Ethical Orientations of Managers in Malaysia

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ABSTRACT. In view of the heightened societal attention to the ethical aspects of business behaviour, there has been, in recent years, a great deal of discussion regarding individual and organisational factors influencing managerial decision making. The main focus of this paper is on understanding the attitudes of managers toward ethical dimension of their choices and judgments, as also the forces that pressurise, provide them with opportunities, or contribute to shaping their intentions, for ethical or unethical actions. Findings reported here are based on a questionnaire-survey of 381 managers from 41 commercial organisations in Malaysia.

Introduction

'Ethics' has been defined as ". . . enquiry into the nature and background of morality, where the term 'morality' is taken to mean morel judgments, standards, and rules of conduct" (Taylor, 1975). Ethics involves fundamental human relationships, and deals with 'what should be done' questions with reference to the behav-

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iour that might harm or benefit human beings. Expressions. like 'moral', 'good', 'right', 'just', 'honest' are considered more or less synonymous with 'ethical'.

In recent years, there has been a great deal of discussion in Malaysia (as elsewhere) on ethical issues. The view is widely shared that while the technological advancements and industrial progress in many parts of the world have resulted in higher levels of affluence and material well-being, the ethical and moral standards have deteriorated (Zabid and Alsagoff, 1993). As is evident from the increasing frequency of reports in the newspapers and other public communication media concerning cases of kickbacks, collusion, insider trading, corruption and fraudulent use of funds by individuals and organisations, a more widespread and critical interest is now being taken in value judgments that lie behind organisational decisions, and particularly those responsible for managing commercial enterprises seem to be under constant public scrutiny.

As a consequence of their task assignments, all managers have to make decisions. And through their objectives, intentions and actions on matters related to technical, economic or human resource factors, they directly or indirectly affect the welfare of a number of people in the society. They are influencing the future, not only for their organisations but also for people who work for them, consumers who use their products, stockholders who may have invested their savings in the company, and for the society as a whole. All these people should be able to trust the managers' judgments. This means that each manager has to become his or her own moral philosopher, and apply moral thinking and principles to the decisions he makes

and actions he takes in his daily life as manager (Buchholz, 1989). In other words, ethics has to be considered an inextricable part of managerial decision process, and it is essential for managers to maintain an operational and continuing concern for ethical integrity.

In the extant management literature, ethical concerns have been discussed from a number of perspectives. Some writers have focused on the pressures of business environment and provide advice for improving the ethical aspects of business behaviour (Purcell, 1975; Boling, 1978; Cressy and Moore, 1983; McCoy, 1983). Others have dealt with the teaching of ethics as part of management education (Hosmer, 1988; Bassiry, 1990). Considerable amount of literature concerning empirical investigations of ethical beliefs of managers in the western countries has also been generated (Baumbart, 1968; Brenner and Molander, 1977; Krugman and Ferrell, 1981; Posner and Schmidt, 1984; Hunt et al., 1989). However, not much empirical work has been reported on the ethical perceptions of Malaysian managers. A noteworthy attempt was made by Zabid and Alsagoff (1993), who conducted a survey to examine the perceived ethical values of Malaysian managers from different industrial organisations on the basis of their responses to hypothetical business situations.

This investigation is an attempt to arrive at an empirical understanding of the nature of beliefs regarding specific moral issues pertaining to life in general; to identify the factors that guide and influence ethical (or unethical) managerial decisions, and the ways in which managers respond when faced with ethical dilemmas. It also examines the impact of relevant demographic factors on managers' perceptions, their beliefs about insider trading, and aspects of ethical climate in organisations in general.

Methodology

The study of ethics is classified into three areas: Normative, metaethics, and descriptive ethics (Goodpaster, 1985). Normative ethics refers to the prescriptions of 'right' and 'wrong', whereas metaethics is concerned with the meaning and interpretation of ethical decisions. In descriptive ethics, studies are of empirical descriptive nature, concerning ethical behaviour of individuals or groups. This research, in view of its exploratory and survey methodology belongs to the third category i.e. descriptive ethics.

