St. Mary's University, School of Business (SMU-SGS)

Work Place Ethics in Oromia Credit and Saving Share Company (OCSSCO)

By

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Id. No.: SGS/0064/2005

December, 2015

Addis Ababa

Ethiopia

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Addis Ababa

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<center>**Declarations**</center>

I, **Silge Bekele**, Registration I.D. Number **SGS/0064/2005**, hereby declare that this thesis is my original work and that it has not been submitted partially or in full, for an award of a degree in any other university or institution.

Participant: Silge Bekele

Signature: …………………….

Date: …………….

Endorsement

This Thesis has been submitted for examination with my approval as University supervisor.

Advisor: ……………………Signature: ……………………. Date: ……………

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Internal Examiner _____ Signature_____ Date_____

External Examiner _____ Signature _____Date_____

Department Head _____ Signature _____ Date_____

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Abbreviations

ANOVA   Analysis of Variance

BPR   Business Process Reengineering

BSC   Balanced Score Card

CBO   Community Based Organization

CSA   Central Statistical Agency

MoFED   Ministry of Finance and Economic Development

OCSSCO   Oromia Credit and Saving Share Company

SPSS   Statistical Package for Social Science

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Abstract

Human beings interact in many different ways. Service selling and buying is the major one and this interaction can be implemented through governmental or non-governmental organizations and other places like market etc. During this interaction, ethics is essential because it guides and evaluates moral standards and overall thresholds of behavior in fruitful social interactions in all spheres of human activity. However, many companies are in the midst of the risk of unethical actions. In particular, sensitive companies like financial institutions sensitive which highly attached with cash transaction are expected to give utmost attention to ethical standards in their operations and services. OCSSCO is one of the financial institutions giving service on credit and saving. It also suffers from these unethical acts and problems. Using the probabilistic sampling method 230 officials, employee and customers were selected and using survey method, data were collected and analyzed. The main causes of this problem are the company has not yet formulated ethical code, and has not installed a system of collecting suggestion from the customers. There is no incentive practice and way of taking action on unethical action committed in the organization. The effects of these problems are implied through economic, social and political problems. Therefore, the Company should install its ethical code of conducts by cooperating with different stakeholders and implement reforms on their way of acting.

CHAPTER ONE: INTRODUCTION

1.1.Background of the Study

Human beings interact in different ways to satisfy their needs like to get services they need and organization that deliver that service efficiently. Workplaces are where people express variety of different behaviors, each with a different effect to the individuals within the organization and the entire organization as well. Workplace behaviors depend on the situation of the organization. The place which has good working environment affects the workers ethics positively while the reverse is negative and this can affect the organizations decision-making process, productivity and financial costs (Coccia, 1998). To have the productive organization ethics is crucial and the benefits of good corporate ethical behavior include: increased customer loyalty, employee retention, fewer legal issues and good public image.

Few researches have suggested a wide range of reasons why employees engage in un-ethical behavior. Such studies include; negative job cognition (Lee and Allen, 2002), perceiving injustice (Aquino, *et al.*, 1999; Fox, *et al.*, 2001), negative affectivity (Skarlicki, *et al.*, 1999), hostile attribution, trait anger, attitude revenge (Dion, 1996). These factors are negatively related to the workplace behavior (Skarlicki, *et al*., 1999; Fox, *et al.*, 2001). In other case, ethical behavior in workplace depends on the moral of leadership, leaders who engage in unethical practices often create bad atmosphere. Also, a company that practices good business ethics sets an example for all fellow employees. When this happens, priorities of maintaining ethical behavior becomes the normal employees are less likely to step outside this norm (Trevino and Brown, 2005). Potential consequences for unethical activities: lawsuits, fines, damaged reputation, negative portrayal of company by consumers and investors will withdraw their investments, the other it hurts the economy. As the financial institutions are related with cash transaction they are in risk of many un-ethical actions, this study would try to elaborate and give alternative actions that should be taken on un-ethical action seen OCSSCO.

1.2. Definition of Terms

According to Carroll and Buchholtz (2008), ethics "is the discipline that deals with what is good and bad and with moral duty and obligation and can be regarded as a set of moral principles or values". This definition includes two parts these are an understanding of what is perceived as good and bad, and a focus on moral duty and obligation (p. 242).

Business ethics is "a form of applied or professional that examines ethical principles and moral or ethical problems that arise in a business environment" (Trevino & Brown 2005: p_134). It applies to all aspects of business conduct and is relevant to the conduct of individuals and entire organizations (ibid).

Work place: it is an organization or environment where people gather to carry out something that leads to output that brings moral or financial benefit or both.

1.3. Statement of The Problem

As a financial service provider OCSSCO is mandated with the rights and obligations of rendering services with customer care, trustworthiness, transparency and timeliness. As the company is the financial institution, it provides loan, saving etc to its customer and the activities around this company obviously makes it vulnerable to unethical system because of high demand related to credit and saving service delivery as the government institution. OCSSCO's periodic reports of internal audit and risk management as well as the company's GTP-1 report indicate that unethical incidents are growing in number and variety. Absenteeism, bribes, unlawful commission, forgery, misuse of company assets, producing fictitious documents, misuse (over use) of power, etc are some of the frequently reported ethical defects and irregularities (OCSSCO GTP-1 report, 2015), so this is the major research problem. The research gap identified was the problems seen in financial companies are more-less the same on the world whether the country is developed or not.

Hence, exploring the roots of these breaches on the company's values and ethical standards may play great role in finding solutions after fully understanding existing situation, the trends of occurrence. The micro finance industry is highly sensitive and hence need complete and unwavering attention of ethics in conducting business. Therefore, the

existing ethical condition of the company is well known and acknowledged in chapter four and might serve as a spring board for better policy formulation.

1.4. Basic Research Questions

The research answers the following questions;

- ✓ What types of behavioral traits exist in the organization?
- ✓ What are the main causes for those existing workplace behaviors?
- ✓ What measures have been taken to reduce effects of un-ethical behaviors and/or inculcate productive behaviors?
- ✓ What can be done to develop more positive behaviors?

1.5. Objectives of the Study

The major objective of this study lies on describing the existing ethical situation of the OCSSCO company and recommend useful improved ways of the ethical treatment in the company.

1.5.1. The specific objectives

- ✓ To identify the behavioral traits exist in the organization;
- ✓ To describe the main causes for those existing workplace behaviors;
- ✓ To describe the measures have been taken to reduce unethical behaviors in the company
- ✓ To find out more alternative actions to develop more positive behaviors.

1.6. Significance of the Study

This study beyond its academic requirements can benefit OCSSCO and other financial institutions by creating awareness about the ethical situation of the organization and serves as a springboard in making plan and implementation of ethical regulations to maximize the company's benefit. It provides empirical evidence to policy makers and development planners to design appropriate ethical regulations and implementation strategies. It also provides the base for other academic researchers to conduct detailed investigation as this paper is the first study carried out in the company regarding ethics.

1.7. Scope of the Study

The study is limited in OCSSCO. The share company governed by the Oromia regional national government and has 18 zone offices and over 300 branch offices in the region. Although many ethics related problems were spotted yet no well-organized research was undertaken in this field.

Conceptually this study focused on describing the work place ethics in Oromia Credit and Saving Share Company (OCSSCO); and its target population is limited to customers, workers and the officials. The study is conducted in the time laps from October 2015 until December 2015 this includes the time from the data collection to the report writing of the study.

1.8. Limitations

Like all other scientific researches, this study has some limitations. The study tried to describe the work place ethics in Oromia Credit and Saving Share Company (OCSSCO) by taking only most important variables at the company level that exactly can represent the company ethical situation discussed in chapter four. There may be other explanatory variables, which affects the situation other than those explained on this study. In addition, the shortage of finance and time during the data collection observed that affects the response rate but, the researcher mitigated by asking assistance from the company in the case of financial support and by engaging skilled enumerators in data collection.

In addition, descriptive survey method was easy to apply and reliable that is way it is employed for this research and have disadvantages like many questions, shallow in depth, expensive in terms of time and money. However, the researcher solves all this shortcomings by using the appropriate questions, time schedule and friendly relationship with respondents. While conducting field survey, some respondents were unable to understand some technical terms in work place ethics. Thus, for the sake of reliability and validity of the data as to treat all the respondents' opinion freely, additional translation to Afan Oromo and further explanation on key terminologies was performed. Getting officials for interview as needed was also another problem. However, with frequent appeals and patience some of the problems were minimized.

CHAPTER TWO: LITERATURE REVIEW

2.1. Definition and Theories of Workplace Ethics

According to Carroll and Buchholtz (2008), ethics "is the discipline that deals with what is good and bad and with moral duty and obligation and can be regarded as a set of moral principles or values". This definition includes two parts these are an understanding of what is perceived as good and bad, and a focus on moral duty and obligation (p. 242).

Business ethics is **"**a form of applied or professional that examines ethical principles and moral or ethical problems that arise in a business environment" (Trevino & Brown 2005: p_134). It applies to all aspects of business conduct and is relevant to the conduct of individuals and entire organizations.

Business ethics has normative and descriptive dimensions. As a corporate practice and a career specialization, the field is primarily normative. Academics attempting to understand business behavior employ descriptive methods. The range and quantity of business ethical issues reflects the interaction of profit-maximizing behavior with non-economic concerns.

Adam Smith said, "People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices."Governments use laws and regulations to point business behavior in what they perceive to be beneficial directions (Carroll and Buchholtz, 2008). Ethics implicitly regulates areas and details of behavior that lie beyond governmental control. The emergence of large corporations with limited relationships and sensitivity to the communities in which they operate accelerated the development of formal ethics regimes.

