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Analysis of Workplace Ethics at Dashen Bank

As Partial Fulfillment of Masters Degree in MBA- General

BY
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Operational Definition of Ethics: The application of moral principles, standards of behavior, or set of values regarding proper conduct in the workplace as individuals and in a group setting.

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Analysis of Workplace Ethics at Dashen Bank

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DECLARATION

I, Kefyalew Shiferaw, ID No, SGS/0336/2007A declare that all sources of materials used for writing of this thesis have been acknowledged. I confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

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ENDORSEMENT

This thesis has been submitted to St. Mary's University, School of Graduate Studies for examination with my approval as a university advisor.

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Abstract

The study tries to analyze Ethics in Dashen Bank with a view of establishing the level of awareness of code of ethics, ethics program and corporate ethics. The study focuses on the adoption and awareness creation of the Code of Ethics in Dashen Bank to enhance employee performance. Ethical problems commonly encountered in Dashen Bank include absence of proper reporting line for ethical problems, not following moral or ethical convictions, passing problems to others, little or no contribution to team work, less employee morale, lack of proper ethics training, violation of the Bank's guideline, frauds and other malpractices. The research has reviewed related literature on workplace ethics to include the opinions and views of other authors on the subject matter. The review has covered the bank/customer relationship, duties of the bank to customers, ethics, banking ethics, business ethics, corporate governance, ethics program, code of ethics, ethics training and awareness creation, ethical values and expectations, and conflicts of interest. The study employed structured questionnaires and made use of secondary sources of data from customer complaints collected from suggestion box of the Bank, the Policy and Procedure Manual, website and various publications of Dashen Bank. The data obtained were then analyzed based on frequency of respondent's opinions and ranked by percentages. Four hypotheses were used in this survey and were tested using the Chi-square test (X^2). Other research questions were analyzed using tables and percentages. The findings relate various issues including the level of awareness on Code of Ethics, levels of ethical leadership, training, fraud, reward systems for whistle blowers based on which conclusions and recommendations are forwarded.

Key Words: Workplace Ethics, Code of Ethics, Ethics Training

Chapter one

1. Introduction

Banks are regulated more than any other businesses in Ethiopia owing to their role as financial intermediaries. As financial intermediaries, banks mobilize funds from the surplus spending areas at a cost for on-lending such funds to the deficit spending areas at a price. Banks also provide an efficient payment mechanism in the economy. They provide smooth and efficient system for making payments to settle both business and personal transactions, and international obligation of their customers. However, banks must operate within certain guidelines, either as defined by law, public policy or practice.

“Banking business is fundamentally based on trust where depositors entrust their funds to banks for safety and investment”. Consequently, the business must be done in a transparent and ethical manner. As an attempt to build fair and competitive environment in the banking operations of the country; the governing body, National Bank of Ethiopia has framed strict rules and regulations by which all financial institutions have to be governed. But regulations and penalties alone are not sufficient to ensure discipline in the business showing the necessity of high ethical standards that guide operations in the banking industry.

1.1. Statement of the Problem

According to customer feedback collected from suggestion boxes, significant number of complaints is being received from customers regarding poor performance and unethical behavior of Dashen Bank employees in their working environment. The number of employees of the Bank being convicted of involving in illegal activities is increasing from time to time. There is an indication that some employees of the Bank lack strong ethical values and good character to succeed in presenting and building good impression of the Bank. Activities and actions of mature and ethical employees at workplace are demonstrated by balancing between the interest of employees and the company. Employees can carry out their duties in a smoother way when they follow rules and regulations and act in an ethical manner while the situation is reversed if the employees turn out to be unethical.

The National Bank of Ethiopia (NBE) in its letter under Ref. No. **ፆ/ ቋ /ፆተሱ/003/2016 ኅ ር 20 ቀት 2008 ዓ.ም.** has sent guideline on good governance and ethical issues to all Banks in view of the fact that there is growing concern with unethical practices in the banking industry of the country. Such un-ethical conducts can be manifested by violating laws of the Bank and breaking of workplace ethics especially in areas of lending, foreign currency allotment, human resource(HR) activities, logistics and purchase related issues, abuses, fraudulent dealings, mismanagement, poor employee performance, poor customer services, etc. This violation of laws and ethical standards may in turn lead to loss of “public confidence, loss of business, loss of job and liquidation of the Banks”.

Though issues related to business ethics in general have been addressed by some scholars, the impact of ethics in banking business of our country in particular have not been given much emphasis. Dashen Bank has tried to include some ethical principles in its HR Policy and Procedure Manual (PPM). Together with the labor union of the Bank, it has also adopted 'Code of Ethics'. But practically these documents are distributed once and referred only at the time of employee punishment. The goal of this study is therefore, to analyze the extent to which ethical codes are treated by Dashen Bank as well as the compliance with the norms embedded therein and make recommendation based on the result of the analysis.

1.2. Basic Research Questions

Analysis of work place ethics at Dashen Bank among others tries to answer;

- a) What are required by the existing and future employees of Dashen Bank in the field of ethics?
- b) To what extent has the existing ‘code of ethics’ been able to sanitize Dashen Bank?
- c) How do workplace ethics apply to the practical goals of Dashen Bank and the work of employees?
- d) Why fraud is still widespread in despite stringent rules and regulations?
- e) What additional role can National Bank of Ethiopia(NBE) play in the process of meeting legitimate targets for the stability and reliability of the banking system and thereby ensuring adherence to the ethical norms?

1.3. Objectives of the Study

These days, the media of the country is very much engaged in reporting feedback received from customers and employees of various organizations witnessing unethical or illegal conduct in their workplaces. Majority of such events go unreported formally and left unaddressed. The cost of unethical behavior can be so high. The case of Dashen Bank is no different. The rationale for the study is to show the need for well designed corporate & workplace code of ethics and ethics training to sanitize the banking practice of Dashen Bank while ensuring stability and progress in its business operation.

The study will therefore aim to achieve the following:

1. Identify requirements for the existing and future employee of Dashen Bank in the field of ethics.
2. To find out the extent to which the existing ‘code of ethics’ sanitize Dashen Bank.
3. Identify the role Ethics can play towards the practical goal of Dashen Bank.
4. Investigate why fraud is widespread in Dashen Bank despite stringent rules and regulations.
5. Find out the role NBE can play towards realizing stability and reliability in the Banking System of the Country.

1.4. Significance of the Study

Following Proclamation No. 84/1994, Ethiopian national investors have taken major step to engage in the banking and insurance businesses that marks the beginning of a new era in Ethiopia's financial sector. Currently, there are 19 private banks and 12 insurance companies in operation. According to the data from the governing body, these banks account for about a quarter of the total capital in the country. Dashen is one of those private Banks with the highest number of customers. Further to affecting thousands of customers and billions of capital, financial distress in Dashen Bank has direct impact on the performance of other financial institutions and that of the country in general.

This scenario has created the desire to introduce and enforce strong Code of Ethics in Dashen Bank in addition to strengthening and enforcing rules and regulations to deal with the increasing number of frauds and unethical practices. "Banks are not only expected to operate professionally but ethically" so that the public would have confidence in the industry. Ethics would also play a great role to test if there is any distress in Dashen Bank and prevent the collapse of the Bank like what has happened in European countries some years back.

1.5. Hypothesis

To achieve the objectives of this research work, the following hypotheses have been formulated for subsequent testing and interpretation.

1. Hypothesis One

Null (Ho): There is no adequate awareness of Code of Ethics in Dashen Bank.

Alternative (H1): There is adequate awareness of Code of Ethics in Dashen Bank.

2. Hypothesis Two

Null (Ho): Dashen Bank has not adopted appropriate Code of Ethics.

Alternative (H1): Dashen Bank has adopted appropriate Code of Ethics.

3. Hypothesis Three

Null (Ho): Dashen Bank does not encourage Ethics training amongst its staff.

Alternative (H1): Dashen Bank encourages Ethics training amongst its staff.

4. Hypothesis Four

Null (Ho): Dashen Bank is not distressed due to unethical practices and mismanagement.

Alternative (H1): Dashen Bank is distressed due to unethical practices and mismanagement.

Chapter Two

2. Literature Review

2.1. Introduction

The objective of this chapter is to critically review literatures on workplace ethics and examine the works of various authors on the subject of ethics and its impact on employee performance, with the intention of applying the knowledge gained to Dashen Bank. The chapter will discuss the concept of ethics, importance of ethics, code of ethics, ethics training and awareness, ethics program and corporate ethics as vital concepts in the ethics debate for ethical behavior by managers and organizations in an attempt to provide an ethical organization.

2.2. Banking

According to Walter Leaf “A bank is a person or corporation which holds itself out to receive from the public, deposits payable on demand by cheque.” Horace White has defined a bank, “as a manufacture of credit and a machine for facilitating exchange.” Prof. Kinley’s definition reads: “A bank is an establishment which makes to individuals such advances of money as may be required and safely made, and to which individuals entrust money when not required by them for use.”

2.3. Types of Banks

There are four types of banks that operate in our country. National Bank of Ethiopia (NBE) is entrusted with the functions of guiding and regulating the banking system of our country. It also maintains deposit accounts of all other banks and advances money to other banks, when needed. The Development Bank of Ethiopia (DBE) established with main purpose of providing medium to long-term capital for purchase of machinery and equipment and also it undertakes other developmental measures. Cooperative Bank established with people who come together to jointly serve their common interest and Commercial Banks that are engaged in accepting deposits and grant short-term and medium-term loans to their customers.

Banking generally falls within the service industry. Banking services provided by commercial banks include but are not limited to the following:

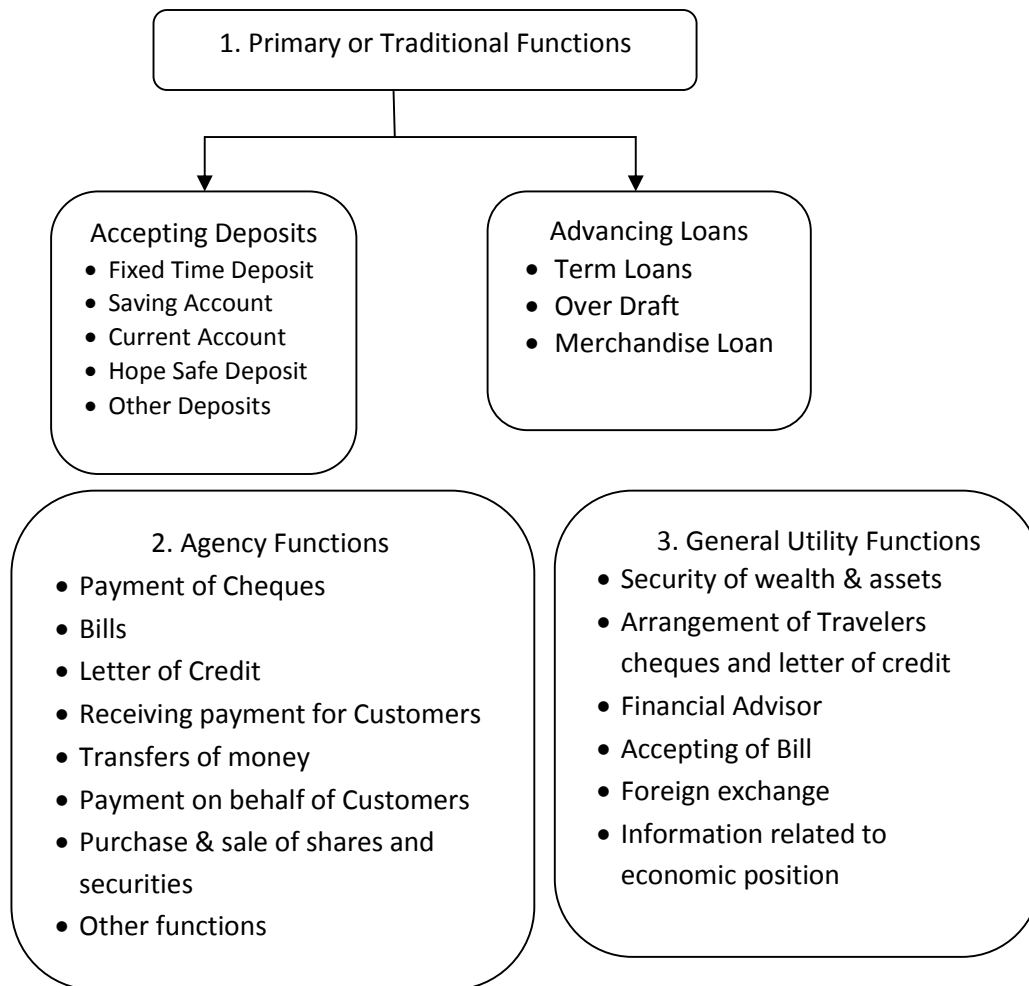


Figure 1 Traditional Functions of banking

Source/ Compiled from policy and procedure manuals of Dashen Bank/

In the course of providing these services, there must exist relationships between the banks and their customers. The key elements that bind these relationships are confidence, trust and transparency.

According to Pond and Lipscombe (2001), there are five legal relationships between Banks and customers which are “debtor/creditor, principal/agent, bailor/bailee, mortgagor/mortgagee and advisor/advisee” relations.

These shows there is contractual agreement between the two and they are expected to act fairly to each other.

2.4. History of Banking in Ethiopia

The first bank established in 1905 in Ethiopia was the Bank of Abyssinia. It was owned and managed by the British-owned National Bank of Egypt. Three other banks were established in the next ten years. In 1931, the Bank of Abyssinia was replaced by the Bank of Ethiopia which was wholly owned by the government and members of the Ethiopian aristocracy, becoming the first 100% African-owned bank on the continent. It operated for only a few years, being closed after the Italian invasion. During the Italian occupation, several Italian banks opened branches in Ethiopia.

After the end of the Italian Occupation in 1942, the State Bank of Ethiopia was established. It became operational in 1943. Two decades later, in 1963, a new banking law split the functions of the State Bank of Ethiopia into central and commercial banking as the National Bank of Ethiopia and the Commercial Bank of Ethiopia respectively. Both were government-owned. The 1963 banking law allowed for other commercial banks to operate. This included foreign banks provided they were 51% owned by Ethiopians. The biggest of these was the Addis Ababa Bank. It was 40% owned by Grindlays Bank (British owned) and had 26 branches by 1975. There were also two foreign commercial banks: the Banco di Roma and the Banco di Napoli, which had eight branches and one branch respectively in 1975.

In addition to the commercial banks, the government established two development banks, both of which were 100% state owned. The Agricultural and Industrial Development Bank (AIDB) was set up in 1970, taking over two earlier development banks: the Development Bank of Ethiopia and the Ethiopian Investment Corporation which had been established in 1963 as the Investment Bank of Ethiopia. AIDB was 100% government owned, and provided short, medium and long term loans to the agricultural and industrial sectors. The Housing and Savings Bank was created in 1975 out of a merger between two earlier housing finance institutions created in 1962 and 1965, one of them with a grant from the United States government.

[**Charles Harvey**]

2.5. History of Dashen Bank

Dashen Bank is a privately owned commercial company established in 1995. The Bank coined its name from the highest peak in the Country, mount Dashen that is located at northern part of the country, and aspires to be unparalleled in banking. Headquartered in Addis Ababa, the Bank is the biggest private Bank in Ethiopia. It operates through a network of 170 branches, nine dedicated Forex Bureaus, 220 ATMs and 952 plus Point-of-Sale (POS) terminals spread across the length and breadth of the nation. It has established correspondent banking relationship with 464 banks covering 71 countries and 175 cities across the world. It has more than 4,500 employees.

Dashen is the only Bank in the country to work in partnership with leading four brands in the electronic payments industry: American Express, VISA, MasterCard & UnionPay cards. The Bank also works in partnership with prominent money transfer operators like Western Union, Money Gram, Express Money, Dahabshiil, TransFast, EzRemit , FloCash & Dawit Money Transfer.

2.6. What is Ethics?

Institute of Company Secretaries of India (ICSI, 2014) in its paper on "Ethics, Governance and Sustainability" defined the term "ethics" as the word derived from the Greek word "ethos" which refers to "character, guiding beliefs, standards and ideals that pervade a group, a community or people." Ethics is the study of "standards of conduct and moral judgment: the system or code of morals of a particular person, religion, group, profession, etc. and the discipline dealing with what is good and bad and with moral duty and obligation" (*www.merriam-webster.com and www.yourdictionary.com*).

The terms "moral" and "ethical" are often used interchangeably in society, but there is key distinction between the two concepts. "Morality is concerned with an individual's personal belief system, whereas ethics are more so comprised of society's expectations of acceptable behavior. Norms of acceptable ethical behavior are naturally formed in social environments including work situations. In these certain environments, individuals tend to adhere to these set standards of conduct and act in a similar way to their surrounding population. At work, employees also act in a similar way to their coworkers.

New employees tend to act in the way that the other veteran employees deem as normal” (Jacqueline Karen Kott, 2012).

ICSI (2014) in its professional program paper has outlined that Ethics has the following six important features:

1. Ethics is a conception of right or wrong conduct. Ethics tells us when our behavior is moral and when it is immoral.
2. Ethics relates to the formalized principles derived from social values.
3. Ethical principles are universal in nature. They are important not only in business and politics but in every human Endeavour.
4. There exist no sharp boundaries between ethical and non-ethical. Therefore, people often face ethical dilemmas wherein a clear cut choice becomes very difficult.
5. The concepts of equity and justice are implicit in ethics. Fair and equitable treatment to all is its primary aim.
6. Ethics and legality of action do not necessarily coincide. The legality of actions and decisions does not necessarily make them ethical.