The data for the study were obtained through a self-administered questionnaire given to 381 managers belonging to 41 organisations, 25 of which were engaged in manufacturing activities, and the rest were banking and finance companies. The sample was chosen on a 'purposive' sampling basis from organisations operating at four locations — Pulau Penang, Prai, Kulim, and Kuala Lumpur. The method of generating data may tend to restrict the findings' generalisability largely to managers forming the sample. However, given the exploratory character of the study coupled with its being on a sensitive subject, this sample — frame was considered appropriate so as to be able to receive reasonable number of responses needed for a meaningful analysis and derivations. The questionnaire items used for gathering data, and the approach of analysis draw heavily on those employed by Baumhart (1968), and Hunt (1989), in their studies of ethical beliefs of American managers. Table I presents the profile of survey respondents, indicating their varied demographic and organisational backgrounds. A large number of respondents were men; women constituted only 17.7% of the total sample. They operated at different levels of organisational hierarchy with designations of General manager, Director, Senior manager, Supervisor, Project engineer and officer. In our analysis, they all have been grouped into two categories: (1) Senior level managers, and (2) Junior level managers.

Findings and discussion

Ethics and business

The respondents expressed their views on the relevance of ethics in business transactions in general, and how they perceived the contemporary social ethos that may have a bearing on their behaviour as members of society. Table II summarises their responses.

TABLE I

Basic profile of 381 respondents

		Percentage
A. *Designation/Position*		
Senior level managers (general managers, directors, senior managers)		49
Junior level managers (supervisors, officers)		51
B. *Age (years)*		
21–30		31.7
31–40		52.7
Above 40		15.6
Average age (years)	34.6 years	
Range	23–56 years	
C. *Education*		
Secondary		29.9
Bachelor's degree		44.0
Post-graduate		4.6
Professional courses		21.5
D. *Business experience*		
Average number of years	10.55 years	
Range	1–30 years	
E. *Experience in current firm*		
Average number of years	7.9 years	
Range	1–30 years	
F. *Type of business activity*		
Industrial manufacturing		76
Banking and finance		24
G. *Number of employees*		
Below 250		⁃ 26.7
250–500		16.2
Above 500		57.1
H. *Ethnic group*		
Malay		29.0
Chinese		59.7
Indian		8.1
Others		3.1
I. *Gender*		
Male		82.3
Female		17.7
J. *Marital status*		
Single		43.4
Married		56.6

Results show that a substantial majority of respondents favoured application of sound ethical principles to business practices, and believed that it would be of advantage in the long run (items 1 and 2 in Table II). Regarding their responses to the remaining issues, 41% managers felt that ethics and economics did not go together. About the same number of managers (39%) perceived extensive pervasiveness of questionable behaviours in today's world where deviations from ethical norms are taken as evidence of being clever and intelligent. Furthermore, in the opinion of 52% respondents most of those people who progressed in the world, do not conform to the principles of morality and ethics.

The findings, in general, indicate a perceived decline in ethical standards all over, and are consistent with the results from other surveys (see, Zabid and Alsagoff, 1993; Hurley, 1988; Posner and Schmidt, 1987).

Insider information

'Insider Information' is information that someone within an organisation has, but that is not available to those outside it. This includes not only trade secrets, but also the organisation strategy and plans. The moral problems connected with insider information concern the use that individuals may make of such information for their personal gains while they are still members of that organisation. In order words, those who act on inside information violate their fiduciary obligations to the organisations they represent, and may thereby do harm to them. During the last few years, insider trading scandals have been reported from many places where by sharing confidential information about forthcoming mergers of large corporations, unethical investors were able to buy and sell stocks before the mergers were announced to the public (Business Week, 1985), and the greed for monetary gains often took precedence over being ethical.

