apparent simplicity of this definition cannot, however, hide one important characteristic of auditing: it is very difficult to specify what an appropriate evidence level is. In any particular situation, nothing really indicates that the risk has been covered. In a way, it is always possible to perform more procedures or less or differently given some level of evidence, without being certain that the gathered evidence is adequate. Therefore, if the idea of audit quality can easily be grasped that is that “the amount and nature of audit work undertaken is appropriate for a particular client company” (Mouser, 1997, p. 62) – its practical implementation is much less obvious. Auditing has an arbitrary dimension and one never really knows when it is “good enough” (Hogarth, 1991, p. 282).

This is why the contemporary audit approach is not to be used without intellectual attitudes aimed at managing the arbitrariness. These attitudes are usually summarized in the literature by the notion of “professional judgment”. Judgment represents using common sense, professional experience and general managerial knowledge to adapt the set of audit procedures and the interpretation of their outcomes to the client and to the situation (Tan and Libby, 1997). Auditor judgment is a complex phenomenon that relies on auditors’ cognitive abilities, their technical knowledge, their experience, as well as largely in dissociable environmental, organizational and



psychological factors (Hogarth, 1991; Libby and Luft, 1993). Much research has been devoted to audit judgment and “expertise” in auditing that is performance in judgment (Herrbach, 2005).

The main objective of the internal audit function, what is carried out inside the organization differs slightly from the audit carried out externally. Internal audits “provide independent, objective assurance to express an opinion on the fairness of the financial statements and whether they conform to GAAP in all material respects, activities provide the public with additional assurance beyond managements’ own assertions that a company’s financial statements can be relied upon a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes” (Institute of Internal Auditors, 2009) while the external audit objective is: However, a considerable amount of commonality exists between both audit functions including, but not limited to, the goal of insuring a quality and validity of the financial objectives (Donald, *et al*, 2013)

### **2.8.3 Creating an Ethical Organization**

The Neo-classical model of the firm describes its objectives as profit maximizing under the constraint of a production function. In fact, it considers the entrepreneur as indistinct from the firm itself. In a world where management and ownership are separated and often mutually exclusive, management is best defined as an employee. Although separated by financial criteria exception arises when management are offered bonus shares in the company management and ownership are more integrated within the stakeholder firm, wherein the objectives are maximized under the constraint of a value set. Each competing firm in a market has its specific value set. And the market, often initiated by governments and reinforced by the legislature, can dictate a market value set, for example, minimum pollution standards, minimum wage payments or the length of the working week (35 hours) (McNutt and Batho, 2005).

The stakeholder firm does not necessarily lag the market in creating a value set; on the contrary, the stakeholders would take the lead role in a market by creating a value set. This divergence between the firm and the market, manifested in a lead-lag relationship, may create an agency cost for the stakeholder firm and there is the risk that such agency costs could operate as constraint on the profit function. In a value set model of the firm, it is useful to think of management as heterogeneous group of people with different if not divergent or goal incongruent objectives. Likewise, homogeneity cannot be taken for granted amongst all employees. In the classical model, satisfaction is measured in terms of utility maximization. In

the stakeholder firm, any divergence of views between management and workers has to be minimized. This can be achieved through an adaptation of Kantian ethics for the stakeholder firm with all employees displaying a conscious obedience to ethical rules (McNutt, 2005).

Strong corporate governance procedures are needed to ensure that managers adhere to ethical norms in particular, that senior managers do not engage in self-dealing or information manipulation. Strong corporate governance require an independent board of directors that is willing to hold top management accountability for self-dealing and is capable of verifying the information managers provide them. There are five cornerstone of strong governance. The first is a board of director that is composed of a majority of outside directors who have no management responsibilities in the firm, who are willing and able to hold top managers accountable and who do not have business ties with important insiders. Outside directors should be individual of high integrity whose reputation is based on the ability to act independently (Jones and Hill, 2013).

The other cornerstone is a board where the position of CEO and chairman are held by separate individuals and the chairman is an outside director. When the CEO is a chairman of the board of directors he or she can control the agenda thereby furthering his or her own personal agenda which may include self-dealing or limiting criticism against current corporate policies. The third cornerstone is compensation committee formed by the director that is composed entirely of outside directors. It is the compensation committee that sets the level of pay for top managers including stock option grants and additional benefits, the scope of self-dealing is reduced by making sure that the compensation committee is independent of managers. The audit committee of the board which reviews the financial statements should be composed of outsiders which encourage vigorous independent questioning of the firm's financial statements. The auditors should not have a conflict of interest (Jones and Hill, 2013).

## **2.9. Individual Ethics versus Organizational Ethics**

Ethics has a lot to do with leadership and leaders who fail to provide proper leadership to institute proper systems and controls that facilitate ethical conduct share responsibilities with those who conceive, execute and knowingly benefit from corporate misdeeds. Ethical orientation of a leader is the key factor in promoting ethical behavior. Ethical leaders must take personal, ethical responsibilities for their actions and decision making. Leaders who exhibit high ethical standards become role models for others and raise the organizations overall level of ethical

behavior. Ethical behavior must start with the leaders before the employees can be expected to perform accordingly (Dess, *et al*, 2010).

According to Sims and Keon (2000), some of the three crucial qualities of multiple virtues present in a moral character and organizational ethics. Employees must, first, have practical wisdom, what Aristotle called *phronesis*, to be able to analyze problems, to distinguish among more and less relevant facts, to know the best means for achieving desired ends, and, maybe most important, to know where to seek advice. Second, they must have honesty, with themselves so as to avoid self-deception with co-workers, and with clients. And, third, they must have courage to do the right thing, even in the face of peer or managerial pressure.

## **2.10. Addressing and Creating an Ethical Culture**

Given the complex nature of corporate culture, attention must be paid to how it is established and maintained. The most powerful influence comes from just where one would expect executives, directors, managers, and, in smaller companies, owners; that is it comes from those who create and sustain the organizational agenda. They do this in both explicit and implicit ways. Explicitly, they develop the policies, organizational rules, and codes of ethics that proclaim company values. Implicitly, they do so through promotions and subtle social approval, ranging from invitations to lunch or for drinks, to the “nudge-nudge, wink-wink” forms of body language. Key here is the relationship between what managers say is of value and what they actually reinforce, combined with the recognition that, according to most accounts of organizational theory, it is the implicit and subtle processes that most effectively establish organizational culture. Humans respond more to behavioral reinforcement than to verbal rules and policies.

According to Jones and Hill (2013), an organizations culture can do just the opposite by reinforce the need for ethical behavior. In order to foster ethical behavior businesses must build an organizations culture that places high value on ethical behavior. Three actions are particularly important. First business must explicitly articulate values that place a strong emphasis on ethical behavior. Many companies now do this by drafting a code of ethics, which is a formal statement of the ethical priorities to which a business adheres. Other businesses have incorporated ethical statements into documents that articulate the values or mission of the business. Having built a code of ethics it is important that leaders give life and meaning to those words by repeatedly emphasizing their importance and then acting on it. That is by using every relevant opportunity

to stress the importance of business ethics and making sure that key business decisions not only make good economic sense but also are ethical.

Just as the culture is set by executives, directors, managers, and owners, so must it be reset by them, to make it more consistent with broader moral norms? Considering how the culture is established, those in positions of authority use their power to create the rules and values and to motivate behavior consistent with them. And since the more subtle forms of reinforcement are the most effective, there must be a direct correlation between them and explicit statements and policies. Without that correlation, the latter come across at best as window dressing, or at worst as organizational (and managerial) hypocrisy. Indeed, the explicit statements and policies have effective value only when they serve to express what is already present in behavior (Nwachukwu, 1997).

Culture does not exist independent of people; any tone whether positive or negative that is set by managers must be lived out in the actions of employees. Thus in-the-trenches workers must have characters consistent with the desired norms. Others have effectively shown the relationship between organizational culture and individual character (Waters and Bird, 1987).

Some companies go a step further to hiring independent firms to audit the organization and make sure that they are behaving in a manner consistent with their ethical code. Building an organization culture that places a high value on ethical behavior requires incentives and reward systems, including promotional systems that reward people, including promotional systems that reward people who engage in ethical behavior and sanction who do not (Jones and Hill, 2013).

Kleining (1999) observes that despite certain congruities and convergences, there are some very important differences in the character and content of ethical and legal requirements which can help us understand why ethics is accorded a normative primacy in practical affairs and legality is to be judged by reference to ethics and not vice versa. Specifically, law is concerned primarily with conduct and ethical requirements are centrally concerned with reasons, motives, intentions, and more generally with the character that expresses itself in conduct. Ethics therefore is concerned with what we are and not just what we do. Also, law is jurisdictionally limited since what is legitimately required in one state or country may differ from another, whereas ethical values are inclined to be more universal.

Longstaff (1986) argues that an overemphasis on legal compliance mechanisms could be at the expense of ethical reflection since people may have less reason to form their own opinions and

take personal responsibility for the decisions they make. This could result in a subtle substitution of accountability for responsibility and may also result in an attempt to legislate morality, which consequently leads to legalism.

Legalism is an approach which emphasizes primarily the strict and precise observance of law while tending to overlook the purpose for which the law exists. Bouckaert (2002) points out the paradox of ethics management is that in creating new regulations to temper opportunistic behavior within and between organizations, the symptoms may be tempered but the underlying roots of opportunism may also be reinforced. Seidman (2004) explains the paradox in that focusing on informed acquiescence often obtains the opposite results, producing ever increasing bureaucracies designed to enforce compliance with multiplying legal and regulatory requirements which are often met by cynicism, and by the clever employees who attempt to game the system. In addition, violations lead to more bureaucracy resulting in a vicious cycle.

Seidman (2004) concludes that the failures of corporate responsibility have been shown to be not only failures of legal compliance, but more profoundly and fundamentally failures to do the right (ethical) thing; the current environment results from a loss of ethical, rather than simply legal footing. Harshbarger and Holden (2004) also agree that as the new realities of corporate governance set in, the substance of the new laws and rules must not be lost in the race to comply with their form. They point out that organizations must make a good faith effort to comply not just with the letter of the law, but with the spirit of the new reforms that recognizes three primary benefits: provides organizations with a stronger measure of an inexpensive insurance mechanism and is a strong mitigating factor in any sanction imposed, more accurate information flows to the top enabling more efficient and effective business decisions, and the imprecise reforms offer business leaders the opportunity to emerge with more well-defined standards.

