CHAPTER 5

FINDINGS

This chapter is an extension of chapter four. More meaningful analysis will be done by using cross-tabulation, chi-square test, t-test, anova, regression and multiple responses. Simple hypothesis testing will also be done on all the constructs.

5.1 Cross Tabulations

Cross-tabulations display the joint distribution of two or more categorical variables. For a two variable table, each (valid) category of one variable form the columns. Cross tabulations procedure tests whether two variables are related. The statistical test used in this study is chi-square.

Every statistical test in SPSS has an explicit or implied null hypothesis, which is a statement that usually specifies that there is no relationship between variables.

5.1.1 (a) Perception and Age

The results of chi-square for cross-tabulation between perception and age indicate that there is a significant relationship between age of the executives and their perception. The Pearson chi-square value was found to be at significant level of 0.003 which is lower than 0.005 (the very significant level). So the null hypothesis is rejected suggesting that the age groups have different perceptions on the ethical practices.

This may be due to the experience and year of service of the executives, which have not observed any unethical behaviors. This findings is consistence with the study by Williams (1992), which found the younger person employed at lower level regarded unethical behavior as more common.

Table 5.1.1(a)
Chi-square Table for Perception and Age

	Value	Df	Asymp. Sig. (2-tailed)
Pearson chi-square	3.782[a]	4	0.436
Likelihood Ratio	3.888[a]	4	0.421
Linear-by-Linear Association	1.905[a]	1	0.167
N of Valid Cases	0.75[a]		

a.5 cells (55.6%) have expected count less than 5. The minimum expected count is .0.8

5.1.1 (b) Perception and Type of Institutions

The cross-tabulation showed that the chi-square value was found to be 90.68, (Table 5.1.1.b.) at the significant level of 0.170 which is greater than 0.005. This indicates that there is no difference between the type of financial institutions with regards to perception. All the financial institutions share the same perception with no difference whether it is commercial banks, finance companies, merchant banks or leasing company. Null hypothesis was accepted.

This is perhaps due to the environmental factor which is similar and directly controlled by Bank Negara.

Table 5.1.1(b)
Chi-square table for Perception and Type of Institutions

	Value	df	Asymp. Sig. (2-tailed)
Pearson chi-square	9.068[a]	6	0.170
Likelihood Ratio	9.583[a]	6	0.143
Linear-by-Linear Association	0.04[a]	1	0.950
N of Valid Cases	0.76[a]		

a.7 cells (58.3%) have expected count less than 5. The minimum expected count is .21.

5.1.1(c) Perception and Race

Chi-square test shows that there is no difference in perception within the various races. The value for chi-square was 0.103, higher than the significance level, thus the null hypothesis is accepted. The chi-square result is shown in Table 5.1.1 (c).

This suggests that executives of all races perceived the same about ethical behaviors. The cultural difference seems to have no influence in the perception of executives.

This findings is consistent with Russel (1992) which used similar hypothesis test between two different cultures and found culture to have little or no impact on ethical beliefs.

Because executives' perceptions are absorbed in the culture, it is likely that the same ethical decision would be reached by using personal values or cultural elements. Thus, to the extent the executives' race and culture mirrors the values that encourage ethical behavior, an individuals perceptions will be less important in determining his or her ethical decisions.

Table 5.1.1(c)
Chi-square table for Perception and Race

	Value	df	Asymp. Sig. (2-tailed)
Pearson chi-square	7.702[α]	4	0.103
Likelihood Ratio	8.418[α]	4	0.077
Linear-by-Linear Association	2.750[α]	1	0.097
N of Valid Cases	0.76[α]		

a. 3 cells (33.3%) have expected count less than 5. The minimum expected count is .58.

5.1.1(d) Perception and Salary

Chi-square value was found to be at 0.056 thus indicating that there is no relationship between perception and salary level. Thus null hypothesis can't be rejected. All the executives from various level of salary have the same perception on ethical/unethical practices. Perhaps, the difference in the salary level among executives which is relatively small has no impact in forming different perceptions.