A hypothetical situation relating to the practice of 'insider trading' was presented to managers for their opinion. Table III summarises their responses. 52% managers expressed themselves in

TABLE II
Attitudes and opinions on ethical dimension of business

	Agree	Partly agree	Undecided	Partly disagree	Disagree	Mean responses*
1. Sound ethics is good business in the long run	70.5	21.4	4.7	1.6	1.8	1.4
2. Everything is fair in business	5.8	14.2	13.2	19.3	47.5	3.8
3. Most people who get ahead in the world lead clean, moral lives	7.4	20.3	19.7	23.8	29.0	3.47
4. The biggest difference between most criminals and other people is that criminals are stupid enough to get caught	19.6	19.6	11.4	16.1	33.2	3.21
5. Many unethical practices are common to industry, executives say, because ethics and economics do not mix. Do you agree?	15.3	25.7	14.6	18.0	26.5	3.5

Figures are percentages ($N = 381$).
* Mean responses of less than 3 shows the extent of respondents' agreement with the given statement, and of more than 3 their disagreement.

TABLE III
Imagine that you are a member of the Board of Directors of a large Company. At a Board meeting, you learn of an impending merger with a small company which has had unprofitable year, and whose stock is presently selling at a price so low that you are certain that it will rise when news of the merger becomes public knowledge, what do you do?

Alternative	Response (in percentage)
a. I would buy some shares for myself	39.3
b. I would tell my broker about the forthcoming merger	6.2
c. I would tell a good friend about the merger	6.2
d. I would do none of the above	48.3

$N = 354$.

favour of directly or indirectly taking advantage of inside information available to them, disregarding thus the ethical dimension of their action.

Padding one's expense account

The activity of padding up of expense accounts, being in the nature of embezzlement on a small scale, has been one of the more common issues included in ethical surveys of managers. The practice of unfairly benefiting oneself in this manner is perceived to be widely prevalent in business organisations. The findings of this study revealed, however, that about 80% respondents would not like to derive any undue benefit by inflating their expense accounts, even if others in their own organisations indulged in it or their superiors would not take any note of the same

(Table IV). This reflects a relatively high ethical stance of managers in Malaysia on this issue, and is consistent with the findings of Zabid and Alsagoff (1993), in this regard.

TABLE IV

An executive earning M$50,000/– a year has been padding his expense account by about M$1,000/– a year, what do you think?

Alternative	Response (in percentage)
a. Acceptable if other executives in the Company do the same thing	7.8
b. Acceptable if the executive's superior know about it and says nothing	13.3
c. Unacceptable regardless of the circumstances	78.9

$N = 360$.

Practice regarding gifts

The common practice of giving and receiving gifts to and from those with whom managers regularly do business may or may not be ethical. If a person does not give favoured treatment to those from whom he or she accepts gifts, and is not prejudiced against those who fail to give, no actual conflict of interest is created. However, in situations where the independence of a person's judgment is affected by the fact of a gift changing hands, it may been seen to be in the nature of a bribe. A gift of high value (or too frequently given gifts of even smaller values) are likely to have potential for encouraging unethical behaviours. Managers participating in the study were asked to give their opinion on this issue. Responses are shown in Table V.

A large majority of respondents (65%) opined that a formal written organisation policy was needed to guide the managerial action in this regard. About 9% of them thought that accepting or offering fits of more than one hundred Malaysian dollars would be unethical. 26.3% managers however expressed the view that this

TABLE V

Alternatives	Responses (in percentage)
a. This practice is unethical	26.3
b. A company should have a written policy about gifts	64.8
c. No gift worth more than M$100 should be offered or accepted	8.9

$N = 372$.

practice regardless of the value of the gift is unethical.

Generally accepted (unethical) business practices

Respondents were asked to state whether any such practices prevailed in their organisations which they considered unethical, and if so, to describe one such practice that they would most like to see eliminated. Only one hundred and sixteen usable responses were received. 17% respondents said they did not perceive any such unethical practices being followed in their organisations as a matter of course while an equal number of them agreed that there were a few such cases. About 25% responded under 'do not know' answer-category. A significant number, however, perceived the presence of many transactions of questionable nature that were considered normally accepted business behaviours (Table VI).