2.7. What Are Workplace Ethics?

According to Heather Hunt (2012), workplace ethics are “standards of acceptable behavior on the job.” Ethics are “a set of rules by which to judge decisions and conduct in the workplace.” Ethical conduct on the job requires “knowing what is right and wrong according to the established standards and consistently doing what the organization’s ethics policy requires. Workplace ethics involves making honest and upstanding choices. Doing what is ethically right is often confused with what is easiest, quickest, or cheapest. Many business people in recent years have crossed the line for personal profit or because of misguided notions of organizational loyalty.” Ethics involve employees at all level of the organization. A firm that understands and is guided by ethical conduct on the job provides everyone in the organization with the same “moral compass” to follow in times of uncertainty, crisis, and competition.

2.8. Why individual differences in moral Judgment?

Individual characteristics (Trevino, 1986) or social networks (Brass, Butterfield, & Skaggs, 1998) may be able to explain why there are differences in how a person reacts to a moral dilemma. Other researchers have examined the circumstances surrounding each dilemma as an explanation for ethical behavior.

Jones (1991) suggested that situational characteristics might cause differences in individual's ethical decision-making processes. Jones' concept of moral intensity proposed that a person judges each situation on six factors: “magnitude of consequences, probability of effect, concentration of effect, temporal immediacy, proximity, and social consensus” when deciding whether to act ethically or unethically.

The magnitude of consequences refers to consideration of the costs associated with committing an unethical act (Jones, 1991). If these costs are low (i.e., low moral intensity), they are less likely to act unethically. Probability of effect concerns the chances that negative consequences will occur (Jones, 1991). If the consequences are less likely to happen, then the person may be more apt to proceed. Concentration of effect considers the number of people affected by these consequences (Jones, 1991). The more people affected, the less likely the person is to commit the unethical act.

Temporal immediacy refers to the time lapse between the action itself and when the consequence occurs (Jones, 1991). A longer gap increases the likelihood of an unethical act since the consequences would not occur for some time. Proximity reflects the person's closeness to the victims of the consequences of the act (Jones, 1991). If the person does not know the affected parties very well, they are more prone to perform the unethical act.

Finally, social consensus refers to the level of agreement in society that a certain action is in fact unethical (Jones, 1991). The person may decide to abstain from taking negative action if the social consensus states that it would be unethical.

Moral intensity (Jones, 1991) is evident in everyday life, as “people tend to pick and choose to act ethically or unethically depending on their situation at the time.” This idea suggests that some people may participate in some unethical behavior because it may not be harmful to others, or due to other characteristics about the situation itself.

“A person may think it is acceptable to lie to their spouse about working late so they can spend time with friends, but the same person may never think it is acceptable to cheat on their spouse. This person chose to participate in the first unethical action because its moral intensity was perceived as lower than infidelity.”

Moral intensity has then been studied by many scholars. Lincoln and Holmes (2010) found strong support for three of the six dimensions of moral intensity: “Probability of effect, magnitude of consequences, and social consensus were all strongly related to moral awareness, moral judgment, and moral intention.”

Reynolds (2006), has put “violations of a behavioral norm is positively related to moral awareness.” Reynolds defined moral awareness as, “a person's determination that a situation contains moral content and legitimately can be considered from a moral point of view”. Moral awareness is the first step in ethical decision-making (Rest, 1986). Without moral awareness, a person is unaware that the situation involves a moral judgment. Therefore, they cannot consciously make a decision to either act morally or immorally. This suggests that ethical decision-making process cannot begin if moral awareness has not been reached.

To enforce these behavioral standards of ethical norms, many organizations have incorporated ethics codes that state the level of moral conduct they expect from their employees (Valentine & Barnett, 2003). Valentine and Barnett found that employees who were aware of their company's ethics code tended to have stronger levels of organizational commitment. This serves as one example of how encouraging strong ethical standards has been related to employee behavior. Marinucci has underlined the importance of having a written code of ethics for all to see and understand (Marinucci, 1992).

2.9. Written Code of Ethics

In almost all Department offices and branch gates of Dashen Bank, there are billboards showing the Vision and Mission statements of the Bank. The Bank publishes its values on its book of agenda which is mainly for customer purpose but the Bank has no well-written code of ethics that link employees with standards of professional conduct. Whatever is written in the human resource manual in the form of ‘Ethics Codes’ focuses only on operation and confidentiality of information.

By code of Ethics we are referring to “the principles and expectations governing the behavior of individuals and organization in the conduct of internal auditing, It describes the minimum requirements for conduct, and behavioral expectations rather than specific activities” (www.globalethics.org).

According to ICSI (2003), code of Ethics is a “corporate code of conduct that helps its members to promote high standards of ethics and practice. It makes them aware of ethical dilemmas and by adhering to these code of conduct, business people can observe elevated standards of conduct and personal integrity so as to win the trust and confidence of the stakeholders. It should reflect top managements’ desire for compliance with the values, rules, and policies that support an ethical climate. The development of a code of ethics should involve the board of directors, president and chief executive officers who will be implementing the code. Legal staff should also be called on to ensure that the code has assessed key areas of risk correctly and that it provides buffers for potential legal problems.” The document further outlines “corporate code of ethics often contains six core values or principles in addition to more detailed descriptions and examples of appropriate conduct. The six values that are desirable for codes of ethics include: (1) Trustworthiness, (2) respect, (3) responsibility, (4) fairness, (5) caring, and (6) citizenship”.

Schuler (1996) relates issues of ethical standards to Human Resource Management (HRM). Schuler recommends that clear policy statements spell out the type of behavior that is ethical and unethical. Richards (1998) strengthen Schuler's recommendation by stating “companies need to have a clear code of ethics document”.

In his article “Put it in writing: Your business has ethics” Jeff Wuorio (2013) underlines among others ethics codes should be “posted internally” and there should be a reporting system. The article further emphasizes further to having written code of ethics, we must have someone to follow-up and enforce it.

2.10. Why to study Ethics

Cleveland (1997) wrote the important roles core values play to customer services. Steffens (1994) writes, "We must recognize the impact and importance of ethics and the potential for unethical behavior to destroy public respect that the profession may have". He went on to say, "We must work to ensure that our organization has clear and written ethical codes. This written code will provide member with a clear understanding of what is right and wrong."

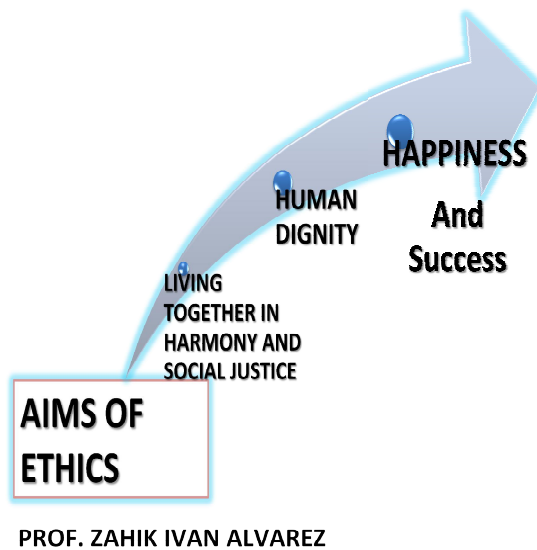


Figure 2 Aims of Ethics

(ICSI, 2003) writes "Ethics is necessary and important in business" because "there is a kind of social contract between the society and business by which the society expects the business to work in its interest". ICSI has mentioned some ethical issues in finance like; bribery, fake reimbursements, insider trading, misleading financial analysis etc. Dr. George Thomas(2003) explained, "that ethics involve more than oneself, ethics is about how the result of your decision affect the consumer and provider equally. Ethics has a great deal to do with the overall total quality of an organization".

There are ethical issues commonly faced by HRM that we have to know and deal with as mentioned by ICSI. These include; “discrimination issues, i.e., discrimination on the bases of age, gender, race, religion, disabilities etc., sexual harassment, affirmative Action, issues surrounding the representation of employees and the democratization of the workplace and trade unionization, Issues affecting the privacy of the employee: workplace surveillance, drug testing, etc, discrimination of whistle-blowers, Issues relating to the fairness of the employment contract and the balance of power between the employer and employee, occupational safety and health issues” etc.

2.11. Ethical Environments

Two types of ethical environments that affect employee behavior are of primary importance. These are: counterproductive work behavior and organizational citizenship behavior.

2.11.1. Counterproductive Work Behavior

Counterproductive work behavior (CWB) is defined as, “intentional employee behavior that is harmful to the legitimate interests of an organization” (Dalal, 2005). These actions include employees becoming involved in activities that take significant time away from their work responsibilities, such as making personal phone calls, or consciously performing work tasks incorrectly.

Detert, Trevino, Burris, and Andiappan (2007) stated that the “normative ethical standards” of the work environment could influence employees to abstain from harmful workplace behavior, such as CWB. After all, if the work environment upholds a consistent norm of ethical behavior, employees may feel encouraged not to engage in CWB. Marcus and Schuler (2004) suggest that “CWB may be a result of opportunity.” They propose that numerous factors, including perceived ethical norms of their peers, create an opportunity for employees to engage in CWB.

Dalal (2005) suggested that CWB occurs because of employees' perceived work environment, especially the perceived fairness of the organization. When an employee is dissatisfied with the work environment and finds it unfair, then they attempt to act out on the company, in the form of CWB. These findings suggest that employees “ perceptions of strong ethical norms in organizations are negatively related to the presence of counterproductive work behavior.”

2.11.2. Organizational Citizenship Behavior

Dalal (2005) also stated that if employees were satisfied with the fairness of the work environment, they would then want to reward the company in the form of an organizational citizenship behavior (OCB). OCBs are essentially “behavior(s) of a discretionary nature that are not part of the employee's formal role requirements, but nevertheless promote the effective functioning of the organization” (Organ, 1988).

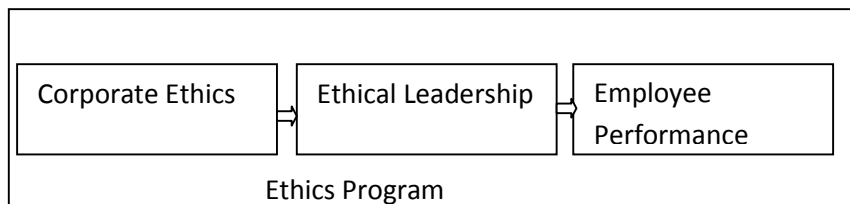
Research has classified OCBs as a “type of contextual performance, along with pro-social organizational behavior and organizational spontaneity” (Motowidlo & Van Scotter, 1994). Comprised of these constructs, contextual performance, “does not support the technical core itself as much as it supports the broader organizational, social, and psychological environment in which the technical core must function” (Motowidlo & Van Scotter). These are behaviors that are separate from task performance and not formally designated to the employee. Being a construct of contextual performance, OCBs are an important aspect of employee behavior.

Dineen, Lewicki, and Tomlinson (2006) state that “OCBs are essentially performed through a person imitating another's actions.” Therefore, in a company, if the social norm is to perform OCBs, then “employees could be expected to emulate each other by performing additional OCBs.” It has also been found that managers' attempt to create a high moral environment of encouraging ethical decisions and discouraging unethical actions through ethical leadership cause employees to increase their frequency of OCBs (Kacmar et al., 2010). Iles, Fulmer, Spitzmuller, and Johnson (2009) studied the relationships between OCB frequency and the Big Five personality traits (openness to experience, conscientiousness, extraversion, agreeableness, and emotional stability).

Two of these characteristics, agreeableness and conscientiousness, were found to be frequently associated with those who regularly engaged in organizational citizenship behavior (OCBs). “Agreeableness describes a person that always wants to get along with everyone, and never opposes another's view in order to do so”. Conscientious people tend to be very achievement oriented and self-disciplined (Minbashian, Wood, & Beckmann, 2010). “Conscientiousness has even been shown to be a positive predictor of job performance “ (Barrick, Mount, & Strauss, 1993).

These two personality characteristics have also been studied as characteristics of those who exhibit ethical behavior in an organizational setting (Walumbwa & Schaubroeck, 2009). “Essentially, those who behave ethically within organizations tend to portray the same personality characteristics as those who frequently exhibit OCBs.”

Conscientiousness, which has been associated with ethical behavior (Walumbwa & Schaubroeck, 2009), is one of the five types of OCBs (Podsakoff, MacKenzie, Moorman & Fetter, 1990). Another type of OCB, “sportsmanship, is especially unique because it involves not engaging in certain behaviors, such as complaining or causing inconvenience.” These actions could be considered violations of social norms, which lessen moral awareness (Reynolds, 2006). The other three types of OCB, altruism, courtesy, and civic virtue, could all also be argued as ethical behaviors, according to behavioral norms. “If ethical standards were encouraged, a person would be more likely to act altruistically, with courtesy, and be conscientious of others, perhaps in the form of OCB. As such, past research shows that employees’ perceptions of strong ethical norms in organizations will be positively related to the exhibition of organizational citizenship behavior.”



Base concept by
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Kamran Ali Shah, M.
Yameen, 2012)

Re-designed by the
researcher

Figure 3 Theoretical Framework of Ethics Program

2.12. Ethics Programs

ICSI in its professional program paper outlines that "a company must have an effective ethics program to ensure that all employees understand organizational values and comply with the policies and codes of conduct that create its ethical climate". According to ICSI two types of ethics program can be created and they can be adopted simultaneously. These are;

- **Compliance Orientation Program:** A compliance orientation creates order by requiring that employees comply with and commit to the required conduct. It uses legal terms, statutes, and contracts that teach employees the rules and penalties for non-compliance.

- Values Orientation: Values Orientation strives to develop shared values. Although penalties are attached, the focus is more on an abstract core of ideals such as respect and responsibility. Instead of relying on coercion, the company's values are seen as something to which people willingly aspire.

Frank Navran(1997) outlined 12 best elements of ethics program they are: *Vision Statement, Value statements, organizational code of ethics, ethics officer, ethics committee, ethics communication strategy, ethics training, ethics helpline, measurement and rewards, monitoring and tracking system, periodic evaluation and ethical leadership.* According to Frank these practices can ensure that an “organization is doing nothing to encourage good people to do bad things.” "A major step in developing an effective ethics program would be to implement a training program and communication system to train educate and communicate employees about the firm's ethical standards" (ICSI, 2003).

Some researchers focus on corporate ethics programs and the variables which may affect the success of such programs. Weaver et al. (1999) survey the Fortune 1000 companies to examine their formal ethics practices including ethics oriented policy statements, formalized management responsibilities, free standing ethics offices, ethics and compliance telephone reporting and advice systems, CEO involvement in ethics activities, training, communication, education programs, investigating functions and evaluation of ethics programs.

The survey reveals a high degree of corporate adoption of ethics practices with variation in terms of support by ethics specific structures and personnel. It is noted that commitment to low cost ethics activities may be more symbolic than practical. Overall, Weaver et al. concluded that the success of ethics programs depends on informal norms and practices. These same researchers (1999) also examine the influence on corporate ethics of two other variables, environmental factors and executive ethical commitment programs. They find that both variables have an influence, although multiple environmental influences are more strongly associated with the scope of programs and executive commitment more strongly related to the program's control orientation. Weaver et al. conclude that policy should focus on increasing executive commitment to ethics.

Other researchers consider the principles and orientation guiding a corporate ethics program. Jackson (1997) focuses on global corporate ethics programs and using corporate examples and lessons learned suggests six guiding principles for creating a global ethics plan:

Create a cosmopolitan ethical culture, use the ethics program to treat managerial causes of misconduct, internationalize the code as appropriate to the industry, seek new ways to communicate the code, focus on the host's laws/customs and human rights, accept an opponents' reasonable position on controversial issues, and encourage "spirit of the law." Weaver and Trevino (1999) divide ethics programs into two orientations: compliance-oriented (i.e. emphasizing control/discipline) and values-oriented (i.e. emphasizing values/counseling).

In a survey of employees at a financial services company they find that employees perception of the company's ethics program as compliance-oriented is associated with four variables that is, lower observed unethical conduct, a willingness to seek ethical advice, awareness of ethical issues, and a belief that decision-making is better because of the program. Those perceiving the program as values-oriented are also associated with the same four variables plus three other variables which are integrity, organizational commitment and a willingness to deliver bad news to supervisors. The survey also reveals that interaction between a values and compliance orientation increases employee willingness to report misconduct.

2.13. Corporate Ethics

Corporate ethics applies to all aspects of business conduct: the conduct of employees, the management and the organization. Corporate ethics are "a set of beliefs to which a company adheres that govern its behavior in the ways it conducts business. Some corporations have well defined ethical parameters and others don't, or they sacrifice ethical behavior to profit and determine that gaining profit and power are the most desired motives. When discovered in this type of activity, there is often a strong backlash that results in losing profits. This suggests that even if the decision to adopt defined corporate ethics is purely motivated by profit, it may be good business.

The ways companies conduct businesses are multiple and complex and corporate ethics may operate on numerous levels. Ethical considerations can determine how a corporation competes at the business level with other corporations." (www.wisegeek.com).

European Business Forum (2004), points out that “effective corporate governance programmes are generally underpinned by a combination of three mechanisms, which may vary from company to company.” They are: enforcement, surveillance, and advocacy.

