

**MANAGING BUSINESS ETHICS IN THE BANKING INDUSTRY: AN
ESSENTIAL COMPONENT FOR PERFORMANCE**

KNUST

By

CLAUD ATTA BOAHENE

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DECLARATION

I hereby declare that this submission is my own work towards the MBA and that, to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.



Claud Atta Boahene
(PG4675910) Signature Date
(Student)

Mr. Samuel Yaw Akomea
(Supervisor) Signature Date

Dr. Ahmed Agyapong
(Head of Department) Signature Date

DEDICATION

This research work is dedicated to my dear wife, Yaa Henewaa Ofosu Boahene, and our children. God richly bless you for your endless love, prayers and support.



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I am grateful to God Almighty for the blessings and strength he has bestowed on me, and for how far in life He has brought me.

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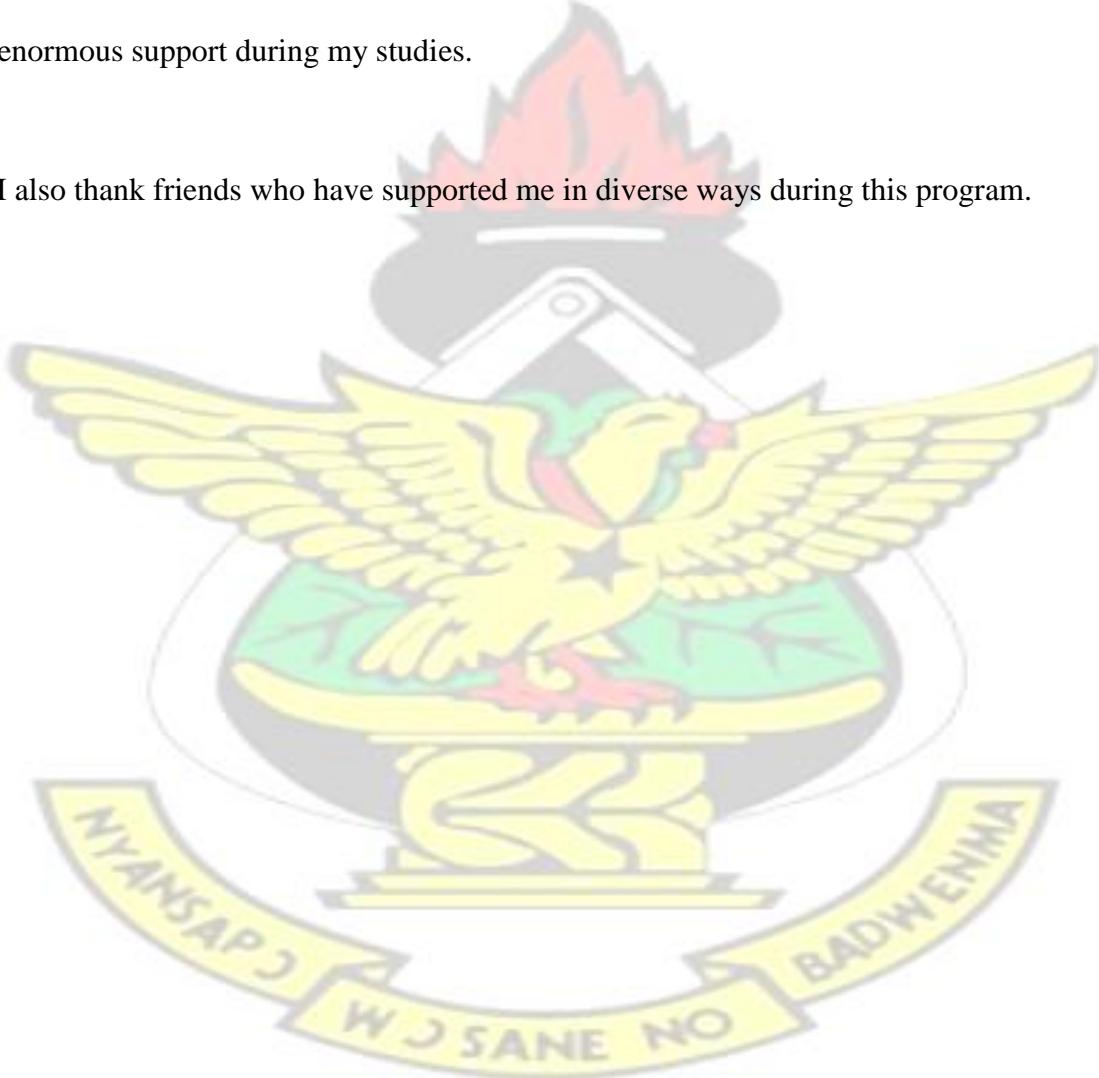


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ABSTRACT

The work sought to ascertain how managing business ethics in the banking industry can ensure business performance. The objectives of the study were to identify and analyze the business ethics strategy practiced at the selected banks, determine the level at which business ethics affects the success of the selected banks, to identify the challenges of implementing business ethics in the operations of the bank and to infer ways by which business ethics principles can be adequately entrenched in banks in Ghana. The scope of the study was some selected banks in the Kumasi metropolis.

The survey questionnaire was designed using the literature and pilot survey input. Mean analysis was conducted to derive ethical factors for competitive advantage from the survey data. 200 workers from the various branches of the selected banks constituted the sample size for the research. Convenience sampling was used as the sampling technique. The research was basically analyzed using regression analysis and mean analysis were some of the statistical tools adopted for the research. It was found from the research that the banks activities are guided by ethical principles though not in all aspects of the banks activities. Regression analysis performed indicated that there exists a significantly positive relationship between the business ethics practices at the various banks and the banks' ability to achieve its stated goals. It was also found that using working hours for personal activities and the banks equipment like telephone for personal use is a major challenge they face in the conduct of their duties. The recommendations given included, discussion of ethical issues in staff meetings should be practiced in the various banks. Also a dedicated person or office must be created to oversee ethical issues relating to the bank since it has been proven to have a positive impact on performance.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

The world economy is clearly undergoing reformation and changes that is mainly as a result of the wide spread system of free market economic guidelines and globalization of business due to the rise of Information Communication Technology (ICT). Though this growth is happening, government's regulation is declining and has led to upsurge of business scandals and corporate misconducts.

It was mentioned in (Drucker, 2007) that managers of enterprises should try and stick to the wealth creating resources though faced with globalization. This can be done by ensuring sufficient profits to offset any threat of economic activity, and ensuring a continued increase in wealth-creating and wealth-producing capacity of these resources.

On the other hand, the responsibility calls for a prudent assessment of the cost related to achieving these responsibilities and the benefits to be gained. Unfortunately, several enterprises have been functioning mainly on the traditional belief that it is the primary objective of business to protect the interest(s) of stakeholders. Though this is right, in a liberalized economy, the stakeholders of the organization go beyond the direct owners of the enterprise.

As an example, (Freeman, 1984) classifies and models stakeholders of an organization. This model of modern stakeholder theory involves actors such as governmental agencies, trade unions and associations, communities, prospective employees and consumers, as well as the public. As such, all the stakeholders in an enterprise are concerned directly or indirectly in the efficient management and performance of the

organization. This could be in the form of employees, directors and management that are interested in their salaries, benefits and reputations, or shareholders who expect return on capital invested. It could also be in the form of customers who pay for products and services, or suppliers who receive compensation for their products and services. In return, these individuals provide value in the form of natural, human, social and other forms of capital.

Remodeling complex relationships between business organizations and societies came about as there was the need to certify that management of enterprises embraces measures and strategies targeted at promoting equally, the well-being of every stakeholder (Sharplin and Phelps 1989). It was becoming rampant for organizations to go contrary to the rules or standards that are mostly accepted by the society. Fraudulent manipulations have been done to Company finances have been manipulated to show a better balance sheet than what actually exists, people are paying bribes to secure business deals, child labour is being used in assembling products, discriminatory practices have prevented the employment or promotion of members of a particular group. When enterprises act unethically their actions have detrimental outcomes on others and in ways that are morally unacceptable to the larger community (Newell, 2012).

In recent years, ethical concerns in business have become complex because of the international and expanded nature of many large enterprises and because of the complexity of economic, social, global, natural, political, and legal and government regulations and environment.

The onus therefore lies on companies including banks to decide to constantly go by ethical principles or to adjust to local ethics and culture (Sullivan 2009: 19). This therefore means that, ethics in business does not only try to come up with standards that employees must follow, but it also tries to motivate employees, managers and members of the board to reflect and make decisions in tandem of the values of the organization (Sullivan and Shkolnikov 2006).

1.2 Problem Statement

A bank that is respected is supposed to be honest, have integrity, be socially responsible, accountable and deliver as promised (Solaiman et al., 2007). Banks are to from the green area of ethics and with immense pressure that can harm reputation and may cause financial loss (Carse, 1999). When a banker accepts bribes to grant loans, lending to individuals or organizations that are well connected or cheating customers is unethical to every bank. In the banking sector currently, ethical principles and values are not fully entrenched and followed. One major problem facing the banking industry is bribery and corruption as such decency and clarity is essential in banking. The banking sector is turning complicated and there is now a thin line between what is genuine and illegal (Carse, 1999). Being perceived as trustworthy is crucial for the survival of a bank (Chiami and Fullenkamp, 2002). It is difficult for a regular customer of a bank without sufficient knowledge to appreciate banking bank transactions as such consistency is key (Frenkel and Lurie, 2003). Banks that are making ethics a major concern in its operations enjoy a high level of attention more than those conventional financial institutions (Cowton and Thompson, 1999; Kitson, 1996).

