STUDENTS' PERCEPTION OF THE POSITION OF ETHICS WITHIN AN ORGANISATION

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ABSTRACT

Purpose: This study examines the perceptions that senior business management students have towards the position of ethics within organisations in Johannesburg in relation to the availability of formal ethics programmes, ethical culture, ethical leadership and ethical value systems.

Research Design & Methods: The study employed a quantitative survey design to collect data, using self-administered questionnaires from the respondents. The data were then analysed using descriptive statistics. Reliability statistics were employed to test the reliability of each construct.

Findings: The findings of this study showed that senior students have a positive perception of the ethical position of

Conclusion: There is evidence of positive attitudes towards the ethical conduct of organisations. However, some evidence shows that some organisations consider results first and ethics later, despite the availability of ethical codes, value systems, and ethical leadership and culture.

Keywords: business ethics, value systems, ethical leadership, ethical culture, code of ethics.

INTRODUCTION

Research on business ethics has for many years, especially in the 21st century, sparked much attention as a result of corporate ethical scandals and ethical failures by managers (Schoeman, 2013). These scandals are evident in illegal campaigns, bribes, insider trading and many other actions (Trevino & Brown, 2004; Tsalikis & Fritzsche, 2013). Many of these ethical scandals were triggered by business leaders feeling compelled to achieve high results or meet targets, regardless of how these results are obtained (Tsalikis & Fritzsche, 2013). Melé (2011) points out that managers regard business ethics as a key to good management, because acting without ethics is deemed to be bad management. Harvey (2002) and Schoeman (2014) have argued that it is probable that many organisations are insincere and pretentious about their ethical behaviour so that they may be seen as doing things right by stakeholders. In today's business era, it is important for an organisation to consider the people affected by the organisation's decisions (Simms, 2006), as integrity and trust are vital ethical issues that businesses must face today. This includes being honest in conducting business affairs and treating customers fairly (Oster, 2013). Many organisations view ethics in terms of compliance in such a way that their total ethical focus and initiatives are based on stimulating compliance (Schoeman, 2015). According to a study done by Vivier (2013), business owners display uncertainties with regard to ethics, which implies that having strong ethical standards does not prove that what is wrong or right is always clear and easy. Some authors believe that ethics in a business setup is evident only in reference to the individuals (Drucker, 1981, Schoeman, 2014).

With the rise of competitive business environment, management and decision makers are now more pressured to ensure business ethics and values. The challenge is now on educators to develop ethical managers and decision makers (Beltramini, Peterson, & Kozmetsky, 2013). Trawick and Darden (1980), cited in Beltramini et al. (2013), note that, people become subtler and more thoughtful of business ethics once they have received formal education.

LITERATURE REVIEW

Definition of ethics

Ethics, as defined by Vivier, (2013), is said to be the sets of behaviours one can use to determine what is right and what is wrong, and distinguish the good from the bad. Ethics is all about making choices (Clegg, Kornberger, & Rhodes, 2007; Schoeman, 2014) and of knowing which moral principles are the central sources for these choices (Acevedo, 2014).

The importance of ethical leadership

As a result of the ethical scandals eminent in business recently, questions about the role of ethical leadership in promoting ethics have been raised. Many employees tend to run to their superiors, hoping to receive ethical guidance. Consequently leaders in organisations should primarily be a central reference for this guidance (Brown, Treviño & Harrison, 2005).

Brown et al. (2005) note that ethical leaders are valid role models for their followers as they model the ethical conduct that employees must follow. These leaders draw significant attention to ethics by emphasising it to their followers and setting these standards in organisations so as to enhance adherence (Brown et al. 2005; Demirtas, 2015). Furthermore, ethical leaders discipline employees who disregard the set standards and reward those who adhere to the standards.