Moral Ideologies

There are two distinct dimensions of moral ideologies: idealism and relativism. Moral idealism refers to the extent to which a person focuses on the inherent rightness or wrongness of an action regardless of the consequences of that action. In making moral judgments, moral idealists use idealistic rather than practical criteria. Moral idealists take the position that harming others is universally and always bad and should be avoided. Those who are less idealistic believe that harm is sometimes necessary to produce well.

They are inclined to take a utilitarian perspective, perceiving that an act is right if it produces the greatest good for the greatest number of people affected by the action, even though it may be harmful to certain group of people (Teck-Chai Lau, 2009).

Moral relativism is the belief that all moral standards are relative to the culture in which they take place (Schlenker& Forsyth, 1977 cited in Teck-Chi Lau, 2009). Relativism is the degree to which an individual rejects universal moral rules when making ethical judgments. For a relativist, moral rules cannot be derived from universal principles, but exist as a function of time, place and culture. Relativists weigh the circumstances when evaluating others rather than the ethical principles that were violated. As a result, no set of rules can be formulated to determine what is right and what is wrong for all people. This moral judgment can differ from person to person and from one situation to another (McGee, 1992).

Most research suggested that idealism is associated with greater ethicality and relativism with lower ethicality. Rawwas et al. (1995) found that Hong Kong consumers who scored high on idealism were inclined to view all types of questionable consumer actions as less moral than Northern Ireland consumers who scored low on idealism. Erffmeyer et al. (1999) discovered that Japanese consumers who scored high on idealism were least likely to engage in questionable consumer activities. Kenhove et al. (2001) reported that individuals with higher scores on idealism tend to have higher ethical beliefs. Singhapakdi et al. (1995) concluded that idealism positively influences marketers' perceptions on the importance of ethics and social responsibility while relativism had the opposite effect.

Instilling an ethical culture:

According to Carroll, & Buchholtz, (2008); Building ethical cultures in firms is as difficult to do as ethics are to define. **Criteria should be kept in mind are;**

1. For both individuals and organizations, behavior is shaped by the interaction of internal and external factors. For individuals those internal factors are their own ethical sense; for organizations it is their own structures, systems and culture. External factors in both cases arise from the social context the "organizational field" in which those individuals and organizations interact with one another.

2. As a result of this interaction, individuals' personal ethical sense is socially derived. It is shaped by immediate interpersonal interactions and by broader social factors – in particular those of the organizations in which they work.

3. With respect to an organization's ethical culture – the "ethical whole" is not the sum of the ethical cultures of those individuals within the organization. Organizations are comprised of individuals, but individuals alone cannot necessarily withstand the structures, processes and the ethos of the organization. As a result, those who may be quite ethical in their lives outside work may behave unethically in their corporate or professional lives.

4. Organizational structures and processes (notably remuneration structures) are more likely to reinforce self-interested norms rather than those which are 'other-interested'.

5. Organizations are difficult to manage and run. The leaders of large organizations face the same problem as regulators - thus management based regulation is not a solution to the regulators' problem. It simply displaces it. Senior managers, like regulators, face problems of:
   - ✓ seeing and knowing the activities which each is seeking to manage;
   - ✓ governing at a distance: being able to affect a state of affairs or behavior from a distance, both spatially and temporally (in the future); and
   - ✓ Scale and scope: being able to do so over a significant number of activities which in themselves may display significant variety.

As a result, internal pronouncements may be misunderstood, may be counteracted by other practices, and simply may be ignored.

6. As a result of these factors:
   - ✓ organizations risk sending contradictory signals about what behavior is expected;
   - ✓ individuals lower down the hierarchy, may not trust senior management to behave ethically themselves, either in relation to clients or internally; and
   - ✓ What it means to be "ethical" is not always clear.

Need more legislation

Some advocate the introduction of more legislation, for example a legal obligation for firms and individuals to have regard to ethics, and/or more personal liability for unethical behavior. Indeed, two attempts were made (albeit unsuccessful) to introduce fiduciary

obligations into the Financial Services Act 2012. Support for this approach may be drawn from the criminalization of insider dealing, which had the effect of changing perceptions and conduct for the better. However, ethical duties are already in the regulatory and legal realm and have been for nearly 25 years – they were first articulated in regulatory rules in 1988, and have been present in equitable duties for far longer. A better view may be that firms may have failed to understand, implement and execute the existing principles, and that the regulator failed to properly supervise, rather than there being a lack of regulation and law (Collier & Esteban, 2007).

One important objection to the introduction of a legal requirement to act ethically is that it would not give guidance as to how a person should behave. Ethics vary according to the issues at hand and are very much a matter of judgment. Arguably, ethics is simply about how a person chooses to act because of who they are, and not because of what they are required to do by law. The more one places a reliance on the law as a substitute for taking responsible decisions, the more one devalues ethics as it then becomes a question about what is required, rather than what is just the right thing to do (Dion, 1996).

Incentives and levers

As Gabler, (2006) argued, a better angle would be to look at what drives the behavior of individuals and firms and to examine how those drivers can be leveraged to incentivize ethical action. Firms and individuals are motivated to a large extent by the desire to:
- ✓ satisfy shareholders and clients;
- ✓ compete against industry peers; and
- ✓ Maintain positive reputation and public image.

A set of objective indicators of good and poor ethical behavior could therefore act as benchmarks for firms to compete against one another and could provide an impetus for change. This would not require any significant costs or a change in law. Further, if clients and shareholders make it clear that they expect firms to act ethically, this could also provide a powerful incentive. Changing financial incentives and looking at remuneration structures (currently a fashionable area) will also be a key tool. The FSA enforcement process already publicly "names and shames" miscreants.

Self-regulation

There could also be a role for self-regulation in this area, with the creation of an industry ethics group to collectively look at ethics across the industry (ibid).

Ethical scenario analysis and stress-testing

Ethical scenario analysis and stress-testing within organizations could also be a way for regulators and firms to examine and address ethical weaknesses; in much the same way as stress-testing for capital and resolution issues operates. The results could have implications for regulatory strategy and serve to increase awareness within organizations. In order to ensure consistency across the industry, we would need agreement on the most ethical conduct and outcomes in the scenarios to be tested – a likely challenge given how difficult it is to define ethics, but the approach could at least raise the profile of ethics within firms and across the industry as a whole, and form part of its dialogue with regulators. (Garavan & McGuire, 2010)

Embed the regulator within firms

One possibility is for the regulator to embed staff within organizations. The physical presence of the regulator could help towards raising ethical standards where there are issues. However, this suggestion requires considerable levels of resourcing from the regulator and does not sit comfortably with intention for the FCA to have less routine contact with firms. Whilst it might be possible to achieve these for a small group of domestic banks providing deposit taking services, it is clearly not a practical solution for the conduct regulator of upwards of 28,000 firms. There is also a risk of regulatory capture, although this could presumably be managed (ibid).

Translating the principles into practice

Accoding to Black, (2013) how to translate the principles into practice was challenging and vary from firm to firm. This section raises some suggestions.

a) Cultural change and embodiment

For cultural change to occur within an organization, it must be stimulated from the top of the hierarchy, 'mainstreamed' down and embedded at each level. Responsibility for cultural change cannot be delegated or siloed into compliance or risk divisions. The board must understand the need for an ethics policy and be committed to monitoring its

effectiveness. Senior staff, including at board level, must be made an example of if their behavior falls short of ethical compliance.

b) Codification

Many financial institutions already have codes of ethics in place and require every employee to certify on a regular basis that they have read and complied with it. Indeed approved persons are already subject to the FSA's Statements of Principle for Approved Persons and members of trade and professional bodies are also likely to be subject to the body's code of practice. However, as events have shown, simply having a code of ethics in place is not enough. Firms should periodically review their codes and ask themselves whether they:

✓ address how consumers (not just shareholders) should be protected – not as a token gesture, but in a meaningful way;

✓ contain clear practical guidance on day-to-day ethical questions in a consistent and rigorous manner; and

✓ go beyond that which is simply required to comply with the law and regulation.

There is clearly a balance to be struck between prescriptive detail and high-level statements. It is important that firms get it right.

c) Education

All firms should be committed to regularly training employees in ethics at graduate level to senior management level, in all areas where the interests of the business and ethics may conflict (eg, product design), so as to infuse a sense of ethical sensitivity. It is difficult to change the way people think and act, but education can help.

d) Monitoring and adjudication

Firms should already have systems in place to police compliance with applicable law and regulation and resolve questions where there are uncertainties. However, firms should ask themselves whether their systems enable the discovery, adjudication and resolution of unethical behavior, as well as technical non-compliance. Firms should also ensure there is an appropriate mechanism for employees to discuss ethical dilemmas and report unethical behavior without the risk of being penalized. Firms cannot adopt a tick-box approach to compliance if they wish to meaningfully address unethical behavior. Indeed such an

approach is already discouraged by the FSA as it can, and does, enforce against transgressions of its principles in circumstances where breaches of specific rules have not occurred.

2.2. Causes of Unethical Behaviors at Workplace

A few researches have suggested a wide range of reasons why employees engage in ethical behavior. Such studies include; negative job cognition (Lee and Allen, 2002), perceiving injustice (Aquino, *et al.*, 1999; Fox, *et al.*, 2001), negative affectivity (Skarlicki, *et al.*, 1999), hostile attribution, trait anger, attitude revenge (Douglas and Martinko, 2001). These factors are positively related to the workplace deviant behavior (Skarlicki, *et al*., 1999; Fox, *et al.*, 2001).