For decades now, public institutions, writers and business leaders and owners have had several issues about ethics. A major concern now for the banking community and other

business societies most especially the ones functioning in a diverse or international environment, is how to find a foundation or standard that can ensure an ethics code, devoid of national culture or national issues (Sullivan and Shkolnikov 2006).

With business firms being part of the general community, their operations or activities should be guided by codes of conduct or norms that will direct their behaviors. The ethical activities of business in trying to achieve their business objectives and goals are a major principle in achieving a sustainable organizational practice. Nilson and Westerberg (1997) hold that ethics and business not only can, but must go together, because to do business without concern to ethics is the surest way to fail.

Ethical behavior is very crucial in the financial sector due to the fact that the reputation of a business is as important as its performance (Carse, 1999). A 2002 World Development Report on the basis of empirical studies points out that a sound financial system helps to mitigate risks, create confidence, attract savings and create opportunities for investment. It is also said that corruption, which is the consequences engendered by unethical banking system, can cost the poor three times more than the rich (Dogarawa, 2004).

1.3 Objectives of the Study

The main objective of the research was to access how managing business ethics in the Banking Industry can become an essential component for business success. The specific objectives were to

1. Identify and analyze the business ethics strategy practiced at the selected banks

2. Determine the level at which business ethics affects the success of the selected banks
3. To identify the challenges of implementing business ethics in the operations of the bank
4. To infer ways by which business ethics principles can be adequately entrenched in banks in Ghana.

1.4 Research Questions

The question emanating from the objectives were:

1. What is the business ethics practiced at selected banks?
2. What are the effects of business ethics on the success of the selected banks?
3. What are the challenges of implementing business ethics in the operations of banks?
4. What ways can business ethics principles be adequately entrenched in banks in Ghana.

1.5 Significance of the Study

Business ethics over the years have become a very important topic for discussion in academic and corporate. Consumers and various pressure groups are agitating for organizations to adopt more ethical and environmentally acceptable ways of doing business.

This work sought to concentrate mainly on the importance of business ethics to the economy with much emphasis on the banking industry. In recent years, more focus is

on the topic due to the fact that, the absence of ethical concerns in the business setting most especially banking is creating excessive harm at the micro and macro level.

Importantly, the relevance of ethics is felt mostly through the implementation of socially recognized ethical standards that impact all spheres of life.

It has been proven by literature that, a well-managed ethical standard has the ability to create a good image and personal value amongst the banking industry by coming up with a market reputation and handling customers empathetically. Again, high ethical standards can ensure product and service quality by maintaining product standards (Solaiman et al., 2007). Issues relating to ethics are a concern for most businesses no matter the line of business.

Businesses are becoming more powerful and influential like never before. There is enough evidence to suggest that the citizenry are not taking this assertion likely. The ethics side of business unravels why this is so, its final implication, and how the situation can be addressed.

Ethics relating to business can be a major contributor to the society with respect to providing the products and services wanted, providing employment, paying taxes, and playing the role of accelerating economic development, to name just a few as examples.

The pressure on businesses to be more ethical is taking a more complex shape and becoming very rigorous. A means of appreciating or understanding these concerns vividly is by adopting business ethics so as to effectively meet these ethical expectations

Achieving long term growth and sustainability can be derived from long term ethical vision which considers all players or stakeholders. Relatively lower profits that are sustainable must be better compared to greater but more risky profits that are not

sustainable. Large profits ensure quicker attainment of strategic objectives and a great feeling of achievement. This notwithstanding, there are several dramatic growth and decline cycles in corporate history. (Both on a micro corporation level and macroeconomic level). It has now become necessary for companies to have a re look at their quest to gain bigger and bigger profits with the greater risk that comes with it. Essentially the relevance of business ethics is determined by personal ethics and morals and most people are primarily self-interested. However, if the ethics favors the people, it has the capacity to effect physical change. The revolution has already started in some markets where demand for products is geared towards products that are ethically made. Companies that are interested in reducing cost and associated risk and also appreciate the significance of ethics will have to avoid internal and external behavioural risks, especially when supported by sound governance systems and independent research.

1.6 Scope of the Study

The research focused on some selected banks in the Kumasi metropolis. The ethical issues of the selected banks were analyzed to know its impact on the success of the banks in terms of growth and profitability.

1.7 Overview of Methodology

The foundation for the research was ethical issues in banking that was mostly generated from literature. Survey research was conducted. The survey questionnaire was drafted by the researcher and parts from literature and the inputs made from the pilot test. Mean analysis was conducted. Respondents were the staff of the various selected banks.

1.8 Organization of the Study

The research was done in five (5) chapters. The First Chapter considered an introduction to the work and it showed the background of the study, the statement of problem, the research objectives, questions scope of the study limitation, a brief outline of methodology and the significance of the research. The Second Chapter shows pertinent literature on the subject matter being discussed. Literature on managing business ethics was gathered.

The Third Chapter looked at the methodology adopted for the conduct of the research. It included areas like the research design; population and sampling technique. The Fourth Chapter considered the analysis of the findings derived from the research. The Fifth Chapter looked at summaries of the findings and the recommendations made.



CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

The chapter reviewed all literature relating to the subject matter under research. The chapter dealt with the various issues that relate to the performance of banks and their ethics. Ethics play an instrumental role in businesses of which banking is no exception. Ethics cannot be underestimated in the field business since it is a key determinant of the economic development of a country.

2.2 The concept of business Ethics

The concept of ethics is explained as a set moral principles which differentiates between right and wrong (Velasquez, 1996). It is normally considered as normative. This is because ethics gives justification for abstract standard by which people act.

According to Garrett and Klonoski (1990), this is normally a person's understanding of whether a decision or act is wrong or right. Ethics in the field of business deals with business situations, activities and decisions which explains issues of right and wrong are discussed (Collins, 1994). Newell (2012) also sees ethics in the field of business as being concerned with understanding moral principles by which business organizations can be evaluated. It also explores its impact on people and the environment as a whole. Donaldson (1989) defines business ethics as the systematic study of morality as far as the field of business and industry.

Therefore, ethics of business can be explained to be a group of individual's honest deeds, as part of the combined, no one saves every form of business whiles not harming the relationship in the company and the broader environment. The general public has

developed interest in the debate of business ethics, corporate social responsibility and is treated as individual and also in a collective form. Question of whether a company has something to do with the ethics of the individual and the collective. Many scholars have disputed the existence of a relationship between ethics and business. This is because people believe that morality can only be found in religion and others also see the relationship between morals and religion.

All businesses have a lot of things in common with morality and actions that are considered as moral actions. There are two basic dimensions of ethics in the field of business. This includes collective and individual ethics.

Collective ethics are those that embody the application of decision-making process of the government. It borders on the external issues such as environmental and ethical relationships in the field of business itself. Individual moral concerns of business ethics rules adhere to the norms of customary business morality. When a person has a moral deficit, it presupposes that such individuals put their personal interest before the collective and legal norms, and before the rules of acceptable business ethics, which can harm the business climate. Personal morality is the central element in a group or collective moral (Costa, 1998).

Ethics in business borders on truth and justice and can be divided into many different segments such as fair competition, the exceptions of the society, social responsibilities advertising, public relation, consumer autonomy and corporate behavior abroad and in the home country (Clarence, 1977; Rue and Hosmer, 1987). In the area of business, ethics has seen rapid growth similar to that of services market (Cronin and Taylor, 1992). Kennedy and Lawton (1993) unveils the ethical violations created by service

marketing as a result of competition, all in a bid to delight customers. As a result of the growth as far as competition in the market, gaining competitive advantage companies all over the world use cost advantage and value advantage as a way of gaining competitive advantage (Kotler,1997).

2.3 Ethical Banking

"Ethical Banking" relates to financial services that seek to advance sustainable development and equality. "Ethical banks" supposedly hold the notion that measurement of profitability should not only be in financial terms but socially as well. Ethical banking allows direct financing through the use of loans and also venture capital which allows meeting the needs of business owners, businesses and institutions. The co-operative movement which began in the twentieth century is a typical example which demonstrates how important mutuality and coaction can help fulfill needs within membership institutions.

Contemporary cooperation forms focusing beyond membership needs such as the microfinance movements and fair trade, which combine social with economic values, are a step in the right direction as far as practicing and understanding of solidarity and brotherhood in the global economic context. The use of both the cooperative movement and the social movement which started in the 1960's has been able to

include ethical banking in its activities. Cooperated banks and other social banks have been able to co-exist and have made most of the mainstream banks aware of the opportunities that exist in this sector. The value chain provided through Banking and Finance has been seen to be interlinking with the cycle of rendering adequate financial services and products so far as there are no clear-cut guidelines pertaining to banks and criteria on ethics, social and sustainability aspects, the individual co-worker or the

lending committee are generally applying the „neutrality rule“, excluding ethical, social and environmental considerations from the bankers' decision making.

