

CHAPTER 6

CONCLUSIONS & RECOMMENDATIONS

6.1 Conclusions

This study attempted to explore the opinions, perceptions and conduct of Malaysian executives in financial institutions regarding ethical issues and their decision behavior and also the organizational and industrial factors that influences their choice in this regard.

Overall, the study suggests that most executives in the financial sector have a good opinion and perception of ethical conduct of their colleagues. Their responses towards certain unethical behavior such as accepting gifts and attending dinners are very clear. Their perceptions of many other ethical issues are also clear. Thus, indicating that the executive's ethical perception is sound. The finding of this study suggest that Malaysian executives in financial institutions have high ethical values. This is similar to the finding of a study conducted by Zabid and Alsagoff (1992) on Malaysian managers.

However, it is also perceived by majority that the ethical practices are crucial in an organization. Such a situation is due to the prevalence of generally accepted practices, which are in fact morally inappropriate. The behaviors of colleagues appear to be a crucial factor influencing unethical practices among executives. This study also coincides with that obtained by Zabid & Alsagoff (1992) where respondents perceived most executives in the financial institutions behave ethically. However, younger executives, particularly those in the industry for less than 5 years, regarded unethical behavior as most common. Do these results suggest that cynicism among younger employees or, perhaps willingness on the part of ambitious young executives to cut corners in order to get ahead? Or do the results mean that the younger executives are more ethical than the older ones?

Various analysis performed also shows that there is strong correlation between the opinions, perceptions and conduct of executives but there is no significant difference in terms of their education level, ethnic composition and gender.

The behaviors that were less frequently observed by our respondents seems to be what might be termed “major issues” (bribery) whereas the more frequently observed behavior seems to be small, “minor” issues. Such results seems to provide evidence for what is obvious for what is positions to witness “major” unethical actions, and that behavior of this type are perhaps less frequent than the “minor” behaviors.

The influence of age and designate on the perception does not seem to have a discernable pattern. Evaluation of the perceived seriousness of acts range from moderately serious to very serious. Relatively high consensus on some categories, such as bribe may reflect the occupational orientation of our sample respondents (credit executives). Therefore, such findings might not be generalized to other occupations.

6.2 Recommendations

What will financial institutions environment resemble in the absence of a focus ethics? The answer is that the organization would become a *chaotic moral* environment, composed by employees with deferring and often contradicting senses of morality left to one another’s interest, but without a unified vision of the ‘best’.

This study suggest that the ethical behavior is something difficult to talk about and hard to understand because human have the ability and often, it seems, the tendency to justify their behavior as legitimate given the “extenuate circumstances” that one faces. Thus most behavior can be seen as ethical from one point of view or another.

Generally, the results suggest that the financial institutions should play a crucial role in improving or enhancing their executives' ethical perceptions, opinion and conduct. In the case of executive's opinion and perception about whistle blowing, it is important for financial institutions to take steps to eliminate conditions that prompt whistle blowing behaviors. This mean much more deliberate and aggressive steps are needed to ensure that employees at all level are able to communicate their concerns to higher levels and be confident that those concerns will not be regarded as insignificant.

It is also recommended here that financial institutions not only have code of ethics but to adhere to it at all times. Although the code of ethics introduced by Bank Negara Malaysia is available, but adherence to them and its suitability is not measured. It seems that the institutions simply convey their policies on ethical behavior by putting forward a code of ethics. One study conducted by Benson (1989) suggests that 80% of major organizations have such codes of ethics but those are very broad, all-encompassing general principles with little response to specific situations.

One interesting finding of this study is that financial institutions are not emphasizing on training for their executives on the subject of ethics. Ethics training can be one way of helping executives define their philosophy and find the common denominators that may offer a meaningful and consistent approach to resolving ethical issues through the process of self-reflections. Through systematic training and education, it should be possible to influence and develop the 'personal code' or 'conscience' of executives in the sense that an individual can learn or accept new norms for governing his or her behavior (Baumhart, 1968).

Such training initiatives should provide opportunities for openly discussing ethical concerns, which executives and their managers generally, may not find comfortable to raise or discuss in the formal work settings. Forthright interchange of views between participants, however divergent their personal values can provide opportunities for a better comprehension of 'what is right' in a given situation than what particular executives can achieve alone.

In order to enhance the good behavior of both, organization and executives, efforts are needed to stimulate greater awareness of the importance of moral consideration in financial institutions by putting ethics on the agenda of the training calendar.

Ethics is not simple. We not only have to know the right thing to do but also have the moral fortitude to do it.

6.3 Limitation of this Study

One apparent limitation of this study is that it did not represent the entire financial institution in the industry. Only four major types of financial institutions are included. Other types of financial institutions such as security firms, discount house and credit companies, were not included. However, as the major segments of financial institutions are included, a general representation of financial sector in our country can be made.

In terms of the respondents, only the executives in financial institutions are included in this study. Future research should include top management's perceptions on ethical issue as this level of management is crucial in ethical decision making.

Industry wise, only a single industry was utilized in this study. Furthermore, the samples of executives were collected by convenience sampling rather than random sampling. Consequently, the findings may not be generalized to all industries.

Although the findings about the effects of demographic variables on perception and conduct may suffer from problems that are common to many research projects (e.g. small *ns*, respondent dishonesty), the issues raised about the nature of these behaviors in the financial institutions are more important. Sampling problems notwithstanding, the results of this study do suggest that business ethic literature focus on a relatively short list of activities of employees of small financial institutions. Perhaps more attention should be given to the “small”, “local” and “internal” ethical issues that are interwoven in the fabric of day to day work.

Subsequent studies should examine a wide range of industries. The nature of the financial product and the job function of the executives itself may influence the ethical perception. Replicating the findings in this study using other multinational setting would be advisable.