#### **2.4.2 Nurturing Ethical Behavior in an Organization**

According to Dess (2010), nurturing a culture dedicated to excellence and ethical behavior is one of the key roles of leaders. Leaders play a part in developing and sustaining, as well as changing when necessary an organization's culture. On the flip side leaders can also have a very negative effect on a firm's culture and ethics. Managers and top executives must also accept personal responsibility for developing and strengthening ethical behavior throughout the organization. Leaders must continuously demonstrate that such behavior is central to the vision and mission of the organization. Several elements must be present for a firm to become a highly ethical

organization; role models, corporate codes of conduct, reward and evolution systems and policies and procedures.

In the adaptation of a Kantian code of ethics for all employees two important sources of organizational culture have to be recognized – the national cultural identity of the country wherein the firm or company operates and whether or not a sense of duty and obligation permeates as a rule based code within the organization in either an overt or covert manner. The sources of organizational culture can influence employee corporate governance in firms in various countries and societies. A successful code of ethics depends on the apportionment of obligation amongst, and acceptance by, all employees. Therefore, good governance at the employee level has been obtained when rational individuals in a state of nature would freely have agreed to the contract or arrangement within the s-firm that obligates them to do X (McNutt, 2005).

Organizational culture plays a powerful role in creating and maintaining these virtues, through role modeling and through implicit and explicit reinforcement of desirable habits. But while culture is a powerful force, it is not a determining one; individual decision-making, and thus individual accountability, is still fundamental to organizational ethics. Hence individuals need a means of breaking outside the script and acting instead on moral principles. Ethane describes the process of such breaking out as using moral imagination, by which one engages in a critical perspective on oneself, one's activities, one's behavior, one's situation, and one's organizational script (Waters and Bird, 1987).

Hofstede referred to culture as the software or collective programming of the mind and the programming of ethical values. Of course if the culture of a society fails to provide individuals with the ethical foundation for a rule based code of ethics then core values within a firm or organization may be hard to change, as these tend to be central to the stability of society. Obligation and duty within the firm may have to inform obligation and duty within society and not vice versa. Therefore, a value set theory of the firm allocates responsibilities between all employees in such a way as to maximize joint effort. There is ethical symmetry between management and workers: they share the end of the action, Kant (1967). The firm thus teaches people morality. This is the quintessence of employee governance (McNutt 2005). Being caught up in the script is an excuse, but only a partial one; with an ethical commitment, and with help, one can employ moral imagination. Hence, again, one sees the importance of virtuous character.

Honesty is needed to truthfully appraise is needed to know what good ethics demands instead; and courage is needed to act accordingly (Benson and Ross, 1998).

## **2.10 Empirical review of the study**

In a survey conducted in 2010 among U.K and some continental Europe companies; it was revealed that the most significant ethical issues to organizations are bribery, corruption and facilitation payments; whistle blowing/speaking up and discrimination, harassment or bullying (Webley, Basran, Hayward & Harris, 2011). For instance, Texaco in 1996 made \$176 million settlement for racial discrimination; Mitsubishi Motor Corporation settled \$34 million in 1998 after a government investigation of pervasive sexual harassment and Louisiana –Pacific Corporation paid a fine of \$37 million in 1998 for customer and environmental fraud among other unethical practices

The research by Toubiana and Yair (2012) demonstrated the continued viability of the field of workplace ethics. Ethical behavior guidelines in the workplace often include a high level of importance on dedication (Yammariro et al., 2013). Unethical behaviors enable workers to feel a strong alignment between their values and those of the business (Suhonen et al., 2011). Workplace ethics direct organizational leaders to achieve superior financial performance and productivity in harmony when facing unethical issues (Singh & Rathore, 2014).

The findings of the extensive survey conducted by Kouzes and Posner (2007) for about 25 years, to identify what values, personal traits, or characteristics do the participants have a high regard for in a leader and a person that they would be willing to follow (Kouzes & Posner, 2007, p. 29), have shown an amazing consistency across different years, demographics, organizations and cultures. Among those characteristics presented to the participants of the study, only honest, forward-looking, inspiring, competent have always received over 60 percent of the votes over time (with the exception of Inspiring in 1987) (Kouzes & Posner, 2007, p. 29).

An exploratory research was conducted, to clarify this question, by Treviño et al. (2000; 2003). The researchers focused the top executives from different industries and asked them to come with a name they think as an ethical leader and pinpoint the similarities between their leader and themselves, and also to respond to questions regarding their personality, behavior and intentions of those leaders. The research pin pointed numerous personal characteristics that were associated with the ethical leadership. The leaders were thought to be ethical in both their professional and

personal lives and they were also principle centered leaders with care and concern for the society in their decision making and leading style.

Brown (2010) analyze the relationship between performance appraisal quality measured by clarity, communication, trust, and fairness of the performance appraisal process and job satisfaction and commitment based on a sample of more than 2,300 Australian non-managerial employees of a large public sector organization. They find that employees who report a low performance appraisal quality (lowest levels of trust in supervisor, poor communication, and lack of clarity about expectations, perception of a less fair performance appraisal process) also report lower levels of job satisfaction and commitment.

Furthermore, (Lorna and James, 2014) found that clarity of performance expectations affected the job performance to a great extent. Feedback mechanism and open door policy affected job perform to a great extent. Integrity and reliability/dependability affected job perform to a great extent. In addition, distributive fairness affected job performance to a moderate extent. The study found that ideas and innovations, absenteeism/tardiness and timeliness had improved for the last five years. The study found that appraisal motivates staff by clarifying objectives and setting clear future objectives with provision for training and development needs to establish the performance objective. Communication provides employees with the chance of exercising a level of process control. Trust in supervisors is important for determining satisfaction with the appraisal system. Appraisals based on personal traits have little value for providing diagnostic feedback to employees or for designing training and development programs to ameliorate identified skill deficiencies.

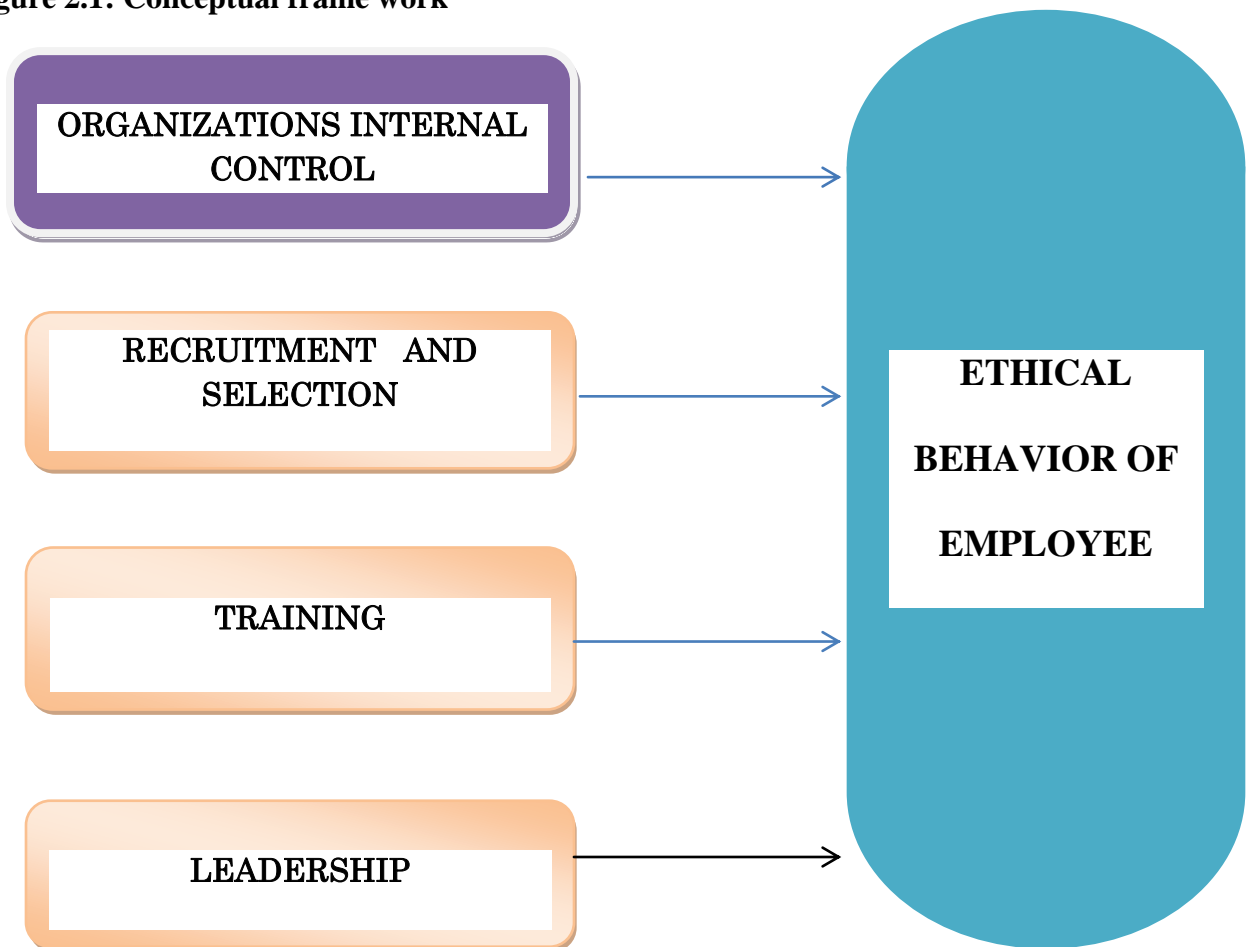
Houkesa et al. (2010), using two different samples tested a theoretically derived pattern of specific relationships between work stressors and outcome variables. The research model proposes four central domains of the work situation: work content, working conditions, social and labor relations, and conditions of employment. In addition, the research model proposes three important outcome variables: intrinsic work motivation, emotional exhaustion, and turnover intention. The results showed that the proposed pattern of relationships were largely supported by the data and hat it was invariant across two samples.



### 2.11. Conceptual frame work

A conceptual framework represents the researcher's synthesis of literature on how to explain a phenomenon. It maps out the actions required in the course of the study given his previous knowledge of other researchers' point of view and his observations on the subject of research. The dependent variable is employee work ethics while the independent variables are: organizations internal control, recruitment and selection, training, and leadership. The dimension of the ethics is Employees are honest at work, Employees care for organization's resources, Employees are punctual, working in tolerance with colleagues and Employees in your organization treat customers fairly, The independent variables influence the dependent variable.