Degrees of impropriety

| | Institutionalized Impropriety | Isolated Roguishness | Consistently Principled |
|--------------------|---|---|--|
| Advocacy | <ul style="list-style-type: none"> ▪ Encourage whistle-blowers | <ul style="list-style-type: none"> ▪ Public Hangings for transgression ▪ Reward good behavior | <ul style="list-style-type: none"> ▪ Clarify business case ▪ Communicate values ▪ Promote behaviors |
| Monitoring | <ul style="list-style-type: none"> ▪ Monitor non-compliance ▪ Controls review | <ul style="list-style-type: none"> ▪ Random deep-dive forensic investigation ▪ Monitor critical process | <ul style="list-style-type: none"> ▪ Measurement ▪ Process improvement |
| Enforcement | <ul style="list-style-type: none"> ▪ Penalize non-compliance ▪ Rigorous controls ▪ Segregation of duties | <ul style="list-style-type: none"> ▪ Zero tolerance ▪ Independent auditing | <ul style="list-style-type: none"> ▪ Self-verification ▪ Emphasize accountability |

Source: European Business Forum, Issue 17, Spring (2004)

Figure 4 Mechanism for Corporate Governance

2.14. Empirical Studies on Ethical Behavior

In their research paper under the title “Ethical Behavior in Organizations: A Literature review, Marmat Geeta, Jain Pooja and Mishra PN)(2016) have stated that “Ethical behavior has become rampant remedy to be succeeded in business by pretending that it has unique characteristic.” After reviewing available literatures on ethical behavior, they have categorized them into “individual, organizational and external factors”. According to the paper, individual factor is the most important in behavior and “can be taken as unit of any ethical decision making”.

While “organizational factors are the factors which are external to the individual and exist in the work environment of the individual and directly or indirectly influence individual in their ethical behavior.” Among them are “code of ethics, ethics training, rewarding system, climate, structure etc.” are very important ones.

Factors like “competition, influence of stakeholders and regulation system” are mentioned as external to the individual and the organization because individuals and organization have no control over these factors.

2.15. Code Development

Schwartz (2002) identifies four distinct sets of choices facing organizations in code development.

2.15.1. Code Creation

One of the few references to the code creation process is made by Tucker *et al.*(1999) who find from a mail survey that the majority of codes are developed by a committee and the code is revised every one to three years. Schwartz (2002) uses the moral standards of respect and fairness to conclude that employees should be involved in the code creation process, and respondents in his survey perceived employee involvement as potentially important for code effectiveness.

2.15.2. Code Content

In analyzing the content of a code, Schwartz (2004) identifies several dimensions as follows:

How the provisions of the code are justified; the number of examples provided for the various provisions; “whether the tone of the code is negative or if aspirational language is used; the length of the code; the relevancy of code provisions to employee activities; and how realistic the code’s demands or expectations” are. In another research project, Schwartz (2002) identifies a somewhat different set of content dimensions and links these to a corresponding set of “moral obligations.”

In their “classification scheme” for codes of business ethics, Gaumnitz and Lere (2004) identify some of the same dimensions of code content as Schwartz. These dimensions are: “the code length, defined as the number of distinct statements or ideas that it contains; code focus (few themes or topics) versus code breadth (many themes or topics); level of detail defined as number of statements per theme; shape defined as groupings of statements; thematic content defined as description of themes (e.g. honesty, confidentiality) and finally tone i.e. inspirational/aspirational versus legal/regulatory.”

In their assessment of ethical codes, Tucker et al. (1999) identify several key ethical constructs which may be present in a code. The constructs they identify can also be used as the basis for categorizing thematic content which is one of the dimensions of code content defined by Gaumnitz and Lere (2004).

The constructs identified by Tucker et al. are “integrity, equality, economic efficiency, equivalence, distributive, contributive and environmental.” Another possible dimension of code content identified by Murphy (1995) is whether the code contains “information pertinent to the industry.” In a study of 257 corporate ethics statements in Fortune 500 companies, Murphy finds that these statements do not contain pertinent industry information.

2.15.3. Implementation

In terms of communication, Murphy (1995) finds in a study of 257 corporate ethics statements in Fortune 500 companies that ethics statements are not widely communicated. Stevens (1994) considers “the communication issue in terms of measuring the reading difficulty in code language, and following a literature review” concludes “there is a need for research on communication and effectiveness of codes.” Schnebel and Bienert (2004) commented on the need for a clear set of organizational ethics and ways of communicating ethical principles in organizations. Weeks and Nantel (1992) find in their investigation of the relationship between a code of ethics and sales force behavior in their case study, that no substantial unethical behavior is reported while the sales force is working at a firm with a well-communicated code.

In terms of training, Mamic (2005) conclude from a survey of 22 managers of multinational corporations in the sports footwear, apparel and retail sectors and 74 of their suppliers that workers and managers must be trained to understand the application of the code. Farrell and Cobbin (1996) conclude from the survey responses of 102 Australian enterprises that there is a general lack of action such as ethics training among respondent companies. Kohls et al. (1988) note that there are distinct differences in the attributes of employees in companies with ethics training programs compared to employees without an ethics training program.

In a survey of graduates from the Columbia University Graduate School of Business, Delaney and Sockell (1992) find that company ethics training programs have a positive influence in organizations because they stimulate ethical reflection and action, convey that ethical behavior is encouraged by top management, and create dissonance if employees feel required to engage in unethical behavior which violates the norms of the program.

2.15.4. Administration

The final set of choices in code development relate to code administration which includes such issues as “enforcement and monitoring.” A number of researchers consider the issues involved in code administration from both a “conceptual/theoretical and empirical perspective.” For example, from a conceptual perspective, Nijhof et al. (2003) conclude that one of the requirements for successful implementation of a code of conduct is “monitoring and understanding the cause of deviations, based in part on the European Foundation for Quality Management model.”

From an empirical perspective, Mamic (2005), who surveyed managers and suppliers concludes that “IT systems are key for integration and performance monitoring.” In Singh’s (2006) comparison of codes of ethics of Canada’s largest corporations in 1992 and 2003, there is “more mention of enforcement/ compliance in 2003.” Murphy’s (1995) study of 257 corporate ethics statements in Fortune 500 companies finds most codes contain some references to sanctions for violating it, although a “troubling finding is that 20 percent of the firms do not have sanctions in place,” leading to the further conclusion that the codes “lack teeth and in certain instances are primarily still public relations documents.” Emmelhainz and Adams (1999) conclude from an analysis of 27 of the U.S. largest apparel firms that while most firms have codes, these codes are “particularly lax in monitoring and enforcement.”

2.16. Ethics Training

Training in ethics “seeks to help people understand the ethical aspects of decision making and to incorporate high ethical standards into their daily behavior.” In a study conducted in U.K, employees were asked whether they had been aware of actual misconduct by their employer or colleagues. Only 20% of full-time employees answered “Yes” to this question (NBE, 2012) suggesting the need to clear guidance and awareness creation.

As explained by Heather Hunt (2012), “many organizations train their supervisors and managers on employee ethics. While it is imperative for those individuals to have a thorough understanding of ethics policies and codes of conduct, training for all employees will increase the likelihood that the policy and code are followed company wide. Employees need the benefit of ethical training so that they, too, can meet the standards set by the organization’s policies and codes of conduct. Here are several more business and professional reasons why company-wide training on ethics enhances your organization’s culture—and bottom line.”

On the other hand ICSI (2003) writes "If ethics training is to be effective, it must start with a foundation, a code of ethics, and a procedure for airing ethical concerns, line and staff involvements, and executive priorities on ethics that are communicated to employees".

2.17. Ethical Leadership

“For a high-quality leadership, it is imperative that leaders should be strong enough in their ethical behavior in day-to-day business matters” (Ciulla, 1995, Kodish 2006). According to Aristotle, leadership is above the skills, above the awareness of assumptions, and beyond the diagnostic ability. “It is the aptitude of the followers to handle the situation ethically and productively depending upon their knowledge, skills, expertise, experience, sensitivity, and insight vision. So, leadership is the perception of the world with a broader visionary fertility of mind.” Bass and Steidlmeier (1999) adopt this explanation and say that, the leaders may or may not be strong enough in their decision making power. They suggest that this “decision making power can make them affective or ineffective. Besides this, ethical leaders have strong ethical norms and values, supportive character for themselves and others, which are intensely surrounded by a broad vision.”

Ladkin (2008) considers that leading skillfully has three dominant attributes; “visionary” in recognizing them self and the situations, “consistency” similarity among himself and other's ideas and communication, and “rationality” achievement of goals. Ladkin (2008) finds out that leading skillfully “engages in recreation of the ethical aspects of a leader's efforts” and point outs whether the leader's purpose fits with the full awareness of the human atmosphere.

Kanungo (2001) mentions that “ethical leader's behavior is sometime connected with the welfare of the others and in the meanwhile, they engage in acts and behaviors that benefit others and at the same time, their behavior can be the source of any spoil to others.” The researchers of leadership normally sketch features and distinctiveness that relate to “good quality leadership”.

“The major distinguishing feature of ethical leadership is its stress on characterized moral perception, moral judgment, moral management, and moral impression” (Brown and Trevino, 2006; Walumbwa et al., 2008). “Ethical leadership is mostly related with self-actualization, moral relationship, moral perception, and unbiased dealing” (Gardner et al., 2005; Walumbwa et al., 2008).

2.18. Ethics and Employee Performance

Employee performance is very important element for the success of any organization. But organizations' destiny can't be decided by the performance of one or two employees. The organization's performance is the shared and sum total effort of all of its employees. "Performance is the key multi character factor intended to attain outcomes which has a major connection with planned objectives of the organization" (Mwita. 2000). The leaders and the employees of an organization are all expected to perform to the maximum of their capabilities to achieve organizational goals and objectives.

The organizations have also some expectations from their leaders and employees. So, in many situations the employees try to fulfill these expectations, but in some cases, they are dependent on their bosses or the management for proper guideline. Therefore, "employees must be trained so well to show performance by accomplishing their tasks and responsibilities artistically." "An efficient leadership plan can be a strong weapon for support to assist in discovering and polishing leadership characteristics between the employees of the organization."

Studies have shown that ethics affect employee performance in various ways. General Electric Engineers conducted survey on a factory and divided the factory into two groups (Hawthorne Studies). One group was given good working environment and monetary benefits and the other group was denied the two things but was given their favorite to work with. It was finally noted that workers who were given work with their favorites were happier and satisfied than those who were just given salary and good working environment. So the conclusion follows that a worker likes to be respected and give respect to co-workers, management and customer of the organization.

"Although money is an important stimulant for work, if the worker is not given respect and honor he/she would leave the job and reject monetary incentives. In work place if workers get a feeling of discrimination they lose interest in jobs. Absenteeism rises and worker do not come up to the expectations of the company. They reflect their dissatisfaction on co-workers and customers and thereby affecting company's performance." According to Grant and Hoover (1994), "Ethics are closely tied to culture of an area, and as culture differs from place to place, ethics may also differ". This would also be true for Banking services. Even ethics of one Department may differ from that of the other.

Employees deserve to work in an environment that makes them feel comfortable and productive. Just like other duties, employee must know what is expected of them in relation to conduct and ethics. "Department leaders also must create an environment that makes it possible for Department members to bring their mistakes out in the open instead of trying to hide them" (Marinucci, 1992).

A company can't expect employees to maintain a high level of ethical behavior if they have no clear guidelines to be guided by. "Having a written policy helps to create this atmosphere and makes members aware of the kinds of behaviors expected of them in specific situations, the repercussions that can occur when they do not meet the expectations, and the manner in which the Department will handle infractions". (Marinucci, 1992). According to Steffens, we must recognize the impact & importance of ethics and the potential for un-ethical behavior to destroy any public respect that the profession may still have. He stressed we must work to ensure that our organization has a clear and written ethical code which will give employees a clear understanding of what is right or wrong (Steffens, 1994).

In a study conducted on 100 successful corporation in USA, it was found that each companies had a written code of ethics and it was made understood by all employees and was an integral part of each company's corporate culture (Business Roundtable 1988). Another research conducted by Shea (1988) has also shown that a consistent pattern of ethical conduct among managers and within the organization helps solve many problems and contributes to high performance.

Code of ethics would provide important tools that employees could use to make right decisions and the concept Total Quality Management (TQM) is all about making the right decisions and satisfying customers. "Ethics involve more than one self. Ethics is about how the results of our decision affect the customer and the service provider equally. Ethics has a great deal to do the overall total quality of an organization (Dr. George Thomas, 2003).

Some of our organizations both public and private duplicate written codes from different countries. It is also common to see organizations of varying nature use similar code of ethics. But according to Grant and Hoover (1994), "Ethics are closely tied to culture of an area and as culture differs from place to place, ethics may also differ.

“Recent approaches to management like Management by Objectives or MBO and employee empowerment, has their roots in the improving ethical behaviors and have a strong ties with the employees. Thus strong ethical culture improves employee behavior. Getting employees' ideas and getting their involvement is not an option anymore. If our workforce is going to be competitive, it's mandatory to involve the minds, hands, and ideas from everyone in the organization.” This is particularly true with the Banking business of today. “A strong ethics program can bring in many concrete benefits for an organization, from increasing customer satisfaction, to improving employee morale, to conserving resources and saving costs. “

2.19. Application of Ethics to Banks' staff

Conceptually a Bank is known as a financial institution, which serves as a financial intermediary among various components of our society. As was shown in the previous sections of this paper, the primary task of a Bank is to accept deposits and provide credits either by lending or through capital market. “A Bank is a financial establishment which uses money deposited by customers for investment, pays it out when required, makes loans at interest” – Oxford Dictionary (2008).

On the basis of the definitions given at various sections of the paper, Bank is a institution which deals with money. Each Bank performs various functions like money lending, accepting deposits, transferring of money, facilitation of import export business, e-payment, management of foreign exchange etc.

All those activities are closely related to the confidence of the public, which is to a great extent driven by the degree of responsibility with which Banks' management and employees treat clients, the competition and cooperate with one another. Green (1989) revealed that a “Bank's responsibility extends to Government, customers, shareholders, staff, and the community. Companies do have ethical responsibility, but it is not protected by limited liability from the consequences of their actions. A company's record and the perception of its ethics affect its reputation and ensure long-term success or failure.” Further, he concluded that as we face increasingly complex and conflicting issues, our commitment to ethical behavior would be tested.

"The fact that Banks, as organizations which fulfill investment and saving functions by playing an integrating and intermediary role between the fund-supplying and fund-demanding parties of the society, have also adopted profitability and productivity principles, obliges them to stick to ethical principles during their operations in both professional and corporate domains. If we want to realize our general objectives of growing our banking system, raising the banks' service quality, using the resources most appropriately, and preventing unfair competition between banks; we have to formulate and regulate the relations of the banks with each other and with other organizations as well as their relations with their customers, shareholders and employees in line with ethical principles". (The Banks Association of Turkey, 2010)

"The image and reputation of a Bank as well as people's confidence in the bank depend heavily on the behavior of its employees, their ability to interact with and show attention to their co-workers and clients." The Human Resources Policy of Danske Bank (2010) contains many tips and requirements for the staff. An employee must seek the right decision both for the client and the bank, and try not to make irresponsible promises that may not be fulfilled. "Interaction while maintaining eye-contact with the person you are talking to is a very important principle of social behavior."

"Probably the most important thing that is missing in interaction is the ability to listen, defer challenging another person's opinion, try finding positive aspects, look for a compromise, see and appraise both what is good and bad. One way to develop communication skills is to attend special training courses at banks.

The exterior image of the employee – the way they are dressed, how tidy their workplace is – is very important. The management of the banks that hold licenses issued by the Bank of Lithuania and a foreign bank branch have been surveyed anonymously, without disclosing the names of the banks in this paper, about their priorities for the existing employees and new staff members to be recruited.

They were asked to rank (on a 100-point scale) the following qualities of employees pertaining to ethics: professionalism and competences; honesty and thoroughness; transparency and accuracy while maintaining bank secrecy; possession of views and criticism; ability to communicate, conflict avoidance; fairness very much similar" (Filomena Jasevičienė, 2012).

“What does Code of Ethics mean to Bank of America? It means that individually we each uphold a commitment to our company’s Core Values as guides for our daily conduct; and as a team we act with a shared ethical responsibility to always do the right thing.” (Ric Struthers, President, Global Card Services, 2014).

2.20. What Dashen Documents say about Ethics

In its corporate mission statement, the Bank signifies its intent of “providing efficient and customer focused domestics and international banking services”. In the core values of the Bank and statements included in the Human Resource Manual as a ‘code of ethics’, some important element of ethics like confidentiality, honesty, reliability, password related issues etc are mentioned with corresponding penalties for failure to obey them. Issues like prudent lending, fair allocation of foreign currency to customers, the consequence of involving in activities like taking bribes, exaggerating value of building on engineering estimation for personal gain purpose are all strictly prohibited and are documented in the form of Policy and Procedure Manual to be used by the corresponding work units of the Bank.