In reality however, money is not neutral and it involves responsibilities from its inception and along the distribution chain where it has to do with value creation, not only pure financial value but also human, social and environmental added values. Money, capital, intelligently and wisely invested as an instrument for improving quality of life, can have a major impact on human development. Because of this impact, a neutral attitude to investment and lending is irresponsible. In the financial markets, money and money systems become mechanical and develop uncontrollable dynamics. Financial regulators and authorities are only concerned with the mechanics of the system in order to prevent major breakdowns.

Ethics is normally the moral values and the various principles relating to a company (Donaldson, 1989). The application of ethical principles contributes to achievement of economic morality. Ethical issues that are dominant are normally those that involve liquidation of a criminal action relating to the commercial banks. It also to a larger extent involves a reduction in fraud, bribery and the issue of corruption. If an economy is dysfunctional in the absence ethics and morality, there is the need for the introduction of a code of conduct which regulates the activities of people. In the financial sector, ethics as a matter of fact ought to be implemented in a well regulated manner. This is enabled through the use of laws, regulations and the use of legislations in the use of business bankers. The provision of ethical code and regulations in the application of moral values, this is because the professionalism in the banking sector is highly regulated by the ethics of the organization and well defined penalties for all offenders. Ethical issues in the advanced economies, issues relating to ethics are well and carefully selected and monitored as well.

The International Monetary Fund, the World Bank and other agencies have been working very hard on shaping the business environments within which the international commercial banks are operating. This is done by developing a standard and code and economic policies for the banks to use. Examples that are given for the use of values showing the policy of finance are the Philosophies for the Guideline of

Banks Overseas Formation - the Basel Concordat), which was approved by the Basel Committee for the Management of Banks in 1983; the Code of Good Practice on Transparency in Monetary and Financial Policies, endorsed by the International Monetary and Financial Committee in 1999.

Customers of Cooperative Bank (UK) who purchase consumer items receive energy ratings on such items. The main aim is to have a clear understanding as to how efficient a property can be and how that property can as a matter of fact be improved. Furthermore, mortgages with the bank include features for offsetting carbon dioxide emissions. Annually, as a customer's mortgage is held, the company reduces a percentage of the mortgage as a result of the carbon dioxide emission from a particular household's energy consumed. Money received from offsets has been used in Uganda for reforestation projects; in Bulgaria for the generation of hydro-electrical power projects; and in Bangladesh for training on energy efficient stove building. A Canadian bank, Citizens Bank, also gives different VISA credit cards to its customers which allow them to choose in order to help non-profit and philanthropic organizations. These organizations include Oxfam Canada, and Amnesty International, which receive donations each time the VISA cards are used. This initiative has helped Citizens Bank to donate to doctors and health professionals.

These are but a few of ethical banks available services.

2.4 Business Ethics strategy in Banking

Ethics as a matter of fact is of great importance to the financial service is of good importance because all businesses value the reputation and performance that they have developed for themselves. (Brickley et al., 2003). The banking sector as a financial institution serves as an intermediary between those who are depositors and the creditor. This relationship ought to be sensitive. A bank is said to have reputation honesty, integrity, social responsibility, accountability and compliance to promise when the ethics are complete (Solaiman et al., 2007). Banks have to make choices in the gray areas of ethics and under high level of pressure that may damage reputation and may cause financial loss (Carse,1999).

Accepting bribes in return for loans, lending to connected parties or cheating customers would be claimed as ethical by no bank. The banks are still not being able to strictly follow the ethical values that are supposed to be put in place in the sector. Bribery and corruption are generally seen as the causes of the numerous that confronts the banking sector. As a result, honesty and transparency are the very important in the banking sector. Being perceived as trustworthy is a major determinant for the survival of the bank (Chiami and Fullenkamp, 2000).

Normally, and ordinary may not have the opportunity and the technical knowledge to have a fair understanding An ordinary bank customer does not have the opportunity and adequate knowledge to understand how transactions are treated in the banking hall (Frenkel and Lurie, 2003).

2.5 Role of ethics in banking

Theory that depends mainly on the ideology of what is right as against evil assist in defining the business of banking basing on ethics.

According to Ristić et al (2004), the fundamental ethical concerns include:

Mutual trust principle: this has a major importance in order to ensure a proper operation or running of the business structure. The telephone is sometimes used to conduct important and cherished deals, without the presence of third parties, while the two parties relationship is subject to the firm principle of mutual trust.

Principle of mutual benefit and interest : This simply means that no party to a business should in any way be cheated:

Principle of good intentions: It is an instrumental part of a business. It enhances good business ethics and also strong moral behavior. This principle presupposes that there must not be any prepared mind to treat any partner in the business in an immoral manner.

Principle of business compromise and business tolerance: This means that there must be a strategy to peacefully co-exist all conflicting parties in a business process.

Principle of ethical improvement of business behavior: This is the preparedness of an entity to readily accept his mistakes in his dealings with other parties.

Principle of demonopolization of one's own position, because monopolistic behavior on the market does not contain any ethical market value and

Principle of conflict between one's own interests this explains why it is not possible to compare anything common in the behavior of an individual with simultaneous adherence to the same ethical values.

Ethics in the banking sector is normally breached when lenders tend to take too much risk, by looking for shortfalls in the banking regulations to attract more loans. Proper adherence to regulations and financial instruments in the financial sector enables bankers to fairly approve loans to all deserving parties without bias.

When it comes to general standards governing the banking sector, the following must be adhered to:

The bank must desist from giving loans to one industrial branch or sector unless in the case of special enterprises that practice this to the core; Customers who come to bank for loan must be made to reserve a certain amount of money in his account as a condition for the loan.

The approval of loan must strictly follow a procedure which include purpose, source, price, terms and the method of payment;

In order to grant a loan to a customer, the bank must take cognizance with the previous year's financial report of the debtor. A loan must be given out on condition that there is a well stated payment plan in place.

It has been proven empirically that banks that have advanced capitalization rates and an improved liability structure can enter long-term credit arrangements with a higher risk level. It stems from the above that each bank should respect the general and the specific principles in formulating its credit policy. So long as the banks are struggling to increase

their micro economy, they must perform significant macroeconomic role through its numerous activities. The lack of objectivity exhibited by the banks when it comes to relaying information about the debtors. Based on its subjective evaluation, the bank makes conclusions about the debtor. This indicator is most obvious when it comes to personal loans, and less obvious when it comes to corporate loans. The analysis of every loan application requires one or several loans officers who have contacts with the client, one or several.

Analysts who evaluate the client's financial abilities, aboard for loan approval or a loan administrator who finally approves or rejects the loan request.

As a way of protecting themselves, the banks also adopt the use of a macro system's accumulation. This enable the banks to control losses suffered in the macro system. It also enables the banks to undertake a proper selective and locative function of the total system. This also goes a long way to improve the system. Most companies that seek for loan on the loan market do not use their revenues properly in order to enable them access capital and also reduce the costs that come with the loan. There is unrealistic increase in revenue and cost deflation. This type of corporations normally set their own standard by which revenues accrued are reported to the general public and also rejecting the generally accepted standards revenues are accepted by all other corporations. (GAAP - Generally Accepted Accounting Principles). As a result of this, officers in charge of loans must be vigilant since many organizations seeking for loans may use misleading profit figures.

Officers in the bank must as a matter of fact focus its attention on the financial statement. It is a generally accepted fact that banks, like any other financial institution are easily manipulated with the use of financial statement at the end of a quarter or the

fiscal year. This "customized accounting" which does not normally reflect the true standing of a bank goes a long way to negatively affect the efficiency of the bank's financial system.

Every bank has the duty to operate a business book as a way of complying with the banking chart. The central bank is the one responsible for controlling how books of the banks are to be kept, and how assets and liabilities of the bank are determined.

This is done according to the regulations formulated by the central bank for that purpose. Every bank must as a matter of fact have an internal audit department which must properly conduct its activities without any influence and without biases which will go a long way by improving the operations of the bank and its general operations and advisory roles. The operations of the internal audit section of the bank must be in conformity with the principles of operation and the codes that govern internal auditors. In its work, the internal audit should harmonize the methods of its work with the work of external auditors.

The person in charge of the internal audit department of the bank must not be allowed to take part in other activities in the bank since that has the capacity to compromise his position during auditing. If the audit section in any way comes across any case of illegality, and a violation of the rules governing risk management, during its work, it must quickly make this known to the management of the bank. If the audit department of the bank compromises its position on the true occurrence in the bank, it risks making the bank illiquid, insolvent and is likely to put the company on the verge of collapse.