**Figure 2.1: Conceptual frame work**



**Source;** own design developed from literature review

# **CHAPTER THREE**

## **RESEARCH METHODOLOGY**

### **Introduction**

This chapter describes how the study was conducted in order to achieve the desired objectives. It includes a research approach, research design, and target population, source of data, sample size, sample techniques, method of data collection, validity and reliability and method of data analysis, model specification and finally ethical issues that is considered in the study.

### **3.1. Research Approach**

A mixed-methods approach is one in which the researcher tends to base knowledge claims on pragmatic grounds. To be more valuable the mixed approach helped to tangible, touch and more accurate the finding of the study through data from different sources was essentially used. Research approach is a mixed approach, one in which the researcher tends to base knowledge maintain on practical grounds. It employs strategies of inquiry that involve collecting data either simultaneously or sequentially to most excellent recognize research difficulty. The information collection also engages gathering both numeric information as well as text information so that the final folder represents both quantitative and qualitative information. In addition, it helps the investigator for triangulation purpose.

### **3.2. Research Design**

The study has employed descriptive and explanatory research design to analyze data and obtain adequate information about the realities of the study, Descriptive research design deals on describing the characteristics of a particular individual, the emphasis of explanatory research is on studying a situation or a problem in order to explain the relationships between variables. In this case, the researcher was use to examine the relationship between an organization's structure and control, leadership, social-cultural factors, recruitment selection, and training and ethical behavior of the employee, in addition to see their cause and effect relationship on each other.

### **3.4. Target population**

Kothari (2004) uses the term “target population” to refer to the intended population covered by a study in a specific geographical area such as country, region, and town in terms of age group and gender. Accordingly, the target population of this research paper was all permanent employees

who currently working in 31 sectors of Seka Chekorsa Woreda public service, their total number is 1004.

### 3.5. Sources of Data

Data were gathered both from primary and secondary sources. Primary data was collected through questioners and interview; the questionnaire was prepared for the employees in general which is the primary source. In addition to this, the secondary sources of data were used to strengthen the primary sources. The secondary source of data were collected; secondary data is applied in the form of writing an examination of different published as well as unpublished organization documents.

### 3.6. Sampling Techniques

To decide on sample respondents from the total study population, probability sampling specifically Simple random sampling technique were employed since it avoids biases and helps to generalize data gained from sample respondents and avoiding an error that could arise from sampling. Therefore, a simple random sampling (lottery method) method was used. This method was used because it ensures that each number of the target population too has an equal and independent chance of being included in the sample.

### 3.7. Sample Size

According to Kothari (2004) sample size should be optimum in which it fulfills the requirement of efficiency, representativeness, reliability and flexibility. The number depends on the accuracy needed, the population size, population heterogeneity and resources available. So, the sample size should be determined by using statistical formula. Of course, different authors use different formulas to determine the sample size of the study. For the purpose of this study, the formula set by Yamane's 1967 will be used to determine the sample size, which is reliable when the population size is known. The Yamane's sample formula for calculations of sample sizes.

$$n = \frac{N}{1+(N)e^2} \quad n = \frac{1004}{1+(1004)0.05^2}=286$$

Where; N = Total population

n = sample size

e = level of precision

Where: n = number of samples, N = total population, e = margin of error.

**Source:** Yamane's formula 1967. The conventional confidence levels of 95 percent were used to ensure a more accurate result and margin of error is 5 percent (0.05).

### **3.8. Method of Data Collection**

The method of data collection which was employed in this study was a survey method; the survey research method was used for this research because it is an appropriate method for measuring respondent's opinion and attitude towards the factors affecting ethical behavior of the employee in the organization. The data collection tool that has been used to gather data from sample respondents is questionnaire and interview.

#### **3.8.1 Questionnaire**

The questionnaire is an instrument by which information is obtained from respondents in written form. Questionnaires were prepared in English and translated to Afaan Oromo in order to be easily understood for the respondents. The questionnaire arrangement was have two parts; the first part was designed to collect information about the background like sex, age, academic qualification, marital status, work experience and service years of the respondent. The second part is major factors affecting the ethical behavior of the employee in the organization indicate on a five-point Likert scale. The questioner was distributed to employee of the organization.

#### **3.8.2 Interview**

In addition to the questionnaires, the researcher was prepared to interview questions too purposively. The interview guide contains semi-structured questions focusing on factors affecting the ethical behavior of the employee in the organization. The interview was selected because it helps to get some facts related to the issue under the study from a top official of the administration, those implement the government policy and it also help for triangulation. The interview is used based on the assumption that the participants' perspectives are meaningful, and they have the knowledge in the area, and able to make precise points, and their perspective affect the success of the research.

### **3.9. Validity of the study**

Mugenda (2003) defines validity as the accuracy and meaningfulness of inferences which are based on the research results. In other words, validity is the degree to which instrument to measure what it is designed to measure, results obtained from the analysis of the data actually represent the phenomenon under study. defines validity as the degree to which the researcher has measured what he set out to measure. It is the accurateness and meaningfulness

of inferences which are based on research results. Validity therefore is whether an instrument is on target in measuring what is expected to measure. To check the validity of the instrument the researcher worked with the supervisor as the expert and agreed whether the instrument was valid or not. The tool was also subjected to peers review to ensure its validity. The instrument was subjected to face validity, content validity test and construct validity test through testing it using the research done in the past

**3.10. Reliability of the instrument**

Reliability is a measure of the degree to which a research instrument yields consistent results or data the same way each time it is used under the same condition with the same subjects. If consistent results are obtained by the same participants in the same repeated measurements then the higher the reliability of the measuring procedure. If a research tool is consistent and stable, and hence, predictable and accurate, it is described as reliable. In the study, the validity of instruments will be pre-tested by potential experts and consultant who have knowledge about the study issue. The reliability of the instrument was measured using Cronbach’s alpha test. Inter-item reliability test was applied to test the reliability of the research instrument. Multiple items were used to measure a single concept in the questionnaire. This involved a set of related questions which were designed to measure certain concepts being associated with each other. Cronbach’s coefficient  $\alpha$  test was applied to test the reliability.

**The table 3.1: Reliability coefficients**

No	Detail description on the title of the questions	No of items	Cronbach’s alpha
1.	Leadership	6	0.778
2.	Training	5	0.845
3.	Organizations internal control	5	0.982
4.	Recruitment and selection	4	0.866
	Overall reliability result	20	0.909

**Source:** own survey, 2020

The reliability of the instrument was measured by using Cronbach’s alpha test. A reliability test is performed to check the consistency and accuracy of the measurement scales. According to William’s (1986) he suggested that the reliability coefficients of the Cronbach’s alpha result  $>0.9$

excellent, >0.8 good, >0.7 acceptable, < 0.6 questionable, and < 0.5 poor. The internal consistency reliability results the study was 0.90 that is classified under excellent categories.

### **3.11. Method of Data Analysis**

To analyze the data, different kinds of statistical methods including descriptive statistics and inferential statistics (multiple regressions) were used. Furthermore, descriptive was applied for frequencies, percentage and mean value to computed using SPSS (20). Then the data was analyzed and interpreted within necessary information collected from respondents. The analysis and interpretation is based on the respondent's responses and stated by simple and clear sentences to express the qualitative and quantitative data. The quantitative data were mainly expressed by using table and chart, for percentage, mean values and rank order whereas the data collected through interviews and documents are analyzed qualitatively and used concurrently to strengthen the analysis of the questionnaires.

According to Malhotra (2007) using descriptive survey method help the study in picturing the existing situation and allowed relevant information using appropriate data collecting instrument. The peaceful data was analyzed in instruction to make it stress-free for assessment. In this respect SPSS (23) version and Excel will be used for data analysis tools. The collected data was investigated and compared to the secondary data from the literature. Both qualitative as well as quantitative analyze and interpreted to fulfill the objective of the study. Quantitative research the validity of the questionnaire was approved by the preliminary testing conducted before the start of the research.

#### **3.11.1 Model specification**

In this study multiple linear regression models were used to achieve research objectives. The basic objective of using multiple linear regression analysis in this study was to make the research more effective in analyzing variables. According to Gujarati (1995) defines a regression function as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 \dots + \beta_n X_n + u_i$$

Where Y is the dependent variable (employee work ethics)

$\beta_n$  is the coefficient of independent variables

$X_n$  is independent variables (leadership, organizations internal control, recruitment and selection, and training)

$U_i$  is error term.  $U_i$  can be described as;

$$U_i = Y - \beta_0 - \beta_1 X_1 + \beta_2 X_2 + \dots + \beta_n X_n$$

$\beta_1$  is the intercept term- it gives the mean or average effect on Y of all the variables excluded from the equation, although its mechanical interpretation is the average value of Y when the stated independent variables are set equal to zero.

### 3.11.2. Definition of variables

- **Ethical Behavior:** The process of acting to achieve the greatest good for the greatest number; acting on principles that seek rights, justice, equality; eschewing personal gain for long-term societal benefit (Jurkiewicz, 2012).
- **Organizations internal control :** Is a process for assessing an organization objectives in operational effectiveness and efficiency, reliable financial responding, and compliance with laws, regulations and policies. (Wikipedia; the free encyclopedia).
- **Leadership:** It is the influencing process of leaders and followers to achieve organizational objectives through change (Achua, 2012).
- **Training:** Is a planned program designed to improve performance and to bring about measurable changes in knowledge, skills, attitude and social behavior of employees for doing a particular job.
- **Recruitment and Selection;** It is the process through which employees determine whether information or documents provided by the applicants regarding their education and professional qualifications are accurate or authentic (Publishing, 2000).

### 3.12. Ethical considerations

These are the principles or standards that protect the rights of participants in a research study. They are actions taken to assure safety and rights of participants are not violating whatsoever. These considerations are therefore usually made to ensure that research involving human or living thing subjects is carried out in accordance with high ethical standards. These standards include voluntary participation ,informed permission ,confidentiality of information, ambiguity to research participants and approval from relevant authorities such as independent review boards (IRBs) to conduct the research study( Resnik, 2005) . In this study ,participants were voluntarily allow to participate and prospective research participants were fully inform on procedures ,benefits and risks involved in the research after which they were voluntarily ask to fill informed consent forms to participate. They were guaranteed confidentiality of the information and to ensure this were achieved participants were not asked to give their names or indicate anything on the research instruments that could be used to identify or link them to the study documents or reports.