Several studies have concluded that the basis of continuing unethical behavior in the workplace is most likely linked to the lack of moral leadership in an organization. Leaders who engage in unethical practices often create an atmosphere of allowance within the organization that is conducive to deviant employee behavior that parallels that of the leader (Trevino and Brown, 2005).

Managers and their firms are not isolated from a society. According to Rendtorff and Mattson (2011), companies are seen as human communities using social practices to achieve common social objectives. These objectives are implemented through a relationship of trust and authentic relationships with customers. The most important ethical principles supporting "well-being of customers" are as follows: client autonomy; dignity; honesty; vulnerability of the client; and representation of basic prerequisites for good access to customers.

According Heskett (1994), the profit and company growth are primarily stimulated by customers loyalty, which is immediately formed by customer satisfaction. Customer satisfaction is determined by quality of services which is created by satisfied, loyal and productive employees (service-profit chain effect). Walker, Smither and Waldman (2008) argue that a high rate of customer satisfaction is extremely important in retail banking because it represents the only form of differentiation from competitors. Through a positive

change in leadership and corporate culture, positive changes in satisfaction and thus profitability of individual customers can be expected.

According Graafland and Van de Ven (2011), emphasis on the social responsibility of financial institutions requires increased professionalism of those who works in financial sector, stronger focus on ethical codes, personnel skills verification and other approaches such as transparency, focus on interests stakeholders, cooperation with social institutions.

Chatterjee and Lefcovitch (2009) claim that the importance of ethical standards for financial market consists in the fact that financial markets operate with money of other owners and risk may generate profit as well as losses. A risk which is too high must be minimized for two reasons: it must be maintained the confidence in investment and the undertaken risk may not mean a dangerous investment. Downfalls of banks are usually caused by bad-risk investments. In this process, expectations of extremely high profit have a dazzling effect on bank managers and selfish interests of banks dominate in their proceedings. Public interests are relegated to the sidelines.

Rendtorff and Mattson (2011) indicated that the banking ethics is all about good customer relations. Customer satisfaction is determined by employees' satisfaction, i.e. by the satisfaction mirror effect (Maddern *et al*, 2007 & Babakus *et al*, 2003).

2.3. Consequences of Unethical Behavior

According to Business Ethics of Florida International University State Farm Financial Literacy Lab (2012), a company that practices good business ethics sets an example for all fellow employees. When this happens, priorities of maintaining ethical behavior becomes the normal employees are less likely to step outside this norm. The reason businesses engage in unethical behavior stems from immediate self-interest which is detrimental to others.

- greed
- "cutting corners" to save money
- profiting through dishonesty (scams, false advertisements, false reporting and tax evasion (illegal))

Potential consequences for unethical business activities:

- lawsuits

- fines

- damaged reputation

- negative portrayal of company by consumers

- investors will withdraw their investments hurt the economy

-lack of trust and credibility;

-others are less willing to do future business with a company if they lose trust in that company

- loss of business

When it comes to promoting ethical business practices, most business organizations focus on two main strategies: the creation of training programs, aimed at the creation and enforcement of procedural frameworks for regulating business behavior and increasing ethics and moral awareness among employees of the organization (Schminke *et al.*, 2007). Undoubtedly, individual moral development is necessary to insure that individuals will do the right thing when faced with difficult ethical choices (MacIntyre, 1991). Therefore, supporting and promoting such individual development through training programs is a necessity.

Developing codes of conduct and procedures for reporting ethics violations is a necessary condition. However, these formal procedures cannot guarantee the success of ethics programs on their own. A recent review of studies of corporate ethics codes showed that these codes are a necessary instrument for promoting ethical behavior in organizations, but to be effective, they need to be combined with other factors and activities: culture and effective communication are key components to a code's success. If codes are embedded in the culture and embraced by the leaders, they are likely to be successful. Communicating the code's precepts in an effective way is crucial to its success (Stevens, 2008).

Culture of the company that brought out the worst in some top executives, and inaction and passivity on the part of many other, culture is the leading risk factor for compromising integrity and compliance in companies today (Gabler, 2006).

According to Aronson (2001), 'Ethical behavior on the part of the leader would appear to be a necessary condition for the establishment of an ethical organization… CEOs are obliged to set a moral example for organizational members (p. 245). When leaders are serious about promoting ethics in their organizations, they make a concerted effort to understand the ethical dimensions of their organization's culture through culture surveys; support the implementation of ethics training programs, and make sure that all employees are included in this training; introduce ethical considerations into organizational decision-making processes on a regular basis; and use ethical standards in all performance evaluation and disciplinary action decisions (Collier & Esteban, 2007; Trevino & Brown 2004). These leaders are also able to communicate and role model high ethical standards, and actively promote ethical ideas in their communication with employees and all other stakeholders (Brown, *et al,* 2005).

In general, there are two types of ethics programs in organizations: formal rule-based and less formal values-based programs. While rule-based approaches emphasize prevention and corrective actions in response to detected violations, values-based approaches aim at defining organizational values and motivating employees to adhere to these values in their actions. According to Schminke *et al*. (2007), in organizations where values-based approaches are implemented, employees act ethically not because they are afraid of punishment, but because they share the ethical values of the organization and its leadership. On the other hand, rulesbased approaches are less effective than values-based approaches. However, to be effective, values-based programs need to be supported by well-thought-through rules-based programs as well.

A model for processes and systems, developed by the Ethics Resource Center, is comprised of six components: 1) development of formalized policies identifying ethical conduct and creation of codes of ethics; 2) ethics- related training; 3) ensuring the availability and access to advice or information on ethically challenging situations; 4) mechanisms for and encouragement to report misconduct; 5) processes to investigate and discipline employees for wrongdoing; and 6) inclusion of ethics considerations in the employee performance review processes (ERC, 2005).

According to Jondle, *et al* (2011), in light of Ponzi schemes and company scandals, the business industry has developed a reputation for its lack of ethics. In an industry where getting ahead and making money appear to take precedence over ethical decision making, it can seem difficult to understand the importance of ethical behavior in business. A lack of ethics leads to a wealth of problems for a business.

Legal Issues

Breaking laws can lead to costly legal battles that outweigh the initial gain. Additionally, executives at companies who break laws and engage in unethical behavior that leads to harmful practices for employees and customers could find themselves facing criminal charges (ibid).

Employee Performance

A lack of ethics has a negative effect on employee performance. In some cases, employees are so concerned with getting ahead and making money that they ignore procedures and protocol. This can lead to additional paperwork and careless errors that result in the task having to be completed again. Additionally, employees who feel acting ethically and following the rules will not get them ahead in the business sometimes feel a lack of motivation, which often leads to a decrease in performance (Liedka, 2008).

Employee Relations

When a manager or head of a business exhibits a lack of ethical behavior, he faces losing the respect of his employees. It is difficult to have a successful business without well-respected leaders. A lack of ethical behavior can also cause tension among employees, with some employees resenting those who do not play by the rules and still manage to get ahead. Unethical behavior in the workplace also has the potential to lead to a lack of trust among employees, which is detrimental to a business that relies on collaboration and a sense of community (Trevino, 1990).

Company Credibility

If a lack of ethics in a business becomes public knowledge, that business loses credibility. While some businesses survive public knowledge of a lack of ethics through reimaging and advertising campaigns, many lose a key customer base. Even if a business recovers from

news about its lack of ethics, it takes a lot of time and money to restore its image and consumer confidence (Stevens, 2008).

Preventing Unethical Behavior

Often a lack of ethics appears because of poor planning and faults elsewhere in the business. To prevent unethical behavior, set realistic goals for employees. If employees are expected to meet unreachable quotas and goals, they could engage in unethical behavior to attempt to reach those goals. Consistently monitor employee performance. Employees left unmonitored sometimes slack in their performance and take credit for completing tasks that were left uncompleted. Properly train all employees. Untrained employees often cut corners and make excuses for not completing work up to the standards the business requires (Schein, 2004).

According to the review made, the top ethical issues confronting business institutions today revolve around: insider trading, illegal political contributions, environmental violations, health or safety violations, improper contracts, contract violations, improper use of competitor's information, anti-competitive practices, sexual harassment, substance abuse and stealing (ibid).

The High Cost of Failure to Manage Ethics at Work

According to Black (2013), the huge costs recently incurred by Starbucks are only the tip of the iceberg of the combined costs of unethical behavior. Other examples include:
- ✓ In November 2012, UBS was fined £29.7 million for failures in its systems and controls that allowed former employee KwekuAdoboli to conduct Britain's biggest bank fraud
- ✓ In December 2012, HSBC agreed to pay a record $1.92 billion to settle charges that the banking giant violated US sanctions by transferring billions of dollars for prohibited nations, it enabled Mexican drug cartels to launder tainted money through the American financial system, and it worked closely with Saudi Arabian banks linked to terrorist organizations
- ✓ In 2012, Barclays was fined £290 million for manipulating key interest rates
- ✓ In April 2012, the *New York Times* reported that a 2005 internal investigation at Wal-

Mart found evidence that executives in the company's Mexican subsidiary paid more than $24 million in bribes to officials in 'virtually every corner of the country' to clear the way for the rapid expansion of the retail empire. The allegations are unusual in that knowledge of wrongdoing is said to have subsequently reached the top of the organization. The newspaper reports that the company is now under investigation for possible violations of the *Foreign Corrupt Practices Act*

✓ In 2010, Rio Tinto made headlines when four employees from the mining giant were charged with bribery and stealing trade secrets in China

✓ In 2010, Daimler, the German car maker, agreed to pay a $185 million fine for bribing foreign government officials, including Russian and Chinese officials

✓ In 2009, L'Oréal, the French cosmetics giant, was found guilty of racial discrimination for barring black, Arab and Asian women from selling its shampoo

✓ In 2008, the Swiss agriculture and chemicals company Syngenta was fined for pesticide-related infringements, and one of its former employees was awarded nearly $2 million after she was wrongly fired for reporting discrimination in the workplace

✓ In 2008, Siemens settled a global corruption case for $1.6 billion.