2.6 Ethics and competitive advantage

Most organizations in their efforts for competitive advantage have resulted in differentiation. This means that there is value and cost leveraging. The degree of value leverage is a determinant of the level of customer satisfaction. The focal point is how value and cost leveraging opportunities can be created. Good ethical practices of a business entity has the capacity to create higher customer satisfaction, improve the

value of its products and attract customers and also gives the organization edge over other competing organizations (Holme, 2008; Solaiman et al., 2007; Cowton et al., 2000), i.e. customers all over the world loyal to organizations that mostly follow code of ethics set for itself. On the other hand, customers become very dissatisfy with those organizations which do not follow any form of codes of ethics and in the long run switch to those organizations that have ethical practice. Kotler (1997), states that the cost involved in attracting a new customer to an organization is mostly five times higher than the cost involved in maintaining a customer that is already with the organization. It is mostly impossible to convince a customer who is satisfied with a product he is currently using to switch in favor of other alternative products. He also stated that the dissatisfaction of a customer is the major cause of customer switching and goes a long way to affect the company.

Solaiman et al. (2007) states that businesses all over the world ought to must prioritize issues relating to ethics such as compliance of the standard of products and service quality, justified price, empathy of the personnel, dissemination of true information.

Ferrel (1989) conducted a study on “A synthesis of ethical decisions models for marketing” where it was emphasized that the business unethical practice related to bribes, deceptive advertising conceal of information creates impact on the loss of public interest in business and customer dissatisfaction. Frooman (1997) stated that the ability of an organization to act legally and have higher ethical standard means that the organization is saving billion annually on lawsuits and settlements.

Studies conducted have also indicated that many organizations have paid so much in the form of penalty for not acting ethically. In these studies it was stated that organizations can save a lot of dollars by acting by acting ethically and also reduce cost.

KPMG Report (1999) on “Managing ethics costs benefits: ethics and integrity” stated in their report that for individuals that are involved in management, managing ethically also means that the management has also involve integrity in the management process. Integrity must be fundamental in the activities of all organizations. It is able to shape and has the capacity to influence the destiny of the organization. Carroll (1991) in his research stated that there is evidence to buttress the fact that organizations that are responsible socially responsible have advantage and powerful reputation over others.

Through this literature review it has been clearly shown that a lot of researches have been conducted by researchers regarding how important ethical values and its practice is in the organization and how it positions organizations to gain competitive advantage over other organizations. But the study with extracting the factors of ethical practices leading to competitive advantage specifically in banking is rare. So, a model of ethical practices for competitive advantage in banking is demanding for organizations how to create competitive advantage by being ethical. This literature gap inspired the researcher to conduct the study.

2.7 Importance of Business Ethics

Business ethics have become a very important topic in the study of business today and the dilemma that comes with ethics have made the subject matter very attracted to many different categories of people. There is massive pressure from some aspects of consumers and pressure groups for business to produce goods and services that are produced under ethical considerations and not harmful to the environment. Media companies and personnel’s around the world are now showing a keen interest in wrong doings and unethical practices by corporate institutions. More so, firms gradually understand that becoming ethically mindful can have a good impact on business. All

organizations are confronted with ethical issues regardless to the field in which they are operating.

Several reasons add up to the increasing importance of ethics in business as a field of study in academic work or as a practice in the organizational setting. the following are the reasons why a thorough understanding of ethics in business is relevant in recent times.

The power and influence of businesses in the world today has become greater than ever before. Research has unveiled the fact that many people are not comfortable with that development (Bernstein 2000). For instance, a poll conducted in more than 20 developed and leading economies in the world has indicated that over 75% of its respondents believed that large corporate bodies and organizations have too much influence on their government in decision making (Cywinski 2008). Understanding ethics in the field of business helps to unveil why these things happen in business. It also makes us aware of the likely implications and also the necessary remedies that are available to organizations if they do occur.

Businesses all over the world have significantly affected society by the provision of services and the products that we use in our daily lives. It gives employment to the teeming unemployed youth, increases revenue to the state in the form of the payment of tax. It also serves as the force that propels economic growth in a nation. How, or indeed whether, this contribution made raises significant ethical issues that go to the heart of the social role of business in contemporary society. As a 2008 global survey conducted by McKinsey shows, about 50% of business executives think that corporations make a mostly or somewhat positive contribution to society, whilst some

25% believe that their contribution is mostly or somewhat negative (McKinsey Quarterly 2008).

Malpractices in organizations have the potential of bringing huge harm on people, communities and the environments within which they are located. Though helping us to understand more about the causes and the disadvantages of this malpractices, business ethics seeks, as the founding editor of the Journal of Business Ethics has suggested (Michalos, 1988), „to improve the human condition”.

Pressure on corporate bodies and institutions to adopt ethical measures and practices is becoming more heightened and more difficult. In order to fully appreciate and understand the difficulties, it is imperative to fully understand the concept of ethics in business to make its usage more efficient and effective. A small number of business executives have received few formal training and education on business ethics. A manager with a considerable knowledge in business ethics has the skill to make decisions that are ethical and acceptable in order to diagnose, analyze, and provide solutions to the ethical problems and dilemmas they are confronted with.

The violation of ethics in the field of business for cuts across all sectors; For instance, a recent survey of over 1,000 UK employees drawn from both the public and private sectors found out that one out of every three employees feels their employers are being unfair to them. Another survey that was conducted in Hong Kong among nearly 2000 executives reveals that more than 40% of them who have their operation located in China have been faced with fraud. Ethics in business affords us the capacity to explore the various reasons behind such an infraction and the way and manner in which

problems can be resolved by managers, regulators, and others interested in improving business ethics.

Business ethics can provide us with the ability to assess the benefits and problems associated with different ways of managing ethics in organizations.

Finally, business ethics is also extremely interesting in that it provides us with knowledge that transcends the traditional framework of business studies and confronts us with some of the most important questions faced by society. The subject can therefore be richly rewarding to study because it provides us with knowledge and skills that are not simply helpful for doing business, but rather, by helping us to understand modern societies in a more systematic way, can advance our ability to address life situations far beyond the classroom or the office desk.

2.8 Essence of Ethical Behavior

A behavior that is seen as ethical is mostly as a result of the values attached to it by the society and legislations that support it. The main role of the legislative, executive and the judicial arms of government is to protect the health and security needs of the citizenry and also provide all required amenities and infrastructure that will protect all from criminal or harmful activities or practices that can harm any citizen. Legislations are mostly supported by codes of conduct to ensure strict adherence in order to avoid going against the law. Such codes are often seen or experienced in quasi-public organizations or associations such as the bar, accountants, medical practitioners and other professional bodies. Schools or any institution for education also maintain such codes of conduct that guides all in that setting or community and activities of most business schools have given an attestation to this effect. There is a lot more

introductions of courses that tackle ethical concerns and how it can boost or increase performance in both public and private institutions.

The study of ethical behavior is mostly considered to be doing the right thing and not about measuring the profits it brings to the business. However, several works have tried to associate some financial gains that can be derived from ethical behavior and being socially responsible. Studies have been done quantitatively and using perceptions but all had methodological shortcomings since it could not show any relevant measure of the financial gains as a result of business ethics. Although mostly the methodology in this research is not very accurate, most of them give an indication that entrepreneurs and business that practice the ethics of business enjoy higher financial gains in the form of business experience in the form of integrity which is the bedrock of sustainable business which leads to higher value of shareholders worth. The study based on perception also shows consistent benefits in different countries, cultures and industrial settings. It is becoming known over the years that ethical business in the long run are successful than those that are not.

Recently, research has given relatively stronger and better evidence to the effect that better corporate governance and sound ethical practice brings about improved business success. Two survey by McKinsey (global investor survey 2002, and global survey of business executive: Business and society 2006) had an interview with more than 200 organizational investors who together manage about US\$2trillion in assets and have 4,238 business executive. The first shows greater governance standards that are premiums around 12-14% in Africa, North America and the Western part of Europe. It was interestingly seen from the second research that more than half of the above mentioned executives employ Public Relation Officers (PROs) and

personalities that lobby as strategists in order to control the several social and political issues facing the organizations. A greater number of respondents however indicated that better strategies are found in the nurturing of ethical standards and procedures and can greatly improve transparency about the dangers of using a product (Khang, 2005).

It is likely that organizations that follow best practices will be proactive and can adequately effect change by accepting to improve the standards of ethics of business.

2.9 The Role of Ethics in Corporate Governance

Inclusion of ethical codes in the structure and control of business have been given legal authority or backing. The guide book for the directors of ABA indicates that “a very significant part of the board’s responsibility, mostly known as the audit committee, does not show the organizations programs and procedures that stipulates the acceptance with the law and important corporate strategies.” It is further stated that “more big and state owned organizations have accepted codes of conduct which highlights on business ethics, compliance with law and other relevant issues touching on ethics in business.” It is spelt out by the courts, the presence and efficient management of a code of conduct as a minimal measure of evading more severe consequences under the Federal Sentencing Guidelines⁵ (FSG) which took effect in the beginning of 1991.

2.10 Institutionalization of Ethics

Managers, most especially those in top decision making positions have the responsibility of creating an organizational environment increases ethical decision making by institutionalizing them or making them compulsory at the work place. This presupposes that ethical concepts have to be applied in the daily lives of the people. This can be accomplished in three ways namely, by establishing an appropriate

company policy or a code of ethics; by using a formally appointed ethics committee; and by teaching ethics during management development programmes (Koontz and Weinreich 2006: 45-46).