2.21. Ethical Workplace Culture

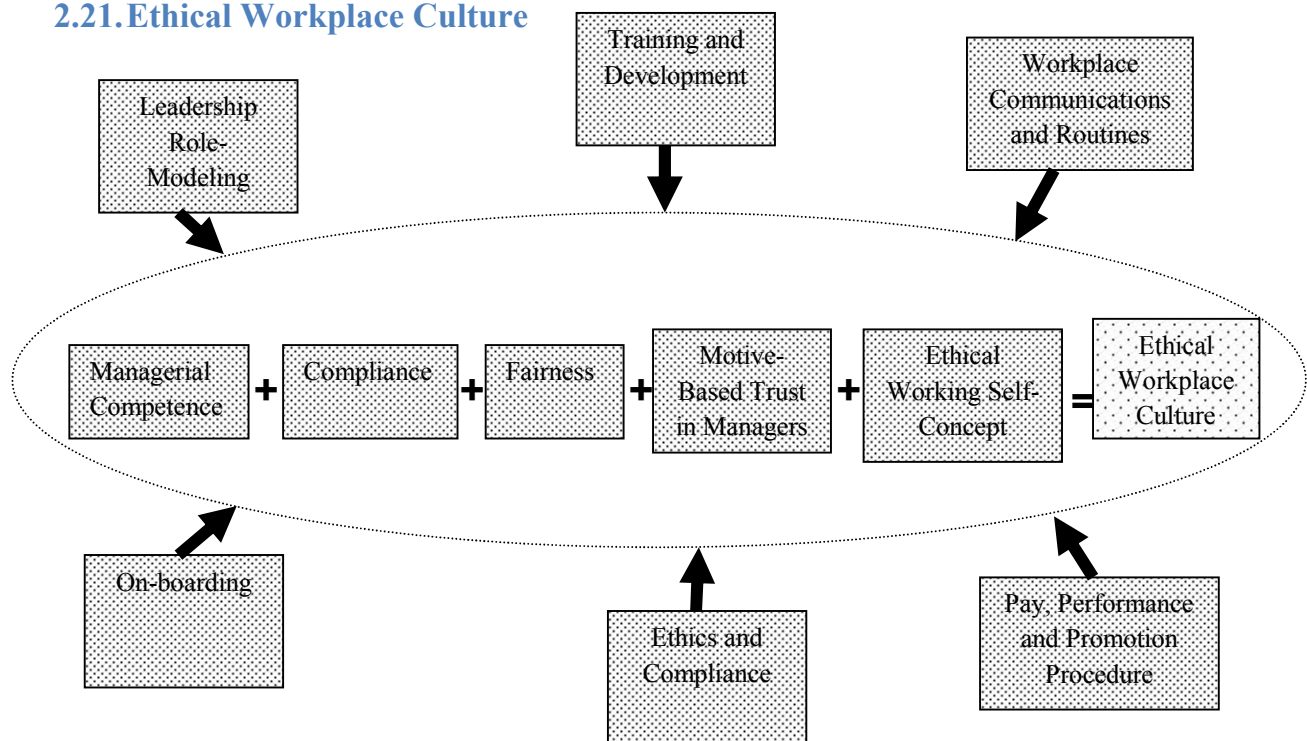


Figure 5 Research Based Model of Ethical Workplace Culture

Source: SHRM, 2013

Chapter Three

3. Research Design and Methodology

Under this section issues related to the research design, the sources of data and collection methods, the sampling technique, data analysis and ways of disseminating the result shall be addressed.

3.1 Research Design

Mixed methods research design whereby both qualitative and quantitative approaches are incorporated was employed for the study. According to John W. Creswell (2008), the method collects both quantitative and qualitative data 'mixes' them at the same time (concurrently) or one after the other (sequentially) and emphasizes both equally or unequally. The method is preferred because owing to the nature of the topic of the study either qualitative or quantitative is insufficient by itself. To make use of the fact that the two approaches provide different pictures. The two combined provide more sound evidence. It is the latest method and mirrors 'real life'.

3.2 Source of data and the Collection method

3.2.1 Primary Source of Data

Questionnaires were distributed to employees and management of Dashen Bank in person. The questions are all close ended and are rated on Likert type scales of seven or eight points and dichotomies. The questions are closed because they are more likely to communicate similar meanings. Likert scales are used due to the fact that it is the most useful method when measuring characteristics of people such as behavior, attitudes, feelings, opinions etc.

There were thirty-five (35) questions in total, which were subdivided into three parts. Part one consists of fifteen (15) questions with options of Yes, No, Uncertain or Always, Seldom or Never.

Part two consists of fifteen (15) questions with seven different options. These were Strongly Agree, Moderately Agree, Agree, Neutral, Disagree, Moderately Disagree, and Strongly Disagree. The calibrations were as follows: Strongly Agree = 7, Moderately Agree = 6, Agree = 5, Neutral = 4, Disagree = 3, Moderately Disagree = 2, and Strongly Disagree = 1. Part three consists of five (5) questions with eight different options. These were Much worse, Worse, Slightly Worse, Same, Slightly Better, Better, Much Better and Don't Know with calibrations 1, 2, 3, 4, 5, 6, 7 and 8 respectively.

3.2.2 Secondary Source of Data

This involves the data collected from Policy and Procedure Manual and magazines of Dashen Bank, journals and books. Sources of secondary data have been fully disclosed in the bibliography.

3.3 Justification for the Questionnaire Method

The choice of the questionnaire method is because of ease of analysis and the fact it is can be perceived by the respondent more or less in a similar context.

3.4 Population

“The population is a census of all the elements or subjects of interest and may be finite or infinite” (Asika: 1991). “The full set of cases from which the sample is taken is called the population” (Saunders et al: 1997). The population in this study comprised of employees working in various positions of Branches and Head office of Dashen Bank. There are 170 Branches having more than 4,500 employees. As per the data compiled as of June 30 2015, 82 branches with total number of employees of 1,206 are found in Addis Ababa. The entire population is too large to be included in the study. It is therefore imperative that a sample of the population must be taken for the purpose of this research.

3.5 Sampling Procedure

Sampling techniques provide a range of methods that enables the researcher to reduce the amount of data the researcher needs to collect by considering only data from a subgroup rather than all possible cases (Saunders et al: 1997). Out of 82 branches located at Addis Ababa, only 46 of them gives all services including loan, import/export, ATM services and e-payments activities in addition to the usual banking operations.

This study is based on a sample size of 70 bankers chosen purposely (on own judgment) from half of those branches giving all banking services in Addis Ababa with special consideration to the number of their customers, mix of banking services(loan, letter of credit, ATM, card holders, etc) the number of years the Branches are in service and from the head office of the Bank.

Out of 70 questionnaires distributed, 60 responses were received from respondents representing about 85% response rate. This is quite representative and the outcome is a valid representation of Dashen Bank. There is no discarded question except that there are some missed values.

3.6 Why Random Sample Selection

The random sampling procedure has been employed because it is easy to administer and saves time.

3.7 Methods of Data Analysis and ways of disseminating the findings

Data collected from primary and secondary sources will be analyzed and disseminated in the following manner:

3.7.1 Statistical Techniques

Descriptive data of the survey is summarized as a two-way contingency table and then chi-square (X^2) is used to do the analysis. The chi-square (X^2) enables a researcher to find out if the values of the two variables are independent or associated. "It is based on a comparison of the observed values in the table with what might be expected if the two distributions were entirely independent" (Saunders et al: 1997). It is a reliable means of determining the probability that two variables are independent.

Situations under which chi-square (X^2) is valuable are:

- a. When there are two variables drawn from independent samples each of which is categorized in two ways e.g. Yes and No responses.
- b. When the data are non-metric. When the data are expressed in frequencies (Asika: 1991).

Chi-square (X^2) is computed as:

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

Where: χ^2 is the chi square statistic.
 Σ = summation symbol.
O = Number observed.
E = Number expected.

The statistical method used for data analyses is based on the frequency distribution of the survey. As a qualitative mixed research method, secondary data will also be collected from different sources analyzed and the findings will be linked to what is obtained under the quantitative methods and then conclusion is drawn. It believed that the methods employed will sufficiently represent the observations and justify the generalization made there on.

The study is mainly for academic purpose. Findings shall be compiled and distributed to the management of the Bank upon proper review by the advisor and completion of the defense.

Chapter Four

4. Data Analysis and Interpretation

4.1.Introduction

Chapter 3 discussed the research methodology used for this research. In this chapter, the bio-data of respondents are summarized and the responses of respondents are presented and analyzed. The responses have been analyzed using tables to drive the result to each research question and present the sample for generalization of the population.

4.2.Participants Profile

The following table shows statuses of the respondents comprising of account officers, recruit professionals and supervisors(below team leader(T/L)), Auditors, Team leaders, Division heads, Managers and executives.

Table 1 Statuses of Respondents

| S/N | Job Position | Frequency | Percentage | Comments |
|-----|---------------------|-----------|------------|---|
| 1 | Below Team Leader | 25 | 41.7 | This group includes clerical staffs, help desk attendants and their immediate supervisors who have direct contact with customers. |
| 2 | Auditors | 2 | 3.3 | These are resident auditors whose primary role is ensuring rules and regulations of the Bank is enforced. |
| 3 | Team Leaders | 14 | 23.3 | These are section heads who are in charge of supervisors, clerks and helpdesk attendants. |
| 4 | Division Heads | 5 | 8.3 | These are persons over section heads. |
| 5 | Managers(Directors) | 13 | 21.7 | Managers are leaders of branches while directors are that of Departments. |
| 6 | Executives | 1 | 1.7 | These are top managements including Vice presidents and the president of the Bank. |
| | Total | 60 | 100 | |

Source: Own Source (survey results)

4.3. Age Distribution of Respondents

Table 2 Age distribution of respondents

| Age/ Years/ | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------|-----------|---------|---------------|--------------------|
| below 20 | 1 | 1.7 | 1.7 | 1.7 |
| Valid 20 to 30 | 21 | 35.0 | 35.0 | 36.7 |
| 30 to 40 | 27 | 45.0 | 45.0 | 81.7 |
| 40 to 60 | 11 | 18.3 | 18.3 | 100 |
| Total | 60 | 100.0 | 100.0 | |

Source: Own Source (survey results)

The table shows there is only one respondent below the age of 20. 35% of the respondents fall within age group of 20-30 years while about 63% of them fall within age group of 30 -60. This shows that the respondents were well aware of the research questionnaires presented to them and were therefore sufficiently mature to make informed decisions and judgment based on the questionnaires presented to them. Consequently, I am confident that the information provided by the respondents is reliable.

4.4. Gender Distribution

Table 3 Gender distribution of respondents

| Gender | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------|-----------|---------|---------------|--------------------|
| Valid F | 27 | 45.0 | 45.0 | 45.0 |
| M | 33 | 55.0 | 55.0 | 100.0 |
| Total | 60 | 100.0 | 100.0 | |

Source: Own Source (survey results)

Table 3 shows 45% of the respondents are female and the remaining 55% represents male respondents. Evidently the female participants constitute a good proportion of this survey and the representation is considered satisfactory. The percentage of female in the survey is an indication that Dashen Bank has good gender mix.

4.5. Analysis of Responses to Research Questions

4.5.1. Part one(I)

1. Does your Bank have ethics governance arrangements?

Table 4 Responses to Question number 1

| The Bank Has Ethics Governance | Frequency | Percent | Valid Percent | Cumulative Percent |
|--------------------------------|-----------|---------|---------------|--------------------|
| Valid Yes | 16 | 26.7 | 27.1 | 27.1 |
| Valid No | 26 | 43.3 | 44.1 | 71.2 |
| Valid Uncertain | 17 | 28.3 | 28.8 | 100.0 |
| Total | 59 | 98.3 | 100.0 | |
| Missing Missing Value | 1 | 1.7 | | |
| Total | 60 | 100.0 | | |

Source: Own Source (survey results)

Table 4 shows the distribution of responses to question 1. A total of 16 or 26.7% out of 60 respondents believes that the Bank has 'Ethics governance'. While 26 respondents representing 43.3% said the Bank has no Ethics Governance. 17 or 28.3% of the respondents are not sure whether the Bank has ethics governance or not. This shows 71.6% of the respondents have either no information or they believe the Bank has no 'Ethics Governance'.

It can be inferred that Dashen Bank has no or poor ethics governance arrangement. This shows there is no proper way for corporate managers to adhere to processes to ensure good ethical behaviors in matters bordering on decision making and management of the Bank. "Ethics governance is used to describe the performance issues in management and policy making in business, government, politics, etc. Ethical governance in short is anti-corruption whereas authority and its institutions are accountable, effective and efficient participatory, transparent, responsive, consensus-oriented and equitable. It is integral to sustainable growth. Ethical governance also implies a value assessment and is thus Value-Laden. Because of this value-laden concept some organizations use the term ethical governance or ethical management as labels or advertisement slogans. Poor ethics governance has been recognized as one of the major factors in almost all known instances of financial sector distress and opined that strong ethics governance should be observed in all financial institutions." (www.ethicalgov.blogspot.com)

2. Does the Bank have a written code of ethics?

Table 5 Responses to Question number 2

| Written Code of Ethics | Frequency | Percent | Valid Percent | Cumulative Percent |
|------------------------|-----------|---------|---------------|--------------------|
| Yes | 23 | 38.3 | 38.3 | 38.3 |
| No | 24 | 40.0 | 40.0 | 78.3 |
| Uncertain | 13 | 21.7 | 21.7 | 100.0 |
| Total | 60 | 100.0 | 100.0 | |

Source: Own Source (survey results)

The table shows 24 or 40% of the respondents said the Bank has no written code of ethics. 13 or 21.7% are 'uncertain' whether the Bank has written code of ethics or not. 23 or 38.3% said the Bank has written code of ethics.

Business decisions aren't always black and white. How can we trust that our workers will do the right thing?

One way Dashen Bank can help its employees to be mindful of the importance of workplace ethics and to avoid ethical conflicts is through a commitment to a robust code of ethics. Such a document is an open disclosure of the way the Bank want to operate. The document also offer an invaluable opportunity for the Bank to create a positive public identity and an increased level of public confidence. A trend in many modern companies of today is the creation of codes of ethical conduct in recognition that these documents are more important than ever in today's environment for establishing the public's trust.

Dashen Bank has tried to develop 'code of ethics' and included it in the Human Resource Management manual but this document is so incomplete. The codes are not designed in a way it can serve to the best interests of the public and protecting the environment, as well as in consideration of the professional obligations of the banks such as protecting the rights and interests of the savers, maintaining trust and stability in financial markets, and the requirements of economical development of the country.

3. If the answer to Q2. Is YES, is it readily available like for example on the Bank's Website?

Table 6 Responses to Question number 3

| Availability of Code of Ethics | | Frequency | Percent | Valid Percent | Cumulative Percent |
|--------------------------------|---------------|-----------|---------|---------------|--------------------|
| Valid | Yes | 8 | 13.3 | 15.1 | 15.1 |
| | No | 31 | 51.7 | 58.5 | 73.6 |
| | Uncertain | 14 | 23.3 | 26.4 | 100.0 |
| | Total | 53 | 88.3 | 100.0 | |
| Missing | Missing Value | 7 | 11.7 | | |
| Total | | 60 | 100.0 | | |

Source: Own Source (survey results)

From Table 6 only 8 or 15.1% of the respondents said the Code of ethics is readily available. 31 or 58.5% responded with 'No' to the question. 14 or 26.4% are uncertain and 7 or 11.7% didn't respond to the question.

As was discussed in the preceding question, the Bank has no well designed code of ethics. The code of conduct that is incorporated in the Human Resource Management manual is published and distributed to employees once in a couple of years. It is not readily available. In principle such documents are both an internal commitment to a standard of behavior and beliefs and a public declaration of the Bank's position on a set of standards, values, principles and beliefs. Code of ethics. Frequently code of ethics is posted on the organization's website and in their annual report to shareholders, but the case of Dashen Bank is not easily accessible even to its employees. This, coupled with the absence of robust code of ethics makes the Bank to have a less independent audit practice, no clear separation between the CEO and the BOD chairperson and weaker future financial performance.

Weaker future financial performance is because the decision not to adopt and disseminate an ethics code for employees is more likely to cause poor decision and ethical values by the top management, supervisors and employees who may not value ethics in conducting businesses which in turn impacts the company's financial performance. An implication for customers and investors is that they may want to avoid the Bank soon they learn that employees act unethically because they have no clear code of conduct to follow.

4. During the past year at work, have you been aware of any conduct that you thought either violated the law or your organization’s ethical standards?

Table 7 Responses to Question number 4

| Awareness of Ethical misconduct | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------------------------------|---------------|-----------|---------|---------------|--------------------|
| Valid | Yes | 32 | 53.3 | 55.2 | 55.2 |
| | No | 17 | 28.3 | 29.3 | 84.5 |
| | Uncertain | 9 | 15.0 | 15.5 | 100.0 |
| | Total | 58 | 96.7 | 100.0 | |
| Missing | Missing Value | 2 | 3.3 | | |
| Total | | 60 | 100.0 | | |

Source: Own Source (survey results)

32 or 55.2% of employees said they have been aware of behavior at work which either violated the law or their organization's ethical standards in the past year. A significant number(17 or 29.3%) of employees said they were not aware of misconduct in the past years. 9 or 15.5% of the respondents are uncertain of ethical misconduct. 2 or 3.3% didn't respond to the question. Inconsideration of the fact that employee surveyed are bankers, it is logical that a higher proportion of employees in the Bank answered “Yes” to awareness of misconduct.

Ethical awareness is a very effective (often under-rated) factor that serves to promote ethical behavior on the one hand and reduce unethical behavior on the other hand. It can be achieved by a variety of mechanisms of which the following three are especially impactful: /Cynthia(2013)/

- Assessing, monitoring and reporting on ethical performance - a tool such as the Ethics Monitor, a web-based ethics survey, may be used to assess, monitor and report on ethics.
- Ethics training - Ethics training is another important contributor to building and maintaining ethical awareness.
- Leadership

Leadership is widely regarded as the most powerful factor shaping behavior, ethical or otherwise. In their capacity as role models, leaders are able to build ethical awareness very successfully.

Their effectiveness will rest on the extent to which ethics is genuinely supported by the most senior leadership and on the company having a clear ethics strategy.

The result of the survey shows Dashen Bank has deficiency in one or all of the above listed ethics awareness creation mechanisms.

5. Does your organization have mechanism for awareness creation and reporting of unethical behavior?

Table 8 Responses to Question number 5

| Awareness creation and reporting of unethical behavior | | Frequency | Percent | Valid Percent | Cumulative Percent |
|--|---------------|-----------|---------|---------------|--------------------|
| Valid | Yes | 25 | 41.7 | 42.4 | 42.4 |
| | No | 18 | 30.0 | 30.5 | 72.9 |
| | Uncertain | 16 | 26.7 | 27.1 | 100.0 |
| | Total | 59 | 98.3 | 100.0 | |
| Missing | Missing Value | 1 | 1.7 | | |
| Total | | 60 | 100.0 | | |

Source: Own Source (survey results)

Q#4 have identified respondents who had been aware of misconduct. Here employees are asked whether there is mechanism to report the misconduct or not. Only 25 or (42.4%) of the respondents said 'YES' to the question while 18 or (30.5%) responded 'NO' and 16 or (27.1%) are unsure about the reporting line, 1.7% or the respondents didn't give answer to the question.

