INTEGRITY AND ETHICS AND ITS EFFECT ON EMPLOYEES IN ORGANIZATION

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INTEGRITY AND ETHICS AND ITS EFFECT ON EMPLOYEES IN ORGANIZATION

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This project is submitted in partial fulfilment of the requirements for a Bachelor of Science with Honours (Human Resource Development)

Faculty of Cognitive Sciences and Human Development
UNIVERSITI MALAYSIA SARAWAK
(2015)
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ABSTRACT

INTEGRITY AND ETHICS AND ITS EFFECT ON EMPLOYEES IN ORGANIZATION

Adeline Jol

Integrity and ethics are elements that always stay with organizational context worldwide yet, their effects on employee in organization have not been thoroughly investigated. The purpose of this case study is to study integrity and ethics and its effect on employees in organization. This study was done in one organization, a secondary school involving 10 teachers who were judgmentally sampled from a population of 80 teachers. Data were gathered using open-ended questionnaire survey. This research finding reveals that integrity and ethics does give significant effect on employees in organization in terms of workplace surrounding and during performing task. Furthermore, the results discover arise of some appealing problems that hinder practice of integrity and ethics. Therefore, possible solution to counter-attack integrity and ethics problem must be done in more effective ways.
ABSTRAK

INTEGRITI DAN ETIKA KERJA SERTA KESANNYA TERHADAP PEKERJA DALAM ORGANISASI

Adeline Jol

Integriti dan etika adalah unsur-unsur yang sentiasa wujud dalam konteks organisasi seluruh dunia namun, kesannya terhadap pekerja dalam organisasi masih belum diselidik dengan lebih mendalam. Tujuan kajian kes ini adalah untuk mengkaji integriti dan etika serta kesannya terhadap pekerja dalam organisasi. Kajian ini telah dijalankan dalam sebuah organisasi, iaitu sekolah menengah kebangsaan yang melibatkan 10 orang guru yang dipilih secara persampelan pertimbangan daripada 80 orang guru. Data yang diperolehi dikumpul menggunakan kaedah soalan selidik terbuka. Kajian ini mendedahkan bahawa integriti dan etika memberi kesan yang signifikan ke atas pekerja dalam organisasi dari segi suasana tempat kerja dan semasa melaksanakan tugas. Tambahan pula, hasil kajian menemui beberapa masalah yang menghalang amalan integriti dan etika. Oleh itu, penyelesaian yang mungkin kepada integriti serangan balas dan masalah etika mestilah dilakukan dengan cara yang berkesan.
CHAPTER ONE:
INTRODUCTION

1.0 Introduction

The research proposal aims to investigate integrity and ethics and its effect on employees in organization. This chapter includes the background of the study, statement of problem, research objective, research questions, significance of the study, limitations of the study, definitions of terms and lastly, summary of the chapter.

1.1 Background of the study

Integrity and ethics become a subject of great interest in Malaysia towards its effort in becoming a fully developed nation by 2020. This can be seen when the government have taken measures to strengthen the integrity of public servants to enforce the principles of integrity and accountability towards an excellent public delivery system through the act of “Pekeliling Perkhidmatan Bilangan 6 tahun 2013”. Plus, in 2009, Malaysian Prime Minister has introduced the act of “Gerakan Pemantapan Keutuhan Sistem Pengurusan Pentadbiran Kerajaan Malaysia: Penubuhan Jawatankuasa Keutuhan Tadbir Urus”. The act focuses on strengthening the quality of public service delivery system based on the integrity. This research determines the effect of organizational integrity and ethics towards employee in Malaysia. Furthermore, the employees must aware of the importance of integrity and ethics in an organization. Abuse of integrity and
ethics can be overcome if the employees are conscious of its significance toward organization performance and the country effort to become a developed nation.

1.2 Problem statement

Many researchers have investigated the issue related to relationship between integrity and ethics in organization, and its effect toward workers. But the research done have focused in relationship between leadership with employee integrity and ethics (Perry, 2002; Storr, 2004; Bello, 2012). Perceptions of leadership character and behavior are used to judge the effectiveness and integrity of a leader (Storr, 2004). Integrity was discussed to have relation with counterproductive behavior (Martinko, Gundlach, & Douglas, 2002)

In addition, most of the researches are done in western countries such as in U.S. (Becker, 1998; Craig & Gutafson, 1998; Trevino & Weaver, 2001), United Kingdom (Storr, 2004), Nigeria (Bello, 2012).