Regarding the one unethical practice they would most like to see eliminated, the highest frequency (25%) was accorded to offering/receiving expensive gifts, in cash or kind, in exchange for securing or granting favours. Purchase departments in manufacturing organisations were repeatedly mentioned for possible involvement in unfair practices with regard to handling of quotations/bids, and for arranging kickbacks. Gifts may be made sometimes in the form of 'paid for vacations', cash through 'red packets', or even in the form of expensive

TABLE VI
Views on unethical practices

In every industry there are some generally accepted business practices. In your industry, are there any such practices which you regard as unethical?

a.	No	17.2
b.	Yes, a few	16.8
c.	Yes, many	40.6
d.	I don't know	25.4

Note: Figures are percentage of the sample.
N = 116.

dinners and costly entertainments. To quote a senior level respondent manager:

> It is an accepted norm in the oriental culture to offer gifts to one's associates in appreciation for services rendered. However, this practice has now degenerated into a stage where in order to get legitimate things done, one may feel compelled to offer gifts.

Besides gifts, other perceptions related to the unfair practices of making false declarations of imported items to evade 'duty', favouritism in employee promotions based on ethnic considerations, throwing up of chemicals and pollutants indiscriminately, expense account padding to evade income-tax, 'window-dressing' in published financial statements, incorrect data given to government agencies, luring away experienced staff from competitors' organisations, and using company time for personal business.

The current emphasis on greater entrepre-

neurial and competitive orientation seems to be producing ethical climates where some managers might perceive that they are expected to do anything to further their organisations' interests, regardless of ethical implications. Competition in the economy is expected to produce efficiency in the market and benefit the general consumer at large, but the temptations to violate the standards of honesty and fair competition for one's personal benefit or that of one's own organisation can also be there. Pressure on achieving targets could lead people into questionable behaviours. And as the business moves more towards profit maximisation orientation, there may be cases where the end could be seen to justify the means. Such practices tend to undermine the competition, and may not be ethically justifiable. About 71% managers expressed their agreement with the view that the business world has become more competitive than ever before, and to be able to even survive in the prevailing environment, many managers may find it necessary to adopt some questionable practices (Table VII).

Unethical action and personal vs organisational gain

As is clear from the findings contained in Table VIII, managers perceived their superiors differentiating between ethical behaviours resulting in personal gains to employees, and those leading to the improved bottom line of the organisation. 83% respondents agreed with the view that if any

TABLE VII
Attitudes and opinions on ethical dimension of business

	Agree	Partly agree	Undecided	Partly disagree	Disagree	Mean responses
1. Competition today is stiffer than ever. As a result many in business find themselves forced to resort to practices which are considered shady, but appear necessary to survive.	35.5	35.5	13.7	7.6	7.9	2.17

Figures are percentages.

TABLE VIII

	Agree	Partly agree	Undecided	Partly disagree	Disagree
If a manager in my company is discovered to have engaged in unethical behaviour that results primarily in personal gain (rather than corporate gain) he will be promptly reprimanded (N = 367)	58.0	21.8	9.5	7.9	2.7
If a manager in my company is discovered to have engaged in unethical behaviour that results primarily in corporate gain (rather than personal gain) he will be promptly reprimanded (N = 355)	29.3	22.1	20.6	16.1	11.9

Figures are percentages.

manager derived a personal benefit by resorting to unfair means, he or she would be promptly reprimanded, whereas in case of a similar action resulting in some corporate gain, only 51% of them thought it would lead to any punishment by their superiors. Thus, the senior level functionaries are perceived by many as indifferent to the ethical aspects of the ways and means used by lower level managers for achieving organisational objectives. Besides pressures of job demands, and influence of individual value systems, opportunity for action is also suggested to be one of the determinants of ethical or unethical behaviour (Ferrell and Gresham, 1985). Zey Ferrell and Ferrell (1982) have expressed the view that the absence of punishment provides an opportunity to individuals for engaging in unethical actions. The findings of this study seem to reinforce this view to a considerable extent, and provide some explanations as to why certain activities are perceived to have become generally accepted unethical practices in organisations.