Table 5.1.1(d)
Chi-square table for Perception and Salary

	Value	df	Asymp. Sig. (2-tailed)
Pearson chi-square	12.259[α]	6	0.056
Likelihood Ratio	12.251[α]	6	0.057
Linear-by-Linear Association	5.750[α]	1	0.016
N of Valid Cases	0.76[α]		

a. 7 cells (58.3%) have expected count less than 5. The minimum expected count is.16.

5.1.1(e) Perception and Sex

A subset issue related to the larger documented ethical decline phenomena is the relatively unresearched but often conjectured question of whether women are more ethical than men. Many studies report gender differences in proclivity for unethical behavior. (Betz, 1989)

Harris (1989) believes that male and female students have different ethical value-based decision process. Kidwell (1987), reports that male and female managers have different ethical perceptions.

However, the above findings were not consistent with the findings of this study. The male and female executives in financial institutions in Malaysia do not perceive ethical behavior differently. This may be due to cultural differences between the executives in Malaysia and in the west. Perhaps, the industry's requirement, which treats and expects all executives irrespective of their gender to behave uniformly, has resulted in this finding. The hypothesis test and its results shown in Table 5.1.1(e) does not support the idea that women are more ethical than men or otherwise.

This finding is however, consistence with an empirical study done by Andrew Sikula and Addemiro D. Costa (1994). The authors found that men and women college students are ethically equivalent. Again, this may not be a good comparison as the subject and variables tested and the category of participants is not the same. These differences do not allow for generalization that women and men have different ethical perceptions.

Table 5.1.1(e)
Chi-square table for Perception and Gender

	Value	df	Asymp. Sig. (2-tailed)
Pearson chi-square	6.725[a]	6	0.347
Likelihood Ratio	7.155[a]	6	0.310
Linear-by-Linear Association	0.517[a]	1	0.472
N of Valid Cases	0.76[a]	-	-

a. 8 cells (66.7%) have expected count less than 5. The minimum expected count is .18.

5.1.1(f) Perception and Years in Service

The chi-square test shows that there is no significant difference in the length of service of the executives and their perception, thus the null hypothesis is accepted.

Table 5.1.1(f)
Chi-square table for Perception and Ethnic Composition

	Value	df	Asymp. Sig. (2-tailed)
Pearson chi-square	6.725[α]	6	0.347
Likelihood Ratio	7.115[α]	6	0.310
Linear-by-Linear Association	0.517[α]	1	0.472
N of Valid Cases	0.76[α]	-	-

a.8 cells (66.7%) have expected count less than 5. The minimum expected count is .58.

This is somewhat not consistent with the results of cross-tabulation between perception and age. Although the younger executives may have different perception compared to the older executives, the years of service does not seem to have any influence on their perceptions.

5.1.2 Shirking Issues

All the variables in the shirking issues have failed to reject the null hypothesis. This indicates that all executives are ethical and have good ethical values indifferent of their age, race, salary, income, years in service, educational level, designation or their institutions.

Table 5.1.2 summarizes the chi-square results of shirking issues such as, taking office stationeries home, using office time for personal purpose and taking sick leave for a day off. This may be due to the ethical issues given which is 'clear-cut' thus, resulting in the executives giving responses indifferently. This also suggests that all executives regardless of their age, designate, gender, salary, years in service, and type of institutions they are from, perceive the shirking issues given as unethical.

Table 5.1.2
Chi-square Test for Shirking Issues

Shirking issues with	Pearson value	Asymp. Sig. (2-tailed)
Designate	7.431[α]	0.059
Institutions	7.729[α]	0.562
Salary	9.118[α]	0.426
Year in Service	6.133[α]	0.727
Sex	3.310[α]	0.346
Age	3.101[α]	0.541
Race	7.895[α]	0.246
Educational Level	9.324[α]	0.408

5.1.3 Opinion about Industry's Ethical Practices

Cross-tabulation was done between opinion of the executives about industry's ethical level and all other variables. The result shows that the null hypothesis cannot be rejected. Which means that, all executives have no difference of opinion about the industry's ethical practices. All executives opined the industry as having ethical practices.

