International Journal for Social Studies
Available at https://pen2print.org/index.php/ijss/

ISSN: 2455-3220
Volume 04 Issue 10
October 2018

The Impact of Business Ethics on Employees Performance in the Banking Industry in Nigeria

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Abstract:

This study investigates the business ethics on employees' performance in the banking industry in Nigeria. The main objective of the study is to critically examine the effect of business ethics on employees' performance. To achieve this objective, questionnaire was administered to collect primary data. Hypothesis was formulated, tested and analysed using Pearson's Correlation test with the aid of SPSS software package. Result reveals that business ethics have a positive impact on the performance of employees. The study recommended among others that employees need to be encouraged to be ethical at all time.

Keywords

Business Ethics, Employees, Performance, Banking Industry, Employees performance, Ethics

1.0 Introduction

Over the years, the term ethics in organizational performance has long been associated with management scholars and business leaders around the world. There is a broad agreement that as a matter of corporate policy, every organization should strive to be committed in a manner that is ethically transparent. Business ethics is a form of applied ethics that examines ethical principles and morals or ethical problems that arise in a business environment. Etuk (2009) stated that ethics and morality are aspects of axiology concerned with what is good, what is beautiful and what is desired or preferred human conduct. Ethics is concerned with contemporary norms or standard of conduct that govern the relationship among human beings and their institution.

Ethical behaviour and corporate social responsibility can bring significant benefits to a business such as attract investors and keep the company's share price high, thereby protecting the business, attract more employees willing to work for the company, in the process reducing recruitment costs and this enables the company favour the most talented employees. In addition, attract customers to the firm's products and services, thereby stimulating sales and profits; make employees want to retain with the company thereby increasing productivity. The use of ethics in business has since revolutionized the way people do business. Ethical behaviour is characterized by sincerity, fairness and equity in interpersonal, academic AND professional relationship and it respects the dignity, diversity and the right of individual and groups of people.

Therefore, for an organization to move forward in the aspect of performance, it is however important for such an organization to have a good understanding of ethics and take it seriously as this can undermine the competitive strength of the organization and the society. In recent times, most organizations have come up with codes of ethics in dealing with ethical issues challenging them. Code of ethics as defined by the national institute of the management is a set of moral principle used by organization to steer conduct of the organization itself and the employee, in all their business

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activities, both internally and externally. Certainly then, the revelations of corporate malpractice should not be interpreted to mean that thinking about ethics in business situations is entirely redundant. Business activity would be impossible if corporate directors always lied; if buyers and sellers never trusted each other; or if employees refused to ever help each other. Specifically, the problem the study intends to address relates to the impact of business ethics on employee performance in the Nigerian Banking Industry. The main objective of the study is to critically examine the effect of business ethics on employees' performance.

2.0. Literature Review

Good business ethics (American Psychological Association, 1992, 1999, 2001) should be a part of every business. Many global businesses, including most of the major brands that the public use, can be seen not to think too highly of good business ethics (Maitland, 1994). Many major brands have been fined millions for breaking ethical business laws (Cory, 2005). Money is the major deciding factor (Seglin, 2003). Businesses can often attain short-term gains by acting in an unethical fashion (Sunstein, 2002). In the end, it may be up to the public to make sure that a company adheres to correct business ethics (Clarke, 2004). Historically, interest in business ethics accelerated dramatically during the 1980s and 1990s, both within major corporations and within the academia (Cory, 2005).

Ethics is a set of standard of right and wrong established by a particular group and imposed on members of that group as a means of regulating and setting limit on behaviour. Construed broadly as moral reflection on commerce, business ethics is probably as old as trade itself (DeGeorge, 2005). Business ethics is the behaviour that a business adheres to in its daily dealings with the world (Borgerson & Schroeder, 2008). The ethics of a particular business can be diverse. They apply not only to how the business interacts with the world at large, but also to their one-on-one dealings with a single customer (Solomon, 1991).