2.4. Employee Ethical Situation in Ethiopia

Ethiopia, as part of its general political and economic restructuring program, is currently reforming its civil service. As the study made by Paulos (2001), the study analyses the contents and processes of the civil service reform program. It emerges from the study that the reform measures have deficiencies in tackling the major problems confronting the Ethiopian civil service. This has been due, *inter alia*, to faulty diagnosis of the problems underlying the weaknesses of the civil service. It is also found that the reform measures lack the necessary preconditions to be adequately put into practice. The reform measures must be contextualized and executed incrementally by identifying priority areas, while taking into consideration capacity to implement the measures proposed.

According to Economic Commission for Africa Public Administration, Human Resources and Social Development Division (1996), while ethical conditions in the Ethiopian civil service are generally better than they are in many African countries, corruption is perceived to be a growing and gnawing problem in the Ethiopian civil service. Using four

main criteria: competence, dedication to duty, courtesy to in citizens and bribery was the worst of three periods (pre-Derg, Derg and post-Derg), but the standard of conduct in the civil service has continued to decline in the present period as well- and is particularly bad in the regional services compared with the central government civil services). Several reasons can be advanced for this development: Over centralization of power, Over politicization, Archaic personnel policies and Poor pay and service conditions: the upward review of salaries carried out in 1995 has not been sufficient to compensate for inflation and to attract top professionals away from private and public enterprises and NGOs. Civil Service Commission and the Auditor General's Office. As at June 1955, a total of 179 cases of financial embezzlement or breach of trust involving the sum of Ethiopian Birr 14.4 million (appro. US$2.2 million) were under investigation. Non-involvement of the public and the civil society organizations in anti-corruption Activities. However, the current period represents a window of opportunity for addressing ethical questions for the following reasons: Failure of past governments to effectively; Commitment of the present administration to an open economic and political system implies that the government requires a modern, efficient, honest and responsive civil service that can foster the transition from aristocracy/autocracy to the new system of governance being espoused by the government. A void currently exists as to what constitutes the body of ethics for civil servants and the civil service currently. Elements of ethical standards are scattered in various documents and are not accessible or known to many civil servants. The on-going reform of the civil service provides a special opportunity to address the ethical problems.

The major problem for implementing effective Codes of Ethics remains that no law or Code will be of much value if individual civil servants lack the technical competence to recognize an ethics problem for what it is, or if they do not know what standards their organization expects of them, or (worst of all), if they consider it to be not in their interests, personally or professionally, to take a stand for integrity and against corruption (Arsema, 2010).

As to Shimelis (2005) argued, corruption has become a serious problem of the country. Both petty and grand corruption and all major forms of corruption have been prevalent in workplaces. Favoritism and bribery were reported as most common. In customs, valuation, classification, examination, services associated with delay, duty free service, outright

smuggling, and embezzlement were reported as the most widespread areas and forms of corruption while need and poor working conditions, greed and rent seeking behaviors, attitudinal problem, existence of backward working system, and resource constraints and administrative discretionary reported as major causes. According, to the perception of both the employees and officials of the Authority, the nature of the work performed, working condition, and organizational culture have been identified in order of importance as major corruption optimizing risk factors in Custom Authority.

The research has revealed three scenarios regarding reporting cases of corruption in the country: first, the society reports but the reports mostly fail to take effect because of lack of supporting evidences; second, some consider corruption a "necessary evil" and hence do not report; and third, the society does not report because of lack of confidence about effectiveness of the process in general. In workplaces as well, employees who exactly know about the occurrence of corrupt practices usually do not report because they are either accomplices or are indifferent.

Moreover, the study has revealed that the weak national integrity system of the country and absence of effective institutional anti-corruption strategies are responsible for undermining the anti-corruption efforts that are underway.

As Howard Whitton (2001) argued, bearing in mind the significant progress made in recent years in developing effective Civil Service Ethics, Codes of Conduct, transparency measures, Ethics and Integrity systems, and Anti-corruption agencies, there is now a need to concentrate on three areas of concern in particular, which are directly relevant to the problems of internalising integrity and Ethics in democratic governments and the Civil Service.

Anticipating specific threats to ethics standards and integrity in the public sector: attention needs to be paid to systemic threats that could weaken adherence to core public sector ethics values, and commitment to good governance, and to preparing the necessary political and management responses;

Strengthening the ethical competence of civil servants, and strengthening mechanisms to support "professional ethics": new techniques need to be undertaken to institutionalize ethically competent decision-making, disinterested advice to Government, and, ultimately, an 'ethical culture' which supports professional responsibility, self-discipline, and support for the rule of law ;

Developing administrative practices and processes which promote ethical values and integrity: new and proposed proethics laws require effective implementation through, for example, effective performance management techniques which support the entrenchment of the ethical values set out in Civil Service (and parastatal) Codes of Ethics.

CHAPTER THREE: METHEDOLOGY

3.1. Study area

To make the finding of this study one Zonal office of the OCSSCO was chosen purposely. This is Oromia special zone Surrounding Finfinne office (O/S/Z/S/F/) of OCSSCO. According to the present administrative boundaries of the region, O/S/Z/S/F/ has 14 woredas. The zone is purposively selected among 18 zones in which the institution is providing the service due to its location and also relatively has educated customers. Thus, the study area includes 14 woredas of the Zone where OCSSCO has been providing micro finance services.

3.2. Research Approach

The objective of the research is describing the existing ethical situation and causes and effects of this situation in OCSSCO. The study used both quantitative and qualitative research approaches to produce valuable data and conclusions. Quantitative approach used to describe the existing situation whereas, qualitative approach was concerned with subjective assessment and infer the characteristics of sampled employee and customers to the target population.

3.3. Research Design

The study design for this research was descriptive research design and causal study. The descriptive research study enables to examine the existing situation of work ethics in the company. The survey method was used for the data collection purpose because for this type of social research it is appropriate since it collects information from the sampled respondents and made conclusion about the problem.

3.4. Research Method
3.4.1. Sampling Technique

In this study, a probability sampling technique was used to select sample respondents precisely. The proportional stratified sampling was employed after selecting the sample using the rule of thumb. The main stratification criterions were their woreda branch.

Stratum 1 to 14 represents each woreda branches in the zone. Purposive sampling was also used to select 112 officials and workers. The officials were selected because the researcher assumes that detail information is obtained from those officials.

Population (N) = 22,616. Confidence level is 92% (Z) = 1.75 (the researcher is 92% confident that the sample can represent population to reduce the number of sample the researcher used 92% confidence level because of shortage of time and finance).

The probability that the work place ethics is good (P) = 0.5

The probability that the work place ethics is bad (Q) =1- P= 0.5

P+Q = 1,

Margin of error d^2= $(0.08)^2$= 0.0064

When population (N) greater than 10,000

Sample (n) $= \frac{Z^2PQ}{d2}$then,

$$n = \frac{Z^2PQ}{d^2} = \frac{1.75^2(0.5)(0.5)}{(0.08)^2} = 118, \quad \text{(Kothari, 2004)}$$

Therefore, the total sample size would $118 + 112 = 230$.

In the final stage customers were selected randomly using probability proportional to sample size-sampling techniques. In addition, 112 officials and workers were selected from the branch offices. The total sample size was 230.

Table 3.1. Number of customers, officials and employees Sample Size

Category of households	Total number	Calculation	Sample
Mulo Branch	2230	2230/22,616X 118	12
Chancho Branch	2132	2132/22,616X 118	11
Sendafa Branch	3392	3392/22,616X 118	18
Holeta Branch	2967	2967/22,616X 118	15
SebataAwas Branch	3109	3109/22,616X 118	16
Dukem Branch	3200	3200/22,616X 118	17
Sululta Branch	830	830/22,616X 118	4
Burayu Branch	1240	1240/22,616X 118	6
Sebata2 Branch	894	894/22,616X 118	5
Gelan Branch	588	588/22,616 X 118	3
Tafo Branch	430	430/22,616X 118	2
Finfine Branch	948	948/22,616X 118	5
Dukem2 Branch	456	456/22,616X 118	3
Wolete Branch	200		1
Total	**22,616**		**118**
Officials and workers from all braches (8 each)	170	___	112 (12 officials and 100 employee)
Total	**22,786**		**230**

Source: own construction, 2015

3.4.2. Data Collection Techniques

A survey method was adopted for collecting evidences from customers, employee and officials through;

a. Questionnaire

The questionnaire was administered on individual customer and employee, which contains both close ended and open-ended questions. The questionnaire was structured to capture factual information on the research issue. The open-ended questions helped to get answers that reflect the customer and employee opinion on the issue under study.

b. Interview

The interview was conducted with the organization officials, and information on the nature of working ethics was collected.

3.4.3. Data Analysis and Presentation Techniques

Analysis of data covered qualitative evidence that was obtained from the field and the researcher checked all questionnaires to see that they contain the required information and coded the responses. Before coding the response to the open- ended questions, the answers were sorted and categorized according to their meanings. The categorized answers then coded and entered in to the computer. Subsequently the data was analyzed using the SPSS software and MS-Excel.