# CHAPTER FOUR

## DATA ANALYSIS AND INTERPRETATION

### Introduction

This chapter deals with results and discussions of the data that are classified into two sections. The first part treats the characteristics of the respondents which describe the study population by sex, age, education level, experience, the position of the employee, and marital status, while the second part deals with the analysis of findings of the study that were gathered through questionnaire and interview. In this study, both quantitative and qualitative methods of analysis were employed and the report was organized in a way to answer research questions raised in this research sequentially.

### 4.1 Response Rate of Respondents

Based on sample size, questionnaires were prepared and distributed to the respondent, and from these 12 respondents did not return back the questionnaire, Due to this reason, 95.8% of the distributed questioners are collected, almost all respondent express their view properly and few questions are left vacant without giving their respond. According to Mugenda and Mugenda (2003) a response rate of 70% and over is excellent; therefore, this response rate is adequate for analysis and reporting.

**Table 4.1: Response rate**

No	Data collection tools	No. of respondents	No. of answered	No. of un answered	Response rate
1.	Questionnaires	286	274	12	95.8
2.	Interviews	2	2	-	100

**Source:** own survey, 2020

Regarding an interview two divisions, the organization head office and the team leader of human resource management participate. The participants of an interviewee clearly share their idea and practical knowledge for the semi-structured interview.

### 4.2. Background of Respondents

The clear representation of respondents' background; the collected data was analyzed based on the following characteristics such as sex, age, experience, qualification, and marital status.



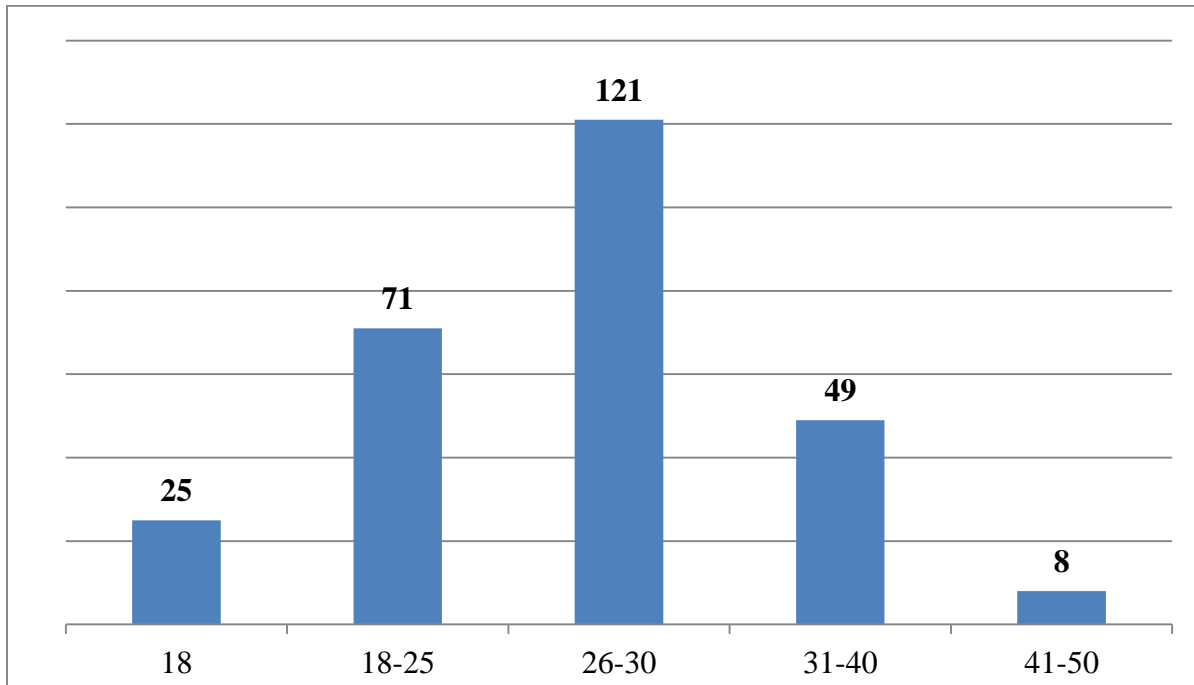
**Table 4.2: Gender of respondents**

No	Gender	Frequency	Valid Percent	Cumulative Percent
1	Male	172	62.7	62.7
2	Female	102	37.3	37.3
3	Total	274	100	100

**Source:** own survey, 2020

Table 4.2 shows that respondents were first asked to indicate their gender characteristics, (172) 62.7 percent of the respondents are male whereas (102) 37.3 percent of respondents are female. This implies that most of the target respondents were male; this might be due to the fact that most civil servant offices in Seka Chekorsa Woreda are dominated by males. Achieving gender equality is important for workplaces not only because it is 'fair' and 'the right thing to do,' but because it is also linked to an organization's overall performance. Workplace gender equality is associated with: Improved organizational productivity and growth.

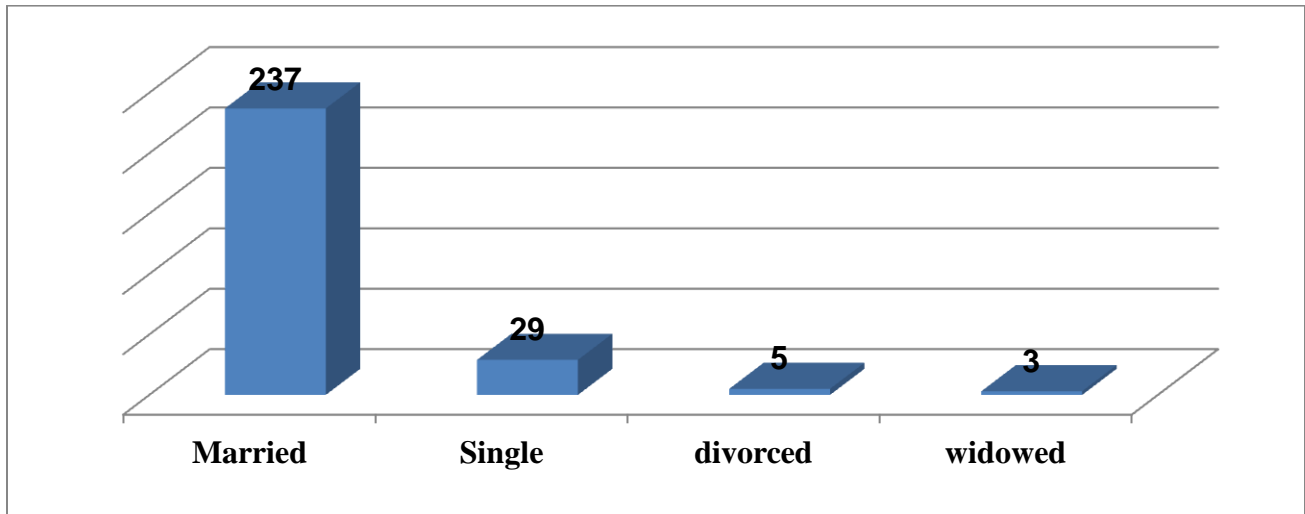
**Figures 4.1 Age of respondents**



**Source:** own survey, 2020

As the minimum age allowed employing in FDRE governmental offices is above 18 years, its category is started from 18 years. Concerning age among the respondents (25) 9.12 % were at the age category 18-25 years, (71) 25.9 % age category 26-30, (121) 44.16% of them at the category of 31-40, (49) 17.88% of them at the category of 41-50 and the lasting (8)2.92% were over 51 years. The data indicate that most staffs in Seka Chekorsa Woreda public service organizations were occupied by a young employee, its opportunity for the organizations due to young employees can bring fresh perspective and a different way of thinking to the organizations. Most young workers are eager to learn, build their experience and apply their skills in the workforce. This enthusiasm is great for team building, productivity and workplace moral

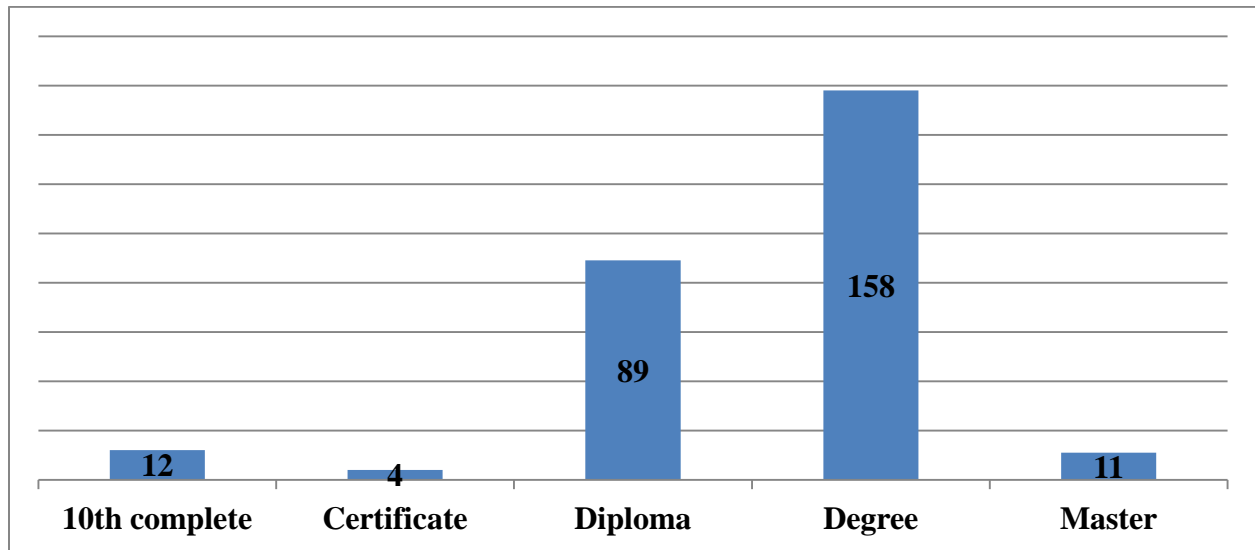
**Figure 4.2 Marital status of respondents**



**Source:** own survey, 2020

Figure 4.2 presents the marital status of respondents. It shows that (237) 86.5% were married while (29) 10.58% were single, (5) 1.82% were divorced and the remaining (3) 1.1% were widowed. It implies that in Seka Chekorsa Woreda Public Service sectors the number of married employees is the largest among the other marriage employee benefits organizations generally because it is associated with stable families. Stable families produce happier children and more stable society with less crime and fewer social problems.