Institutionalization of ethics is seen as the degree to which an organization clearly and totally incorporates ethics into its decision making processes. Implicitly incorporating ethics means that ethical behaviour is implied, or not directly expressed, and is understood to be crucial, it appears mainly in the organizational culture, leadership ethics and in communication (Jose & Thibodeaux, 1999). Explicitly incorporating ethics means that ethical behaviour is formally expressed without vagueness. Explicit forms include codes of ethics, ethics training, newsletters (Jose & Thibodeaux, 1999). In this context, emphases are that the explicit institutionalization has a significant impact in the perceived importance of ethics. Nevertheless, companies must maintain explicit rules and guidelines, ensuring compliance and the strict application of codes of conduct to clarify for employee appropriate actions to achieve. The authors conclude that the institutionalization of ethics is vital in the perceived importance of ethics for employee, which in turn can lead to behaviour that is more ethical.

The impact of codes of ethics on employee behaviour has been subject of several works. Valentine and Barnett (2003) showed that the presence of an ethics code reinforces the perception of employee values and ethical practices of the organization and therefore, employees have more intention to engage

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in ethical behaviour. However, employee perception is influenced by several factors such as specificity and contained of the code of ethics, how it was communicated to employee and the effectiveness of the reward / punishment for non-compliance or compliance to the instructions of the code of ethics (Schwartz, 2001). For his part, Stevens (2008) argues that ethical codes can be an effective tool for training employees on ethical behaviour and a guide to decision making. He shows that culture and communication are the keys to success of these codes. Besides, employees must be aware of the codes contained and even participate in its development to achieve a consensus of opinion between the employee and the organization. Shared values reflect not only the recognition of the importance of the employee but also the culture of the firm.

2.1. Empirical Evidence

Saeed, Shakeel and Lodhi (2013) in their study on the impacts of ethical behaviour on employee performance using SPSS regression, found that ethical guidance and ethical value have positive impact on employee's performance which directly influence positively on organization's growth. Ponnu and Tennakoon (2009), revealed the existence of positive relationships between ethical behaviour of leaders and employee attitudinal outcomes such as employees' organizational commitment and trust. In addition, the ethical values of the company positively influence corporate performance. Tyler (2005) found out the primary factor shaping an employee behaviour is the procedural justice that employee experiences in their workplace. His result suggested that the roots of employee policy and rule adherence lie in the procedural justice of the organization, although the work was not empirically tested. Other studies also found that there is a significant positive relationship between corporate ethical values and organizational commitment (Hunt, Wood & Chonko, 1989), organizational dissent (Valentine, Young, Bailey, Barhoum, Labure, Glover & Isaac, 2001) external whistle blowing (Sims & Keenam, 1998) and ethical behavioural intentions (Vitell, Bakir, Pavlillo, Hidalgo, Al-khatib & Rawward, 2003) as cited by Elias (2005).

2.2. Theoretical Framework

Stakeholder Theory of Business Ethics

Freeman, 1984 as cited by Elias (2005) advocated for the stakeholder theory, which states that corporate entities are responsible to many stakeholders, which includes consumers, investors, employees, shareholders, government and the public. Business ethics help management to align with their different interest groups in a bid to maximize their welfare. Stakeholder theory can also set the stage for effective measurement of corporate social overall performance by distinguishing between stakeholder issues and social issues. Business ethical code of conduct helps to resolve these issues confronting corporate organisation. Stakeholder theory provides a structural and rationale for understanding and explaining why building ethics into planning and operations is a sound management strategy. It provides a framework for understanding why firms with records of ethical management might be expected to outperform competitors lacking this focus on the medium or long term measure by conventional financial and market test of performance. (Clarkson, 1998)

3.0. Materials and Methods

Experience survey method involving the use of questionnaires was adopted for this study. The Experience survey method is chosen in preference to other methods like content analysis because of its

ISSN: 2455-3220
Volume 04 Issue 10
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capacity to measure human opinions and attitudes. This will enable the researcher to generate valid information from samples of human elements that is the respondents of the questionnaires issued as described by Orodho (2009).

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The population from which the sample was drawn for this study consists of all the quoted money deposit banks in Nigeria numbering fifteen listed on the Nigerian Stock Exchange official website as at April, 2018. Four banks were randomly selected from the fifteen money deposit banks. Further, 15 respondents were randomly selected from each of the four banks. 60 questionnaires were distributes and of the 60 distributed questionnaire, 40 were properly filled and returned and used for the analysis. The data was analyzed using Pearson's correlation technique with the aid of statistical software such as SPSS, used by the researcher.