Ethical dilemma

Many ethical issues can be complex, and such that open up multiple alternatives for action. This would be particularly true in business where the individual might often find himself forced to choose among personal values and his loyalties towards organisational goals. In such situations of ethical dilemmas managers may experience considerable tension in discriminating 'right' from 'wrong' or 'ethical' from 'unethical', and then in translating into action what they considered 'right'. Often, there are likely to be career implications of certain choices which might further complicate the process of managerial decision making.

Managers were asked to describe the job situation which was for them a cause of deepest ethical or moral concern during their business career. Out of 182 managers who responded looked somewhat evasive or vague in their replies. Approximately 52% mentioned about the value-conflict they faced when expensive gifts/commission/extra money were demanded from or offered to them for granting undue favours, while 10% of them talked regarding 'conflict of interest' situations where family members, friends, or close relatives were involved in dealings with their organisations. Others described situations where they felt undue pressure from superiors in their decision-choices on various matters including performance appraisal reports, wrongful termination of an employee and marketing a product without indicating its harmful effects or weaknesses. The following statements of managers are typical of the descriptions given regarding their dilemmas and concerns:

On discovering unethical behaviour of a colleague, who is a friend also, the decision whether to report the matter to higher level management or not, posed a dilemma.

Approving 'samples' that do not satisfy the standard quality requirements, because rejecting them would cause substantial down-time to employer, and great loss to suppliers of the concerned item.

Having to deal with undue pressure/interference from influential persons in the course of my work, objective evaluation cannot sometimes be undertaken due to such pressure.

Having my superior's family member as one of the vendors quoting for a job.

Having to defend company's policies where I myself am in doubt about those being fair and correct.

Counsel for ethical dilemma

Availability of some persons within the organisation itself or outside, with whom one may consult regarding his or her ethical dilemmas is likely to be of help in resolving such conflicts and getting rid of stressful emotions. 'Levels of moral reasoning and judgment are likely to be higher when managers get together and discuss ethical issues than when those choices have to be made in solitude' (Nichols et al., 1982). Openness in arriving at decisions gives those with an interest in a particular decision, the chance to make their views known, and opens to argument the basis on which the decision is finally taken. This, in turn, may enable the decision-maker to learn from experience and to improve his or her powers or judgment.

Managers were asked to rank order their choices of persons (including themselves), they would usually consult when confronted with an ethical dilemma. The findings presented in Table IX show that usually, managers would like to obtain the views of their superiors while deciding on ethical problems before consulting (if needed thereafter) their group colleagues or applying their own principles or norms in this regard. They assigned much lower importance to the counsel of their spouses, friends, legal staff or religious and spiritual persons.

TABLE IX

When you are confronted with an ethical dilemma inperforming your job, whom do you usually consult?	Rank
1. Boss (superior)	1 (2.144)
2. Colleagues (other people at my level)	2 (3.160)
3. No one (work it out myself)	3 (3.659)
4. Spouse	4 (3.731)
5. Friend (at work)	5 (3.868)
6. Friend (outside work)	6 (4.231)
7. Legal staff	7 (4.341)
8. Religious and spiritual persons	8 (6.343)

Note: Figures in brackets are weighted averages of all respondents rankings of each item (1, 2, 3, 4, 5, 6, 7 and 8) with most important = 1 and least important = 8.

The respondents' perceptions, when analysed according to ethnic groups and gender differences, revealed that chinese managers assigned higher rank to 'spouse' as compared to Malay managers, and the latter, showed a higher preference for consulting 'friend at work' than the former. At the sametime, female respondents considered 'spouse' the most important of all persons to consult (See Table X). This çan possibly be explained as a consequence of 'gender socialisation' processes existing in the Malaysian society, which shaped their behavioural responses in such situation.