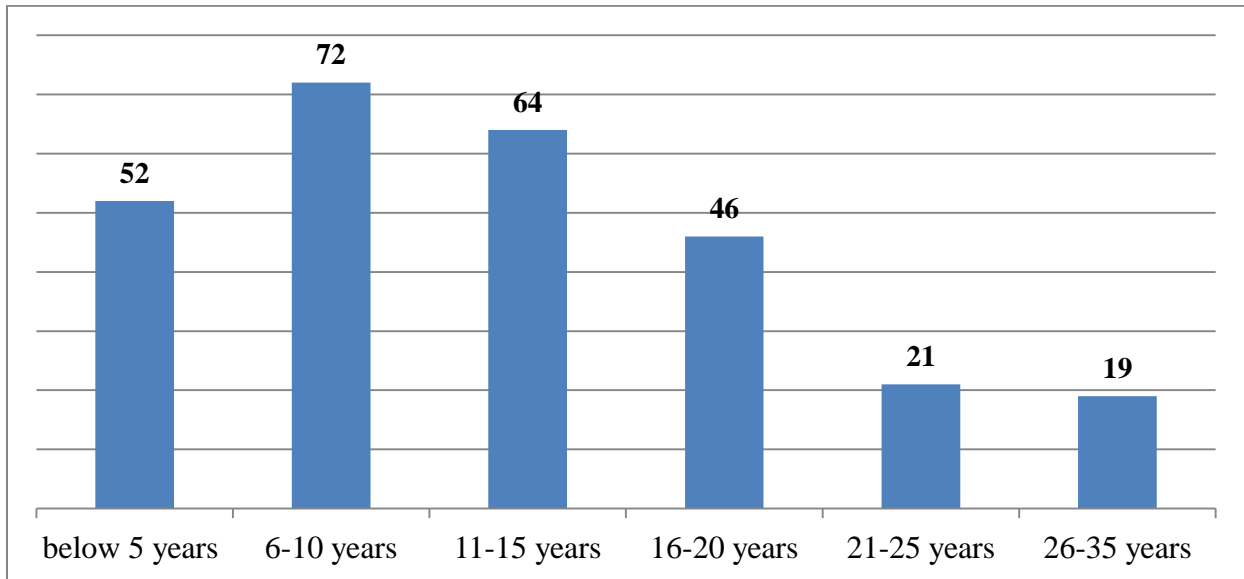
**Figure 4.3 Education level of respondents**



**Source:** own survey, 2020

As can be seen in figure 4.3, the qualification of respondents was found to be 12(4.38%) 10th complete, 4(1.46%) certificate, 89(32.48%) diploma, 158(57.66%) first degree and 11(4.01%) second-degree holders. It implies that the respondent's qualification is good they can answer the question. Proper and good education is very important for the organization status and it facilitates quality learning all through the life among people of any age group, cast, creed, religion and region. It is the process of achieving knowledge, values, skills, beliefs, and moral habits.

**Figure 4.4: Experience of respondents**



**Source:** own survey, 2020

Concerning the service year of respondents, 52(18.98%) respondents were with service year below 5 years 72(26.28%), 64(23.36%) of the respondents were with experience of 6-10, 11-15 years, 46(16.79%) between the year of 16-20, 21(7.66%) of them have 21-25 year of service, and the remaining 19(6.93%) have 26-35years service. It implies that in the organization employee have more experience having experience employee benefit the organization due to fewer chances of mistakes, while a more mature person have more confident about their work and will hopefully make fewer mistakes even in more complex tasks.

### **4.3. Factors Affecting Employees Work Ethics in Organizations**

The analysis is based on the assumption Zaidatol (2009) comparison bases of mean score for five point Likert scale instruments is used to compare the mean value.

**Table 4.3: Mean score measurement**

No	Mean Score	Description
1	< 3.39	Low
2	3.40 - 3.79	Moderate
3	> 3.80	High

**Source:** Zaidation (2009)

According to Zaidation (2009), the mean score below 3.39 is considered as low; the mean score from 3.40 up to 3.79 is considered as moderate and mean score above 3.8 is considered as high.

**Table 4.4: Effects of Leadership on Employee Work Ethics**

No	Leadership	No	Mean	Stand. Devotion
1.	Employees are oriented properly on ethical issues and how to handle ethical problems.	274	2.81	0.956
2.	Managers motivate employees to work in an ethical behavior in achieving the set goals and objectives.	274	2.61	1.154
3.	Managers involve employees in key decision making	274	2.01	1.341
4.	Employees communicate their grievances to top manager without fear.	274	2.84	1.189
5.	Leaders encourage employees to develop their skills in an ethical manner.	274	2.94	1.042
6.	The leaders in your organization act ethically	274	2.88	1.099

**Source:** own survey, 2020

According to the findings in table 4.4 Leaders encourage employees to develop their skills in an ethical manner at the grand mean score of 2.94, the leaders in your organization act ethically at mean score of 2.88, employees communicate their grievances to top manager without fear at the mean score of 2.84, employees is oriented properly on ethical issues and how to handle ethical problems at the mean scores 2.81, managers motivate employees to work in ethical behavior in achieving the set goals and objectives at the grand mean score of 2.61 and Managers involve employees in key decision making at the grand mean score of 2.01 it implies that managers does

not embroil employees in strategic decision making. The finding of the study implies that managers must acknowledge their role in shaping organizational ethics and seize this opportunity to create a climate that can strengthen the relationships and reputations on which their organization success depends; participation in the decision-making process gives each employee the opportunity to voice their opinions, and to share their knowledge with others. While this improves the relationship between manager and employee, it also encourages a strong sense of teamwork among workers, finally the findings also shows the impact of leadership on ethical behavior showed that management did indeed play a crucial part in ensuring ethical behavior is practiced in the organization and that the relationship between managers and subordinates should be a positive one and encourage ethical behavior and ethical leadership and leader effectiveness negatively influences both work-related stress and turnover intention, this indicates that a type of leadership that is both ethical and effective at the same time helps reduce both stress and turnover. These findings and implications are mostly in line with Van Knippenberg et al, (2007) Leader behavior have an important effect on employee behavior, such as job satisfaction and organizational commitment.

**Table 4.5: Effects of Organizations internal control on Employee Work Ethics**

No	Organizations internal control	No	Mean	Stand. Devotion
1.	Organizations control encourages employees work ethical.	274	2.745	1.213
2.	The control of the organization promotes ethical behavior in the organization.	274	2.41	1.197
3.	The organization has benefited from the measures put in place to ensure ethical behavior	274	2.541	1.378
4.	Ethics programs and practices are continuously reviewed and updated.	274	2.601	1.367
5.	The organization ensures auditing is done in accordance with the laid procedures and processes.	274	2.503	1.279

**Source:** own survey, 2020

As per table 4.5, Organization control encourages employees to work ethical at the mean score of 2.745, ethics programs and practices are continuously reviewed and updated at the mean score of

2.601, The organization has benefited from the measures put in place to ensure ethical behavior at grand mean score of 2.54, the organization ensures auditing is done in accordance with the laid procedures and processes at the grand mean score of 2.503 and the control of the organization promotes ethical behavior in the organization at the grand mean score of 2.41. The finding implies that organizations' internal control affect employee work ethics. This finding is consistent with the finding of Rees and Porter (2001), organizations control facilitates clear communication and coordination of activities within the employees and customers, this intern leads to an ethical environment within the organization. Effective controls are a guideline to any strategy the organization wants to realize, good controls ensure that laid out plans are followed and avoid deviating from what was intended to be realized. Strategic controls do promote ethical behavior and give the organization a competitive advantage and a good public image. Therefore in order to ensure ethical behavior is practiced proper control and procedures have to be established.

**Table: 4. 6: Effects of Recruitment and selection on Employee Work Ethics**

No	Recruitment and selection	No	Mean	Stand. Devotion
1.	Recruitment is done in a fair and open way	274	3.24	1.021
2.	Ethical behavior is exercised while recruitment is undergoing	274	2.261	1.324
3.	Recruitment is made based on skills match job description	274	2.698	1.301
4.	Ethics are part of recruitment process and selection criteria	274	2.94	1.09

*Source: own survey, 2020*

According to the findings in table 4.6; recruitment is done fairly and openly at grand mean score 3.24, Ethics are part of the recruitment process and selection criteria 2.94, recruitment is made based on skills match job description at the grand mean score of 2.69 and ethical behavior is exercised while recruitment is undergoing at the grand mean score of 2.26. The findings of the descriptive statistic indicated that recruitment and training have an effect on employees on work ethic. This finding is steady with the finding of Bentham (1996) notes that a focus on ethics in human resource management has been perhaps a response to employee dissatisfaction, lack of commitment, frustration, or growing distrust in the workforce among other things, the



increasingly wider gap between managers pay and lower cadre employees’ pay, inequalities that arise once individuals work along, like discrimination, favoritism, harassment, work-life balance, inconsistencies in discipline, or just how staff get at the side of managers.

**Table 4.7: Effects of Training on Employee Work Ethics**

No	Training	No	Mean	Stand. Devotion
1.	The ethics training provided for employees incorporate the organization’s ethics code	274	2.41	1.274
2.	Ethics training provided for employees in your organization are produced and managed by skilled professionals.	274	2.23	1.37
3.	Ethics training for employees in your organization provided on a regular basis.	274	2.23	1.391
4.	All employees in your organization actively participate on the ethics training provided	274	3.47	1.101
5.	The ethical training undertaken resulted in promoting ethical behavior in your organization.	274	2.73	1.218

*Source: own survey, 2020*

According to the findings in table 4.7, all employees in your organization actively participate on the ethics training provided at the grand mean score of 3.47, The ethical training undertaken resulted in promoting ethical behavior in your organization at the grand mean score of 2.73, the ethics training provided for employees incorporate the organization’s ethics code at the grand mean score of 2.41, Ethics training provided for employees in your organization are produced and managed by skilled professionals at the grand mean score of 2.31 and Ethics training for employees in your organization provided regularly at the grand mean score of 2.23. Most of the organization of the study area includes the rules and regulations the employee should follow, which must be relating to the ethics of the workplace in the employee handbook. Usually, all these terms are not discussed during the interviews or hiring process. It is only introduced after the employee joins the organization. The organization’s ethical standard levels play an important role in its work culture. the importance of Training on employees on work ethical is not only help promote awareness to the ethical practices in the organization, but ethics training programs boosts morale so that employees work more effectively and harmoniously with their co-workers.