The demographics of the population surveyed are shown in table 1 as follows:

Table 1: Features of the population surveyed

Features	**Response Rate**			
Gender	Male (70%)	Female (30%)		
Age	25-35 (45%)	36-45 (37.5%)	46 & above (17%)	
Education	SSCE (12.5%)	OND/NCE (30%)	HND/B.Sc./BA (45%)	PG (12.5%)
Position	Low Level Staff (62.5%)	Middle Level Staff (25%)	High Level Staff (12.5%)	
Working period	0-5yrs (30%)	6-10yrs (37.5%)	11-15 (20%)	16yrs and above (12.5%)

Source: Research's Field Survey 2018

4.0. Test of hypotheses

The hypothesis to be tested in this study is stated in the null (H0). In testing the hypotheses, the researcher will make use of the Pearson's correlation coefficient method.

H01: Business ethics have no impact on the performance of employees.

To test for this hypothesis, the response to questions presented and tabulated below was subjected to correlation analysis.

Does the observance of ethical code breeds increased productivity?

Table 2: Responses from respondents

Response	No. of Respondents	Percentage of Respondents
YES	20	50
NO	20	50
Total	40	100

Source: Research's Field Survey 2018

From the above table depicting response of respondents to question 16, 50% of total respondents (20 respondents) agree that the observance of ethical code breeds increased productivity, while 50% of total respondents (20 respondents) disagreed.

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Do business ethics have an influence on employee performance?

Table 3: Responses from respondents

Response	No. of Respondents	Percentage of Respondents
YES	35	87.5
NO	5	12.5
Total	40	100

Source: Research's Field Survey 2018

From the above table depicting response of respondents to question 23, 87.5% of total respondents (35 respondents) agree that while 12.5% of total respondents (5 respondents) disagrees that business ethics have an influence on employee performance.

Going further, the correlation result is presented below:

Table 4: Correlations between Business ethics and employees performance

		Business Ethics	Employees Performance
Business Ethics	Pearson Correlation	1	.378*
	Sig. (2-tailed)		.016
	N	40	40
Employees Performance	Pearson Correlation	.378*	1
	Sig. (2-tailed)	.016	
	N	40	40

*. Correlation is significant at the 0.05 level (2-tailed).

Source: SPSS Output

Decision rule: When the correlation figure is 0, we accept the null hypothesis. However, if it is positive and tends to +1 or -1, it means that there is a correlation between both variables and null hypothesis should be rejected and alternative hypothesis accepted.

From the SPSS output presented above, we see that there is a significant relationship between both variables at 0.05 level of significance.

Decision: Since the correlation co-efficient is given as 0.378 (40%) as shown from the SPSS output, it means that the correlation co-efficient is greater than 0 and tends to 1. With the result at 0.378 correlation co-efficient between the variable, we could conclude that there is a 40% relationship between business ethics employees performance. Therefore, finding of result revels that business ethics have an impact on the performance of employees.

5.0. Conclusion

This research work has defined business ethics, and set it within significant currents of thinking. First, we have touched on the importance of business ethics, suggesting that knowledge of business ethics is vital in the contemporary business environment. The purpose of the study was to examine business ethics in enhancing the performance of the employees.

In enhancing the performance of the organization, employees need to be encouraged to be ethical at all time. As seen in the findings, respondents recognized that, because employees are the ones who deliver service to customers, all employees need to receive respectful treatment and fair compensation, which will most certainly tell well of the management, owing to adherence of ethics. From the findings, we could see that business ethics cause a change in employee performance and as well as having an influence on employee performance. From the foregoing discussion and results of data analysis, it is safe to conclude that business ethics when practiced

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in an organization can help to improve employee performance.

Deduced from the discoveries made during this study, it is worthy of note to state that there is a significant importance in the concept of driven behaviour where clarity of mission and values, reflected in ethical guidelines and behaviour is driven by an organization that institutionalizes ethical values and build(s) relationships of trust and respect.

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ISSN: 2455-3220
Volume 04 Issue 10
October 2018

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