This shows that there is a general consensus of perception of the executives about the industry's ethical practices. This finding also coincides with Zabid (1992) which found only a slight variation among the managers in terms of perceived value by virtue of their job specialization, job position and type of business activity.

Table 5.1.3 summarizes the results for the chi-square test.

Table 5.1.3
Chi-square Test
Opinion about the industry's ethical practice

	Value	df	Asymp. Sig. (2-tailed)
Designate	3.101[α]	4	0.541
Institutions	1.421[α]	2	0.491
Salary	13.672[α]	6	0.34
Year in Service	2.776[α]	6	0.836
Sex	1.145[α]	4	0.887
Age	7.797[α]	6	0.253
Race	0.114[α]	2	0.944
Educational Level	9.662[α]	6	0.140

5.1.4 Opinions about the Executives' own Company's Ethical Practices.

The hypothesis situations were 'All executives opined that their company has good ethical practices' and the chi-square result shows that the null hypothesis is accepted.

This suggests that the opinion of the executives about their company's ethical practices is not influenced by their salary, age, designate, gender, years of service, education level and the type of institutions they are from.

Table 5.1.4 summarizes the finding of the chi-square test.

Table 5.1.4
Chi-square Test
Opinion about the Company's Ethical Practices

	Value	Df	Asymp. Sig. (2-tailed)
Age	13.077[α]	6	0.109
Designate	3.690[α]	4	0.450
Educational Level	6.811[α]	12	0.870
Institutions	15.302[α]	12	0.225
Race	6.218[α]	8	0.623
Salary	6.157[α]	12	0.908
Sex	3.460[α]	4	0.484
Years In Service	15.747[α]	12	0.203

5.1.5 Ethical Conduct of Executives

Ethical conduct construct (TOTCON) of executives was cross-tabulated with all demographic variables for chi-square test. The findings of the executives' conduct shows interesting results.

5.1.5(i) Ethical Conduct in Age of Executives

Interestingly, there is a significant relationship between ethical conduct of executives and their age. The null hypothesis would be that the ethical conducts of executives in the financial institutions and age group of these executives are independent i.e. that there is no significant relationship between these two variables. But the chi-square result shows that Pearson value was less than 0.005 at 0.000, which is very significant.

Therefore, the null hypothesis is rejected and the alternative hypothesis is accepted. This suggests that is there is significant difference between the age group and their conduct. The result indicates that the younger executives are more ethical than the older ones. This finding is also consistent with chi-square results for age and perception. The chi-square result is shown in the Table 5.1.5(i) below: -

Table 5.1.5(i)
Chi-square table for Ethical Conduct in Age of Executive

	Value	df	Asymp. Sig. (2-tailed)
Pearson chi-square	52.373[a]	8	0.000
Likelihood Ratio	17.776[a]	8	0.023
Linear-by-Linear Association	2.372[a]	1	0.124
N of Valid Cases	77		

a. 9 cells (60.0%) have expected count less than 5. The minimum expected count is .08.

5.1.5 (ii) Ethical Conduct in Years of Service

Apart from the age, the null hypothesis for conduct and years in service was also rejected and an alternate hypothesis was accepted. The results show that there is significant relationship between years of service and the executives' ethical conduct. The chi-square significant was less than 0.005.

Table 5.1.5(ii)
Summary of chi-square test for other variables

Demographic Variables	Value	d.f	Asymp. Sig. (2-tailed)
Designate	3.829[a]	4	0.430
Education Level	8.799[a]	12	0.720
Institutions	6.843[a]	12	0.868
Salary	7.095[a]	12	0.851
Race	10.325[a]	5	0.243
Sex	4.283[a]	4	0.369

a. 9 cells (60.0%) have expected count less than 5. The minimum expected count is 08.

Perhaps, the conduct of the executives differs as they get 'seasoned-out' in the industry. To avoid confusions, it must be noted here that the cross-tabulation results between perception and years of service was different than the above.

However, for conduct with other variables, the Pearson value was above the alpha value of 0.005 therefore the null hypothesis is accepted i.e. the ethical conduct of the executives are independent of their designate, race, sex, educational level and salary.