Organisation value system

An organisational value system stipulates the specific conducts used to determine ethical integrity. In identifying the position of ethics in an organisation, it is important to consider not only the ethical rules, but also the value statements and the extent to which they are applied. (Clegg, Kornberger, & Rhodes, 2007; Schoeman, 2014). Zarim and Zaki, (2016) postulate that the level of integrity in an organisation is justified by the presence of ethics.

Ethics and culture

An organisation's strategy, promotions, decision making, etc. are greatly influenced by its ethical culture. A strong ethical culture not only ensures sustainable success for an organisation (Rossouw, 2011; Schoeman, 2014), but also promotes ethical behaviour (Schoeman, 2012 and 2015). A survey conducted by Basran, (2012), reveals that organisations with supportive ethical culture for their employees are more likely to enhance the ethical conduct and behaviours of employees, resulting in increased levels of honesty in the organisation. Such organisations further decrease the incidence of unethical conduct and increase the ability of employees to report misconduct.

PURPOSE OF THE STUDY
Problem statement

With continuous acts of unethical behaviour being reported within some business practices, such as corruption, bribery, fraud and power abuse (Eweje & Brunton, 2010), it is increasingly important for managers to address these issues.

The purpose of this research was to examine the following research question: How do senior students perceive the ethical position of organisations?

With regard to the stated research question, the primary objective of this study was to measure perceptions of senior students who are studying a Business Management course.

RESEARCH METHODOLOGY

The research study employed a positivistic quantitative research method. According to Aliaga & Gunderson (2002), as cited in Muijs, (2010),.

Population and sample

The research population was senior and post-graduate Business Management students enrolled at a university. A research sample comprises elements drawn from the population. After studying this research sample, the researcher makes inferences to the population (Sekaran & Bougie, 2013).

Measurement

The data for this study were collected through the use of self-administered scaled questionnaires distributed to senior university students on a basis of voluntary participation. To measure the perception of students towards the position of ethics within organisations, the respondents were asked to respond to questions on a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). Descriptive statistics were used to analyse the collected data. Descriptive statistics facilitate the reduction of research data, allow data to be interpreted easily (Fox &

Bayat, 2007) and provide a medium for presenting quantitative descriptions (Babbie & Mouton, 2001).

RESEARCH FINDINGS

Section A

The demographic data collected from the respondents. The result indicates a closely even distribution of gender, with 52% of the respondents being male and 48% female. There was no discrimination of gender. Of the total respondents, 68.8% of the respondents were employed full- time and 29.2% of the total respondents used in this study were employed part-time.

Moreover, the result also indicates that 85.4% of the respondents were in their 4th year and 2.08% were doing a master's degree course.

Section B
Reliability of the measuring instruments

The Cronbach's alpha values for each ethical construct measure. The values for all the constructs, with the exception of ethical value systems, range from 0.712 to 0.878. This is deemed acceptable for this research. According to Gliem and Gliem, (2003), as the Cronbach's alpha coefficient gets closer to 1.0, the internal consistency of the items in the scale increases.

Descriptive statistics

Descriptive statistics such as minimum, maximum, mean and standard deviation were calculated for the ethical variables. All the variables were measured on a five point Likert scale. The median value of the scale was 3. Hence, the mean of each ethical aspect of the instrument was analysed against the calculated median value. The median of 3 indicated the midway in identifying positive and negative perceptions. A mean of under 3 was considered "negative" and a mean of higher than 3 was considered "positive". Table 1 below shows the summary of the descriptive statistics.

Table 1: Summary of relevant descriptive statistics

Construct	Minimum	Maximum	Mean	Deviation (from 3)	Standard deviation
Formal ethics programme	3.229	3.479	3.389	0.389	1.1300
Ethical leadership	3.667	3.792	3.729	0.729	0.9094
Ethical culture	3.333	3.688	3.531	0.531	1.0324

Perception of availability of ethics programme: There were three items, question 5-7, (refer to attached document in the annexure) that constituted the measure of the formal ethics programme construct. The mean scores for this

construct ranged from 3.23 to 3.48 for all 4 items. The mean value was hence 3.389, and a positive deviation of 0.389 from the median of 3 as seen in table 2. This indicates that the general perception of the respondents towards the formal ethics programme construct was positive. Therefore, the respondents had a positive perception of the presence of ethical codes and programmes in organisations.