On the other hand, Malaysia is less concerned about the integrity and ethics in organization and its effect toward workers and carried out limited research toward it. One of the researches done is on the perception of Public Servants on the Knowledge of Integrity and Corruption Level in Three State Agencies in Terengganu, Malaysia (Iskandar, 2010). Hence, the issue of integrity and ethics in organization and its effect toward workers is ready to be investigated in a secondary school context. Research on integrity and ethics in this study tries to explore its effect on employees in an organization. This research tries to understand how integrity and ethics influence employee in an organization.

1.3 Research Objective

The research involves two objectives which are general objective and specific objectives.
1.3.1 General Objective

The general objective is to study integrity and ethics and its effect on employees in an organization.

1.3.2 Specific Objective

i. To identify the importance of integrity and ethics and its effect on employees in organization.

ii. To identify the effects of integrity and ethics on employees in organization.

iii. To identify the problems of integrity and ethics and its effect on employees in organization.

iv. To identify possible solution to counter-attack integrity and ethics and its effect on employees problem in organization.

1.4 Research questions

This study is to investigate the integrity and ethics and its effect on employees in organization. Questions that are related with the study include:

i. What is the importance of integrity and ethics and its effect on employees in organization?

ii. What are the effects of integrity and ethics on employees in organization?

iii. What are the problems of integrity and ethics and its effect on employees in organization?

iv. What are the possible solutions to counter-attack integrity and ethics problem and its effect on employees in organization?
1.5 Significance of the study

This research is aimed to study integrity and ethics and its effects on employee in an organization. The outcome of this study can be used significantly to add on to knowledge, practice and policy.

1.5.1 Significance to Knowledge

The writing of the topic might be significant in providing information and enhancing the reader’s knowledge on the issue of integrity and ethics that are investigated in this study. The knowledge can be used to help an organization to cope with integrity and ethics problem that affected its performance. In other words, the management can make used the findings of the study to create a productive employee and a workplace free of corruption.

1.5.2 Significance to Practice

The results from the study could be put into practice in organization. It will result in an effective and successful practice in improving employee weakness in implementing integrity and ethics in their jobs. Also, the outcome of the study can enhance the awareness organizational management on the factors that should be considered in implementing integrity and ethics program in workplace.

1.5.3 Significance to Policy

The consequence of this study can be practice on its impact in organizational policy. The outcome of the study can be assimilated into a well-defined policy. The management level could use it to uphold the effectiveness of integrity and ethics setting in organization. The reliability and validity of the policy must be verified before it could be assimilated as starting and instilling new policy into employee’s practice can be time consuming.
1.6 Limitations of the study

The study is conducted in a government secondary school context. The data was collected and analyze from a sample employees from the population of that particular school. Hence, the results from this study were only represented the involved organization as different organization will have different feature and climates of integrity and ethics practices. So, there might be a limitation of generalizability of the data obtained into a general view on the integrity and ethics and its effect toward employees in organization.

Plus, this study is based on the perception of the selected informant. For example, the level of employees knowledge on integrity and ethics and its effect on employees in organization in this study is considered and measured only by the perception of individual that are chosen as informant. Therefore, the outcome on perception towards the problem of integrity and ethics and its effect on employees in organization might misinterpret the actual problem of integrity and ethics.

1.7 Definitions of terms

The definition of terms in this study are includes the conceptual definition and operational definition of integrity and ethics.

1.7.1 Conceptual definition

Integrity

It is an internalized set of values and principles that function as norms and standards that one lives by and that direct all one’s action and decision (Barnard et. al, 2002).
Ethics

It is often used to refer to that branch of philosophy concerned with morality. However, it is more concerned with standards of conduct acceptable to a group, a profession or members of an organization (Adelman, 1991).

1.7.2 Operational definition

Integrity

It is a condition where an individuals can uphold multiple areas of judgment in tension and able to keep rationality in their actions.

Ethics

It is a principle that when put into practiced; it will promote values such as trust, good behavior, fairness, or kindness.

1.8 Summary

Introduction is an important part in an academic research proposal. The components related in this chapter are crucial to introduce the meaning and purpose of the academic research proposal.
2.0 Introduction

Literature is the leading sources of ideas for conducting a research. This chapter reviews the related literature. Therefore, this chapter discuss about issues related with the study from literature, the relevant theories that support the study, past study findings and also summary of the chapter.