Dashen Bank uses formal line of control and risk Departments to report 'unethical behavior' but these Departments fully depends on the rules, regulations, policy and procedure manuals whose main focus is financial transactions. There is no way of documenting unethical behaviors. There is no trained personnel to manage whatever documents or reports received on 'unethical behaviors'. The Bank has no 'confidential compliance' or 'ethics officer' to whom such reports can directly be conveyed. These may add up to one clear thing:

Employees may focus only on the things they are responsible for and concentrates on making sure that their bases are covered. Ethical slips of others may be left for the person committing the behavior and their supervisor to work out, not the employee that noticed as a third party.

6. Do the managers and executives of your organization demonstrate high ethical standards?

Table 9 Responses to Question number 6

| Ethics of Managers | Frequency | Percent | Valid Percent | Cumulative Percent |
|--------------------|-----------|---------|---------------|--------------------|
| Valid Yes | 19 | 31.7 | 31.7 | 31.7 |
| No | 24 | 40.0 | 40.0 | 71.7 |
| Uncertain | 17 | 28.3 | 28.3 | 100.0 |
| Total | 60 | 100.0 | 100.0 | |

Source: Own Source (survey results)

40% of the respondents said their leaders don't demonstrate high ethical standard. 28.3% of the respondents are not certain about the ethical behavior of their leaders. Only 31.7% of the total respondents said 'YES' to the question.

For an organization's ethical values and standards to filter down to all levels, buy-in from all levels of management is required. Line managers have an essential role in effectively communicating the organization's 'ethics message' and acting as role models for the employees they manage. 'Tone from the middle' is as important as 'tone from the top'. (IBE www.ibe.org.uk, 2012)

As was noted in IBE(2012) some organizations are going further and develops separate ethical guidance documents for managers/supervisors. Managers are required to adhere to this in addition to the organization's code of ethics. The Guide identifies explicit responsibilities for 'Ethical Leaders' and provides guidance on a number of areas, such as how to communicate the code and ethics message to employees; how to encourage staff to speak up and support them when they do; and how to prevent retaliation. The Guide also provides a list of resources for managers and a self assessment tool for measuring their performance as Ethical Leaders and manage conflict of interests.

As was noted previously, leaders/supervisors/ are one of the important factors to create proper awareness and follow-up enforcement of ethical behaviors in their organizations. The result of the survey shows ethical 'tone-at the-top' and the 'tone-in the-middle' of the Bank is not doing well.

7. Does your organization sees formal delegation as having a role in supporting ethical decision making?

Table 10 Responses to Question number 7

| Appreciate Role of Delegation in Ethics | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---------------|-----------|---------|---------------|--------------------|
| Valid | Yes | 22 | 36.7 | 37.9 | 37.9 |
| | No | 17 | 28.3 | 29.3 | 67.2 |
| | Uncertain | 19 | 31.7 | 32.8 | 100.0 |
| | Total | 58 | 96.7 | 100.0 | |
| Missing | Missing Value | 2 | 3.3 | | |
| Total | | 60 | 100.0 | | |

Source: Own Source (survey results)

28% of the respondents have shown disagreement while 31.7% are not sure about the practice. Only 36.7% have agreed that the Bank sees formal delegation as having a role in ethical decision making. The result suggests that even if the practice is there, there is no formal procedure that enforces the practice in a standardized way.

"Delegation can be seen as one of an ethical responsibilities we owe to our-self, to those with whom we work, and to our organization." Delegation benefits the Delegator in saving time, achieve more by sharing burdens and performing better and increase value by enhancing the delegator's credibility as a leader. The delegated will also be benefited by gaining new skill and the opportunity to develop self-esteem and enhance his/her job. More importantly, the practice of delegation improves behavioral climate, enables develop proper successors and motivates the subordinates to perform well.

Delegation in Dashen Bank is not practiced uniformly. It is well practiced only at Grade_IV, Grade_III branches and some Departments. These work units are usually managed by senior and experienced staffs. The number of branches that reached these grades are only 15 and Departments of the Bank are 8. These figures are so limited compared the size of the Bank. This shows Dashen Bank has to do a lot to improve its delegation practice for otherwise it will fall short of the above mentioned advantages and face with the problem of flexibility, efficiency and competitiveness in the industry.

8. Does your organization have a formal risk management plan which addresses ethical conduct?

Table 11 Responses to Question number 8

| Risk Management | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------------|-----------|---------|---------------|--------------------|
| Yes | 24 | 40.0 | 40.0 | 40.0 |
| No | 15 | 25.0 | 25.0 | 65.0 |
| Uncertain | 21 | 35.0 | 35.0 | 100.0 |
| Total | 60 | 100.0 | 100.0 | |

Source: Own Source (survey results)

The Bank has 'Risk Management and Compliance' Department. Most operational work unit has also its own risk analyst. What is interesting in question #8 is that significant number of respondents(60%) either don't agree that ethical issues are properly addressed by these work units or they are unaware whether ethical misconduct is being addressed by the said work unit or not. Only 40% of the respondents are certain that the Bank has risk management that addresses ethical conducts.

Laws, rules, directives and guidelines have also been established to minimize the risk especially in areas like credit, liquidity, operation, etc but the Bank has no proper mechanism to manage ethical risk which means there is no proper way of ensuring the safety and soundness of the Bank and its system as a whole from ethics point of view.

9. Does your organization communicate its expectations to employees in relation to ethical decision making and behavior?

Table 12 Responses to Question number 9

| Expectation from Employees | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------------------|-----------|---------|---------------|--------------------|
| Yes | 29 | 48.3 | 49.2 | 49.2 |
| No | 22 | 36.7 | 37.3 | 86.4 |
| Uncertain | 8 | 13.3 | 13.6 | 100.0 |
| Total | 59 | 98.3 | 100.0 | |
| Missing Value | 1 | 1.7 | | |
| Total | 60 | 100.0 | | |

Source: Own Source (survey results)

Bankers are custodians of private and public wealth. There are therefore a lot of expectations from bankers in terms of behavior, conduct and life style. The societal expectation is that bankers must at all times be honest, knowledgeable, transparent, proficient, trustworthy and conservative, who would not divulge or disclose information about their customers without lawful permission. These expectations need to be clearly communicated to employees by their employers.

Table 12 shows that about half or 49.2% of the respondents said they know what is expected of them. 37.3% which constitutes significant number of the respondents are not aware of what is expected of them. While 13.6% of them are uncertain, 1.7% have not responded to the question. In aggregate, about half of the respondents have problem with regard to communication on what is expected of them.

Employees must know when they're performing well and when they're not. The survey shows there is weakness in clarifying expectations and supporting employees by helping them structure their work and prioritize their tasks. There is no well established means to measure the difference they make and hold them accountable for their results. Further, the study shows managers and supervisors are not available to answer employees' questions and provide ongoing support, feedback and communication so that employees always know whether they're meeting expectations.

10. Is there clear and user friendly complaints and appeals process for customers and clients in your organization?

Table 13 Responses to Question number 10

| Compliant Handling process | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------------------|-----------|---------|---------------|--------------------|
| Valid Yes | 19 | 31.7 | 32.8 | 32.8 |
| Valid No | 29 | 48.3 | 50.0 | 82.8 |
| Valid Uncertain | 10 | 16.7 | 17.2 | 100.0 |
| Total | 58 | 96.7 | 100.0 | |
| Missing Missing Value | 2 | 3.3 | | |
| Total | 60 | 100.0 | | |

Source: Own Source (survey results)

A complaint is an “expression of dissatisfaction made to or about an organization, related to its products, services, staff or the handling of a complaint, where a response or resolution is explicitly or implicitly expected or legally required” www.standards.com.au(2016). According to this standard, an effective complaint handling system provides three key benefits to an organization:

- It resolves issues raised by a person who is dissatisfied in a timely and cost-effective way;
- It provides information that can lead to improvements in service delivery; and
- Where complaints are handled properly, a good and user friendly system can improve the reputation of an organization and strengthen public confidence in an organization's administrative processes.

| The Public Wants | The Organization needs |
|--|--|
| <ul style="list-style-type: none"> • A user friendly complaint handling system • To be heard and understood • To be respected • An explanation • An apology • Action as soon as possible | <ul style="list-style-type: none"> • A user friendly system for accepting feedback • Clear delegations & procedures for staff to deal with complaints and provide remedies • A recording system to capture complaint data • To use complaint data to identify problems and trends • To improve service delivery in identified areas |

Source: Own Source (survey results)

Table 13 shows about half of the respondents believes that there is no user friendly compliant handling mechanism in Dashen Bank. That means the arrangements enabled by the Bank to make people complaints may lack proper customer focus, may not be visible, may not be easily accessible or may be found very close to the counter that customers loses comfort to give genuine comment/complaints.

11. Is ethical behavior rewarded in your organization?

Table 14 Responses to Question number 11

| Ethics Reward | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------------|-----------|---------|---------------|--------------------|
| Always | 7 | 11.7 | 11.7 | 11.7 |
| Seldom | 29 | 48.3 | 48.3 | 60.0 |
| Never | 24 | 40.0 | 40.0 | 100.0 |
| Total | 60 | 100.0 | 100.0 | |

Source: Own Source (survey results)

In response to this question, 11.7% of the respondents confirm that Dashen Bank rewards those who act ethically. About half of the respondents said ethical practices are not always rewarded while 40% of them responded there is no reward for ethical practices. Too often companies experience a gap between having ethics policy and program in place and its absorption by employees. In considering ways of closing this gap, a number of organizations are no longer relying on negative deterrents but are developing positive incentives to encourage high ethical standards throughout their business.

A survey by Deloitte in 2007 showed a strong relationship between enabling staff to have a good work-home balance and ethical behavior at work. The study also indicated that senior management, as well as immediate supervisors, being positive in their encouragement of ethical standards, was an important factor in promoting ethical practice in the workplace. The result of the survey shows the reward given by Dashen Bank to its employee as an encouragement of ethical behavior is very minimal and the practice lacks consistency. The Bank has no enacted reward system that promotes ethical behavior. The Bank needs to have mechanism to catch employees “doing something right” and reward the ethical behavior.

12. Is unethical behavior punished in your organization?

Table 15 Responses to Question number 12

| Ethical Punishment | Frequency | Percent | Valid Percent | Cumulative Percent |
|--------------------|-----------|---------|---------------|--------------------|
| Valid Always | 21 | 35.0 | 35.0 | 35.0 |
| Valid Seldom | 36 | 60.0 | 60.0 | 95.0 |
| Valid Never | 3 | 5.0 | 5.0 | 100.0 |
| Total | 60 | 100.0 | 100.0 | |

Source: Own Source (survey results)

35% of the respondents said unethical behavior is always punished while 60% said the behavior is punished 'seldom'. 5% of the participants feels there is no punishment for unethical behavior. According the article by Stan Mack(2016), "when employees fail to behave ethically, you must act swiftly to corral the bad behavior. If you don't, the inappropriate behavior might spread throughout your business, causing further problems. Victimized employees deserve your protection, so you must shield them from the unethical behavior of others".

The survey shows, the Bank has no proper mechanism to follow-up unethical behaviors and it lacks consistency to take appropriate action on those received through customers and employees. As per Stan Mack(2016) , the Bank may suffer from more unethical behaviors if it fails to act immediately.

13. Are penalties for unethical behavior strictly enforced in your organization?

Table 16 Responses to Question number 13

| Enforcement of Penalties | Frequency | Percent | Valid Percent | Cumulative Percent |
|--------------------------|-----------|---------|---------------|--------------------|
| Valid Always | 12 | 20.0 | 20.3 | 20.3 |
| Valid Seldom | 43 | 71.7 | 72.9 | 93.2 |
| Valid Never | 4 | 6.7 | 6.8 | 100.0 |
| Total | 59 | 98.3 | 100.0 | |
| Missing Missing Value | 1 | 1.7 | | |
| Total | 60 | 100.0 | | |

Source: Own Source (survey results)

20.3% participants believe penalties are 'always' enforced. Majority of the respondents (72.9%) feels that penalties due to unethical behavior are not always enforced in Dashen Bank. 6.8% said it is 'never' enforced. Enforcement ensures that employees who violate the law are held accountable. As was seen under question #12 above, unethical behaviors are not strictly penalized. Those penalties imposed are not materialized because of weak enforcement. This will give confidence to those committing the unethical behavior which will ultimately harm the performance of the Bank.

14. Have you ever felt pressured to compromise your organization's standards of ethical conduct?

Table 17 Responses to Question number 14

| Pressure to compromise ethical standards | Frequency | Percent | Valid Percent | Cumulative Percent |
|--|-----------|---------|---------------|--------------------|
| Always | 7 | 11.7 | 11.7 | 11.7 |
| Seldom | 33 | 55.0 | 55.0 | 66.7 |
| Never | 20 | 33.3 | 33.3 | 100.0 |
| Total | 60 | 100.0 | 100.0 | |

Source: Own Source (survey results)

The table shows about 66.7% of the respondents had perceived pressure to compromise their organization's ethical standards, policies or to break the law in order to do their jobs. Only 33.3% of the respondents has said they have not encountered with any form of pressure to compromise ethical standards of the Bank. According to Continental European survey(2012) employees are more likely to feel such pressure in an organizations with a 'weak ethical culture'. In the eyes of the discussion in the preceding questions, the result is not surprising. Employees that tries to act ethically may be pressured by peers or supervisors requiring intervention by ethics program.

15. In your organization’s daily operations, would you say honesty is practiced...?

Table 18 Responses to Question number 15

| Honesty is practiced | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------------|-----------|---------|---------------|--------------------|
| Valid Always | 25 | 41.7 | 41.7 | 41.7 |
| Seldom | 33 | 55.0 | 55.0 | 96.7 |
| Never | 2 | 3.3 | 3.3 | 100.0 |
| Total | 60 | 100.0 | 100.0 | |

Source: Own Source (survey results)

41.7% of the respondents agreed with the statement that honesty is practiced “Always” while 55.0% believes honesty is “Seldom” practiced in Dashen Bank's daily operations. This majority of respondents saying honesty is practiced “Always/Seldom” in the Bank is in stark contrast with the opinions discussed in almost all questions raised previously. The response might have been influenced by the fact that employees are repeatedly told 'honesty is the best policy' from school to the present work area level than anything else.

4.5.2. Par Two (II)

1. There are no employees who drive personal benefits from their own job potentials and or from potentials of their customers by using their positions and titles.

Table 19 Responses to Question number 1 of part II

| Driving personal benefits from job potentials | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|-----------|---------|---------------|--------------------|
| Strongly Disagree | 9 | 15.0 | 15.0 | 15.0 |
| Disagree | 16 | 26.7 | 26.7 | 41.7 |
| Moderately Disagree | 11 | 18.3 | 18.3 | 60.0 |
| Neutral | 11 | 18.3 | 18.3 | 78.3 |
| Moderately Agree | 7 | 11.7 | 11.7 | 90.0 |
| Agree | 4 | 6.7 | 6.7 | 96.7 |
| Strongly Agree | 2 | 3.3 | 3.3 | 100.0 |
| Total | 60 | 100.0 | 100.0 | |

Source: Own Source (survey results)

15% of the respondents 'strongly disagree' with the statement that there are no employees who drive benefits from their own job potentials while 45% disagree with the statement. Only 21.7% of the respondents believes employees of the Bank don't use their position for personal gain.

According to the document by Integrity Commission of Australia (2014), misuse of power and authority involves the improper use of a position of influence for personal gain by an employee who either:

- Directly engages in improper behavior or
- Pressures or coerces another employee or employees to engage in improper behavior

Examples of this behavior could include:

- Pressuring other employees to distort facts in a report to ensure that negative information concerning the individual or his work unit is concealed;
- Interfering with the ability of a colleague to work effectively by withholding information vital for the completion of a task;
- Utilizing company's resources such vehicle or procurement processes for personal gain;
- Use of authority endowed by a uniform or badge or an official position to gain gifts, benefits or gratuities or to receive discounts;

- Threatening an employee or customer with negative consequences for failure to comply with unreasonable or unlawful requests; and/or
- Utilizing lower level staff to undertake personal errands beyond their normal expected duties.

The document further outlines "Most codes of conduct require that employees do not misuse power or authority to gain an advantage for themselves or others. Managers and supervisors must act as role models for the code of conduct, ensuring that all employees understand the code and their obligations. Organizations should provide a complaint mechanism for reporting misuse of power and authority, which includes protections against harassment, and act promptly on any reports of improper use of power and authority.

Misuse of power and authority is disruptive to an organization and can impact on employee morale, productivity, turnover, absenteeism, stress-related illnesses and the organization's reputation". This fact holds true for Dashen Bank also.

2. Males employees of the Bank are subjected to more unethical behavior than female.

Table 20 Responses to Question number 2 of part II

| Males are more unethical | Frequency | Percent | Valid Percent | Cumulative Percent |
|--------------------------|-----------|---------|---------------|--------------------|
| Strongly Disagree | 12 | 20.0 | 20.0 | 20.0 |
| Disagree | 8 | 13.3 | 13.3 | 33.3 |
| Moderately Disagree | 3 | 5.0 | 5.0 | 38.3 |
| Neutral | 11 | 18.3 | 18.3 | 56.7 |
| Moderately Agree | 12 | 20.0 | 20.0 | 76.7 |
| Agree | 10 | 16.7 | 16.7 | 93.3 |
| Strongly Agree | 4 | 6.7 | 6.7 | 100.0 |
| Total | 60 | 100.0 | 100.0 | |

Source: Own Source (survey results)

38.3% of the respondents disagree with the statement that 'Male are subjected to more unethical behavior than female'. Major or 43.4% of the respondents agreed with the statement.