Table 5.1.5(ii) below gives the summary of chi-square test for the other variables.

Table 5.1.5(iii)
Chi-square for Conduct in Years of Service

	Value	df	Asymp. Sig. (2-tailed)
Pearson chi-square	29.883[α]	12	0.003
Likelihood Ratio	21.578[α]	12	0.043
Linear-by-Linear Association	2.978[α]	1	0.084

The findings suggest that the conduct of executives differ as the executives 'seasoned-out' in the industry. The 'fresh' executives tend to conduct themselves more ethically then those with longer years of service in the industry.

5.1.6 Whistle Blowing

The null hypothesis would be that the whistle blowing and the executive's age designate, salary, years of service, race, sex and educational level are independent. The chi-square test indicates significance level of all more than 0.005, which means that the null hypothesis is accepted. The summary of the results is shown in Table 5.1.6.

Table 5.1.6
Chi-square for Whistle Blowing

	Value	Df	Asymp. Sig. (2-tailed)
Age	5.870[a]	6	0.430
Designate	6.407[a]	3	0.093
Education Level	6.889[a]	9	0.645
Institutions	7.812[a]	9	0.553
Race Salary	5.057[a]	6	0.537
Salary	19.513[a]	9	0.21
Sex	1.211[a]	3	0.750
Years in Service	5.778[a]	9	0.762

The above suggest that the act of whistle blowing has no significant difference within the age group, designate, education, type of institutions, race, sex, salary and years of service. Perhaps, we can conclude that there are other factors out of this study that influence the executives' perception on whistle blowing.

5.2 T-Test

5.2.1 Paired Sample Test

The mean of the paired difference between perception of the executives on ethical/unethical practices and designate was 2.5467. At 95% confidence interval this difference extends from -2.7253 to 2.3681. The P value (*significance*) associated with the statistic of 28.413 was very small (<0.0005). This indicates that there is a difference in mean for designate and perception of executives on ethical/unethical practices. (Refer to Table 5.2.1)

The mean of paired different between Age and Perception of Executive on ethical/unethical practices was at 2.8267. At 95% confidence level, the interval difference was –2.29932 – 2.6602 with its t-statistic of 33.830. The P value was

very significant indicating that there is a difference in mean between Age and Perception of Executive.

The mean of paired difference between Age and Ethical Conduct of the Executive was at 2.1688. At 95% confident interval of the difference extend from 1.8803 to 14.972 with 76 degree of freedom. The P value was less than 0.005, thus indication that there is difference in the mean of between age of executives and their conduct.

Table 5.2.1
Paired Sample Test

	Paired Differences					t	df	Sig. (2-tailed)
	Mean	Std. Deviation	Std Error Mean	95% Confidence Interval Lower	Upper			
Pair 1 Age – Perception	2.8267	0.7236	8.4E-02	2.9932	2.6602	33.830	74	0.000
Pair 2 Designation – Perception	2.5467	0.7762	0.7762	2.7253	2.3681	2.3681	74	0.000
Pair 3 Age – Conduct	2.1688	1.2712	0.1449	2.4573	1.8803	1.8803	76	0.000

5.2.2 Paired Sample Correlation

The correlation between Age and Designate was 0.232. The associated P value (significance) was very small (<0.0005) indicating that there was linear relation between these two variables. It may be explained that the age of respondents is young because of them holding the post of executives. The correlation between designate and perception is also significance at P value of 0.001.

Table 5.2.2
Paired Sample Correlation

	N	Correlation	Sig
Pair 1 Age & Designate	76	0.232^{α}	0.004
Pair 2 Designate & Perception	75	0.383^{α}	0.001

5.3 Analysis of Variance (ANOVA)

The F statistic for total conduct (TOTCON) and perception of executives indicates that a difference does exist between one or more means with P value less than 0.005.