Both primary and secondary data was analyzed using descriptive and inferential statistics analysis, and this study considered one-dimensional analysis and multivariate analysis. The uni-dimensional analysis (calculations of several measures concerning variable) contain graphs, figures and tables that is used for description of the situation of work place ethics and its effects in the organization that related to the first and fourth objectives of the study. Multivariate analysis (simultaneous analysis of more than two variables) in this case the multiple regressions was used to test the multiple cause of workplace unethical behaviors in the organization that related to the second objective of the study.

The analysis was interpreted based on the SPSS output to describe and to make inference regarding the issue to the general population.

3.5. Data Sources

In this study, both primary and secondary data was used for analytical purpose.

Primary Data sources: the primary data was obtained from the questionnaire filled by sampled customers and workers, interview of officials, and direct observations of the researcher. The data collected was qualitative in nature and coded for analysis purpose.

Secondary Data Sources: secondary data pertaining to worker ethics in the study area over the 5-year periods was collected. The data included the detailed information about work place ethics in OCSSCO. To supplement this, books and work place ethics related researches was used as sources of secondary data.

CHAPTER FOUR: RESULTS, INTERPRETATION AND DISCUSSION

4.1. Introduction

In this chapter, findings of the study are presented based on the nature of ethical behaviors in OCSSCO, the causes of unethical behaviors in the company and, the effects of unethical behaviors.

4.2. Response Rate

The questionnaires were distributed to 118 customers of the company and 100 employee of the company in 14 different woreda branches totally 218 questionnaires were distributed. Among those distributed questionnaires 214 questionnaires were returned while 4 questionnaires were rejected during the data coding because of the vague answers given by the respondents. In addition, all the 12 sampled officials of the company answered the interview successfully.

4.3. Demographic Characteristics

This section of the study presents the respondents gender and educational level. From the total 114 questionnaires collected from sampled customers, 84 respondents were male and 30 of them were females. Their educational levels of about 50 (43.9%) respondents (customers) are less than diploma level, 29 (25.4%) are diploma holders, and 22 (19.3%) are Bachelor degree holders, and 13 (11.4%) of them are Masters and above holders. From total 100 employees respondents 100 % of them are above Diploma education level and 25% of them are female and 75% of them are male. From the 12 sampled officials 5 of them are females while the remaining 7 officials are male and all of them are above bachelor degree.

4.4. Findings of the Study

In this section of the study the findings of the study is presented that shows the nature, causes and impacts of ethical behavior in OCSSCO.

4.4.1. The behavioral traits exist in the organization;

As already known any organization, especially financial institutions should reduce the unethical behaviors like corruptions and others to be fruitful. This can be achieved through exercising sound ethical code implementation in the organization or institution. However, according to the research made OCSSC has no ethical code yet. This fact has caused some unethical behaviors to flourish in addition to so many other factors.

Fig: 4.1. Occupational satisfaction of the staff
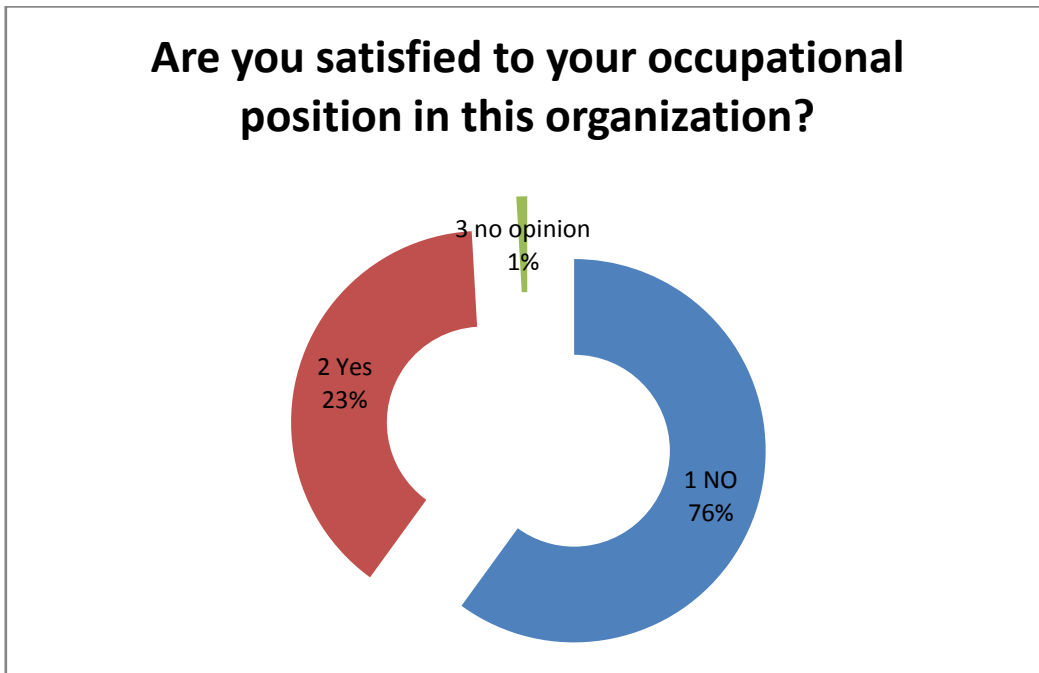
Source: Field survey, 2015

As shown on the figure above, most of the respondents are placed on the position they do not want to work on that's way about 76% of the employee respond as they are not satisfied on their own occupation. This can reduce the commitment of the employee as they are misplaced of the position they want. Also, the response from constant customers of the company side shows the level of their service satisfaction not excellent rather its satisfactory as shown on fig 4.2.below.

Fig.4.2. Customer level of satisfaction

How do you rate the service you get from this organization?

	Bad	good	very good	excellent	no opinion
Series1	2	93	22	5	0
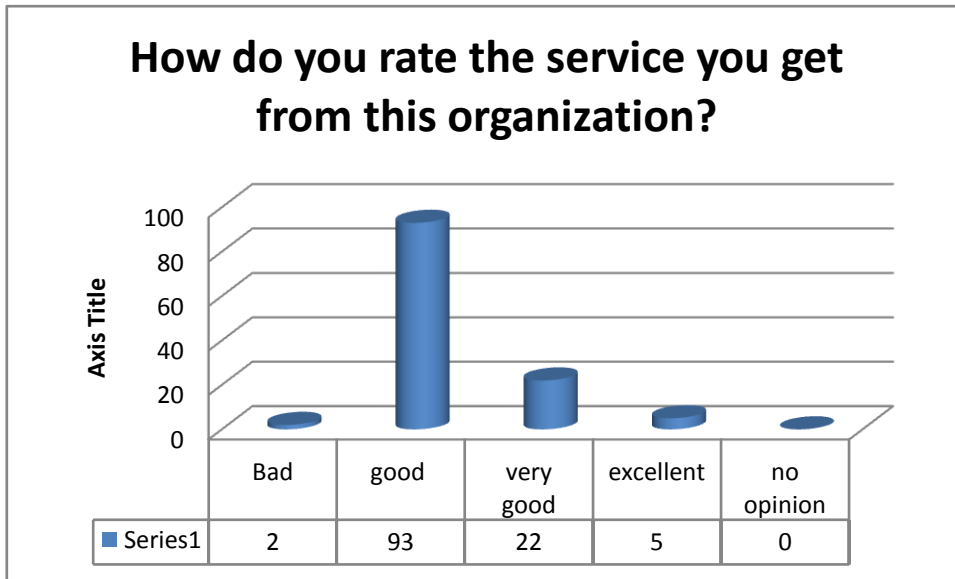
Source: Field survey, 2015

The other thing shown on the figure below is most of the customers faced unethical action during they bought service from the company. Also, most of them stated as there is no any way to give comment on the service delivery of the company.

Fig. 4.3. Unethical action faced by customers

Is there any unethical action you face during the service delivery?

yes	No	no opinion
1	2	3
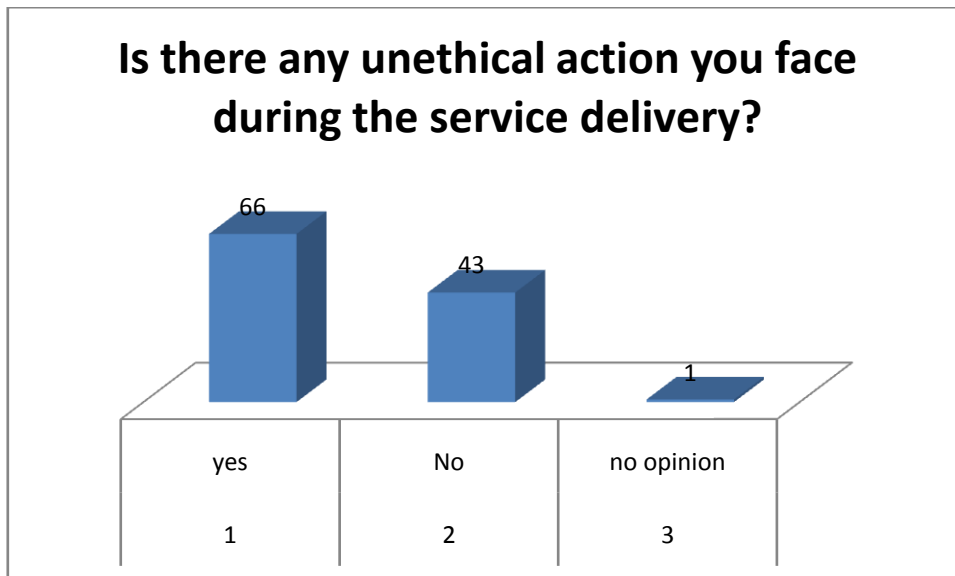
Source: Field survey, 2015

As 26% of the respondents stated asking bribe is the most frequent type of unethical action committed during service delivery and 74% of them faced service dalliance none of them stated as they didn't faced any unethical act. In addition, according to interview made with officials fraud is the most frequent unethical action in the company.