This can be attributed to many factors. The percentage of male and female employees of the Bank rounded to the nearest whole number is 70% and 30% respectively indicating that the probability male employees are subjected to unethical behavior is higher. The number of female Bankers at key areas of the Bank like loan approval, Human Resource, Foreign currency allocation, etc is so small compared to male Bankers which shows the tendency that male employees exposed to unethical behavior is higher.

3. Bankers should place their client’s interest before their own.

Table 21 Responses to Question number 3 of part II

| Clients' Interest | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------|---------------------|-----------|---------|---------------|--------------------|
| Valid | Strongly Disagree | 4 | 6.7 | 6.9 | 6.9 |
| | Moderately Disagree | 1 | 1.7 | 1.7 | 8.6 |
| | Moderately Agree | 3 | 5.0 | 5.2 | 13.8 |
| | Agree | 21 | 35.0 | 36.2 | 50.0 |
| | Strongly Agree | 29 | 48.3 | 50.0 | 100.0 |
| | Total | 58 | 96.7 | 100.0 | |
| Missing | 8 | 2 | 3.3 | | |
| Total | | 60 | 100.0 | | |

Source: Own Source (survey results)

The table shows there is strong support(86.2%) for the statement. This is proper reflection of the fact that banking is service and bankers must place the lawful interests of their clients before their own since the interest of the banker is to add value to the customer thereby invariably adding value to the Bank. When bankers place the interest of the customer above their own, they would not defraud the customer nor cheat the customer through forgeries, falsified records, wrong interest and commission charges etc. The findings in most of other questions don't support this claim. The result shows employees are at least aware of the fact that customers interest should come before their interest. The Bank needs to make use of this awareness and follow-up its enforcement.

4. Employees use the Bank's assets and resources productively and only for the designated purpose

Table 22 Responses to Question number 4 of part II

| Use of Bank's Assets and Resources | Frequency | Percent | Valid Percent | Cumulative Percent |
|------------------------------------|-----------|---------|---------------|--------------------|
| Strongly Disagree | 3 | 5.0 | 5.0 | 5.0 |
| Disagree | 8 | 13.3 | 13.3 | 18.3 |
| Moderately Disagree | 7 | 11.7 | 11.7 | 30.0 |
| Neutral | 6 | 10.0 | 10.0 | 40.0 |
| Moderately Agree | 16 | 26.7 | 26.7 | 66.7 |
| Agree | 15 | 25.0 | 25.0 | 91.7 |
| Strongly Agree | 5 | 8.3 | 8.3 | 100.0 |
| Total | 60 | 100.0 | 100.0 | |

Source: Own Source (survey results)

The most common assets & resources used by employees in the Bank are computers, printers, stationary materials, internet and vehicles. The Bank has enacted and enforced various rules to control the usage of such assets. The rules are so stringent and there is a proper mechanism in place like access domain, restricted privilege, register book, password and time keeping to ensure proper usage of these assets. With all rules and mechanism in place, the percentage(30%) of respondents that said the resources are not properly used for the intended purpose is so high. This may be one aspect of use of own job potential for personal gain.

5. Employee benefits like medical, fuel and vehicle are properly utilized.

Table 23 Responses to Question number 5 of part II

| Use of Benefits | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------------------|-----------|---------|---------------|--------------------|
| Strongly Disagree | 2 | 3.3 | 3.3 | 3.3 |
| Disagree | 5 | 8.3 | 8.3 | 11.7 |
| Moderately Disagree | 9 | 15.0 | 15.0 | 26.7 |
| Neutral | 7 | 11.7 | 11.7 | 38.3 |
| Moderately Agree | 9 | 15.0 | 15.0 | 53.3 |
| Agree | 21 | 35.0 | 35.0 | 88.3 |
| Strongly Agree | 7 | 11.7 | 11.7 | 100.0 |
| Total | 60 | 100.0 | 100.0 | |

Source: Own Source (survey results)

The Bank covers 100% medical expenses for employees including their spouse and under 18 children in all government health centers and 90% expenses at private hospitals and clinics. It gives company vehicle to branch and Department managers with prepaid card for fuel. Medical benefits are sometimes used just for the sake of reporting 'sick leave'. There are times when an employee goes to more than one medical center for same type of medication. Some employees use company vehicle and the fuel for family and own businesses.

26.6% of the respondents agreed the practice is there while 61.7% said the benefits are utilized properly. There is an indication of misuse of the benefits.

6. Employees know the core values of the Bank and whatever they do is in the Bank reflects these core values.

Table 24 Responses to Question number 6 of part II

| Knowledge of Core Values and its application | Frequency | Percent | Valid Percent | Cumulative Percent |
|--|-----------|---------|---------------|--------------------|
| Strongly Disagree | 1 | 1.7 | 1.7 | 1.7 |
| Disagree | 5 | 8.3 | 8.3 | 10.0 |
| Moderately Disagree | 8 | 13.3 | 13.3 | 23.3 |
| Neutral | 13 | 21.7 | 21.7 | 45.0 |
| Moderately Agree | 17 | 28.3 | 28.3 | 73.3 |
| Agree | 12 | 20.0 | 20.0 | 93.3 |
| Strongly Agree | 4 | 6.7 | 6.7 | 100.0 |
| Total | 60 | 100.0 | 100.0 | |

Source: Own Source (survey results)

There are ten statements built on the name of Dashen Bank and listed as a core values of the Bank. It is interesting to note that 55% of respondents said employees know the core values and they accomplish their tasks in line with the core values. This is actually expected in view of the level of awareness of the values. The 21.7% that remained 'Neutral' may not know the core values which could be explained to lack of awareness. The remaining 23.3% disagreed with the statement. A 100% adherence to the core values can only be achieved if adequate awareness rate can be achieved since awareness must precede adherence and compliance. The survey shows there is gap which the Bank needs to fill in terms of fortifying and applying the Basic value the Bank stands for.

7. Employees of the Bank address complaints of customers quickly, appropriately and according to procedures and take corrective action when necessary.

Table 25 Responses to Question number7 of part II

| Employees Address Customer Complaints | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------------------------------------|-----------|---------|---------------|--------------------|
| Strongly Disagree | 3 | 5.0 | 5.0 | 5.0 |
| Disagree | 6 | 10.0 | 10.0 | 15.0 |
| Moderately Disagree | 7 | 11.7 | 11.7 | 26.7 |
| Neutral | 7 | 11.7 | 11.7 | 38.3 |
| Moderately Agree | 17 | 28.3 | 28.3 | 66.7 |
| Agree | 18 | 30.0 | 30.0 | 96.7 |
| Strongly Agree | 2 | 3.3 | 3.3 | 100.0 |
| Total | 60 | 100.0 | 100.0 | |

Source: Own Source (survey results)

Clients' complaints are supposed to be addressed quickly and on 100% basis. The fact that 27% of the respondents said complaints are not timely addressed and only 3.3% strongly agreed to the presence of proper compliant handling mechanism shows the need for Dashen Bank to ensure all its staff that deals with customers are made aware of the Bank's internal compliant procedure and are able to help customers by giving timely support and correct information.

8. My organization acts responsibly in all its business dealings (with customers, clients, suppliers, etc.)

Table 26 Responses to Question number 8 of part II

| Business Ethics | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------------------|-----------|---------|---------------|--------------------|
| Strongly Disagree | 3 | 5.0 | 5.1 | 5.1 |
| Disagree | 2 | 3.3 | 3.4 | 8.5 |
| Moderately Disagree | 7 | 11.7 | 11.9 | 20.3 |
| Neutral | 9 | 15.0 | 15.3 | 35.6 |
| Moderately Agree | 11 | 18.3 | 18.6 | 54.2 |
| Agree | 22 | 36.7 | 37.3 | 91.5 |
| Strongly Agree | 5 | 8.3 | 8.5 | 100.0 |
| Total | 59 | 98.3 | 100.0 | |
| Missing | 8 | 1.7 | | |
| Total | 60 | 100.0 | | |

Source: Own Source (survey results)

A greater proportion of respondents (64.4%) feels Dashen Bank acts responsibly in all its dealings. While significant number(20.3%) of respondents disagreed with the statement that the Bank acts responsibly in all its business dealings. 15.3% of the respondents remained 'Neutral'. The result shows that the Bank has gap of “living up to its policy of social responsibility”.

9. The presence of clear policy and procedure has reduced the level of abuses of unprofessional lending in the Bank.

Table 27 Responses to Question number 9 of part II

| Role of Policy and Procedure | Frequency | Percent | Valid Percent | Cumulative Percent |
|------------------------------|-----------|---------|---------------|--------------------|
| Strongly Disagree | 1 | 1.7 | 1.7 | 1.7 |
| Disagree | 3 | 5.0 | 5.0 | 6.7 |
| Moderately Disagree | 2 | 3.3 | 3.3 | 10.0 |
| Neutral | 8 | 13.3 | 13.3 | 23.3 |
| Moderately Agree | 7 | 11.7 | 11.7 | 35.0 |
| Agree | 27 | 45.0 | 45.0 | 80.0 |
| Strongly Agree | 12 | 20.0 | 20.0 | 100.0 |
| Total | 60 | 100.0 | 100.0 | |

Source: Own Source (survey results)

The table shows the importance of having a clear working procedure towards reducing unethical behaviors. Dashen Credit manual was designed to ensure that loans are availed prudently and they are k2closely monitored so that they do not deteriorate into non-performing status due to borrowers' inability to repay them within loan life period. 76.7% of the respondents said the presence of clear procedure has helped the Bank to control the level of abuses on lending. Such measures have been put in place not only to monitor the status of such credits but also to check unauthorized lending, excesses, as well as unethical practices as a close monitoring of such credits would reveal the weaknesses in them and ensure that checks are put in place to correct the anomaly. But for every aspect of the business, it is difficult to design rules and hence the concept of ethics program comes in to the picture.

10. Employee's performance of the Bank is mostly disturbed by leg pulling.

Table 28 Responses to Question number 10 of part II

| Performance affected by leg pulling | | Frequency | Percent | Valid Percent | Cumulative Percent |
|-------------------------------------|---------------------|-----------|---------|---------------|--------------------|
| | Disagree | 9 | 15.0 | 15.5 | 15.5 |
| | Moderately Disagree | 5 | 8.3 | 8.6 | 24.1 |
| | Neutral | 14 | 23.3 | 24.1 | 48.3 |
| Valid | Moderately Agree | 14 | 23.3 | 24.1 | 72.4 |
| | Agree | 10 | 16.7 | 17.2 | 89.7 |
| | Strongly Agree | 6 | 10.0 | 10.3 | 100.0 |
| | Total | 58 | 96.7 | 100.0 | |
| Missing | 8 | 2 | 3.3 | | |
| Total | | 60 | 100.0 | | |

Source: Own Source (survey results)

Employees who don't believe in working hard depend on nasty politics and gossip to make their position secure at the workplace. Such employees engage in politics simply to come in the limelight and gain undue attention and appreciation from the management. Nobody has ever gained anything out of such activities; instead it leads to negative ambience at the workplace. Table 28 shows only 24.1% responded that there is no leg pulling in Dashen Bank. While 51.6% believes their performance is disturbed by leg pullers.

11. Greed and lack of professional training are responsible for the some incidence of fraud in the Bank.

Table 29 Responses to Question number 11 of part II

| Greed and Lack of Professional Training as a cause for some fraud | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---------------------|-----------|---------|---------------|--------------------|
| | Disagree | 4 | 6.7 | 6.8 | 6.8 |
| | Moderately Disagree | 3 | 5.0 | 5.1 | 11.9 |
| | Neutral | 6 | 10.0 | 10.2 | 22.0 |
| Valid | Moderately Agree | 9 | 15.0 | 15.3 | 37.3 |
| | Agree | 27 | 45.0 | 45.8 | 83.1 |
| | Strongly Agree | 10 | 16.7 | 16.9 | 100.0 |
| | Total | 59 | 98.3 | 100.0 | |
| Missing | 8 | 1 | 1.7 | | |
| Total | | 60 | 100.0 | | |

Source: Own Source (survey results)

Greed is one of the temptations and the bane of the banking industry as bankers who have been entrusted with private and public assets often engage in some unethical practices contrary to the confidence reposed in them by society. This problem is usually compounded by lack of adequate and proper professional training. Lack of knowledge of banking laws and regulations coupled with greed can lead the unwise banker to connive with each other or with fraudsters outside of the bank to commit frauds in an attempt to get rich quickly. The survey shows that 46 or 78% respondents agreed that greed and lack of professional training are responsible for the some incidence of frauds in Dashen Bank.

Those who are aware of the law and the consequences of breaching it are always mindful of their actions and are likely to stay away from fraudulent activities, which could ruin their career prospects and lives.

12. The Bank has proper mechanism to ensure employees business conduct, and communications are professional, fruitful, and accurate and reflect its true ethical standards.

Table 30 Responses to Question number 12 of part II

| Mechanism to ensure business conduct and communications | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|-----------|---------|---------------|--------------------|
| Strongly Disagree | 10 | 16.7 | 16.9 | 16.9 |
| Disagree | 7 | 11.7 | 11.9 | 28.8 |
| Moderately Disagree | 8 | 13.3 | 13.6 | 42.4 |
| Neutral | 5 | 8.3 | 8.5 | 50.8 |
| Moderately Agree | 19 | 31.7 | 32.2 | 83.1 |
| Agree | 8 | 13.3 | 13.6 | 96.6 |
| Strongly Agree | 2 | 3.3 | 3.4 | 100.0 |
| Total | 59 | 98.3 | 100.0 | |
| Missing | 1 | 1.7 | | |
| Total | 60 | 100.0 | | |

Source: Own Source (survey results)

49.2% of the respondents agreed with varying degree to the statement that Dashen Bank has proper mechanism to ensure employees conduct and communication are to its ethical standard. 42.4% disagreed with the statement.

Both formal and informal communications of employees' day-to-day work experience could be a rich resource for shaping an ethical workplace culture.

"Honest, two-way communication that includes diverse voices conveys respect toward employees and taps the wellspring of trust. Managers who support others' viewpoints encourage everyone else to tolerate differing opinions too. Managers and employees are able to focus on problems and possible solutions in a collaborative manner. Moreover, information is common property that belongs to any and all members of the organization. Directives, rules and plans are framed in terms of the intent that lies behind them and the values they are intended to fulfill. This approach invites engagement and a sense of ownership.

Positive and virtuous ethical cultures make extensive use of organizational symbols and rituals to express and reinforce the ethical expectations of the organization and to encourage personal identification. Organizational symbols reveal and explain the beliefs, feelings and values that animate the organization's culture." (SHRM Foundation's Effective Practice Guidelines Series, 2013)

The study shows Dashen Bank's mechanism of ensuring employees business conduct and communications has deficiency. It shows the Bank's system doesn't tolerate differing opinions and thereby creating absence of sense of ownership and less belongingness of employees to their company.

13. My supervisors support me in following my organization's standards of ethical behavior

Table 31 Responses to Question number 13 of part II

| Support of Supervisors | Frequency | Percent | Valid Percent | Cumulative Percent |
|------------------------|-----------|---------|---------------|--------------------|
| Strongly Disagree | 2 | 3.3 | 3.3 | 3.3 |
| Disagree | 11 | 18.3 | 18.3 | 21.7 |
| Moderately Disagree | 5 | 8.3 | 8.3 | 30.0 |
| Neutral | 4 | 6.7 | 6.7 | 36.7 |
| Moderately Agree | 16 | 26.7 | 26.7 | 63.3 |
| Agree | 18 | 30.0 | 30.0 | 93.3 |
| Strongly Agree | 4 | 6.7 | 6.7 | 100.0 |
| Total | 60 | 100.0 | 100.0 | |

Source: Own Source (survey results)

A good supervisor will tell employees that marketing, budgeting, accounting treatments, etc take careful planning. Many supervisors however, forget that motivating or encouraging ethical behavior in a workplace takes careful planning and treatment as well. Ethical employees make for an ethical company. The company in turn receives benefits from its reputations. Such company not only attracts more customers it will also be able to entice and retain a more skilled work force.

The survey shows 63.4% of the respondents said they don't receive support from their supervisors to follow ethical standards. This indicates the supervisors are unaware of the benefits that could be gained by properly planning and guiding subordinates to follow ethical standards.

14. The leaders in the Bank balance the needs of the business with ethical issues appropriately.

Table 32 Responses to Question number 14 of part II

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------------------|-----------|---------|---------------|--------------------|
| Strongly Disagree | 7 | 11.7 | 11.9 | 11.9 |
| Disagree | 6 | 10.0 | 10.2 | 22.0 |
| Moderately Disagree | 9 | 15.0 | 15.3 | 37.3 |
| Valid Neutral | 13 | 21.7 | 22.0 | 59.3 |
| Moderately Agree | 7 | 11.7 | 11.9 | 71.2 |
| Agree | 15 | 25.0 | 25.4 | 96.6 |
| Strongly Agree | 2 | 3.3 | 3.4 | 100.0 |
| Total | 59 | 98.3 | 100.0 | |
| Missing 8 | 1 | 1.7 | | |
| Total | 60 | 100.0 | | |

Source: Own Source (survey results)

Managers and/or supervisors attitudes should significantly differ from those they manage. For an organization's ethical values and standards to filter down to all levels, buy-in from all levels of management is required. Line managers or immediate supervisors have an essential role in effectively communicating the organization's 'ethics message' and acting as role models for the employees they manage. 'Tone from the middle' is as important as 'tone from the top'. Supervisors at level of an organization are expected to act responsibly by balancing between profit maximization and ethics. However the survey shows significant number(37.3%) of the respondents said their supervisors puts financial goals above ethical considerations.