Table 5.3
Anova

Model		Sum of Square	Df	Mean Square	F	Sign
1	Regression	466.944	1	466.944	24.023	.000a
	Residual	1380.042	72	19.437		
2	Regression	466.944	1	19.437	24.023	.000b.
	Residual	1380.042	71			

a. Dependant Variable: TOTCON
b. Independent Variable (constant), Perception

The above suggests that the conduct of executives is influenced by their perception of ethical behavior. It also suggests that an executive tends to conduct himself/herself according to his/her perceptions. This finding should be noted as it has significant implication for management of financial institutions. The institutions should attempt to make a paradigm shift of their executives to achieve ethical executives.

5.4 Regression & Correlation Analysis

The conduct of executives in this study is defined as to what extend of executives actions in carrying out their duties are in compliance to the policies or rules outlined by their company and authority (Bank Negara). In analyzing the factors that influences the conduct of executives, a regression analysis was performed.

For regression analysis, total conduct construct (TOTCON) was labeled as the dependent variable. The independent variables were perceptions, total opinion about their company, total perception about the industry practice, whistle blowing, shirking issues and other variables such as respondents age, race, gender, years of service, education level, salary and type of institution.

The purpose of this regression analysis is to see the extent these independent variables could explain the variability of the dependant variable and to see if there are other factors outside the study that have not taken into account in explaining the executives' conduct.

The regression was as follows:-

TOTCON = PERCEPT + TOPIND + TOTCOM + SHIRKING + WHISTLE BLOWING + DEMOGRAPHIC VARIABLES

The R- square obtained was 0.253, which means that the independent variables could explain only 25.3% of the variation in the dependant variable. The balance of 74.7% of the variation can only be explained by factors outside the regression model.

The results from the analysis showed that the correlation coefficient between dependent variables (conduct) and independent variable (perception) was 0.399 with significance of less than 0.005. This indicates that the conduct of the executives, to certain extent depends on their perceptions of the ethical or unethical actions.

This finding enables us to conclude that, if the perceptions of executives are improved, probably we will have ethical executives in the financial institutions.

Besides perceptions, years in service and race also have a significant value of less than 0.005, which means the conduct of executives are also dependent on the experience and their race.

Opinion about the industry's practice, opinion about their company's ethical standard, shirking issues, and whistle blowing was excluded from regression analysis because of its high collinearity between these variables and conduct.

The R-square of the above findings is summarized in the Table 5.4(i), (ii) and (iii) below: -

Table 5.4(i)
Regression

Variables	R	R-square
Perception	0.392	0.153
Years in Service	0.492	0.245
Race	0.576	0.331
Opinion about Industry Practice	0.615	0.378

Table 5.4 (ii)
Correlation

		Perception	Shirking	TOPIND	TOPCOM	TOTCON	WHISTLE BLOW
Pearson Correlation	PERCEPT	1.000	0.159	0.210	0.330***	0.391**	0.324**
	SHIRKING	0.159	1.000	0.057	0.225*	0.053	0.349**
	TOPIND	0.210	0.057	1.000	0.079	0.261*	0.065
	TOPCOM	0.330*	0.225*	0.079*	1.00	-0.17	0.295*
	TOTCON	0.391**	0.53	0.261	-0.17	1.000	0.100
	WHISTLE BLOWING	0.324**	0.349	0.65	0.295**	0.100	1.000
Sig. (2-tailed)	SHIRKING	0.174	0	0.626	0.49	0.645	0.002
	TOPIND	0.071	0.626	0	0.495	0.022	0.575
	TOPCOM	0.004	0.049	0.495	0	0.881	0.009
	TOTCON	0.000	0.645	0.022	0.881	0	0.386
	WHISTLE BLOWING	0.005	0.002	0.575	0.009	0.386	0

** Correlation is significant at the 0.01 level
* Correlation is significant at 0.05 level

Table 5.4 (iii)
Excluded Variables

Model	Beta In	T	Sig.	Partial Correlation	Collinearity Statistic Tolerance
TOPCOM	-0.146[b]	-1.264	.0211	-0.149	0.893
TOPIND	0.134	1.205	0.232	0.143	0.962
Shirking	0.17	-151	0.880	0.018	0.976
WHISTLE B.	-0.060[b]	-0.518	0.606	0.062	0.893

The results of the regression and correlation coefficient analysis suggest that perceptions and total conduct of the executives is highly significant at 0.000. Besides that, perceptions and total opinion of the company also has significant correlation coefficient with conduct. Whistle blowing and shirking issue constructs are also significantly correlated at significant value of 0.002.