2.1 Integrity

(Audi & Patrick, 2006) stated that integrity in its wide, integrational sense is known as the key notion to reinforce the clearer and familiarity of any that represents the day-to-day working standards of morality. However, it may use as a substitute for some other notion like honesty which also may cause it to become less clear than the concept it replaces. While, integrity in the wide, integrational sense is crucial in upholding good character and moral act; but at the same time, draws to integrity in the sense of morally sound character, are not by themselves a sufficient guide for the specification of character traits or type of action that are the major structure of moral life both in organization and in other realms.
Integrity in the Public Service

Dobel Patrick (1990) argued as public officials, individuals should hold three type of commitment which includes commitment to regime accountability, personal responsibility and prudence. Personal integrity guided the presumption of moral responsibility in how individuals upholding the three type of commitments. Individuals that upholding integrity is or should able to perform the three realms in their judgment while using each other to balance and strengthen others.

A conceptual framework of integrity

(Barnard, Schurink, & Beer, 2002) founded that in providing a sound theoretical basis for the development of psychological tools and interventions that able to strengthen integrity in an organizational context, it is a must to understand human behavior with integrity in the work context. The conceptual framework provides a foundation for the development of assessment, training and interventions program that improve employee integrity in workplace.

Leading with integrity

Storr (2004) stated that, effective leadership correlates with integrity and the presence of integrity improve organizational effectiveness.

Perception of Civil Servants on the Knowledge of Integrity and Corruption Level in Three State Agencies in Terengganu, Malaysia

Iskandar et al. (2010) stated that younger age employee were less knowledgeable on the rule and procedure which led to them being in the state of being unsure about integrity in public sector. In turn, corruption level in Malaysia was high. It therefore can be stated that younger age was inversely related to perception on the knowledge of integrity, corruption and quality of service delivery.
2.2 Ethics

The ethical context in organizations: Influences on employee attitude and behaviors

Trevino, Butterfield, & McCabe (1998) stated that observed unethical conduct and organizational commitment were strongly related with several climate and culture-based dimensions. Both ethical climate and ethical culture are critical in conceptualizing the ethical culture as some dimensions are more strongly related with the behavior and others are more strongly related with commitment.

Leader personality traits and employee voice behavior: mediating roles of ethical leadership and work group psychological safety.

Walumbwa & Schaubroeck (2009) found that ethically-oriented behavior is necessary to remain constant through time and different situation to maintain the leader reputation for ethical leadership and self-development. Ethical leadership also influenced underling's voice behavior through the mediating influence of underling's perceptions of psychological safety.

Impact of Ethical Leadership on Employee Job Performance

Bello (2012) argued that leaders cannot draw back from their obligations to set a moral example for their colleagues. A formal ethical codes and ethic training have tiny chance of success unless the ethical actions and behavior of top management are consistent with what they teach.

2.3 Theory/Model

Equity Theory

Carrell and Dittrich, (1978) studied that equity theory in the concept of social comparison, the employee determine their equitable return after comparing their inputs (such as efforts, skills, etc.) and outcomes (such as pay, promotion, etc.) with those of their co-workers. The theory
assumes that when employees perceive themselves treated inequitable, they tend to seek to reduce the inequity. Hence, they will try to perform cognitive distortion of inputs or outcomes by altering the inputs or outcome or even leaving the organization.

2.4 Finding from Past Studies

Organizational Justice and Ethics Program Influences on Employees’ Harmful and Helpful Behavior.

Trevino & Weaver (2001) argue that unethical behavior is lower if the employee believes the organization generally treating people fairly.

Integrity in Organizations: Beyond Honesty and Conscientiousness.

Becker (1998) founded that individual with high integrity are more rational, honest and independent as they understand that acting on such principles gives greater self-esteem, long term survival and well-being. Also, they are more innovative and productive as such values act as the central of their life purpose. Motivation and ability are useless without integrity as individual tend to deceive and evade in their job using his/her skill. Becker (1998) discussed about objectivist finding of integrity, it is founded that people lack of integrity due to the factor of not everyone is rational, desires that are not consistent with moral values and succumb to social pressure.

Perceived leader integrity scale: an Instrument for assessing employee perceptions of leader integrity.

Craig & Guflafson (1998) stated that ethical integrity is crucial in leadership. The leader should be perceived by underlings as displaying integrity coherent with their expectation and implicit leadership theories. Despite of their awareness of their co-worker are treated ethically, the employees impression of their leaders integrity are based significantly on their experience. Also,
it is found that integrity perceptions are strongly associated to subordinate job satisfaction and employees faithfulness in their job.

2.5 Summary

This chapter plays an important role in reviewing literature that contains related issues, theories and past study findings which are similar to the present study.