15. Most of the frauds in the Bank are due to insiders/collaborators.

Table 33 Responses to Question number 15 of part II

| | Frequency | Percent | Valid Percent | Cumulative Percent |
|---------------------|-----------|---------|---------------|--------------------|
| Strongly Disagree | 3 | 5.0 | 5.0 | 5.0 |
| Disagree | 2 | 3.3 | 3.3 | 8.3 |
| Moderately Disagree | 2 | 3.3 | 3.3 | 11.7 |
| Neutral | 17 | 28.3 | 28.3 | 40.0 |
| Moderately Agree | 8 | 13.3 | 13.3 | 53.3 |
| Agree | 17 | 28.3 | 28.3 | 81.7 |
| Strongly Agree | 11 | 18.3 | 18.3 | 100.0 |
| Total | 60 | 100.0 | 100.0 | |

Source: Own Source (survey results)

There is a common saying in banking industry that there is no fraud without an insider. The fraudsters need a collaborator who would leak some information to them or provide certain data for perpetuating the fraud. As such, if bank staffs were themselves not fraudulent, most of the frauds in the banks would have been averted or frustrated. Thus, out of the population of 60 respondents, 36 representing 59.9% agreed that most of the frauds in Dashen bank were due to insiders and insider collaborations with fraudsters.

4.5.3. Part Three(III)

The questionnaires on this part are designed to get a clue on the distress and performance trend of the Bank.

1. Dashen Bank's performance in achieving its goals

Table 34 Responses to Question number 1 of part III

| Bank's Performance | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------------------|-----------|---------|---------------|--------------------|
| Worse | 4 | 6.7 | 6.7 | 6.7 |
| Slightly Worse | 12 | 20.0 | 20.0 | 26.7 |
| Same | 3 | 5.0 | 5.0 | 31.7 |
| Valid Slightly Better | 13 | 21.7 | 21.7 | 53.3 |
| Better | 16 | 26.7 | 26.7 | 80.0 |
| Much Better | 12 | 20.0 | 20.0 | 100.0 |
| Total | 60 | 100.0 | 100.0 | |

Source: Own Source (survey results)

Dashen Bank is among the oldest private Banks in Ethiopia. It has set goal of giving 'unparalleled' domestic and international banking services through use of 'appropriate technology'. Owing to the fact that the Bank is pioneer in using e-payments, wide area network(WAN) and concept of core banking, the Bank has built a good reputation of the public in the past years. The Bank is growing but in a decreasing rate. The survey shows 67.4% of the respondents believe the performance of the Bank is better. The profitability of the Bank as was said before is increasing at a decreasing rate.

2. Dashen Bank's growth in profit, deposit and number of customers...

Table 35 Responses to Question number 2 of part III

| Growth | Frequency | Percent | Valid Percent | Cumulative Percent |
|-----------------------|-----------|---------|---------------|--------------------|
| Worse | 4 | 6.7 | 6.7 | 6.7 |
| Slightly Worse | 9 | 15.0 | 15.0 | 21.7 |
| Same | 3 | 5.0 | 5.0 | 26.7 |
| Valid Slightly Better | 12 | 20.0 | 20.0 | 46.7 |
| Better | 16 | 26.7 | 26.7 | 73.3 |
| Much Better | 12 | 20.0 | 20.0 | 93.3 |
| Don't Know | 4 | 6.7 | 6.7 | 100.0 |
| Total | 60 | 100.0 | 100.0 | |

Source: Own Source (survey results)

As a follow-up to question #1 above, 66.7% of the respondents said the growth of the Bank in terms of profit, deposit and number of customers is better.

3. Dashen Bank's return on asset is...

Table 36 Responses to Question number 3 of part III

| Condition of ROA | | Frequency | Percent | Valid Percent | Cumulative Percent |
|------------------|-----------------|-----------|---------|---------------|--------------------|
| | Much Worse | 1 | 1.7 | 1.7 | 1.7 |
| | Worse | 4 | 6.7 | 6.8 | 8.5 |
| | Slightly Worse | 5 | 8.3 | 8.5 | 16.9 |
| | Same | 2 | 3.3 | 3.4 | 20.3 |
| Valid | Slightly Better | 13 | 21.7 | 22.0 | 42.4 |
| | Better | 15 | 25.0 | 25.4 | 67.8 |
| | Much Better | 12 | 20.0 | 20.3 | 88.1 |
| | Don't Know | 7 | 11.7 | 11.9 | 100.0 |
| | Total | 59 | 98.3 | 100.0 | |
| Missing | 9 | 1 | 1.7 | | |
| Total | | 60 | 100.0 | | |

Source: Own Source (survey results)

Interestingly the number or percentage of respondents favoring 'better' performance in 'performance in achieving its goals ' under question #1, 'growth in profit, deposit and number of customers' under question #2 and the issue of 'return on asset' raised in here have registered comparable result. The survey for this question shows 67.7% of the respondents feels the Bank's return on asset is getting better. The result is not surprising but the trend shows the increase is at a decreasing rate.

4. Dashen Bank's success in attracting employees is ...

Table 37 Responses to Question number 4 of part III

| Condition of Employee Attraction | | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------------------------|-----------------|-----------|---------|---------------|--------------------|
| | Much Worse | 3 | 5.0 | 5.0 | 5.0 |
| | Worse | 16 | 26.7 | 26.7 | 31.7 |
| | Slightly Worse | 10 | 16.7 | 16.7 | 48.3 |
| | Same | 5 | 8.3 | 8.3 | 56.7 |
| Valid | Slightly Better | 6 | 10.0 | 10.0 | 66.7 |
| | Better | 15 | 25.0 | 25.0 | 91.7 |
| | Much Better | 4 | 6.7 | 6.7 | 98.3 |
| | Don't Know | 1 | 1.7 | 1.7 | 100.0 |
| | Total | 60 | 100.0 | 100.0 | |

Source: Own Source (survey results)

According to the World Fact Book of June 30, 2015, the unemployment rate of our country is 17.5%. Significant number of this figure is young and university graduate work forces. Availability of such forces creates an opportunity for the existing and newly established businesses. This being the case, responses from respondents to this question shows Dashen Bank's condition of attracting employees is weakening. Major or 48.3% of the respondents said the Bank's success in attracting employees is 'worse'. 41.7% of the participants believes employees attraction of Dashen Bank is 'better'. According to the information from Human Resource Management of the Bank, the rate of employees leaving the Bank is increasing from time to time.

Dashen Bank is among the highest paying companies. The fact that employees are still leaving the Bank and the Bank's competitiveness in attracting skilled manpower is declining has to do with workplace issues the major part of which is workplace ethics.

5. Dashen Bank's success in attracting customers is ...

Table 38 Responses to Question number 5 of part III

| Condition of Customer Attraction | | Frequency | Percent | Valid Percent | Cumulative Percent |
|----------------------------------|-----------------|-----------|---------|---------------|--------------------|
| | Much Worse | 1 | 1.7 | 1.7 | 1.7 |
| | Worse | 8 | 13.3 | 13.6 | 15.3 |
| | Slightly Worse | 13 | 21.7 | 22.0 | 37.3 |
| | Same | 9 | 15.0 | 15.3 | 52.5 |
| Valid | Slightly Better | 11 | 18.3 | 18.6 | 71.2 |
| | Better | 11 | 18.3 | 18.6 | 89.8 |
| | Much Better | 4 | 6.7 | 6.8 | 96.6 |
| | Don't Know | 2 | 3.3 | 3.4 | 100.0 |
| | Total | 59 | 98.3 | 100.0 | |
| Missing | 9 | 1 | 1.7 | | |
| Total | | 60 | 100.0 | | |

Source: Own Source (survey results)

The situation in customer attraction is no different than the situation in overall performance of the Bank. During the past years, the Bank used to open six branches per year on average but since five years, it is opening thirty branches per year. Further effort is being made to attract customers through branchless banking like agent, Internet and Mobile banking.

The trend of decrease in number of new customers, decreasing rate of return and decrease in productivity of employee are all attributed to external factors like competition, regulation and absence of competent and skilled man power. The analysis shows that 37.3% of the respondents feel that customer attraction of the Bank is getting worse while 44% believe there is better customer attraction. 15.3% of the respondents see no change. 3.4% of the participants said they 'don't know' how the situation of customer attraction is going.

Chapter Five

5. Summary of Findings, Conclusion and Recommendations

5.1. Summary of Findings

The data collected from employees of Dashen Bank and overall empirical evidence generated there on reveal that the Bank has not adopted appropriate code of ethics and its employees lack awareness of professional Code of Ethics. This implies that the Bank is not fully protected from unethical and unprofessional practices that can cause the weakening of public confidence on the Bank and lessons its role in the system for financial intermediation and for the economic development of the country..

The study shows there is general awareness of some ethical issues among employees of the Bank like honesty and giving priority to clients' interest before their own but the level of adherence even to those familiar ethical issues is low. It is noted that this general awareness, rules & regulations and guidelines like policy and procedure manual has helped the Bank to reduce the act of unethical practices.

The study also revealed that some supervisors and management of Dashen Bank don't exemplify and are not in a position to provide ethical leadership to their subordinates. The study further showed Dashen Bank has done so little in training in the areas of ethics but it generally encourages professional training amongst its staff like for example covering tuition fees of its employees up to first degree level

This study also confirmed that fraud and forgeries are on the increase in Dashen Bank. Owing to the nature of the business, there will continue to be frauds in banks because that is where the public money is kept. Dashen Bank can only protect itself against frauds and forgeries by being ethical, equipping its employees with ethics training and ensuring that there are sufficient checks and balances put in place to frustrate frauds and mitigate losses.

It is also found out that most of the frauds in the Bank were due to insiders/collaborators and this has materially affected the level of ethical expectations from employees of Dashen Bank.

The study also showed that Dashen Bank has tried to avoid frauds and unethical practices through legislation contrary to the views expressed in many literature reviews that ethics cannot be legislated as ethics is morality and one cannot legislate morality.

The study has found out that Dashen Bank has core values but the values are not well contemplated and employees are not living up to the core values of the Bank.

Furthermore, the survey shows that Dashen Bank doesn't have reward system for whistle blowers who detect and report frauds to management. This discourages the staffs to be ethical and serve as a check on the activities of other members of staff who may have the intention to commit fraud or connive with fraudsters to defraud the bank or perpetrate some unethical transactions which are either unlawful or against company policy.

The analysis also revealed that the Prudential guidelines has stemmed advances abuses of unethical and unprofessional lending in the Bank and have been forced to be more professional in foreign currency allocation and credit approval and disbursements.

The analysis affirmed that ethics is morality and should be taught at all levels to equip all professionals with ethics training and orientation as well as exposure to ethical decision making in difficult situations of real life since banking is based on Trust, Transparency and Confidentiality.

The study also showed that Dashen Bank has been distressed due to unethical practices and mismanagement but the Bank has not fully lost public confidence because of stringent rules applied in some areas, some ethical codes included in the Human Resources Policy and Procedure Manual and the fact that consciousness of fraudster is just emerging helped the Bank to remain in the competition of the Banking industry.

5.2. Conclusions

Dahen Bank should consider ethics as the fundamental characteristic of its employees. Since employees are expected to demonstrate high ethical behavior and competence, the Bank must have ethics program and code of ethics and the code must:

- Be readily available to all bankers to promote ethical awareness;
- Address all ethical issues and problems for proper professional guidance;
- Evaluated frequently to ensure that it is current and not stale; and
- Enforceable to ensure conformity by all professional bankers so as the code has power to sanitize the Bank.

Dashen Bank needs to consider ethics as part of its core business operation and provide continuous ethics training to its staffs. The Bank must have corporate cultures for guidance of employees and this should be built and sustained for the benefit of the banks and their employees.

Ethical practices will certainly eliminate distress in the banking industry and bank failures in the economy, thereby maintaining confidence in the payment system. Thus, strong workplace ethics should have been achieved by Dashen Bank if there was a strong commitment to good banking practice but the study shows lots have to be done by the Bank to build ethical work place culture and thereby improve performance of the employees.

In conclusion, the study has shown that existing ‘code of ethics’ of Dashen Bank is not powerful enough to sanitize the Bank. That in turn has caused increase in fraud. The Bank can overcome this problem through application of Ethics at level of the Bank. Future and existing employees of the Bank need to be trained and equipped well with ethical decision making tools. NBE can play role by designing and enforcing code of ethics at all Banks. The Governing Bank need to create a level ground so that there will no be discrimination among them which otherwise will make them engage in unethical practices.

5.3. Recommendations

On the basis of the findings and conclusion reached the following recommendations on how the Bank can run its business well without compromising ethical practices have also been made. These are:

1. Dashen Bank must design ethics program as part of its business operation strategy.
2. Dashen Bank need to work on creating greater awareness of Ethics and the Code of Ethics in the Bank. There should be a guideline for the staff to help them deal with ethical dilemmas in uniform manner throughout the Bank.
3. The Bank should ensure strict observance of the Code of Ethics on a continuous basis in order to ensure that all banking transactions are carried out in ethical and transparent manners.
4. Top management staff of the Bank should act as role model in areas like avoiding conflict of interest, prudent lending etc. and provide ethical leadership so that they can set the standard for their bank and make sure that all staff in the bank observes the standard.
5. The Bankers association and National Bank of Ethiopia need to help all Banks to collectively adopt the Code of Corporate Governance and ensure that there is transparency in the industry in order to maintain public confidence in the Banking industry.
6. As part of ethics program, ethics training should be made compulsory for all professional bankers.
7. As part of ethics program, Dashen Bank need to design a rewarding system for ethical employees.
8. Ethics courses should be given in the school from primary school level to tertiary institutions for early exposure to ethics and ethical behaviors amongst students and leaders of tomorrow so that they can appreciate the benefits of ethics and corporate governance early in life. This is also aimed at providing the youth with proper character education, as the youths of today will become the leaders of tomorrow.
9. Dashen Bank should have a good and reliable Board of Directors capable of providing and sustaining purposeful ethical leadership and sound management devoid of conflict of interests, mismanagement and insider abuses.
10. The National Bank of Ethiopia should ensure that penalties are imposed on banks for unethical practices to discourage unethical behaviors in banking industry of the country.

11. The Bank has to make sure that disciplinary actions are taken on all unethical behaviors and it has to follow-up its enforcement.
12. In the course of this study, the researcher has brought the issues of ethics into the picture of the Bank to the effect of which attempt is being made to include ethics training as part of its in-house training program. The practice has to be strengthened.
13. There should be a room for employees to discuss on workplace ethics at any available opportunity.
14. The Bank must put a mechanism in place for reporting issues related to ethics.
15. The governing body; the National Bank of Ethiopia need to ensure that there is equal playing ground for both private and government Banks. It has to make sure that there is free and fair competition among the Banks for otherwise the competition will lead to unethical practices.
16. In Ethiopia, entry into the banking profession is not restricted. But Dashen bank needs to obtain good reference from universities or previous employers and other reputable individuals in the society before new entrants are offered a job.
17. The Bank need to have ethics committee that promotes ethics, detects and take corrective actions when unethical behavior is encountered.
18. Dashen Bank must re-position itself to tackle the challenges of the on-going banking reforms and prepare adequately for the move that the country may take to allow foreign Banks join Ethiopian market in the future.

2.22. Limitations of the Study

Though Banking business started some 100 years ago in Ethiopia, there is very little or no information on ethics. Dashen Bank has more than 4,500 employees in 170 branches throughout the country. 70 questionnaires were administered; 10(ten) to head office & 60(sixty) to branch staffs out of which sixty (60) responses were received representing a response rate of about eighty five percent (85%). The study is concentrated in Addis Ababa but the response rate is satisfactory to enable generalizations to be made from the study.

Workplace ethics problem is becoming common to both public and private organizations of our country. This can be witnessed by the number of workers laid-off from various government offices recently for engaging in 'rent-seeking' and violation of good governance. The choice of Dashen Bank for the study is only because the researcher is professional banker and is an employee of the Bank but the conclusion can be extended to other financial, private and public institutions by broadening the scope.

5.4. Implications for Further Research

Broaden study of Ethics in Ethiopian financial institutions is very important in the eyes of the following points:

1. This study has covered ethics situation of one Bank only and it has to be conducted including all Banks, Microfinance institutions and insurance companies so that comparison could be made to determine ethics standards of our financial institutions and to assess the level of their ethical compliance in terms of code of ethics.
2. The Banking industry of our county is at its infant stage. As the industry grows and usage of IT tools develops, ethical issues will become more and more significant.
3. Rules of the governing body and the financial situation of the country is pushing Banks to consolidate their efforts and resources. This was witnessed by Commercial Bank of Ethiopia's(CBE) acquisition of the Construction and Business Bank of Ethiopia. The situation is expected to expand to private Banks also. Ethics issues that may arise as a result of the consolidation has to be investigated.
4. The role the governing body and the Bankers' association can play towards ensuring ethical practices in Ethiopian financial system can be further studied.

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Annex Proof of Hypothesis

The Chi-square test has been used to test the hypotheses. Relevant questionnaires have been put together for this purpose. In some cases, the data were derived from the contingency tables constructed for this purpose.

Test of Hypothesis one

Null (Ho): *There is no adequate awareness of Code of Ethics in Dashen Bank.*

Alternative (H1): *There is adequate awareness of Code of Ethics in Dashen Bank.*

The hypothesis will test the level of awareness of the code of Ethics in Dahren Bank. A contingency table based on questions #4 and #5 has been constructed to test this hypothesis.

Q4. During the past year at work, have you been aware of any conduct that you thought either violated the law or your organization's ethical standards?