However, the most prominent and common way by which we can institutionalize ethics is by putting in place a set of codes of ethics and conduct; much common is putting in place a committee that will superintend over issues relating to ethical conducts in the organization. Management development programmes dealing with ethics issues are seldom used.

A publication of code of ethics, which include ethics criteria in performance appraisal, is necessary. Moreover, certain firms connect compensation and rewards to ethical behavior. Managers should also take any opportunity to encourage and publicize ethical behavior. At the same time, employees should be encouraged to report unethical practices.

2.11 Code of Ethics

Corporate citizenship and low-risk company ethics profiles start with a corporate code of ethics. As ethics in business have changed, the field of business has experienced increase over the past years. Codes of ethics have become the determinant of the actions of people at the workplace. It is however important to state also that developing a code of conduct is by no means the only source of prosecuting the ethical objectives of an organization. Although codes of ethics seems to be the very first approach employed by managers of organizations, if the code is implemented and drafted in a single instrument, the organization will not have optimum benefit from the set of codes of conduct. The main disadvantage is that individuals working in an organization may

develop a wrong sense of judgment and protection. This is because workers in an organization will begin to feel that they are being prevented from exercising personal discretion on the job or being able to determine what is right and wrong. The code of ethics of an organization stipulates the core values and its believed system and makes sure that they are consistent with the mission and vision of the organization.

It normally states the how individuals working in an organization should behave and gives a value system by which all members in an organization must operate and which workers in an organization must uphold any time they are dealing with stakeholders of the organization. The stakeholders may be both internal and external in nature. The code of ethics drafted for an organisational becomes the medium within which both managers and employees operate in an organization. It also determines the medium and long term goals of an organization by communicating the core values of the organization to the outside world. It also serve as a source of pride to employees working in such organization that has clear cut processes by which the organizations operation must be carried out and determines the behavior and activities of both management and other employees in an organization.

A code of conduct of an organization that has been well written has the capacity to address ethical failures of an organization and outlines how activities within an organization should be regulated. Ethics in an organization have been modeled to be able to address environmental issues and also serve as a tool by regulating how people relates in an organization, communication, safety of the products being sold to the customers, how people give gifts and also receives gifts in an organization. It also states what constitutes conflict of interest and corruption among others.

In order for an organization to develop a set of codes of conduct and ethics in the organization, a lot of things ought to be considered and series of decisions have to be taken. This can be done in six phases. It is therefore illustrated below:

Purpose explains why the code of ethics is being drafted. It entails the purpose for which it is being formulated. In order for the organization to have a good draft, it conducts an assessment of risk which determines how the organization move from the existing state of things to the much desired ethical organization it is planning to achieve.

Form answers the question as if the code is going to be directional or inspirational in nature, or a combination of the two forms.

Formulation Process: once the objectives of the code of ethics are stipulated as the basis of formulating the code, and in close consultation and consensus with the stakeholders who are likely to be affected by the code of ethics that is to be drafted. Content: It involves codifying ethical dimensions that normally becomes integral part of the ethics and culture of an organization.

The tone or voice with which the code is written and disseminated is significant and plays an important role in its effectiveness. It can span from a prohibitive to the one that is positive in nature and is supportive of the purpose for which it is being drafted. Implementation ensures that the code that is drafted is being put into practice and is visible in all the operations of the organization. It is not a one time in the form of written expression to be exhibited for a showcase. Through implementation, the organization must be seen to be operating within the stated codes of the organization (Sullivan, 2009).

2.12 Making decisions in business ethics

Ethics does not follow any formal format. It varies from one situation to the other. It is abstract in concept. Therefore, there is no any universal way by which ethical issues can be approached. As the concept of ethics deals with the human being only, because only human being can do anything according to their choice and free will. Ethical decision is one of the result occurred due to the choice. Each and every person has the different viewpoint. Ethical practices of people are also different. Therefore, decisions pertaining to ethics vary from one person to the other. Ethical decision is not uniform it may vary from person to person and situation to situation. For instance, using a construction work, the firm is likely to loss Rs. 3 lakh in a day when work at the site is halted. Being a labor intensive project, a number of persons are engaged in the project. At the construction site, if it should be found out that one of the employees has gone missing during work, work will definitely be stopped in search of the missing employee.

However, should the rest of the employees not being able to find the missing employee within a day or two, the question then arises as to how long will the organization continue to halt production in search of the missing employee? This will however be dependent on the values of the manager and also matters of ethics as it seems right or wrong before him. The ethical decision regarding the situation may be different from another manager. Decision making in a business is one of the important task of the concern. It is the base on which the goal can be achieved properly. Decision made in the business should be ethical. Ethical decisions are concerned with a judgment about right and wrong. But as Morris (2004) suggests, by using the language of right and wrong, we have already identified that a situation is moral in nature. So, there is an important process of identification that goes before this whereby we examine situations and determine whether they are characterized by such considerations in the first place.

For a business ethical decision should be such that it must be beneficial for the interested parties as well as the society. There are numbers of factors influencing the ethical decision making. An ethical decision is not limited only to them, but affects a wide range of other situations as well. Similarly, unethical decisions do not end in themselves, but have widespread ramification.²⁶ Ethical decisions are voluntary human actions. Hence, an act that is considered to ethical or unethical must result willingly from the actions of people without them being forced to undertake the act.

2.13 Empirical review

According to Green (1989) the responsibility of the bank in not only to shareholders' value but to the government, clients, staff and to the community at large. Ethical responsibility of banks are not preserved by limited liability from the reactions of their actions. The ethics perception of companies with regards to their records affect them positively or negatively considering their reputation. However, as the community faces conflicting issues as it evolves, dedication to ethical behavior might be examined.

Many scholars revealed strategic challenges faced by companies in this century (Hitt, Keats and DeMarie, 1998). They identified this initiative as a means of building and maintaining competitive advantage as a way of surviving in the global market leadership. In their study, they concluded that to succeed as a bank would depend on strategic leadership and flexibility through core competencies including human capital development, and efficient use of new technologies.

The study of (Parker 1988) provides a deeper background for most of the more contemporary theories in business ethics. The study made by (Kaler 1999), questions the value and the function of ethical theories and in so doing is very readable and

through provoking. In combination with a reply by Tom Sorrell in a later issue of the same journal, this debate helps us to understand the potential and the limits of the theories.

Recently, however, several authors have noticed a renewed focus on organizational ethics, among them Lynn Sharp Paine (2003), a noted Harvard professor of business ethics. In her book, *Value Shift*, Paine explains that ethics has found its way back onto the agenda of organizational leaders.

Trevino, Hartman and Brown (2000) address the question of what it means to be an ethical leader. Featuring the results of a survey of employees it shows the importance of different dimensions of ethical leadership. A „must-read“ for anyone hoping to develop a reputation for ethical leadership.



CHAPTER THREE

METHODOLOGY

3.1 Research Design

Research design can be explained as the format of the stated research questions will be addressed. The survey strategy was adopted in this respect. The research purpose used was mostly descriptive. Descriptive study will help show the ethical practices in the bank and how they ensure success of the organization in terms of gaining competitive advantage. Both qualitative and quantitative research was used in the conduct of the research.

3.2 Sources of Data

Primary data was gathered by the researcher and that was mainly the source of data. Data was gathered mainly from the staff of the selected banks. Designed questionnaires were distributed to the staff selected from the various sampled banks, and each person was asked to respond to the same set of questions in a predetermined order.

3.3 Unit of Analysis

The unit of analysis refers to the major entity being analyzed in a study. It is the „what“ or „who“ that is being studied (Saunders et al, 2009). The unit of analysis for the research was the staff of the banks whose views and opinions reflect that of the bank. The selected banks for the research were Standard Chartered Bank Ghana

Limited, SG Bank Ghana Limited, UT Bank Ghana Limited, The Royal Bank Ghana Limited, UniBank Ghana Limited, HFC Bank Ghana Limited, Stanbic Bank Ghana Limited, Ecobank Ghana Limited, Cal Bank Ghana Limited and United Bank of Africa Ghana Limited.

3.4 Target population

According to Saunders et al (2009), the population of a study is the full set of cases from which a sample is taken. The population of this study was the staff of the private commercial banks in Ghana. According to the bank of Ghana, there are currently about 20 registered private commercial banks with branches in the Ashanti region.

The staff of these banks constitutes the population of the study.

3.5 Sampling size

A study sample refers to a subset of the population that the researcher relies on to gather relevant data (Saunders et al, 2009). The sample size for the research was drawn from 10 banks out of the total population of the private commercial banks in the region. 20 workers from each selected bank were selected conveniently from various bank branches as the respondent. Therefore in all, 200 workers from the various branches of the selected banks constituted the sample size for the research. The 20 selected workers based on an approximation of permanent bank staff working in the selected banks in Kumasi. It was approximated by the researcher that there is an average of 40 permanent staff in the selected banks. Therefore selecting 20 permanent staff out of average staff strength of 40 will mean that, about 50% of staff of the selected banks was selected for the purpose of the research and 50% can adequately be a significant and a fair representation of the total population.