The above findings indicates that the conduct of the executives are not influenced or not significantly associated with the characteristic of respondents such as their age, race, sex, designation, salary, type of institution education and years of service. Similar results were also obtained on relationship between total conduct with total opinion about industry's ethical practices and total opinion about company's ethical practices.

However, the association between these two concepts, i.e. perception and conduct has been significant and consistent with ethical behavior mentioned in the literature review of this study.

5.5 Multiple Response

The factors that were ranked by the respondents were analyzed using multiple response technique. The results have been summarized in the table 5.5(i).

Table 5.5 (i)
Respondents Ranking of Factors According to Importance

	As 1st	As 2nd	As 3rd	As 4th	As 5th	As 6th	As 7th	As 8th
Var 36	21.5%	13.8%	12.0%	14.8%	8.3%	7.6%	8.0%	11.0%
Var 37	11.8%	13.8%	22.9%	27.2%	5.6%	30.0%	2.7%	8.2%
Var 38	21.5%	25.0%	10.8%	7.4%	23.6%	10.6%	8.0%	4.1%
Var 39	8.0%	3.8%	7.2%	12.3%	13.6%	15.2%	24.0%	8.2%
Var 40	14.0%	8.8%	21.7%	7.4%	13.7%	6.1%	9.3%	16.4%
Var 41	5.4%	7.5%	4.8%	6.2%	12.5%	19.7%	24.0%	24.7%
Var 42	5.4%	11.3%	8.4%	17.3%	9.7%	19.7%	14.7%	16.4%
Var 43	10.8%	16.3%	12.0%	7.4%	16.7%	18.2%	9.3%	11.0%

Desire to meet company's target was tabulated as the most important factors followed by one's financial need and behavior of superiors. Nearly 21.5% of the respondents indicated that the most influential factor for an unethical action is desire to meet company's target and one's financial need. Behavior of one's equal in the company is also regarded as an important factor represented by 15.1% of the responses. This finding is consistent with the findings of Zabid (1992) and Brenner (1972). This suggests that the factors that influences ethical behavior may be similar across the culture and has not changed over the years.

Table 5.5 (ii) below shows the three most important factors and its responses.

Table 6.4(ii)
Summary of Multiple Responses according to first three tabulation

Highest score tabulated As first factor		Desire to meet Company's target One's financial need	(21.5%) (21.5%)
Highest score tabulated as 2nd influential factor	:	One's financial need Under duress	(20.0%) (13.0%)
Highest score tabulated as the 3rd most influential factor	:	Behavior of superior Behavior of one's equal in the company	(22.9%) (21.7%)
Least important factor in influencing an unethical action of an executive	:	Society's ethical climate Lack of guidelines	(5.0%) (5.0%)

Table 5.5 (ii) above shows that the most important factors in influencing an executive to behave unethically is the desire to meet company target, one's personal financial need and behavior of superior and one equal in the organization.

The findings of this study are consistent with that of Brenner and Molander (1977) and Dolachek and Dolacheck (1987) which concluded that the behavior of one's superior is the guidepost for acceptability of ethical/unethical behavior in the business world. It should be noted that in the American study by Brenner and Molander (1977), personal financial need was the least important contributor to unethical behavior, but in the study of Dolachek and Dolacheck (1987) it was ranked third in importance. This variation in ranking for this factor arises from the difference in the income level.

The four most important factors are summated into one major category as discussed in the 3rd Chapter of this study that is environmental pressure/influence. This is in concurrence with the regression study, which shows that the conduct of an executive is most influenced by their perception. Whereas, the perception of an individual is well developed within the surrounding environmental factors.

It is crucial to note that good 'leadership' is important for good management. Since ethical behavior is influenced by superiors' behavior, it is important for organization to emphasize the philosophy of 'leadership by example'.