Table 4.1. Action taken on un-ethical action and amount of fraud in OCSSC

S/N	Activities	Dismissal	Demotion	Written Warning	Amount fraud
1	2011/12	10	21	24	510,230
2	2012/13	25	27	39	583,141
3	2013/14	23	31	33	833,054.64
4	2014/15	28	20	42	621,739.41
5	2015/16(first quarter)	10	19	25	310,263.94
Total		**96**	**118**	**163**	**2,858,429**

Source, OCSSCO GTP-1 report

The above table 4.1 shows the number of measures taken against un-ethical action in OCSSC for the last five years about 96 employee are dismissed and 163 of them warned about their un-ethical action totally about 2.8 ETB are recorded as the fraud.

Fig.4.4. Awareness of employee on ethical code
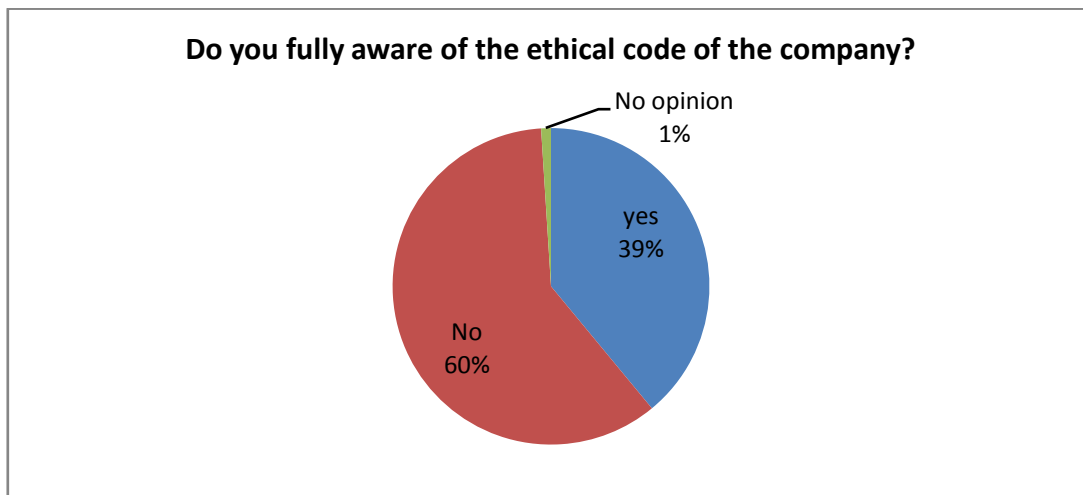
Source: Field survey, 2015

The reason that unethical action is frequently happen is most of the employees have no idea about ethical code of the company as the company has no ethical practiced yet. Also almost all of the customers respond that they have no idea about the company ethical code.

Fig. 4.5. Employee relation with immediate leader

How do rate your relation with your immediate leader?

Axis Title	Bad	good	very good	excellent	no opinion
■ Series1	2	93	22	5	0
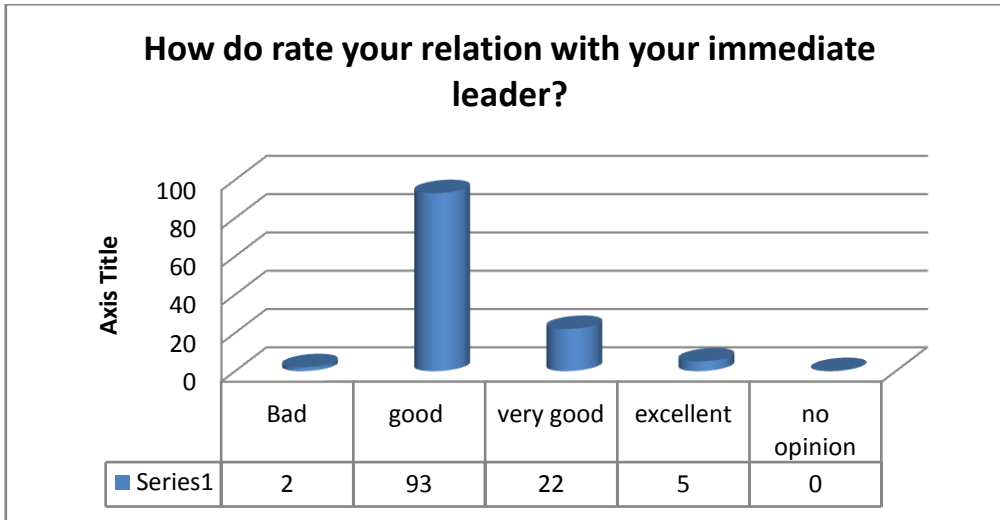
Source: Field survey, 2015

As shown on the above figure most of the employee has good relation with their immediate leader while some of them have bad relation that have a great influence on the ethical behaviors in the company.

Fig.4.6. Incentive practice of the company to the employee

Is there any incentive made based on your work activity?

■ yes ■ No ■ No opinion

1%

39%

60%
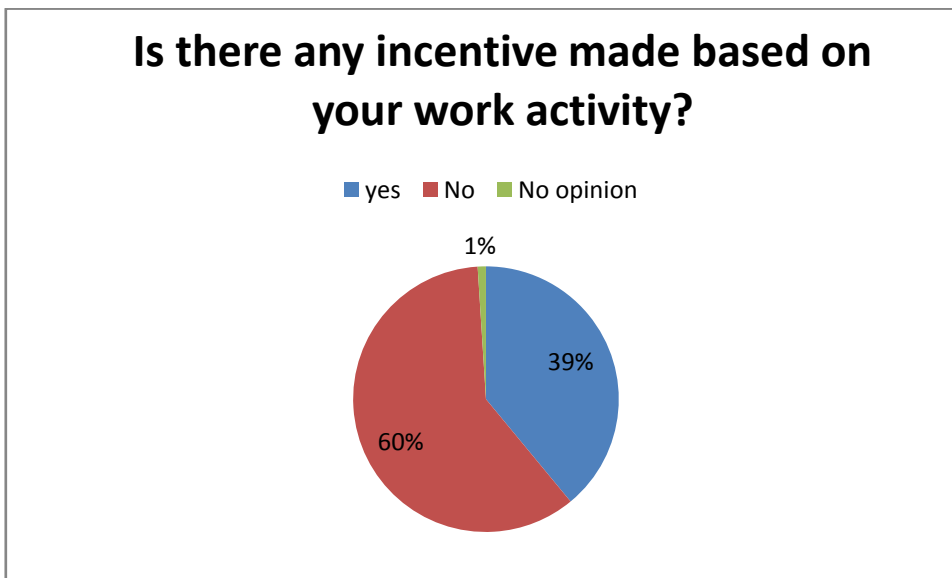
Source: Field survey, 2015

Incentive based on employee activity is one way of initiating the worker to give good service to the client. However, as shown on the figure above, about 60% of the respondents

stated as they didn't have any incentive based on their activity and only 39% of them stated as they have incentive but that is not formally done by the company rather it is informally by their immediate leader. According to the interview made with officials incentive is not practiced in the company because of this many unethical actions were happened frequently.

Fig.4.7. Unethical behavior happen in the company

Source: Field survey, 2015

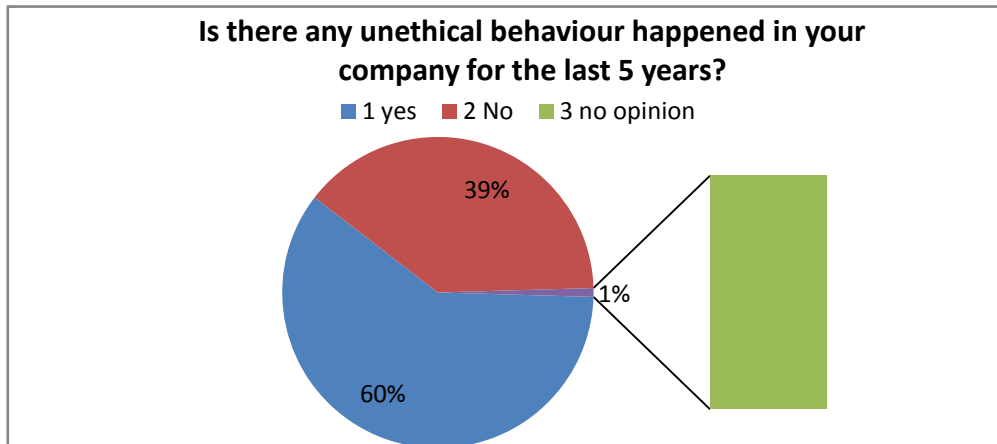As shown on the figure above most of the respondents stated unethical behavior has occurred and also as most of the employees replied no corrective action taken by the company when these things happen. According to the interview made with officials the action against unethical deed is taken but not constant as there is civil service bureau intervention as the company has no ethical code yet.

4.4.2. The Main Causes For Existing Workplace Ethics

The ethical behaviors of employees in OCSSCO are distorted because of different reasons these are analyzed using categorical multiple regression below, the variables are selected based on the response frequency from the sampled respondents and those independent variables and dependent variables are extracted from the data collected from sampled company employee, company officials and company report these data are categorized and coded before they entered to SPSS software and then based on the SPSS out put the out-put is interpreted;

Dependent Variable (Y) =Unethical Behaviors

Independent Variables: X_1=personal behaviors, X_2=miss placement of employee

X_3=Embezzlement, X_4=less attention of company officials, X_5=Unattractiveness of salary to employee and absence incentives, X_6=Lack of awareness of ethical code

Table 4.2: Model Summary

Multiple R	R Square	Adjusted R Square
.696	.584	.456

Dependent Variable: Y,   **Predictors:** $X_1, X_2, X_3, X_4, X_5, X_6$
Source: Field survey, 2015.