3.6 Sampling technique

Convenience sampling method was adopted for this research. Convenience sampling comprises picking generally the easy to obtain sample. According Saunders et al (2009), a convenient sampling technique enables a researcher to select samples he or she believes will help in meeting the objectives of the study. In the work, the staff of the

participating banks was selected conveniently. The convenience sampling method is a non-probability sampling method. This method was chosen due to the difficulty in getting accurate numbers of the staff of the participating banks within the region.

3.7 Data Collection Instrument

Data was gathered using a researcher designed questionnaire targeted towards the staff of the selected banks. The questionnaire showed relevant questions that address the objectives of the research. The questionnaire allows for each respondent to respond to the same set of questions in a predetermined order (Saunders et al, 2009).

3.8 Pilot Testing

In order to get accurate and refined data, pilot test was conducted before actual distribution of the questionnaire. The test assisted in modification of the questionnaires to get accurate data. People that matter in getting the data were contacted to answer and inspect the designed questionnaire before the final draft was made.

3.9 Data Analysis

Several statistical tools were adopted in analyzing the data. They included regression and mean analysis. These tools were derived from Statistical Package for Social Sciences (SPSS) version 20. Also normal frequencies and cross tabulations were performed.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSSION

4.1 Introduction

This chapter presents the analysis and relative interpretations from the data collected from the sample. Statistical tools used in this chapter included frequency table, charts, cross tabulation, means and regression analysis. Total response rate was 184 out of 200 which represents 92% of the targeted sample.

4.2 Demography

Table 4.1 Cross tabulation of respondents age and gender

Count		Age		Total
		18-30	31-40	
Gender	Male	26	30	56
	Female	103	25	128
Total		129	55	184

Source: Author 2015

Table 4.1 represents a cross tabulation of the age of the respondents and their gender. The purpose was to ascertain the various age ranges and their related gender. From the table 129 respondents were between the ages of 18 to 30 years. Out of this number, 26 are male and 103 are female. Also, a total of 55 respondents were between the ages of 31-40 years. Out of this number, 30 were male and 25 were female. In all, there were 56 males from the banks and 128 females. It can therefore be said that there are more females working in the various banks than there are males. Also the workers of these banks are less than 40 years.

Table 4.2 Marital status of respondents

	Frequency	Percent	Cumulative Percent
Valid	40		23.7

	Single	129	21.7		100.0
	Married		70.1		
	Total	169	91.8		
Missing	System	15	8.2		
	Total	184	100.0		

Source: field survey 2015

Table 4.2 reflects the marital status of the respondents. From the table, 40 respondents representing 21.7% indicated that they were single. The majority of 129 representing 70.1% gave an indication that they were married. In all 169 respondents representing 91.8% answered this question. 15 respondents, that is 8.2% however did not answer the question. They represent the missing system as shown on the table.

Table 4.3 Cross tabulation of education and period of working in the bank

Count		period of working in the bank			Total
		less than one year	1-5 yrs.	6-10yrs	
Education	Diploma	15	0	0	15
	HND	15	0	0	15
	First degree	0	80	0	80
	Others	0	49	25	74
	Total	30	129	25	184

Source: Field survey 2015

Table 4.3 represents a cross tabulation of the education level of the respondents and the years of work in the bank. From the table, it is seen that 15 respondents are having diploma certificates and they've all worked in the bank for less than one year. Also, it is seen from the table that 15 respondents from the bank are having HND certificates and they've also worked in the bank for less than one year. 80 respondents have first degree and they've all worked in the bank between 1 to 5 years. A total of 74

respondents indicated however that they have other forms of certificates. Majority of the others were MBA holders with some having professional certificates. Out of the

74, 49 have worked in the bank between 1 to 5 years and 25 had worked between 6 to 10 years. It can be interpreted from the table that, the current recruitments of the banks as per the findings from the research are candidates with relatively lower certificates. This may be attributed to the current economic downturn so banks are avoiding candidates who will demand higher salaries and emoluments. They rather prefer diploma and HND holders so they train them to suit their needs.

4.3 Business ethics strategy practiced at the selected banks

Table 4.4 Does your bank have a written code of ethics

	Frequency	Percent	Cumulative Percent
Valid yes	184	100.0	100.0

Source: field survey 2015

Table 4.4 shows whether the banks are having a written code of ethics. All 184 respondents representing 100% gave an indication that they have a written code of ethics in place at the banks. This gives a clear indication that amongst all the banks, there is a written code of conduct that is supposed to guide the activities of the staff of the bank.

Table 4.5 Does your bank has a set of core values?

	Frequency	Percent	Cumulative Percent
Valid Yes	184	100.0	100.0

Source: Field survey 2015

Table 4.5 shows whether the various banks all have a set of values that guides their operations. All 184 respondents mentioned that their banks have a set of core values that guides their operations.

Table 4.6 Reliability Statistics business ethics strategy practiced at the selected banks

Cronbach's Alpha	N of Items
.863	11

Source: Field survey 2015

Table 4.6 shows the reliability of the variables or items used in deriving ethical concerns in the various banks. A cronbach's alpha of .863 means that the items are reliable because it has a high level of internal consistency.

Item	Mean	Std. D	N
Does your bank have procedures for reporting unethical behavior?	1.61	.752	184
Manager generally sets a good example of ethical business behavior	1.59	.734	184
Manager explains to staff and colleagues the importance of honesty and ethics in the work we do	1.38	.485	184
My organisation disciplines employees who violate my organization's ethical standards	1.08	.274	184
My organisation acts responsibly in all its business dealings (with customers, clients, suppliers, etc.)	1.23	.421	184
Ethical issues of „right and wrong“ are discussed in staff meetings	1.74	.440	184
Does your bank require ethics training?	1.97	.886	184

Table 4.7 Item Statistics of business ethics strategy practiced at the selected banks

Is there a dedicated person or department in your bank that deals specifically with ethics	1.83	.948	184
Is there a facility in the bank where you can get advice on ethics?	1.97	.886	184

Source: Field survey 2015

Table 4.8 Summary Item Statistics of business ethics strategy practiced at the selected banks

	Mean	Minimum	Maximum	Range	N of Items
Item Means	1.598	1.082	1.967	.886	9

Source: field survey 2015

Table 4.8 shows a summary of the item statistics of the ethical issues in the selected banks. An average mean of 1.6 gives an indication that the respondents agree mostly to the items mentioned. This gives an indication that the banks activities are guided by ethical principles though not in all aspects of the banks activities. The mean of 1.97 gives an indication that there is no facility in the banks where staff can get advice on ethics. The mean of 1.83 also gives an indication that a substantial number of respondents give an indication that there is no dedicated person or department in their bank that deals specifically with ethics though the majority gave an indication that they have. The mean of 1.08 however gives a positive outcome by the banks. It means that most of the respondents believe that the organisation disciplines employees who violate the organization's ethical standards. This gives a good indication that ethics are held high in the organization and any worker who does anything unethical is punished.

Table 4.9 Item Statistics of dimensions of Business ethics practiced in the bank

ITEMS	Mean	Std. D	N
False financial statements are not accepted by the bank's executives.	4.54	0.643	184
Project revenue is not over estimated.	4.54	0.643	184
Bank of Ghana's guidelines are not violated	4.33	0.62	184

Illegal transactions of customers are not encouraged by the bank.	4.33	0.62	184
The bank delivers on its promises.	4.33	0.62	184
The bank keeps the accounts information of its clients private.	4.26	1.099	184
The bank maintains its service standard and rules as promised.	4.24	0.717	184
The bank ensures discipline in promoting its products and services.	4.18	0.558	184
The bank executives do not maintain unauthorized relationship with customers.	4.11	0.832	184
The bank takes part in social welfare activities.	4.03	0.886	184
The bank finances in projects that have social attachment	4.03	0.886	184
The bank executives do not take bribe	4.03	0.701	184
The bank executives do not misreport and misrepresent.	3.97	0.746	184
The bank does not try to know the secret of customer's business.	3.75	0.999	184
The bank executives do not conceal facts.	3.61	1.249	184
The bank does not collect cross cheque other than the actual payee.	3.39	1.656	184

Source: field survey 2015

Table 4.9 represents the ranking of the various dimensions of business ethics in the banks. The ranking was based on the highest mean to the lowest mean. The purpose was to know the items that the staff of the bank agrees to most and vice versa. The ranking was based on the means. From the table, it was seen that "false financial statements are not approved by the banks executive" and "project revenue is not over estimated by the bank were the items with the highest mean of 4.54. The mean can be interpreted to mean that the staff of the banks generally agrees to these assertions. They represent the highest agreement by the workers. The two items are all found in the Transparency dimension. Bank of Ghana's guidelines are not violated by the bank, illegal transactions are not condoned, and the bank maintains conformity in charges as they promise were next in terms of agreement with a mean of 4.33 each. In the bottom three are "The bank does not try to know the secret of customer's business, the bank executives do not conceal facts, the bank does not collect cross cheque other than the actual payee" with means of 3.75, 3.61 and 3.39 respectively.