Being ethically aware helps to maintain a positive corporate culture and upholds a strong public image.

**Table 4.8: Employees work ethics**

No	Employees work ethics	No	Mean	Stand. Devotion
1.	Employees are honest at work	274	2.32	1.29
2.	Employees care for organization's resources	274	2.81	1.178
3.	Employees are punctual.	274	2.13	1.387
4.	Working in tolerance with colleagues	274	2.53	1.201
5.	Employees in your organization treat customers fairly	274	2.97	1.137

**Source:** own survey, 2020

According to table 4.8, respondents rated employees in your organization treat customers fairly at mean score 2.97, employees care for organization's resources at mean score of 2.81, working in tolerance with colleagues at grand mean score 2.53, employees are honest at work at grand mean score 2.32, and employees are punctual at grand mean score 2.13.

#### 4.5. Summary of descriptive statistics

Table 4.9: Summary of descriptive statistics

Variables	Mean	Standard deviation
Leadership	2.68	1.207
organizations internal control	2.56	1.214
Recruitment and selection	2.84	1.134
Training	2.61	1.213

**Source:** own survey, 2020

From the above table the average mean of leadership is 2.68, Organization internal control 2.56, recruitment and selection 2.84, and training at average mean of 2.61.

#### Association between dependent and independent variables

In this part of the analysis bivariate Pearson correlation coefficient has been used to examine the relationship between the dependent and independent variable. According to (Robert, 2008), Pearson correlation coefficients ranges between -1 and +.1, when 0 indicates no relationship between, -1.00 indicates a perfect negative relationship and +1.00 indicates a perfect positive relationship. For intermediary values the study uses Pallant (2010) guideline to determine the

strength of the correlation, less than 0.1 indicate weak correlation, small correlation for value 0.1 to 0.29; medium/moderate for 0.3 to 0.49; and large for 0.50 to 1.00.

**Table 4.10** Correlations of leadership, organization internal control, recruitment and selection, and training and employee work ethics.

<b>Correlations</b>						
		Employee work ethics	Leadership	Organization internal control	Recruitment and selection	Training
Employee work ethics	Pearson Correlation	1				
	Sig.					
	N	274				
Leadership	Pearson Correlation	<b>.599**</b>	1			
	Sig.	.000				
	N	274	274			
Organization internal control	Pearson Correlation	<b>.556**</b>	<b>.655**</b>	1		
	Sig.	.000	.000			
	N	274	274	274		
Recruitment and Selection	Pearson Correlation	<b>.504**</b>	<b>.598**</b>	<b>.564**</b>	1	
	Sig.	.000	.000	.000		
	N	274	274	274	274	
Training	Pearson Correlation	<b>.588**</b>	<b>.530**</b>	<b>.456**</b>	<b>.487**</b>	1
	Sig.	.000	.036	.000	.002	
	N	274	274	274	274	274

\*\* . Correlation is significant at the 0.01 level (2-tailed).

**Source;** own survey, 2020

Table 4.10 shows the relationship results that; there is a positive and significant relation between leadership and employee work ethics ( $r=.599$ ,  $N=274$ ,  $p<0.01$ ); there is a positive and significance relation between Organizations internal control and employees work ethics ( $r=.556$ ,  $N=274$ ,  $p<0.01$ ); there is a positive and significant relation between recruitment and selection and employees work ethics ( $r=.504$ ,  $N=274$ ,  $p<0.01$ ); and there is a positive and significant relation between training and employees work ethics ( $r =.588$ ,  $N=274$ ,  $p<0.01$ ).

From this analysis it can be noted that each of the employed independent variables i.e. leadership, organizations internal control, recruitment and selection, and training has significant and positive relationship with the dependent variable i.e. employee work ethics. Therefore, they have positively correlated and strong association among each other.

**Multiple linear regression assumptions**

Testing assumption of multiple linear regression analysis models is very important before running regression analysis. Some tests were conducted in order to ensure the appropriateness of data to assumptions regression analysis results were discussed in the following subtopics.

**1. Multi co-linearity Test**

According to Gujarati (2003) Multi co-linearity tests helps to identify the high correlation between explanatory variables and to avoid double effect of independent variable from the model. Predictor variable should be strongly related to dependent variable but not strongly related to each other. For this purpose variance inflation factor (VIF) and tolerance test were used to check Multi co-linearity for variables if the value of VIF is less than 10 there is no Multi co-linearity and on the other hand if VIF greater than or equal to 10 there is a serious Multi co-linearity problem. In addition tolerance is an indicator how much of the variability of independent variable is not explained by the other independent variable in the model and is calculated using the formula  $1 - R^2$  for each variable.

**Table 4.11 Multi co-linearity**

No	Variables	Tolerance	VIF(variance inflation factors)
1.	Leadership	0.807	1.239
2.	Organization internal control	0.696	1.436
3.	Recruitment and selection	0.641	1.560
4.	Training	0.575	1.739

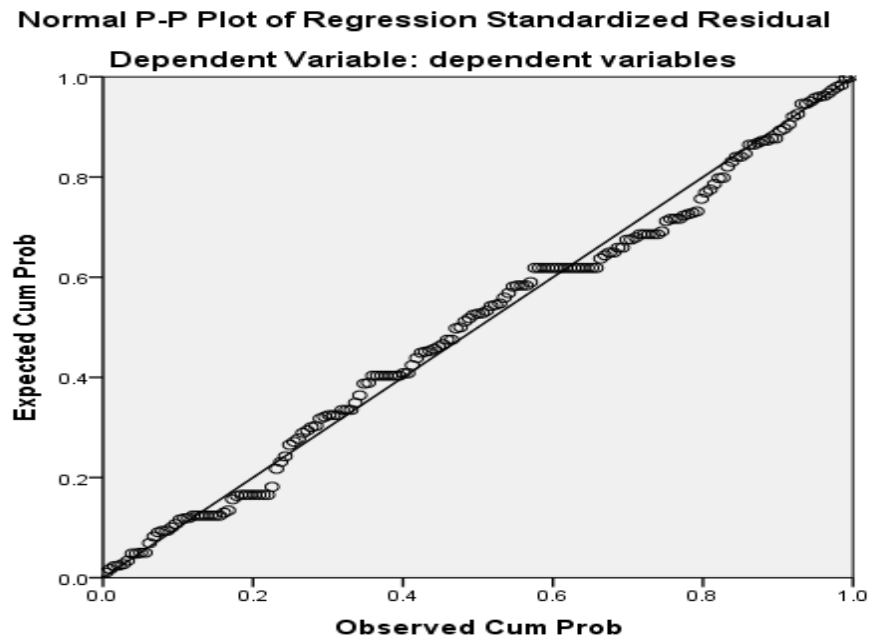
*Source; own survey, 2020*

Table 4.11 shows the computation result that the value of VIF all variables were by far less than 10 and the value of tolerance statistics being above 0.1 they were accepted entered in to regression model for the estimation of variables.

## 2. Linearity Test

Linearity is used to check whether all the estimates of regression including regression coefficients, standard errors and tests of statistical significance are biased or not (Keith, 2006). There is no linearity problem on the data for this study remaining goes behind at as the crow flies line.

Figure 4.5 Linearity test

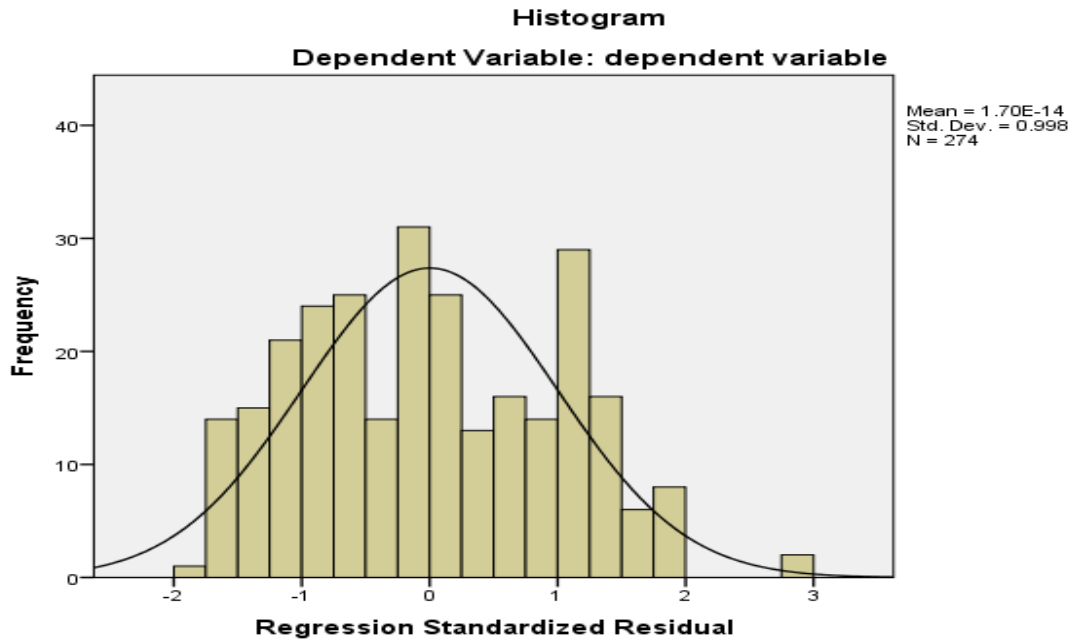


Source; own survey, 2020

## 3. Normality test

Normality assumption is around the mean of the residuals is zero and used to determine whether a data set is well modeled by a normal distribution or not and also to indicate an underlying random variable is to be normally distributed (Gujarati, 2009). There the researcher was used histogram methods of testing the normality of the data. If the residuals are normally distributed about its mean of zero, the shape of histogram should be a bell-shaped and regression standardized residual plotted between -3.3 and 3.3. From the figure below data normality can be indicated.