The model summary in table 4.2 above includes information about the quantity of variance that is explained by the predictor variables. The first statistic, multiple R, is the multiple correlation coefficients between all of the predictor variables ($X_1, X_2, X_3, X_4, X_5, X_6$.) and the dependent variable. The next value, R Square, is simply the shared value of R that used to describe the goodness-of-fit for variance explained by predictor variables.

Table 4.3: ANOVA

	Sum of Squares	df	Mean Square	*t*	Sig.
Regression	55.226	6	9.204	14.75	.000
Residual	58.774	107	.549		
Total	114.000	113			

Dependent Variable: Y   **Predictors:** $X_1, X_2, X_3, X_4, X_5, X6$
Source: Field survey, 2015.

The ANOVA output table 4.3 describes the overall variance accounted for in the model. The *t* statistic represents a test of the null hypothesis that the expected values of the regression coefficients are equal to each other. In this case, large t-value 14.75 and zero p-value, indicate that there is a regression relationship between the dependent variable Unethical Behaviors Y and the predictor variables $X_1, X_2, X_3, X_4, X_5,$ and X_6.

Table 4.4: Coefficients

	Standardized Coefficients		df	t	Sig.
	Beta	Std. Error			
X_1	-.430	.115	1	12.835	.000
X_2	-.263	.095	1	6.614	.007
X_3	.208	.078	1	6.049	.009
X_4	.014	.074	1	.035	.852
X_5	.375	.081	1	19.688	.000
X_6	.701	.096	1	50.863	.000

Dependent Variable: Y (Unethical Behaviors)
Source: Field survey, 2015.

The third output table 4.4 in standard regression provides information about the effects of individual predictor variables (X_1, X_2, X_3, X_4, X_5, X_6.) on the dependent variable Unethical Behaviors. Generally, there are two types of information in the *Coefficients* table: coefficients and significance tests. The coefficients indicate the effect of independent variables on the dependent variable that is the value of the dependent variable for each unit increase in the predictor variable.

Beta coefficient is the standardized coefficient, and it is based on data expressed in standard Normal or Z-score form. Thus, all variables have a mean of zero and standard deviation of one and are expressed in the same unit of measurement that used for the comparison of effects of predictor variables (X_1, X_2, X_3, X_4, X_5, X_6) on the dependent variable Unethical Behaviors. In addition to the coefficients, the table also provides a significance test for each of the independent variables in the model. This test is presented as *t* value in the output table. The independent variables are specifying to be useful in predicting the dependent variable when the level of significance (P-value labeled with Sig.on the Output) is below 0.08. As the table 4.4 above shows, three predicator variables Less attention of company officials, personal behavior and misplacement of employee are not significant to predict Unethical behaviors since sig. value of less attention is 0.852 that are greater than 0.08, and the coefficients of the personal behavior and misplacement are negative, respectively.

Table 4.5 Correlations and Tolerance

	Correlations				Tolerance	
	Zero-Order	Partial	Part	Importance	After Transformation	Before Transformation
X_1	.210	-.338	-.258	-.186	.361	.361
X_2	-.338	-.258	-.192	.184	.530	.530
X_3	.150	.249	.184	.064	.786	.786
X_4	.150	.018	.013	.004	.876	.876
X_5	.268	.411	.323	.208	.742	.742
X_6	.501	.575	.505	.725	.519	.519

Dependent Variable: Y (Unethical Behaviors)

Source: Field survey, 2015.

Partial correlation measures separately the relationship between two independent and dependent variables in such a way that the effects of other related variables are eliminated. If no variable is held constant, it is said to be zero order (Kothari, 2004). Therefore, as table 4.5 above shows, the partial correlation for the lack of awareness of ethical code and unethical behaviors is about 0.501 that is positive relationship meaning the lack of adequate awareness of ethical code causes the unethical behaviors.

As interview made with the officials of the company the major causes of unethical behaviors are;

- Less awareness of the employee about the ethical code of the company even if it not approved yet;
- Less follow-up from officials on employee and service delivery system of the company;
- Less implementation of the comments gained from the suggestion box even if the suggestion box is not implemented on all branches of the company;
- The company is not immediately taking action on the employees that show unethical behavior;
- The company is late to implement the updated reforms effectively (BPR, BSC and other tools);

- As the company is government affiliated, it plays great role through supporting the MSE by providing the credit service. Also in some cases the civil service Bureau intervenes in actions taken against unethical behavior by the company. In addition, the salary and the incentive related action is not recommended.

4.5.Interpretation and Discussion

In this section, the interpretation of the out puts in finding section is discussed according to the analysis made to address research objective.

4.5.1. The behavioral traits exist in the organization;

As already known for different organizations especially financial institutions should have to reduce the unethical behaviors like corruptions and other to be fruitful. This can be achieved through exercising sound ethical code implementation. As the OCSSCO they have not the ethical code and way of corrective actions and there are unethical behaviors happened because of different factors. Most of the respondents are placed on the position they do not want to work that's why about 76% of the employee responded as they are not satisfied on their own occupation. This can reduce the commitment of the employee as they are misplaced of the position they want. Also, the response from constant customer's side shows the level of their service satisfaction not excellent as shown on fig 4.2. and they faced unethical action during they stepped into for services from the company. Asking for bribe and causing service dalliance are the most frequent type of unethical actions reported as committed during service delivery by employees

Enhancing awareness of the employees and clients about the ethical code and its way implementation is the most crucial way of reducing unethical action. However, most of the employees have no idea about ethical code of the company as the company has no ethical code practiced yet and most of the employee has good relation with their immediate leader while some of them have bad relation this might create the way for unethical action in the company.

As most of the respondents stated as the unethical behavior is occurred but as most of the employee replied there was no action taken by the company.

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Incentive one way to reduce the unethical action but the company didn't practiced this type working system as observed from the company and employee but as some employee stated there is incentive made informally by their immediate leaders.

Generally, the company has no any ethical code; way of collecting suggestion from the customer, there is no incentive practice and way of taking action on unethical action committed in the organization.

4.5.2. The Main Causes of Existing Workplace Ethics

The ANOVA output table 4.3 shows, as the six predictor variables personal behaviors, miss placement of employee, less attention of company officials, embezzlement, unattractiveness of salary to employee and absence incentives and lack of awareness of ethical code are either negative or positive effect on the dependent variable unethical behavior.

According to Heskett (1994), the profit and company growth are primarily stimulated by customers loyalty, which is immediately formed by customer satisfaction. Customer satisfaction is determined by quality of services which is created by satisfied, loyal and productive employees (service-profit chain effect). However, according to the output of table 4.4, for unit change in personal behaviors, the predicted ethical distortion in the company decrease in 43%, since the sign of the number is negative. This means the personal behaviors is not the cause of ethical distortion in the company. For the unit change in the miss placement of employee in the company, the ethical distortion decreases in 26.3% since the sign of the coefficient is negative. For the unit increase in less attention of company officials in the company, the ethical distortion increases in 20.8% since the sign of the coefficient is positive. For the unit change in the embezzlement, the ethical distortion in the company is affected by 1.4% since the sign of the coefficient is positive. For the unit increase in unattractiveness of salary to employee and absence incentives, the ethical distortion in the company increases in 37.5% since the sign of the coefficient is positive. And for the unit change in lack of awareness of ethical code, the ethical distortion in the company increases in 70.1% since the sign of the coefficient is positive.

As the coefficient of lack of awareness of ethical codeine the company is larger than other independent variables that is 0.701, it is the major cause of ethical distortion in the company by initiating the employee to the unethical act. The second savior that affects the ethical behavior is unattractiveness of salary to employee and absence incentives with 0.375.And the third savior problem that causes unethical behavior is embezzlement means the corruption happen during employment with 0.208 coefficient value, meaning most of the employment happen in the company is not based on the qualification rather it based on the relation of employer and employee. The two variables personal behavior, and miss placement of employee are not affect the ethical behaviors in the company since the sign of their coefficient is negative, and the other variable less attention of company officials alone have no any effect on the ethical behaviors in the company since it is insignificant (P-value=0.852 that is greater than 0.08 significance level). However, it might affect if it is paired with other independent variable in the model.

Examining the t test for variable X_1, it is associated with a significance value of 0.000, indicating that the null hypothesis that states this variables regression coefficient is zero when all other predictor coefficients are fixed to zero, can be rejected and it is significant. In addition, the other variables X_2, X_3, X_5, and X_6 are significant that means they are different from zero when all other variables fixed to zero. However, the X_4 is insignificant since its p-value 0.852 is greater than .08. Therefore, the predict variables X_1, X_2, X_3, X_5, and X_6 are significant and only X_4 is insignificant to predict the dependent variable unethical behaviors in the company.

As the output table 4.5 shows, the zero order correlation of the X_2 is negative while the other remaining variables are positive. This means when no variables are held constant only the correlation of X_2 and the dependent variable ethical distortion is negative while the other is positive. Therefore, even if the other variables are not held constant the miss placement of employee have the negative relation with the dependent variable ethical distortion, means less attention of officials to manage well cannot this much cause ethical distortion in the company while the other variables can cause the ethical distortion in the company.

However, as the partial correlation shown on the output table 4.5 the X_1, and X_2 have the negative relation with dependent variable ethical distortion when other variable are held constant and the X_4 have almost zero relation with the dependent variable while the other variables X_3, X_5, and X_6 have the positive relation with dependent variable ethical distortion.