Factors influencing ethical choices

In the extent literature, there is an increasing concern for the impact of social factors, and the concepts of 'moral atmosphere' and 'just community' have been introduced to consider the social context of ethical behaviour (Higgens et al., 1984). Hunt and Vitell (1986) mention four different categories of background factors for the ethical decision making process: (1) cultural environment, (2) industry environment, (3) Organisational Environment, and (4) Personal Experiences. In other descriptive model of marketing ethics, Ferrell and Gresham (1985), have grouped these factors into three: individual

TABLE X

When you are confronted with an ethical dilemma in performing your job, who do you usually consult?

S1. No.	Rank assigned by managers			
	Chinese	Malay	Male	Female
1. Boss (superior)	1	1	1	2
2. Colleagues (other people at my level)	2	2	2	3
3. No one (work it out myself)	4	6	4	4
4. Spouse	3	4	3	1
5. Friend (at work)	5	3	5	5
6. Friend (outside work)	6	5	6	6
7. Legal staff	7	7	7	7
8. Religious and spiritual persons	8	8	8	8

factors, organisational factors, and social/cultural environment.

To understand managers' perceptions, they were asked to rank 5 factors representing different categories according to the degree of influence these extended on their decisions. Responses presented in Table XI indicate that managers attributed their ethicalness (or otherwise) mainly to their 'own code of behaviour' — their values, experience/conscience. 'Behaviour of one's superior' was listed next in importance followed by the 'formal company policy', and the impact of ethical climate of the industry. The 'behaviour of one's equal in the organisation' was perceived to be the least important factor influencing decision-choices. These findings are largely consistent with other studies (Zabid and Alsagoff, 1993; Brenner and Molander, 1977).

Individual and the organisation

Organisation set for themselves certain goals to be achieved through their members, who are expected to work towards those goals, subordinating their own personal objectives, if necessary. In the contemporary globalised business environment, it appears that acting out one's individual parts well and still retaining a free and clear conscience is becoming difficult. As the findings show, about 58% managers felt that their organisations' expectations often induced them to behave against the dictates of the principles which they would otherwise like to follow (Table XII). Although the respondents from the major ethnic groups (Chinese and Malay managers) expressed identical views, the degree of agreement in case of Chinese managers was higher than Malay managers (Table XIII).

TABLE XI

The following factors are suggested to influence a person's ethical decisions. Please rank them 1 to 5, in order of importance to you. Give rank 1 for the most important and 5 for the least important.	Rank
1. An individual's personnel code of behaviour	1 (2.102)
2. The Behaviour of a person's superior in the company	2 (2.781)
3. Formal Company policy	3 (2.014)
4. Ethical climate of the industry	4 (3.425)
5. The behaviour of a person's equals in the company	5 (3.779)

Note: Figures in brackets are weighted averages of respondents' ranking of each item (1, 2, 3, 4 and 5).

TABLE XII

	Agree	Partly agree	Undecided	Partly disagree	Disagree
In order to succeed in business organisations, it is often necessary to compromise one's ethics	25.9	32.3	10.8	12.4	18.5

Note: Figures are percentages ($N = 378$).

TABLE XIII
In order to succeed in business organisations, it is often necessary to compromise one's ethics

Ethnic group	N	Mean	SD	t value	Prob	t
Chinese	200	2.545	1.428	1.939	0.0535	
Malay	96	2.896	1.518			

Several studies have provided evidence regarding the relationship between ethical perceptions and organisational factors, such as, position of the respondent in the organisational hierarchy, type of business activity, and size of the organisation, (see for example, Kam-Hon Lee 1981; Mehta and Kau, 1984; I. P. Akaah and E. A. Riordan, 1989). Results summarised in Table XIV show that a larger number of managers from relatively small size organisations perceived the need to compromise their ethical principles, as compared to those working in companies employing 500 or more persons (Table XV). This may possibly be so because many small size organisations may not have

formal policies, guidelines and mechanisms to control questionable behavioural deviations (such as code of ethics, etc.), and at the same time, top management pressure for improved bottom line performance also may, perhaps, be greater there than in larger organisations. Table XV presents the findings regarding the influence of type of business activity and organisational rank of the respondents. Junior level managers seemed to be under greater pressure for indulging in unethical activity as compared to those holding higher ranks in manufacturing organisations. In case of Banking and finance companies, however, this difference turned out to be insignificant.