Figure 4.6 Histogram

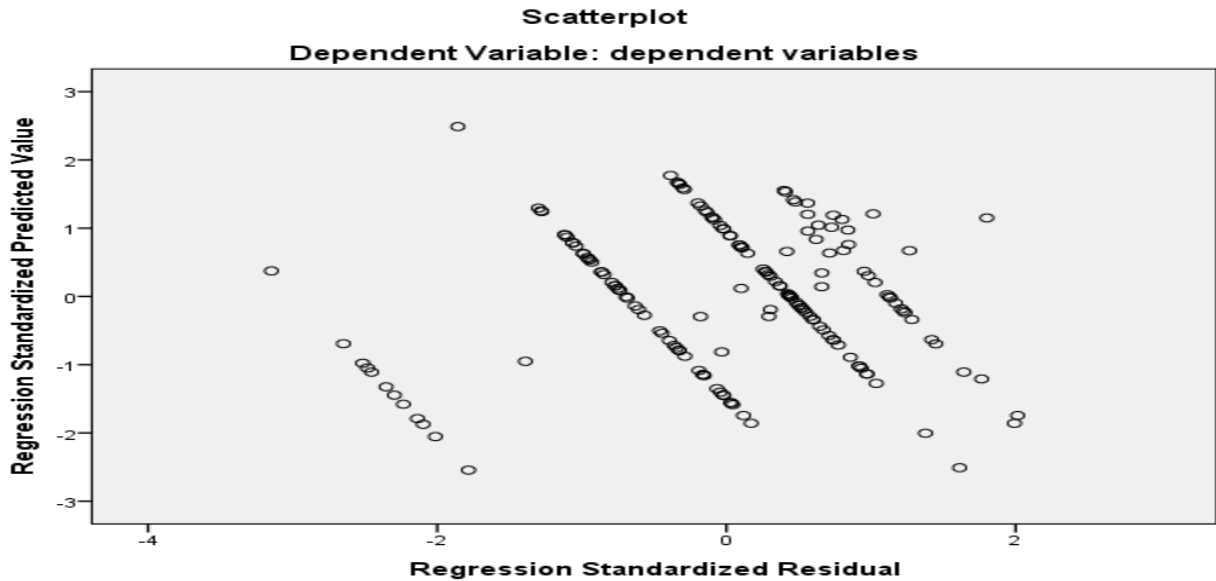


Source; own survey, 2020

## 5. Heteroscedasticity test

Heteroscedasticity is the equality or violation of the residuals for every set of values for independent variable. So the researchers assume that errors are spread out constantly between the variables. Heteroscedasticity problem exist when scatter plot is greater than 3.3 and less than -3.3. Therefore as it was indicated in figure below the data did not violate Heteroscedasticity assumption and instead it was homoscedastic

**Figure 4.7 scatter plot**



**Source;** own survey, 2020

**Regression Analysis**

Through a correlation analysis it is identified that there is a significant relationship between leadership, organization internal control, recruitment and selection and training and employee work ethics. To what extent the variance in the dependent variables will be explained by the independent variable is discussed here.

**Table 4.12 Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.841 <sup>a</sup>	.707	.703	.65068

a. Predictors: (Constant), leadership, organizations internal control, recruitment and selection, and training.

**Source:** Own Survey, 2020

Based on the above table the R value obtained for the regression was .841. The value of R square .707 and the value of adjusted R square is .703 this indicates that 70.3 percent variations in employee work ethics have been explained by the leadership, organization internal control, recruitment and selection, and training. To assess the statistical significance of this result or

relationship i.e. the 70.3 percent variance in the employee work ethics as a result of leadership, organizations internal control, recruitment and selection, and training. The variation associated with the independent variables; therefore, there might be other factors which bring about 29.7 pct in the dependent variable.

**Table1 4.13 ANOVA table**

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	38.046	5	8.809	145.988	.000 <sup>b</sup>
Residual	17.863	302	.423		
Total	55.909	307			

a. Dependent Variable: employees work ethics

b. Predictors: (Constant), leadership, recruitment and selection, training, and organization internal control.

*Source: Own Survey, 2020*

F statistics (145.988) which is used to measure the overall test of significance of the model was presented, since the p-value is 0.00 which is sufficiently and the model is well fitted at 1 percent level of significance, that means p-value (< 0.05).

**Table 4.14 Coefficient of variables**

Coefficients						
Model		Un standardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
		1	(Constant)	.180		
	Leadership	.318	.052	.180	6.146	.000
	Recruitment and selection	.171	.068	.192	3.271	.001
	Training	.192	.063	.318	2.510	.013
	Organizations internal control	.235	.072	.171	.296	.768

a. Dependent Variable: employees work ethics

*Source: Own Survey, 2020*

The results in table 4.14 show that the largest influence on employee work ethics is leadership at beta value .318. It indicates Leadership predicts employees ethics by 31.8% while other remain



constant; recruitment and selection predict employee work ethics by 17.1% while other remain constant; training predicts employee work ethics by 19.2% while other remain constant; and organization internal control predicts employee work ethics by 23.5% while other remains constant. This result implies that a 1% increase in each of the employed independent variables (predictors) will cause an increase in the dependent variable (i.e. employee work ethics) by the amount they predict it. So that in order to develop regression equation which fits with that are statistically significant, multiple correlation coefficient (R) and Beta coefficient value was tested. In general the regression equation model of this study summarized as; Formula

$$Y=a+b_1x_1+b_2x_2+b_3x_3\dots n$$

$$Y= .180+.318(\text{Leadership}) +.171(\text{Recruitment and selection factor}) + .192(\text{Trainingfactor}) +.235(\text{Organization internal controlfactors})$$

### **Interview result**

Semi-Structured interview was used by the researcher to get additional data for triangulation to substantiate the information obtained through questionnaire. During data collection, the researcher interviewed public service and human resource head office and human resource managers to gather more concrete data. The Woreda Public service and human resource head office said that Civil servants are required by law to attend at work as required and not to absent themselves from duty without proper authorization; to comply with the terms of the sick leave regulations; at all times, to act in a manner consistent with the proper performance of the functions of their civil service position and with the maintenance of public confidence in such performance, including refraining from conduct which might impair performance; not to engage in any outside business or occupation during their normal hours of duty. Similarly, human resource manager also agreed that both the civil servants and clients agreed that accepting gifts and/or other benefits is commonly observed in the civil service. A significant number of the employee respondents agreed that giving gifts to superiors or accepting gifts from subordinates is also observed; some managers however believed that though it is not impossible, it is not common. The reasons provided for this poor performance include the pressure that comes from the larger society to get services through corrupting the employees; and the low salary of the employees which induces them to accept gifts or other benefits from clients. Whistle blowing mechanisms such as suggestion boxes and notebooks are widely made available in the civil service institutions; but clients and employees do not usually use them as expected; the

institutions as well do not frequently visit them and provide timely feedback. Poor system of accountability is also considered as one of the problems hampering the efforts to foster ethical climate in the Woreda Public Service Sectors. The key experts believed that the monitoring mechanism as a system is put in place in all civil service institutions. The problem lies in its proper implementation. They felt that the system of monitoring is severely limited in its implementation.



# CHAPTER FIVE

## SUMMARY, CONCLUSION AND RECOMMENDATIONS

### 5.1. Summary

The objective of the study was to examine the factors that affecting employee's work ethics in the case of Seka Chekorsa Woreda public service. Effort to meet the above stated purpose of the research, basic questions were stated and answered. The researcher therefore, identified the following major summary.

- Commencing factors influence employee's work ethics in organization is leadership; those employees are oriented properly on ethical issues and how to handle ethical problems at the mean scores 2.81, Managers motivate employees to work in ethical behavior in achieving the set goals and objectives at the grand mean score of 2.61, Managers involve employees in key decision making at the grand mean score of 2.01, Employees communicate their grievances to top manager without fear at the mean score of 2.84, Leaders encourage employees to develop their skills in an ethical manner at the grand mean score of 2.94 and the leaders in your organization act ethically at mean score of 2.88.
- Regardless factors influence employee's work ethics in organizations is Organizations internal control; those Organization control encourages employees to work ethical at the mean score of 2.745, The control of the organization promotes ethical behavior in the organization at the mean score of 2.41, Ethics programs and practices are continuously reviewed and updated at the mean score of 2.61 and the organization ensures auditing is done in accordance with the laid procedures and processes at the grand mean score of 2.503.
- Concerning factors influence employee's work ethics in organization is recruitment and selection those; recruitment is done fairly and openly at grand mean score 3.24, Ethical behavior is exercised while recruitment is undergoing at the grand mean score of 2.26, Recruitment is made based on skills match job description at the grand mean score of 2.69 and Ethics are part of the recruitment process and selection criteria 2.94.
- Finally factors influence employee's work ethics in organization is training those are, the ethics training provided for employees incorporate the organization's ethics code at the grand mean score of 2.41, Ethics training provided for employees in your organization are produced and

managed by skilled professionals at mean score of 2.23, Ethics training for employees in your organization provided regularly at the grand mean score of 2.23, all employees in your organization actively participate on the ethics training provided at the mean score of 3.47 and The ethical training undertaken resulted in promoting ethical behavior in your organization at the grand mean score of 2.73.

- The correlation analysis of employee's work ethics in organization result is used to understand the degree of relationship between the leadership, organization internal control, recruitment and selection and training and employee's work ethics in organization. The variables in this study correlation coefficient among them is =0.703 that falls within the range of strong relationship. The direction of their relationship is positive sign that dictates a positive change in leadership, organization internal control, recruitment and selection and training can result in a positive change in the employee's work ethics in organization. From this analysis a strong correlation is observed among each other.
- Regression analysis results indicates the largest influence on employee work ethics is leadership at beta value .318, recruitment and selection at beta value 0.171, training at beta value 0.192 and organizations internal control at beta value 0.235 respectively.

## **5.2. Conclusion**

From the finding researcher revealed that ethical leadership is critical in ensuring ethical behavior in the organization and have a big influence on the ethical behavior as they set the standards in which the rest of the employees work under. Ethical behavior should be nurtured in an organization and management encourages and motivates employees to realize the set goals and objectives in an ethical manner. Leadership plays a most important role in ensuring the organization practices ethical behavior, it is, therefore, vital to ensure the leaders have a high ethical standard and are keen on ensuring ethics is adhered too. They are therefore responsible for ensuring employees know what is right and wrong and how to handle ethical problems. Managers should also involve employees in key decision making and create a relationship where employees can be open and free. Management should be effective by constantly seeking information that may lead to unethical behavior.