Perception of ethical leadership: The ethical leadership construct had 6 items, (refer to attached document in the annexure). The mean for the 6 items in this construct ranged from 3.667 to 3.792, and the overall mean for this construct was 3.729, with a 0.729 positive deviation from the median of 3. This suggests that the perceptions of the respondents towards this construct was positive. Hence, the respondents believed that the leaders in their organisations were ethical.

Perception of ethical culture: The construct on ethical culture had 4 items. From table 2 it can be seen that the mean value for this construct was 3.531. The deviation from the scale was 0.531 to the positive. This implies that the respondents had positive perceptions towards the construct. This shows that the respondents were of the opinion that ethical cultures existed in their organisations. Hence their perception of this construct was positive.

CONCLUSION

The study shows a positive perception of the presence of ethical leadership, a strong ethical culture as well as the availability of formal ethics programmes within organisations. This reveals that senior students perceive their organisations to be ethical. The findings of this study agrees with the works of Zarim and Zaki, (2016) and the survey conducted by Basran, (2012). From the data, it can be noted that there exists a significant statistical relationship (although not a direct one) amongst the three constructs, namely ethics programmes, ethical culture and ethical leadership. The existence of formal ethics programmes and ethical leadership may help to cultivate an ethical culture in the organisation. The respondents' positive perceptions of the formal ethics programmes and ethical leadership tended to influence their perceptions of ethical culture.

In view of formal ethics programmes, notably about, 29% of the respondents were of the opinion that formal ethics programmes did not exist within their business organisations, with many unaware of the fact that any such programmes even existed This indicates that in some organisations, the existence of ethical codes or programmes has not been communicated effectively to all staff members.

The results show that respondents had positive perceptions of the ethics of their leaders. However, it needs to be noted that 28.26% respondents tended to 'Disagree' and 18.48% 'Neither agreed nor disagreed' to the items in the ethical leadership constructs. This raises a few eyebrows in the sense that even though the greater majority agreed, there were a substantial few who tended to think otherwise or even opposed the fact of the matter. This means that there were negative perceptions of the presence of ethical leadership in their organisations and measures should be put into place to attempt to minimise the negativity of the perception towards ethical leadership within an organisation.

RECOMMENDATIONS AND MANAGERIAL IMPLICATIONS

Having a culture of ethics as well as leaders who behave ethically is an important drive for success in any business organisation. It is important for managers in a business organisation to consider all the stakeholders of the organisation when making decisions within the organisation. A detailed ethical code, made available to all employees, including the part timers is important to keep them on a sound course. Ethical conduct cannot be overlooked in certain areas of the organization, but must be practised everywhere at all times to ensure trustworthiness from all employees.

The study showed that many organisations had written codes of ethics as well as ethical leaders in place. This in turn led to highly positive perceptions of respondents regarding the overall ethical status of their organisations. Where the codes and ethical leadership were low, the perception of the ethical culture was seen to be low. The assumption is then that if something is expressly prohibited, there is cause for concern. It is therefore important for managers to have formal ethical programmes and to behave ethically at work. This in turn encourages employees to behave ethically at work. Employees adopt the behaviour of managers and leaders at the workplace.

In today's world, fraud and corruption in business are not novel concepts. To eradicate the future occurrence of such practices, business ethics should be a major course in business modules. This can in turn decrease the possibility of unethical conduct at work and refine the ethical awareness of students.

Future business leaders need to know that the application of ethical values is as important as the application of business principles. Business schools should help promote business ethics in the lives of students in order to promote ethical behaviour within organisations even though this might not guarantee the ethical conduct of all its students in the organisation.

REFERENCES: Available from author.