TABLE XIV
Cross tabulation: Size of the firm by in order to succeed in business organisations, it is often necessary to compromise one's ethics

No. of employees in the firm		Agree	Neutral	Disagree	
2–249	1	66.7%	5.2%	28.1%	
250–499	2	67.8%	3.4%	28.8%	
500–999	3	50.9%	17.5%	31.6%	
1000 or above	4	52.7%	13.3%	34.0%	
Total		58.6%	10.2%	31.2%	100%

Chi Square = 13.6444; Df = 6; Sig. = 0.0339.

TABLE XV
In order to succeed in business organisations, it is often necessary to compromise one's ethics

Organisation rank	N	Mean	SD	t value	Prob	t
Responses of managers in manufacturing organisations						
Senior level managers	167	2.374	1.457	2.465	0.0142	
Junior level managers	181	2.492	1.436			
Responses of managers in banking and finance companies						
Senior level managers	46	3.196	1.528	0.199	0.8424	
Junior level managers	40	3.125	1.652			

Code of ethics

A code of ethics is a set of specific statements indicating actions considered ethical as well as unethical. Such statements are developed by the realistic application of general ethical standards to business situations and environment. Each person's values are unique, and his or her conceptions of doing 'right' may differ from others. As such, managers in organisations may require consensus regarding practices, and guidelines by which to judge whether a possible action would be ethically 'right'.

In view of the heightened societal attention to business ethics in recent years, introducing formal Ethics Codes to provide a framework for rewards and punishments has been a popular measure in many organisations. Any significant empirical evidence of their effectiveness, however, is lacking. A code to be effective needs to be enforced by appropriate sanctions (Ferrell and Skinner, 1988). When asked whether their company, industry, and Professional Association had any formal written code of Ethics, 68.8%, 42.3% and 47.8% respondents respectively replied in the affirmative (Table XVI). Relatively large percentage of responses under 'do not know' category could be taken as indicator of the low degree of seriousness in its implementation.

A large majority of respondents opined that organisational ethicalness could be enhanced if Ethics Codes were enforced properly and consistently (Table XVII). The view, though is widely shared by respondents in all age-groups, those above 40 years of age seemed to have expressed their approval somewhat more strongly

TABLE XVI
Is there a formal, written code of ethics in your

	Yes	No	Don't know
Company? (N = 356)	68.8	20.5	10.7
Industry? (N = 310)	42.3	23.9	33.9
Professional association? (N = 272)	47.8	15.4	36.8

Figures are percentages.

(Table XVIII). Findings are generally consistent with other studies (Longenecker *et al.*, 1989; Vitell and Festervand, 1987).

Conclusion and implications

This study attempted to explore the Malaysian managers' personal beliefs, orientations and intentions regarding the ethical dimension of their decision behaviours, as also the organisational and societal factors that influence their choices in this regard. The findings, in the main, revealed that managers though would like to affirm their faith in the relevance of ethical behaviours for long term success in their business endeavours, practical realities in the contemporary business scenario sometimes required them to make compromises. They often felt constrained to make unethical adjustments for a variety of reasons, such as, stiffer competition, organisational and societal climate, behaviours of superiors, friends and colleagues; and lack of

TABLE XVII

	Agree	Partly agree	Undecided	Partly disagree	Disagree
1. Enforcing ethical code would raise the ethical level of business behaviour (N = 360)	58.6	30.0	7.5	2.5	1.4

Figures are percentages.

TABLE XVIII

Cross tabulation: Respondents' age by 'Enforcing ethical code would raise the ethical level of business behaviour'

Age groups		Agree 1	Neutral 2	Disagree 3	
21–30	1	86.9%	11.2%	1.9%	
31–40	2	86.8%	7.4%	5.8%	
Above 40	3	96.4%	1.8%	1.8%	
Total		88.3%	7.7%	4.0%	100%

Chi Square = 8.1353; Df = 4; Sig. = 0.0867.

effective guiding mechanism in the face of complex ethical problems.