The study established that the organizations internal control do truly determine the level of employee work ethics in an organization. Well laid down procedures, policies, and open

communication channels facilitate coordination of activities and realizing the main goals and objectives of an organization. Employees and management should be keen on ensuring the procedures and processes are in check in order to encourage and ensure ethical behavior is practiced within the organization. Management would also strengthen the control mechanism in place and constantly review the procedures which will enforce ethical behavior in the organization. It is important to constantly review and ensure that the organization's structure and controls are up to date. Ensuring the organization's formal procedures, processes, governance, control mechanism is in line with the organization's strategy and is effective in the implementation of ethical behavior in the organization. A firm that can adapt to the current turbulent environment is better off and reduces the risks of engaging in unethical practices. Management should support the employees and work together with employees in ensuring the procedures, code of conduct and processes are well understood and followed.

The human resource has the main responsibility of ensuring recruitment is done in a fair and open way and that skills match the job description. Human resource also ensures that training on ethical behavior is carried out. Employees are greatly influenced and motivated by the rewards and compensation they receive in respect to their contributions to the organization; therefore good packages encourage employee work ethical in the organization. Human resource is also responsible for ensuring the employees are aware of the ethical officers in an organization and their duties and responsibilities. Unethical behavior should also be punished to bring forth the consequences of behaving in unethically.

Based on the correlation analysis there were a strong and positive relationship between leadership, organizations internal control, recruitment and selection, and training and employee work ethics; and the results of regression analysis observed that leadership, organizations internal control, recruitment and selection, and training has a significant positive effect on the employee work ethics in organizations.

### **5.3. Recommendations**

Based on the findings of study and conclusion made, the study recommends that;

- Seka ChekorsaWoreda public service is supposed to involve employees in key decision making and create a relationship where employees can be open and free and management should be effective by constantly seeking information that may lead to unethical behavior. It

is significant to continuously review and ensure that the organizations structure and controls are up to date.

- It is important to constantly review and ensure that the organizations structure and controls are up to date. Ensuring the organizations formal procedures, processes, governance, control mechanism is in line with the organizations strategy and is effective in the implementation of ethical behavior in the organization. A firm that can adapt to the current turbulent environment is better off and reduces the risks of engaging in unethical practices. Management should support the employees and work together with employees in ensuring the procedures, code of conduct and processes are well understood and followed.
- The study recommends that recruitment should be done in a fair way and that the human resources department should ensure that proper vetting is done in order to hire staff with good ethical morals right from the beginning. Employees should also be trained on how to carry out their duties in the most ethical manner and how to tackle ethical issues and dilemmas. Human resources should also ensure that employees are compensated and rewarded according to their input to the organization, that way employees are most likely to be motivated and work in an ethical environment. Punishment of unethical behavior is recommended that way unethical behavior will not be taken lightly. The human resources department should also officially appoint an ethical officer, and ensure the employees are aware of the ethical officer. This could be a manager in a different department who can carry out duties of ensuring ethics is practiced and one who is confidential, easily approachable but most important, of high ethical standards.
- The study also recommended establishing a system in the civil service that entails consequences for failure to act ethically, just as there are, or should be consequences for failure to achieve results. Similarly, the system should also be able to reward those employees who demonstrated ethical performance. The reward may not necessarily be in monetary terms. Organizations can build ethical values in non-monetary reward programs. An outstanding and courageous demonstration of ethical conduct can, for example, be an award-worthy event in a recognition program.
- Leaders at all levels should be held accountable for their ethical conduct. A system of accountability needs to be established where all employees and managers will be held responsible for their actions. If leaders are left unaccounted for their unethical acts, employees will lose hope in the system and follow suit. Conversely, if the organization can

show its employees that ethics issues are taken seriously and keep its managers accountable for their actions; they will do their best to uphold ethical standards. Commitment to ethical standards, therefore, requires building an effective internal accountability system. Institutions need to make sure that measures are put in place so that employees and officials understand there are consequences for their actions and omissions.

- Finally whatever strong institutions we build and effective systems we establish, unless we have people with the required competence and ethical conduct our efforts will never bear fruit. Civil service ethics should not be seen as a separate subject area; but as an integral part of all civil servant trainings. With the help of training, it is possible to coach civil servants to become aware of the significance of ethical issues in their own work. Ethics training is a useful tool for strengthening ethics and preventing corruption in public administration if applied together with other tools such as fair remuneration, reward/punishment systems, and ethical leadership as part of a comprehensive anti-corruption and pro-integrity policy.

#### **5.4. Limitation of the Study**

The limitation of the study was geographically the research have been done only at Seka Chekorsa Woreda, if it would have been conducted at region and country in general, having comparable or similar context with wide area coverage and a much larger number of respondents would have provided much deeper and useful information. The conforming limitations were methodologically there are extraneous variables which were beyond the researcher control such as respondents' honesty; personal biases and uncontrolled setting of the study. Additional limitation of the research was the respondents' reaction towards the questionnaires. Even though the researcher planned to use tape recorder during the interview, respondents were not voluntary and the researcher was forced to use writing on notes. Nevertheless, to increase the reliability and accuracy of the finding the researcher was done beyond his potential anticipation and professionally finishes the research job effectively.



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## APPENDIX ONE

### Letter For Data Collection

**Dear respondent,**

I am a graduate student in the department of management, Jimma University. Currently, I am undertaking a research entitled *'factors affecting Employees work Ethics in Organizations the case of Seka Chokorsa Woreda Public Service'*. You are one of the respondents selected to participate on this study. Please assist me in giving correct and complete information to present a representative finding on the current status of the *factors affecting Employees work Ethics in Organizations the case of Seka Chokorsa Woreda Public Service*. Your participation is entirely voluntary and the questionnaire is completely anonymous.

Finally, I confirm you that the information that you share me will be kept confidential and only used for the academic purpose. No individual's responses will be identified as such and the identity of persons responding will not be published or released to anyone. All information will be used for academic purposes only.

Thank you in advance for your cooperation and dedicating your time!

#### **Instructions**

- ❖ No need of writing your name
- ❖ For Likert scale type statements and multiple choice questions indicate your answers with a check mark (√) in the appropriate block.

PART - A

PERSONAL BACKGROUND

1. Gender: Male  Female
2. Age: 18 - 25    b) 26 – 30    c) 31 – 40    d) 41 – 50    e) 51 and above
3. Marital Status:
  - a) Married    b) Single    c)Widowed    d) Divorced
4. Educational level:
  - a) Elementary complete    b) Grade 10 complete    c)Grade 12complete    d)Certificate
  - e)Diploma    e) Degree    f) Master and above
5. What is your current position in the organization?
  - a) Head of office    b)deputy head Office    c)core processor    d)Expert    e)Secretary
  - f)Cleaner    g)Guard    h)If other specify \_\_\_\_\_
6. How long have you been working in the organization?
  - a) Below 5 year    b)5-10 years    c)11-15 years    d)16-20 years    e)21-25 years    f)26- 30years
  - h)Above 30 years

PART – B

SPECIFIC REASERCH QUESTIONS

**General Instructions:-** Please, indicate your answer with a check mark (√) in the appropriate block. Numbers 1,2,3,4,5 represent the scales as; Strongly Disagree=1, Disagree=2, Moderate=3, Agree=4 , and strongly Agree =5

**Factors Affecting Employees Work Ethics in Organizations**

No	Recruitment and selection	1	2	3	4	5
1.	Recruitment is done in a fair and open way					
2.	Ethical behavior is exercised while recruitment is undergoing					
3.	Recruitment is made based on skills match job description					
4.	Ethics are part of recruitment process and selection criteria					

No	Organizations internal control	1	2	3	4	5
1.	Organizations control encourages employees work ethical.					
2.	The control of the organization promotes ethical behavior in the organization.					
3.	The organization has benefited from the measures put in place to ensure ethical behavior					
4.	Ethics programs and practices are continuously reviewed and updated.					
5.	The organization ensures auditing is done in accordance with the laid procedures and processes.					

N o	Training	1	2	3	4	5
1	The ethics training provided for employees incorporate the organization's ethics code					
2	Ethics training provided for employees in your organization are produced and managed by skilled professionals.					
3	Ethics training for employees in your organization provided on a regular basis.					
4	All employees in your organization actively participate on the ethics training provided					
5	The ethical training undertaken resulted in promoting ethical behavior in your organization.					

No	Leadership	1	2	3	4	5
1.	Managers motivate employees to work in an ethical behavior in achieving the set goals and objectives.					
2.	Managers involve employees in key decision making					
3.	Employees communicate their grievances to top manager without fear.					
4.	Leaders encourage employees to develop their skills in an ethical manner.					
5.	The leaders in your organization act ethically					
6.	The leaders in your organization act ethically					

No	Employee work ethics	1	2	3	4	5
1	Employees are honest at work					
2	Employees care for organization's resources					
3	Employees are punctual.					
4	Working in tolerance with colleagues					
5	Employees in your organization treat customers fairly					



## **INTERVIEW QUESTIONS**

1. Does the organization have a written code of ethics?
2. Is there an Ethics officer in your organization?
3. Does management allocate adequate resources for the organization's ethics program?
4. Has top management itself received ethics training?
5. Is ethics a focus during the hiring process? New employee training? Employee evaluations? Supplier selection? Service delivery to users? Internal audits?
6. How do you evaluate implementation of the ethics code in your organization?
7. Do employees receive ethics training on a regular basis? How often is training provided? Does ethics training incorporate the organization's ethics code?
8. To what extent do you believe the training has resulted in the desired behavioral change on the part of employees?
9. How do you evaluate the level of awareness of the organization employee about ethical issues? How about the efforts exerted by the institution to raise the awareness of the employees in this regard?
10. Do you believe that most employees in your institution are generally transparent, impartial and honest? Do they treat citizens fairly?
11. In your opinion, does your organizations internal control encourage ethical behavior? If yes, do you think the controls put in place promote ethical behavior in your organization?
12. Do you believe that your organization has benefited from the measures put in place to ensure ethical behavior? If yes, in what ways do you think your organization has benefited from the measures put in place to ensure ethical behavior?