Table 4.10 Summary Item Statistics of dimensions of Business ethics practiced in the banks

	Mean	Minimum	Maximum	Variance	N of Items
Item Means	4.104	3.391	4.538	.099	16

Source: Field survey 2015

Table 4.10 reflects the summary of the dimensions of business ethics practices in the selected banks. The average mean of 4.1 indicates that the workers of the various banks generally agree to the items mentioned in the various dimensions. This means that ethical practices are integral in the operations of banks. The minimum mean of

3.39 represents “the bank does not collect cross cheque other than the actual payee”.

The workers showed neutrality with the item.

4.4 Level at which business ethics affects the success of the selected banks Table 4.11 Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.821 ^a	.674	.672	.359

a. Predictors: (Constant), e1

b. Dependent Variable: My bank's performance in achieving its goals

The adjusted R square figure on the table shows how much of the variance in the dependent variable (Banks performance in achieving its goals) is explained by the model (which includes the variables of business ethics strategy practiced at the selected banks). The value of .672 or 67% means that the model explains 67% of the variance in the bank's performance in achieving its goals.

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.
	48.361	1	48.361	375.870	.000 ^b

	Regression	23.417	182	.129		
1	Residual	71.777	183			
	Total					

- a. Dependent Variable: My bank's performance in achieving its goal.
 b. b Predictors: (Constant), e1

The table (ANOVA) reflects the statistical significance of the variables and the results.

The result is statistically significant with a significance level of .000.

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients Beta	t	Sig.
	B	Std. Error			
(Constant)	5.727	.101		56.543	.000
	-1.273	.066	-.821	-19.387	.000

- a. Dependent Variable: My bank's performance in achieving its goals is

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.940 ^a	.884	.880	.217

- a. Predictors: (Constant), TT, HI, RR, CC, SR

The adjusted R square figure on the table shows how much of the variance in the dependent variable (Banks performance in achieving its goals) is explained by the model (which includes the dimensions of business ethics). The value of .884 or 88% means that the model explains 88% of the variance in the bank's performance in

achieving its goals

ANOVA^a

Model	Sum of Squares	df	Mean Square	F	Sig.

Regression	63.420	5	12.684	270.164	.000 ^b	
1 Residual	8.357	178	.047			
Total	71.777	183				

a. Dependent Variable: My bank's performance in achieving its goals is

b. Predictors: (Constant), TT, HI, RR, CC, SR

The ANOVA table shows the statistical significance of the result. This tests the null hypothesis that multiple R in the population equals 0. The table gave a statistical significance of .000 which shows a high level of significance.

Coefficients^a

Model	Unstandardized Coefficients		Standardize Coefficients	d t	Sig.
	B	Std. Error	Beta		
1	(Constant)	1.742	.150		11.632 .000
	RR(Reliability)	.034	.026	.053	1.305 .194
	SR (S. Responsibility)	-1.629	.111	-.306	- 14.645 .000
	HI (Honesty & Integrity)	1.45	.094	.308	15.395 .000
	CC (Compliance)	1.951	.124	.859	15.771 .000
	TT (Transparency)	-1.363	.065	-.480	- 21.032 .000

a. Dependent Variable: My bank's performance in achieving its goals

The coefficient table shows which of the variables involved in the model contributed to the prediction of the dependent variable. This can be found in the column labelled Beta under Standardised Coefficients. From the table, the largest beta coefficient is .86 which relates to the compliance dimension. This means that this variable makes the strongest unique contribution to explaining the dependent variable, when the variance explained by all other variables in the model is controlled for. It was then followed by the Transparency dimension with a beta value of -.48. The beta value for social responsibility (-.31) is the lowest and it means that it made less of a unique contribution. Apart from the reliability dimension, all other dimensions are

statistically significant with a significant value of .000

4.5 Challenges of implementing business ethics in the operations of the bank

From the workers point of view, these are some of the challenges they face in implementing ethics in their operations:

A substantial number of the staff of the banks did indicate that using working hours for personal activities and the banks equipment like telephone for personal use is a major challenge they face in the conduct of their duties. This is a challenge according to them because it's not ethical to do but they end up doing it. Using the working hours for personal things are not only ethical but against the rules governing the workers. The workers did indicate that sometimes they have no option but to leave since the matters they have to attend to crucial.

Another ethical challenge the workers of the bank indicated concerned strict compliance to the ethical standards set by the bank and other rules and regulations governing the

operations of the bank. Following these standards and regulations to the letter is a major challenge by most of the workers in the bank.

Another ethical challenge mentioned by the workers of the bank was matters relating to transparency, integrity, openness and honesty. These are issues that determine the performance level and dedication of the workers. According to the workers who gave these assertion, always remaining transparent, open, honest and having that integrity is a major challenge. The tendency to ignore these to your favour and the favour of other people is very high. Being open and transparent according to them can make things difficult for them at certain times. Also another ethical challenge relating to openness and honesty is declaring of thank you gifts. Workers find it difficult to declare and most times do not declare it.

Another ethical challenge faced by most of the respondents has to do with not giving preferential treatment to people they know. The workers of the bank mostly give preferential treatment to their friends, family and people who normally dash out something after being served. This is unethical but has become the norm in the various banks. Changing from this habit poses a great challenge to most of the workers since it's difficult to ignore someone you know who seeks your help in an unofficial way.

Another ethical challenge faced by some of the workers of the bank relates to giving financial advice to either favor the bank or the customer's or clients of the bank. Sometimes the workers give advice that favors the customers at the expense of the bank. Another ethical challenge is processing transactions when documents are incomplete or expired. This is basically because of favoritism.

4.6 Ways by which business ethics principles can be adequately entrenched in banks in Ghana.

The workers in the various banks gave some ideas and suggestions about ways by which business ethics principles can be adequately entrenched in the various banks.

Amongst the suggestions of the workers were:
The majority of the workers believe that the management of the banks should update the ethical standards of the banks to conform to current banking standards. Ethical concerns keep changing in the banking industry therefore the workers of some of the banks demand their managers to be abreast with the current ethical issues so that it can be adopted in the various banks.

Some workers also believe that the values and ethical standards of the bank must be enforced to the letter. A worker who goes against these standards must be punished so it serves as a deterrent to others in the bank.

Portions of workers of the bank also believe that there must be a well-structured orientation and reorientation for all staff of the bank in order to instill strongly in them the ethical beliefs of the bank. Also motivating incentive packages must be awarded to workers who are seen as operating ethically so that it can inspire others to do same.

4.7 Performance of the Banks



Figure 4.1 Banks performance in achieving its goals.

Source: field survey 2015

From the chart, the majority of the workers of the bank believe that the banks performance in achieving its goals is better than previous years. 107 respondents gave this assertion. 54 respondents also indicated that the performance of the bank in achieving its goals has not changed. 23 others however felt that there has been a much better improvement in the bank's performance in achieving its goals. Therefore in general it can be interpreted to mean that, from the workers, there has been a form of improvement in the banks' ability to achieve its goals.

Table 4.12 My bank's growth (e.g., sales, membership)

		Frequency	Percent	Cumulative Percent
Valid	same	54	29.3	29.3
	better much	107	58.2	87.5
	better	23	12.5	100.0
	Total	184		

Source: field survey 2015

Table 4.12 reflects the banks' performance with respect to growth in sales and memberships. 54 respondents representing 29.3% gave an indication that the banks performance is the same as compared to previous years. 107 respondents representing 58.2% gave an indication that their performance with respect to its growth in sales and membership is better than previously. 23 others representing 12.5% gave an indication that the performance of the bank is much better. This could be interpreted to mean that there has been a steady increase in the bank's performance with respect to sales and client base.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter looks at a summary of the findings with relevant recommendations.

5.2 Summary of findings

The findings gathered from the data collected are further discussed below.

5.2.1 Business ethics strategy practiced at the selected banks

It was found from the research that all the banks used for the research have written code of ethics and a set of values that guides the banks operation in order to deliver adequate services and come out with the right work output. This means ethical standards are part of the operations of banks within the region.

It was also found from the research that, respondents agree mostly to the items constituting the practice of business ethics in the banks. This gives an indication that

the banks activities are guided by ethical principles though not in all aspects of the banks activities. The work showed that there is no facility in the banks where staff can get advice on ethics. The work again ascertained that a substantial number of respondents give an indication that there is no dedicated person or department in their bank that deals specifically with ethics though the majority gave an indication that they have. The respondents believe that the organisation disciplines employees who violate the organisation's ethical standards. This gives a good indication that ethics are held high in the organization and any worker who does anything unethical is punished.

5.2.2 Level at which business ethics affects the success of the selected banks

Regression analysis performed indicated that there exists a significantly positive relationship between the business ethics practices at the various banks and the banks' ability to achieve its stated goals. It was found from the research that, the value of

.672 or 67% means that the model explains 67% of the variance in the bank's performance in achieving its goals. When all the items in ascertaining the business ethics of the bank were put together, they contributed 82% in the banks' ability to achieve its goals.