Therefore, depending on the multiple regression output the independent variables that causes the unethical behaviors in OCSSCO are the X_3 (embezzlement), X_5 (unattractiveness of salary to employee and absence incentives), and X_6 (lack of awareness of ethical code). As the outputs shown, the personal behavior, miss placement of employee and less attention of company officials are not causes ethical distortion currently. However, the current causes of ethical distortion in the company are embezzlement as they do not care the customer's suggestions, unattractiveness of salary to employee and absence incentives as the company do not exercise any action like this, and lack of awareness of ethical code as the company is poor in awareness enhancement of its employees and customers. Therefore, these three major variables are the causes of ethical distortion that cause the unethical behaviors in the company as the response collected from customers.

CHAPTER FIVE: SUMMARY, CONCLUSIONSAND RECOMMENDATIONS

5.1.Summary and Conclusions

Financial institutions should address problems related to unethical behaviors such as corruption. This can be achieved through exercising sound ethical code implementation. However, the OCSSCO is characterized by the company that does not have ethical code and way of punishment. As the company has not yet approved and implemented this document, most of the employees have no idea about the ethical code of the company because the employees are vulnerable to unethical actions as constant follow-up from the leaders is limited to the customer satisfaction and unethical acts. The finding of this study indicates that most of the employees are not satisfied in their occupation and they are working on the position they do not need to work, and also most of the customers are not satisfied by the service delivered by the company. Moreover, customers repeatedly face unethical acts (like bribe and delay) from the employees. However, most of the employee has good relation with their immediate leader while some of them have bad relation that might create the way for unethical action in the company. One way to reduce the unethical action is incentives, but the company has not practiced this type working system as observed from the company and employee. But as some employee stated there is incentive made informally by their immediate leaders.

Therefore, because of the above mentioned conditions, the company has many ethical issues. As the multiple regression output shown the main causes of this situation; the independent variables that causes the unethical behaviors in OCSSCO are the X_3 (embezzlement), X_5 (unattractiveness of salary to employee and absence incentives), and X_6 (lack of awareness of ethical code). As the outputs show, the personal behavior, misplacement of employee and less attention of company officials are not causes ethical distortion currently. However, the current causes of ethical distortion in the company are embezzlement as they are committed to relation based employment, unattractiveness of salary to employee and absence incentives as the company does not exercise any action like this, and lack of awareness of ethical code as the company is poor in equipping the awareness of the employees and customers. Therefore, these three major variables are the

causes of ethical distortion that cause the unethical behaviors in the company as the response collected from customers.

In addition, the following are stated as causes based on interview. These causes are less awareness of the employee about the ethical code of the company even if it not approved yet; less follow-up from officials on employee and service delivery system of the company; less implementation of the comments gained from the suggestion box even if the suggestion box is not implemented on all branches of the company; the company does not take immediate action on the employees that show unethical behavior; the company is so late to implement the updated reforms effectively (BPR, BSC and other); as the company is government owned through supporting the MSE by providing the credit service and also the civil service Bureau intervene in unethical behavior action taken by the company and also the salary and the incentive action is not recommended as it is government owned company.

5.2. Recommendations

Based on the results of this study, the following alternative solutions and strategies are suggested to promote the sustainable ethical behaviors in the OCSSCO.

Approving the document: the ethical code of the company has to be approved and implement soon.

Training: awareness the customers and employee about the ethical code and way of implementation.

Reforming Bureaucratic Service Prevision: reforming the service delivery system might distinguish the employee based on their activity and commitment therefore should have to reform the structure that creates dalliance by applying efficiently different reform structures like BPR and BSC

Capacity Building of Institutions and human resource and revising employment strategy: Capacitating the company by employing skilled workforces trained in required profession and giving training to the existing staff and matching the existing worker in with their profession. In addition, they can use incentive base to attract skilled workforce.

To be free from embezzlement way of employment should have to base on the capacity of the employee and also capacity building of the staff through short and long term training should to be performed.

Fulfilling the up-to-date technical equipment to keep the updated data uses in regulating the financial system in the company and to control the unethical acts. Allocating efficient budget to the company to administer the branches efficiently by fulfilling required technical equipment, and skilled workforce in the office.

Stakeholder Participation: providing efficient service delivery is hard with company potential alone. Therefore, the company should have to cooperate with different stakeholders of the company.

Creating the suggestion box and action taking procedure: installing the suggestion box on all branches of the company the way of collecting the customer suggestion about the service delivery of the company. In addition the company should have to take action on any unethical action happen in the company.

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Survey Questionnaire to identify the work place ethics in OCSSC for employee

Dear respondent: the information to be collected in this questionnaire is only for academic purpose and will remain strictly confidential and I am requesting you to answer all questions to the best of your knowledge.

Note: Show your appropriate answers by marking with "√" on the space provided.

Name of the enumerator _____Signature _____Date_____

Questionnaire No._____

General Information of Respondent

1. Sex: Male [ ]   Female [ ]
2. Sub-City _____ Kebele _____
3. Educational level: less than Diploma [ ]   Diploma [ ]   Bsc. [ ]   Msc, and above [ ]

Questions Related to Objectives

1. Are you satisfied to your occupational position in this organization?

   Yes_____   No_____

2. If your answer for No.1 is "No" why?_____

3. How do you rate your salary scale?

   Satisfied____ not satisfied_____ satisfactory___

4. Do you have full knowledge of the ethical code?

   Yes_____   No_____

5. If your answer for No.4 is "No" why?_____

6. If your answer for No.4 is "Yes" what do you think about its content? _____

7. How do rate your relation with your immediate leader?

   Bad____ good_____ very good_____ excellent_____

   Is there any incentive made based on your work activity? Yes_____   No_____

8. If your answer for No.8 is "No" why and what do you think? _____

9. If your answer for No.8 is "Yes" what do you think?_____

10. Is there any action taken on you based on customer complain and do you its fair?_____

11. Is the ethical code of your organization is applied regularly and fairly? Explain_____

12. If you have any idea based on your organization ethical code?

13. Is there ever unethical actions happen in your organization?

14. If your answer for No.13 is "Yes" what type?

    _____

15. If you answer for No.13 is "Yes" how do it was treated?_____

16. If your answer for No.13 is "Yes" what was its causes list out

    _____

17. How do you understand the impacts of unethical behaviors on your organization? Please list out_____

18. What alternatives actions do you recommend to reduce the unethical behaviors in your organization? Please least out_____

Thank you in Advance

Appendix-2

Survey Questionnaire to identify the work place ethics in OCSSC for customers

Dear respondent: the information to be collected in this questionnaire is only for academic purpose and will remain strictly confidential and I am requesting you to answer all questions to the best of your knowledge.

Note: Show your appropriate answers by marking with "√" on the space provided.

Name of the enumerator _____Signature _____Date_____

Questionnaire No._____

General Information of Respondent

4. Sex: Male [ ]   Female [ ]

5. Sub-City _____ Kebele _____

6. Educational level: less than Diploma [ ]   Diploma [ ]   Bsc. [ ]   Msc, and above [ ]

Questions Related to Objectives

1. Are you the constant customer of OCSSC?

2. How many years you spend being the OCSSC customer?_____

3. How do you rate the service you get from this organization?

   Bad____   good_____   very good_____   excellent_____

4. Is there any unethical action you face during the service delivery?

Yes_____ No_____

5. If your answer for No.4 is "yes" what type?

_____

6. If your answer for No.4 is "Yes" what is the cause if you know?_____

7. What action should be taken for No.4 if you have any idea?_____

8. Do have any awareness about the organization ethical code? Yes____ No____

9. If your answer for No.8 is "Yes" what do you think?_____

10. If your answer for No.8 is "Yes" how do have it?_____

11. Is there any way that you can comment about the service delivery of the organization?

    Yes_____ No_____

12. If your answer for No.11 is "Yes" how?_____

13. Do you have any idea about the service delivery of this organization?

Thank you in Advance

Appendix-3

Interview Schedule for OCSSC officials

1. Is there any way that customer satisfaction is measure in your organization?

2. If your answer for No.1 is "Yes" how many ways explain_____

3. If your answer for No.1 is "No" why?_____

4. Does your organization have ethical code?

5. If your answer for No.4 is "Yes" is it regularly work?_____

6. How do you aware your employee and customers about your organization ethical code? Please explain

7. Is there any employee punished because of unethical action in your organization? Please explain

8. How do you treat your employee to reduce the unethical action in your organization?

9. If there is unethical action in your organization what is the cause? Please explain

10. What measures should be taken to reduce the unethical action in your organization? Please explain

11. If you have any idea about your organization ethical code and its implementation?

Thank you in Advance

Time Schedule

Ser.no	Activities	Months					
		Sep	Oct	Nov	Dec	Jan	Feb
1	Proposal Preparation and Submission	▬					
2	Respondents identification		▬				
3	Enumerators selection and Training		▬				
4	Pre-test of questionnaire			▬			
5	Primary Data collection			▬			
6	Data editing and coding			▬	▬		
7	Secondary data collection			▬	▬		
8	Literature Review		▬	▬	▬	▬	
9	Data Analysis and thesis writing				▬	▬	
10	Draft submission to the advisor					▬	
11	Final thesis submission and presentation						▬
							▬

Budget Plan and Breakdown (summary)

S.N	Items	Unit	Total
1	Stationary	**Birr**	3,500
2	Transport costs4	"	2,500
3	Personnel expenses	"	3,000
4	Per-diem	"	3,500
Sub total		**12,500**	
5	Contingency (%10)	"	1,250
Total		**12,750**	