Q5. Does your organization have mechanism for awareness creation and reporting of unethical behavior?

| | Observed | | | | Expected | |
|--------------|-----------|-----------|------------|--|----------|------|
| | Q4 | Q5 | Total | | Q4 | Q5 |
| YES | 32 | 25 | 57 | | 28.5 | 28.5 |
| No | 17 | 18 | 35 | | 17.5 | 17.5 |
| Uncertain | 9 | 16 | 25 | | 12.5 | 12.5 |
| Missing | 2 | 1 | 3 | | 1.5 | 1.5 |
| Total | 60 | 60 | 120 | | | |

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

Where: χ^2 is the chi square statistic.
 Σ = summation symbol.
 O = Number observed.
 E = Number expected.

| | |
|-------|----------|
| E1 | 0.429825 |
| E2 | 0.014286 |
| E3 | 0.98 |
| E4 | 0.166667 |
| E5 | 0.429825 |
| E6 | 0.014286 |
| E7 | 0.98 |
| E8 | 0.166667 |
| Total | 3.182 |

Expected Value
 is (Row Total x Column Total)/ Grand Total

Chi Square(χ^2) = 3.182

Degree of Freedom (DF) = (r - 1) x (c - 1) where r is number of rows and c is number of columns

DF = (4-1) x (2-1) or is 3

Assuming a 5% level of significance when the degree of freedom DF = 3, the value of χ^2 from table of critical values is = 7.815.

Decision

The calculated value of χ^2 (3.182) is less than the critical value of χ^2 from the table at 5% level of significance when the degree of freedom is 3, which is 7.815. We therefore *accept* the null hypothesis, which states that *there is no adequate awareness of Code of Ethics in Dashen Bank* and *reject* the alternative, that states *there is adequate awareness of Code of Ethics in Dashen Bank*.

Test of Hypothesis Two

Null (Ho): *Dashen Bank has not adopted appropriate Code of Ethics.*

Alternative (H1): *Dashen Bank has adopted appropriate Code of Ethics.*

This hypothesis will test whether Dashen Bank has adopted appropriate Code of Ethics and has been adhering to the Code. To test hypothesis two, questions 1 and 2 have been combined as a contingency for that purpose.

Q1. Does your Bank have ethics governance arrangements?

Q2. Does the Bank have a written code of ethics?

| | Observed | | | | Expected | |
|--------------|-----------|-----------|------------|--|----------|------|
| | Q1 | Q2 | Total | | Q1 | Q2 |
| YES | 16 | 23 | 39 | | 19.5 | 19.5 |
| No | 26 | 24 | 50 | | 25 | 25 |
| Uncertain | 17 | 13 | 30 | | 15 | 15 |
| Missing | 1 | 0 | 1 | | 0.5 | 0.5 |
| Total | 60 | 60 | 120 | | | |

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

Where: χ^2 is the chi square statistic.
 Σ - summation symbol.
 O = Number observed.
 E = Number expected.

| | |
|-------|----------|
| E1 | 0.628205 |
| E2 | 0.04 |
| E3 | 0.266667 |
| E4 | 0.5 |
| E5 | 0.628205 |
| E6 | 0.04 |
| E7 | 0.266667 |
| E8 | 0.5 |
| Total | 2.870 |

Expected Value
 is (Row Total x Column Total) / Grand Total

Chi Square(χ^2) = 2.870

Degree of Freedom (DF) = $(r - 1) \times (c - 1)$ where r is number of rows and c is number of columns

DF = $(4-1) \times (2-1)$ or is 3

Assuming a 5% level of significance when the degree of freedom DF = 3, the value of X^2 from table of critical values is = 7.815.

Decision

The calculated value of X^2 (2.870) is again less than the critical value of X^2 from the table at 5% level of significance when the degree of freedom is 3, which is 7.815. We therefore *accept* the null hypothesis, which states that *Dashen Bank has not adopted appropriate Code of Ethics* and *reject* the alternative hypothesis that states *Dashen Bank has adopted appropriate code of Ethics*.

Test of Hypothesis Three

Null (H₀): *Dashen Bank does not encourage Ethics training amongst its staff.*

Alternative (H₁): *Dashen Bank encourages Ethics training amongst its staff.*

This hypothesis will test whether Dashen Bank encourages ethics training amongst its staff. Questions #11 and #13 of part II have been used to construct a contingency table for the purpose of testing this hypothesis.

Q11. Greed and lack of professional training are responsible for the some incidence of fraud in the Bank.

Q13. My supervisors support me in following my organization's standards of ethical behavior

| | Observed | | | Expected | |
|-----------------------|-----------|-----------|------------|----------|---------|
| | Q11(II) | Q13(II) | Total | Q11(II) | Q13(II) |
| • Strongly Disagree | 0 | 2 | 2 | 1 | 1 |
| • Disagree | 4 | 11 | 15 | 7.5 | 7.5 |
| • Moderately Disagree | 3 | 5 | 8 | 4 | 4 |
| • Neutral | 6 | 4 | 10 | 5 | 5 |
| • Moderately Agree | 9 | 16 | 25 | 12.5 | 12.5 |
| • Agree | 27 | 18 | 45 | 22.5 | 22.5 |
| • Strongly Agree | 10 | 4 | 14 | 7 | 7 |
| • Missing | 1 | 0 | 1 | 0.5 | 0.5 |
| • Total | 60 | 60 | 120 | | |

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

Where: χ^2 is the chi square statistic.
 Σ = summation symbol.
O = Number observed.
E = Number expected.

-
-
-
- Expected Value
- is (Row Total x Column Total)/ Grand Total
-
- Chi Square(X^2) 13.498
- Degree of Freedom (DF) = (r - 1)x (c - 1) where r is number of rows and
- c is number of columns
- DF =(8-1) x(2-1) or 7

| | | | |
|-------|----------|-------------|----------|
| E1 | 1 | E9 | 0.98 |
| E2 | 1.633333 | E10 | 0.9 |
| E3 | 0.25 | E11 | 1.285714 |
| E4 | 0.2 | E12 | 0.5 |
| E5 | 1 | E13 | 0.98 |
| E6 | 1.633333 | E14 | 0.9 |
| E7 | 0.25 | E15 | 1.285714 |
| E8 | 0.2 | E16 | 0.5 |
| Total | | 13.49809524 | |

Assuming a 5% level of significance when the degree of freedom DF = 7, the value of X^2 from table of critical values is = 14.067.

Decision

The calculated value of X^2 (13.498) is less than the critical value of X^2 from the table at 5% level of significance when the degree of freedom is 7, which is 14.067. We therefore *accept* the null hypothesis, which goes as *Dashen Bank does not encourage Ethics training amongst its staff* and *reject* the alternative hypothesis that states *Dashen Bank encourage Ethics training amongst its staff*.

Test of Hypothesis Four

Null (Ho): *Dashen Bank is not distressed due to unethical practices and mismanagement.*

Alternative (H1): *Dashen Bank is distressed due to unethical practices and mismanagement.*

This hypothesis will test if there is distress condition in Dashen Bank due to unethical practices, mismanagement, insider abuses, and frauds. A contingency table constructed from questions #4, #5, #8, #10, #11 and #15 has been used to test this hypothesis.

Q4. There are no employees who drive personal benefits from their own job potentials and or from potentials of their customers by using their positions and titles

Q5. Employees use the Bank's assets and resources productively and only for the designated purpose

Q8. Employee benefits like medical, fuel and vehicle are properly utilized.

Q10. The presence of clear policy and procedure has reduced the level of abuses of unprofessional lending in the Bank.

Q11. Employee's performance of the Bank is mostly disturbed by leg pulling.

Q15. Most of the frauds in the Bank are due to insiders/collaborators.

| | Observed | | | | | | | Expected | | | | | |
|---------------------|-----------|-----------|-----------|-----------|-----------|-----------|------------|----------|--------|--------|---------|---------|---------|
| | Q4(II) | Q5(II) | Q8(II) | Q10(II) | Q11(II) | Q15(II) | Total | Q4(II) | Q5(II) | Q8(II) | Q10(II) | Q11(II) | Q15(II) |
| Strongly Disagree | 3 | 2 | 3 | 0 | 4 | 3 | 15 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 |
| Disagree | 8 | 5 | 2 | 9 | 3 | 2 | 29 | 4.83 | 4.83 | 4.83 | 4.83 | 4.83 | 4.83 |
| Moderately Disagree | 7 | 9 | 7 | 5 | 6 | 2 | 36 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 | 6.00 |
| Neutral | 6 | 7 | 9 | 14 | 9 | 17 | 62 | 10.33 | 10.33 | 10.33 | 10.33 | 10.33 | 10.33 |
| Moderately Agree | 16 | 9 | 11 | 14 | 27 | 8 | 85 | 14.17 | 14.17 | 14.17 | 14.17 | 14.17 | 14.17 |
| Agree | 15 | 21 | 22 | 10 | 10 | 17 | 95 | 15.83 | 15.83 | 15.83 | 15.83 | 15.83 | 15.83 |
| Strongly Agree | 5 | 7 | 5 | 6 | 1 | 11 | 35 | 5.83 | 5.83 | 5.83 | 5.83 | 5.83 | 5.83 |
| Missing | 0 | 0 | 1 | 2 | 0 | 0 | 3 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| Total | 60 | 60 | 60 | 60 | 60 | 60 | 360 | | | | | | |

$$\chi^2 = \sum \frac{(O - E)^2}{E}$$

Where: χ^2 is the chi square statistic.
 Σ = summation symbol.
O = Number observed.
E = Number expected.

| | | | | | | | | | | | |
|--------------|-------|-----|-------|-----|-------|-----|-------|-----|--------------------|-----|-------|
| E1 | 0.100 | E9 | 0.100 | E17 | 0.100 | E25 | 2.5 | E33 | 0.900 | E41 | 0.100 |
| E2 | 2.075 | E10 | 0.006 | E18 | 1.661 | E26 | 3.592 | E34 | 0.695 | E42 | 1.661 |
| E3 | 0.167 | E11 | 1.500 | E19 | 0.167 | E27 | 0.167 | E35 | 0.000 | E43 | 2.667 |
| E4 | 1.817 | E12 | 1.075 | E20 | 0.172 | E28 | 1.301 | E36 | 0.172 | E44 | 4.301 |
| E5 | 0.237 | E13 | 1.884 | E21 | 0.708 | E29 | 0.002 | E37 | 11.625 | E45 | 2.684 |
| E6 | 0.044 | E14 | 1.686 | E22 | 2.402 | E30 | 2.149 | E38 | 2.149 | E46 | 0.086 |
| E7 | 0.119 | E15 | 0.233 | E23 | 0.119 | E31 | 0.005 | E39 | 4.005 | E47 | 4.576 |
| E8 | 0.500 | E16 | 0.500 | E24 | 0.500 | E32 | 4.500 | E40 | 0.500 | E48 | 0.500 |
| Total | | | | | | | | | 68.70914032 | | |

Expected Value

is (Row Total x Column Total)/ Grand Total

Chi Square(χ^2) **68.709**

Degree of Freedom (DF) = (r - 1)x (c - 1) where r is number of rows and c is number of columns

DF = (6-1) x (8-1) or 35

Assuming a 5% level of significance when the degree of freedom DF = 35, the value of χ^2 from table of critical values is = 49.802.

Decision

The calculated value of χ^2 (68.709) is higher than the critical value of χ^2 from the table at 5% level of significance when the degree of freedom is 35, which is 49.802. We therefore *reject* the null hypothesis, which states that *Dashen Bank is not distressed due to unethical practices and mismanagement* and *accept* the alternative hypothesis that states *Dashen Bank is distressed due to unethical practices and mismanagement..*

Annex Questionnaire

I. General Information

Please fill in the following general information about yourself.

a. Sex:

Male

Female

b. To which age group do you belong?

Less than 20

20 to 30 years

30 to 40 years

40 to 60 years

c. What is your current position?

Below Team leader level

Team leader/Supervisor

Division Heads

Managers

Executives

Others -----

d. How long have you served in the Bank?

Less than 1 year

2 to 4 years

4 to 10 years

Above 10 years

II. Questionnaire

a. Your opinion as a professional is highly valued and important to understand workplace ethics, please indicate by selecting one alternative how the following statements apply to your workplace or organization.

| S.No | Statements | Response | | |
|------|---|---------------------------------|---------------------------------|------------------------------------|
| 1 | Does your Bank have ethics governance arrangements? | YES <input type="checkbox"/> | NO <input type="checkbox"/> | Uncertain <input type="checkbox"/> |
| 2 | Does the Bank have a written code of ethics? | YES <input type="checkbox"/> | NO <input type="checkbox"/> | Uncertain <input type="checkbox"/> |
| 3 | If the answer to Q2. Is YES, is it readily available like for example on the Bank's Website? | YES <input type="checkbox"/> | NO <input type="checkbox"/> | Uncertain <input type="checkbox"/> |
| 4 | During the past year at work, have you been aware of any conduct that you thought either violated the law or your organization's ethical standards? | YES <input type="checkbox"/> | NO <input type="checkbox"/> | Uncertain <input type="checkbox"/> |
| 5 | Does your organization have mechanism for awareness creation and reporting of unethical behavior? | YES <input type="checkbox"/> | NO <input type="checkbox"/> | Uncertain <input type="checkbox"/> |
| 6 | Do the managers and executives of your organization demonstrate high ethical standards? | YES <input type="checkbox"/> | NO <input type="checkbox"/> | Uncertain <input type="checkbox"/> |
| 7 | Does your organization sees formal delegation as having a role in supporting ethical decision making? | YES <input type="checkbox"/> | NO <input type="checkbox"/> | Uncertain <input type="checkbox"/> |
| 8 | Does your organization have a formal risk management plan which addresses ethical conduct? | YES <input type="checkbox"/> | NO <input type="checkbox"/> | Uncertain <input type="checkbox"/> |
| 9 | Does your organization communicate its expectations to employees in relation to ethical decision making and behavior? | YES <input type="checkbox"/> | NO <input type="checkbox"/> | Uncertain <input type="checkbox"/> |
| 10 | Is there clear and user friendly complaints and appeals process for customers and clients in your organization? | YES <input type="checkbox"/> | NO <input type="checkbox"/> | Uncertain <input type="checkbox"/> |
| 11 | Is ethical Behavior rewarded in your organization? | Always <input type="checkbox"/> | Seldom <input type="checkbox"/> | Never <input type="checkbox"/> |
| 12 | Is unethical behavior punished in your organization? | Always <input type="checkbox"/> | Seldom <input type="checkbox"/> | Never <input type="checkbox"/> |

| | | | | |
|----|--|---------------------------------|------------------------------------|--------------------------------|
| 13 | Are penalties for unethical behavior strictly enforced in your organization? | Always <input type="checkbox"/> | Seldom <input type="checkbox"/> | Never <input type="checkbox"/> |
| 14 | Have you ever felt pressured to compromise your organization's standards of ethical conduct? | Yes <input type="checkbox"/> | Sometimes <input type="checkbox"/> | Never <input type="checkbox"/> |
| 15 | In your organization's daily operations, would you say honesty is practiced...? | Yes <input type="checkbox"/> | Sometimes <input type="checkbox"/> | Never <input type="checkbox"/> |

III. The following table lists a series of work place ethics statements. Kindly choose the alternative that best represents your opinion to the right of each item by marking (✓) in the rectangular box under each alternative.

| | | | | | | |
|-------------------|----------|---------------------|---------|------------------|-------|----------------|
| Strongly Disagree | Disagree | Moderately Disagree | Neutral | Moderately Agree | Agree | Strongly Agree |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 |

| S.N | Statements | 1 | 2 | 3 | 4 | 5 | 6 | 7 |
|-----|---|---|---|---|---|---|---|---|
| 1 | There are no employees who drive personal benefits from their own job potentials and or from potentials of their customers by using their positions and titles | | | | | | | |
| 2 | Males employees of the Bank are subjected to more unethical behavior than female | | | | | | | |
| 3 | Bankers should place their client's interest before their own. | | | | | | | |
| 4 | Employees use the Bank's assets and resources productively and only for the designated purpose | | | | | | | |
| 5 | Employee benefits like medical, fuel and vehicle are properly utilized. | | | | | | | |
| 6 | Employees know the core values of the Bank and whatever they do is in the Bank reflects these core values. | | | | | | | |
| 7 | Employees of the Bank address complaints of customers quickly, appropriately and according to procedures and take corrective action when necessary. | | | | | | | |
| 8 | My organization acts responsibly in all its business dealings (with customers, clients, suppliers, etc.) | | | | | | | |
| 9 | The presence of clear policy and procedure has reduced the level of abuses of unprofessional lending in the Bank. | | | | | | | |
| 10 | Employee's performance of the Bank is mostly disturbed by leg pulling. | | | | | | | |
| 11 | Greed and lack of professional training are responsible for the some incidence of fraud in the Bank. | | | | | | | |
| 12 | The Bank has proper mechanism to ensure employees business conduct, and communications are professional, fruitful, and accurate and reflect its true ethical standards. | | | | | | | |
| 13 | My supervisors support me in following my organization's standards of ethical behavior | | | | | | | |
| 14 | The leaders in the Bank balance the needs of the business with ethical issues appropriately. | | | | | | | |
| 15 | Most of the frauds in the Bank are due to insiders/collaborators. | | | | | | | |

a. Using the following scale, please indicate how successful your organization is during the last three years in comparison to other companies in the same industry and of about same size,

| | | | | | | | |
|------------|-------|----------------|------|-----------------|--------|-------------|------------|
| Much Worse | Worse | Slightly Worse | Same | Slightly better | Better | Much better | Don't Know |
| 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 |

1. My organization's performance in achieving its goals is ...

1 2 3 4 5 6 7 8

2. My organization's growth in profit, deposit, number of customers etc. is ...

1 2 3 4 5 6 7 8

3. My organization's return on asset is ...

1 2 3 4 5 6 7 8

4. My organization's success in attracting employees is ...

1 2 3 4 5 6 7 8

5. My organization's success in attracting customers /clients is ...

1 2 3 4 5 6 7 8

Any other Comment please-----

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Thank you for your participation!