On the various dimensions of business ethics practices, it was seen from the research that, the largest beta coefficient is .86 which relates to the compliance dimension. This means that this variable makes the strongest unique contribution to explaining the dependent variable, when the variance explained by all other variables in the model is controlled for. It was then followed by the Transparency dimension with a beta value of -.48. The beta value for social responsibility (-.31) is the lowest and it means that it

made less of a unique contribution. Apart from the reliability dimension, all other dimensions are statistically significant with a significant value of .000

5.2.3 Challenges of implementing business ethics in the operations of the bank It was found from the research that, a substantial number of the staff of the banks did indicate that using working hours for personal activities and the banks equipment like telephone for personal use is a major challenge they face in the conduct of their duties. This is a challenge according to them because it's not ethical to do but they end up doing it. Using the working hours for personal things are not only ethical but against the rules governing the workers. The workers did indicate that sometimes they have no option but to leave since the matters they have to attend to crucial.

Another ethical challenge the workers of the bank indicated concerned strict compliance to the ethical standards set by the bank and other rules and regulations governing the operations of the bank. Following these standards and regulations to the letter is a major challenge by most of the workers in the bank.

Another ethical challenge mentioned by the workers of the bank was matters relating to transparency, integrity, openness and honesty. These are issues that determine the performance level and dedication of the workers. According to the workers who gave these assertion, always remaining transparent, open, honest and having that integrity is a major challenge. The tendency to ignore these to your favour and the favour of other people is very high. Being open and transparent according to them can make things difficult for them at certain times. Also another ethical challenge relating to openness and honesty is declaring of thank you gifts. Workers find it difficult to declare and most times do not declare it.

Another ethical challenge faced by most of the respondents has to do with not giving preferential treatment to people they know. The workers of the bank mostly give preferential treatment to their friends, family and people who normally dash out something after being served. This is unethical but has become the norm in the various banks. Changing from this habit poses a great challenge to most of the workers since it's difficult to ignore someone you know who seeks your help in an unofficial way.

Another ethical challenge faced by some of the workers of the bank relates to giving financial advice to either favor the bank or the customer's or clients of the bank. Sometimes the workers give advice that favors the customers at the expense of the bank. Another ethical challenge is processing transactions when documents are incomplete or expired. This is basically because of favoritism.

5.2.4 Ways by which business ethics principles can be adequately entrenched in banks in Ghana.

The research found that, the majority of the workers believe that the management of the banks should update the ethical standards of the banks to conform to current banking standards. Ethical concerns keep changing in the banking industry therefore the workers of some of the banks demand their managers to be abreast with the current ethical issues so that it can be adopted in the various banks.

Some workers also believe that the values and ethical standards of the bank must be enforced to the letter. A worker who goes against these standards must be punished so it serves as a deterrent to others in the bank.

Portions of workers of the bank also believe that there must be a well-structured orientation and reorientation for all staff of the bank in order to instill strongly in them the ethical beliefs of the bank. Also motivating incentive packages must be awarded to workers who are seen as operating ethically so that it can inspire others to do same.

5.3 Conclusion

The work sought to find out the impact of business ethics on organizational performance. The objectives of the research included the business practices at some selected banks and how it impacts on the performance of the banks. Bank managers operate in a complex environment. They are affected by and to some extent, influence by the environment. Managers of banks operate in a pluralistic society in which many organize groups represent various interests. However, there is now a general recognition that the responsibility of business goes beyond profit maximization.

Ethics deals with what is good and bad as well as with moral duty and obligation. The research has proven that business ethics impacts positively on the performance of the bank with respect to achievement of corporate goals.

There should be more commitment from the managers and workers of the banks to ensure the propagation of ethical business practices. This will also ensure that transactions are carried out in the correct manner, in addition to the fact that it will improve customers' loyalty for those firms that put it into practice, which will then ensure an increase in performance with respect to achieving its goals.

5.4 Recommendations

Some recommendations that were suggested by the researcher include:

Discussion of ethical issues in staff meetings should be practiced in the various banks. When this is done, the staff or workers of the bank are generally abreast with the ethical standards needed by the bank and will adhere to it. The tendency to forget about the standards is there so constant reminders thorough staff meetings will do the workers a lot of good.

From the research, most of the staff believes that the banks do not have a dedicated person or department to oversee ethical issues. Since the work has proven that ethics have a positive impact on the performance of the banks in terms of achieving its goals, it is suggested that a dedicated person or department to take charge and facilitate the ethical related issues in the bank to further boost the banks performance in achieving its goals.

Overall, ethical standards must be upheld since it plays a major role in the bank achieving its goals and aims. The work has proven that that ethics impact positively on the performance of the bank in terms of achieving its goals. Therefore the banks must take a critical look at ethics in order to ensure workers in general, that is from management to the lowest rank should conform to the ethical standards of the bank.

The compliance dimension in the ethical practice of the bank's is the highest contributor to the performance of the bank in terms of achieving its goals. It is therefore recommended that, there should be an improvement in the items that forms that dimension. This will ensure greater contribution to the bank achieving its performance goals.

However all other dimensions must be improved since they contribute to the performance of the banks with respect to achieving its goals. The dimensions are honesty and integrity, social responsibility and transparency.

The banks should undertake self-assessment of their compliance to the code of ethics periodically and in order to achieve honest and complete answers to these questions, the banks should arrange for their own assessments to be contributed to and challenged by key stakeholders or partners (for example, unions , service users) and regulators.

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APPENDICES

Workplace Ethics Questionnaire

This questionnaire is to solicit information to aid the researcher in getting data to measure how ethics can ensure business success. Your opinion as a professional is highly valued and important to our understanding of ethics in the workplace. Strict confidentiality and anonymity will be maintained in the research. Thank you for participating!

PART A: Practice of Business Ethics Indicate how these statements apply to your bank. (Select one response)

ITEM	YES	UNCERTAIN	NO
Does your bank have a written code of ethics			
Does your bank have a set of values?			
Does your bank have procedures for reporting unethical behavior?			
Manager generally sets a good example of ethical business behaviour			
Manager explains to staff and colleagues the importance of honesty and ethics in the work we do			
My organisation disciplines employees who violate my organisation's ethical standards			
My organisation acts responsibly in all its business dealings (with customers, clients, suppliers, etc.)			
Ethical issues of „right and wrong“ are discussed in staff meetings			
Does your bank require ethics training?			
Is there a dedicated person or department in your bank that deals specifically with ethics			

Is there a facility in the bank where you can get advice on ethics?			
---	--	--	--

Have you felt pressured to compromise your bank's standards of ethical conduct?

Yes () No () Sometimes () Don't know ()

Part B: Challenges of implementing Business Ethics

1. What are the three most **difficult ethical issues** that you have faced in your work?

List the most difficult first.

1.
2.
3.

2. How difficult is it to implement ethical standards in the bank?

- | | |
|---------------------|-----|
| Extremely difficult | () |
| Difficult | () |
| Not sure | () |
| Not difficult | () |
| Very easy | () |

PART C: Dimensions of the practice of business ethics

Instructions: please respond to the following statements by putting an "X" in the block that most accurately represents your opinion.

1 Strongly Disagree	2 Disagree	3 Average	4 Agree	5 Strongly Agree				
SN	ITEM (Reliability)			1	2	3	4	5
1	The bank does not disclose accounts information of the customers.							
2	The bank does not try to know the secret of customer's business.							

SN	ITEM (Social Responsibility)	1	2	3	4	5
1	The bank takes part in social welfare activities.					

2	The bank finances in projects that have social attachment					
---	---	--	--	--	--	--

SN	ITEM (Honesty and Integrity)	1	2	3	4	5
1	The bank executives do not conceal facts.					
2	The bank executives do not take bribe					
3	The bank executives do not misreport and misrepresent.					
4	The bank does not violate Bank of Ghana's guidelines					
5	The bank does not encourage customers to conduct illegal transaction.					
6	The bank executives do not maintain unauthorized relationship with customers.					

SN	ITEM (Compliance)	1	2	3	4	5
1	The bank maintains conformity of service standard and rules as promised.					
2	The bank maintains conformity in charges as they promise.					
3	The bank maintains conformity as it promotes its products and services.					

SN	ITEM (Transparency)	1	2	3	4	5
1	The bank executives do not approve false financial statement.					
2	The banks do not over estimate project revenue.					
3	The bank does not collect cross cheque other than the actual payee.					

Part E: Performance measures

Using the following scale indicate how successful your bank is

S N	ITEM	MUCH WORSE	WORSE	SAME	BETTER	MUCH BETTER
1	My bank's performance in achieving its goals is					
2	My bank's growth (e.g., sales, membership, etc) is...					
3	My bank's return on assets is . . .					

4	My bank's success in attracting customers/clients is . . .						
---	--	--	--	--	--	--	--

In your own opinion, what are the ways business ethics can be entrenched in the bank with respect to the workers and the banks activities?

1.
-
2.
-
3.
-

PART F: Demography

1. What is your Gender Male Female
2. What is your Age (in years) 18-30 31-40 41-50 50 and above
3. Marital Status Single Married Divorced
4. Highest level of Education Diploma HND First degree
others (specify).....
5. How long have you been working with the bank?
Less than one year 1-5 years 6-10 years 10 years and above

6. Which department of the bank do you belong?
.....