Such attitudes and behavioural responses clearly indicate that greater efforts would be needed to institutionalise ethics into organisations' decision making structures by putting it into their policy making processes and work practices. Recent writings on management have emphasized the need for an organisational orientation toward values; and success of excellent organisations is largely attributed to their value-led management culture that guides managerial practices (Peters and Waterman, 1982; Pascale and Athos, 1981; Deal and Kennedy, 1982; Denison, 1990). It is suggested that creating a unitary cohesive culture around core moral values is the solution to enhancing ethical behaviour. It would be the responsibility of the top management to create organisation culture based on what is 'just' and 'right'. These ethical values and norms would need to be incorporated in the planning process of management, and must clearly form part of the organisations' 'mission' statements; as also of performance measurement and control systems. The part of mission state-

ment expressing organisation values would then be translated into a specific code of conduct to be adequately communicated and strictly enforced. For such a culture to come into existence and become effective in influencing and enhancing ethical environment in organisations, the most important factor would be the values, the words and deeds of senior/top executives who act as the role models for other members.

As the findings of this study revealed, managers perceived their personal codes of behaviour as the most important influence on their decisions, i.e., they are guided more by their own conscience, which decides the morality of their actions and urges them to behave in a certain manner. In the course of their growing up from early childhood to adulthood, they generally internalise different patterns of moral reasoning, and acquire certain values and beliefs about desirable and states underlying attitudinal and behavioural processes. According to Kohlberg (1981), some people almost always make moral decisions based on how the outcomes will affect some particular person or persons while others may consider the effect of their actions on groups that they belong

to, such as family or their work-groups. Still others look beyond their immediate reference points to consider the interest of society at large or even humanity as a whole. Ethics in organisations, therefore, cannot be left solely to each person's 'individual code of conduct'. It must be taken as an organisational as well as individual responsibility.

Ethics training can be one way of helping managers define their philosophy and find the common denominators that may offer a meaningful and consistent approach to resolving ethical issues through the process of self-reflection. Through systematic training and education, it should be possible to influence and develop the 'personal code' or 'conscience' of managers in the sense that an individual can always learn or accept new norms for governing his or her behaviour (Baumhart, 1968). As a part of organisational socialisation process, it would be appropriate to discuss in management development programmes the basic theories and principles of ethical analysis derived from normative philosophy. These theories may not provide direct answers for specific situations, but can be helpful in discerning the implications of the alternative courses of actions that are available. The objective in ethics training would not be to develop any special set of standards but to create in participant greater awareness of an sensitivity to the ethical dimension of business transactions, and an orientation for strategic and long term thinking.

Such training initiatives would provide opportunities for openly discussing ethical concerns, which managers, generally, may not find comfortable to raise or discuss in the formal work-settings. Forthright interchange of views between participants, however divergent their personal values, can provide opportunities for a better comprehension of 'what is right' in a given situation, than what a particular employee can achieve alone. Even when the ethical dilemmas prove difficult to reconcile, comparisons of divergent points of view can help generate the alternative behavioural responses, and suggest a relatively more 'just' solution. Managers may be encouraged to recount actual incidents and dilemmas faced by them in the workplace, and

case studies can be used as tools for providing illustrative material. Biographies and auto-biographies of great persons, plays and short stories written by great writers can also be used to enrich the discussion at ethics training seminars. It has been widely experienced that literature can offer rather specific moral reasoning about moral dilemmas in commercial organisations. The use of 'classic' short stories as discussion material can particularly offer a personally compelling method for managers to enhance their ethical sensitivity (McAdams and Koppensteiner, 1992; Smith, 1992).

In order to enhance the ethicalness of both, organisations and participants, efforts are needed to stimulate greater awareness of the importance of moral considerations in business practices by putting business ethics formally on the agenda of the training systems of the industrial organisations in Malaysia.

Acknowledgments

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