

**JIMMA UNIVERSITY
FACULTY OF BUSINESS
DEPARTMENT OF MANAGEMENT**

**A RESEARCH ON
ETHICAL FAILURE AND ITS CONSEQUENCES IN
ORGANIZATIONAL ENVIRONMENT**

By : TEGEGN ORIGINO

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A RESEARCH ON

*ETHICAL FAILRE AND ITS CONSEQUENCES IN
ORGANIZATIONAL ENVIRONMENT*

*(THE CASE OF FOUR SELECTED ORGANIZATIONS THAT ARE
LOCATED AT AWASSA)*

BY TEGEGN ORIGINO

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ABSTRACT

Ethical failure has become the most severe problem in government, business, charity, & even religious institutions of these days as never before. It occurs when individuals or organizations fail to comply with the societal codes of conduct. Any deviations made from the valid norms of the society have a negative effect on both the internal and external organizational environment.

The chosen direction of emphasis and the employed comprehensive approach to the problem from causes to consequences has placed a high value on this study. The main objective of this study is to investigate and uncover all possibly identifiable consequences of ethical failures, particularly on the areas of organizational resource misuse with its causes and resultant consequences of the failure.

The data used in this study are of two kinds, primary and secondary. The primary data are taken from systematically selected four case study organizations that are found in Awassa, while the secondary data are taken from the available sources of literature or scholarly writings. Both the secondary and primary data are analyzed to produce the findings of this study. The similarities and dissimilarities of this study from its predecessors on relevant topics have been identified including the addition of new knowledge as a result of this study.

The facts discovered through this study clearly show that the existence of a positive relationship between high ethical quality and an organizational over all performance. Lower ethical considerations have adverse effects not only on financial performance but also it affects human relations and legitimate power use. Thus, it hinders an organization from achieving both its financial and non financial obligations. Lastly, recommendation is made for the identified problem and for any further study to be made on this line in the future.

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1.1 INTRODUCTION

An organizational ethical failure is the organization's failure to comply with the societal codes of conduct or a deviation made from the valid norms of the society. Any deviations made from the valid norms have bad consequences on both internal and external organizational environment. Some of the major aspects of this study are introduced here in a very condensed way.

Ethical failure is a very severe and pervasive problem of this generation. The pervasiveness of the problem is evident in that, it is affecting people who belong to every social class or segment of social strata and people who differ in their ideologies too. Its severity is undeniable fact. As even country leaders (key politicians), influential businessmen and organizations are not free from the blame of being unlawful and unethical. Thus such action (misbehaviors) stagnate organization's growth and foster social unrest.

On the way to materialize this study four organizations are selected to be study subjects of this research paper. The organizations are the Southern Nations Nationalities and peoples (SNNP) regional finance bureaus, the Sidama zone finance department, and the southern branches of the Ethiopian telecommunication and insurance companies. The total population of the study is 87 individuals who are taken from all available positions in the organizations. The approach of the study is comprehensive, as it has covered the problem from its root causes to practices and the resultant consequences of failure in ethical considerations.

The study is considerably significant since the employed direction of emphasis is current approach. Organizational ethics is one of a new (late 20th century) views that have drawn the attention of professionals and organizations. Nowadays it is used as one of the weapons of competitiveness that can be used by organizations at market place. Hence this study is significant and relevant to add new knowledge in this growing area of

study. As human resource is a key resource in any organization, the attention given to it makes the study so valuable. Furthermore, the study considers good ethical quality as a requirement to be conformed with, source of efficiency and effectiveness, and an environmental challenge to be met. As a result, studies made on ethical considerations have high significance to the whole society.

The main objective of this study is to investigate and disclose all possibly identifiable consequences of ethical failures; particularly in the areas of organizational resource use and the resultant consequences both on internal and external organizational environment. Some of the specific objectives are: assessing the relationship between variables that are thought to have cause effect relationship and subdividing of the impacts of unlawful and unethical actions in to two as consequences on internal and external organizational environment. Furthermore, the study assesses the existence of any possible way that can help organizations to be successful and ethical at the same time.

The data (materials) used are primary and secondary in their kind. The primary data includes the knowledge, attitude and practice of employees and management of the case study organizations. The focal point of the study is on issues related to ethical failure and the consequent outputs of it. On the other hand the secondary data is taken from the available reading materials (scholarly writings), mass media broad castings, journals and magazines. The methodologies employed in data collection are diverse. One is to use standardized self-administered questionnaires. The other is conducting unstructured interviews and observation. The rationale behind is to collect genuine data that enable to arrive at genuine conclusions. The last approach is collecting relevant data from secondary sources. The collected data is analyzed and condensed to arrive at final findings of the study. Moreover, the findings of the study are compared with its predecessor studies on relevant topics to check for similarities and dissimilarities in findings.

Finally, The very root causes of unethical behaviors have been identified. The attitudes, knowledge and practice of respondents are assessed and the consequent effects of unethical actions are disclosed. In addition to that, the results are broken in to two as consequences on internal and external organizational environment. The study ends up by presenting recommendation to the identified problems and for any further studies to be made on this line in the future.

1.2 SCOPE OF THE STUDY

The organizations selected for this study are four in number. These are Southern Nations Nationalities and Peoples (SNNP) regional finance bureau, the Sidama zone finance department, & the southern branches of telecommunication and the Ethiopian insurance company.

The total sample respondents (sample size) are 87 individuals and they are taken from all available positions within the organizations. All willing management higher officials, accounting & economics professionals, and lower level employees are included. This helps to understand the general environment as it is (without distortion).

The study is comprehensive to the point that it can cover the problem from its root causes to practices and followed consequences of failure in ethical considerations. The study is deep enough to assess sources of those factors that foster unethical behaviors, & the consequences both on internal & external environment with possible suggestions to combat the problems.

1.3 STATEMENT OF THE PROBLEM

Ethical failure has become the main problem of this generation, (James A.F. Stoner, 1989). One can't go without hearing or reading in mass media even for a single day or a month about scandal or unethical conducts committed. The problem is pervasive, that is affecting people of every social strata- chief politicians, businessmen, academicians religious leaders and the whole society without any discrimination, (Williams. Huber, 1986).

Besides its pervasiveness, its severity is worth mentioning. Some higher officials of government organization and key politicians are accused of corrupting millions of dollars in unbelievable way. Bribery is becoming a precondition to get some services & favoritism is a wide spread norm, (Margaret, 1977). Thus, unethical actions culminate in a very few prosperous individuals and stagnant organizational growth.

1.4 SIGNIFICANCE OF THE STUDY

Ethical failure has become one of the dominant problems in both government & private organizations. Thus, the organizations' goodwill, growth potential, the national economy of the country, & the societies well-being will be doubtlessly affected. Nowadays an intentional organizational resource misuse, especially, financial resource abuse, has become quite pervasive norm of many employees of business, charity & political organizations, (shang-Jin Wer, April 2001. Internet).

Having the aforementioned ideas on university of the problem in mind, the followed direction of emphasis in this study & the employed comprehensive approach from roots to out puts of unethical actions makes it unquestionably valuable.

DIRECTION OF EMPHASIS

Organizational ethics is a new (Late 20th century) dimension of emphasis and has become important weapon of competitiveness. Thus much has to be worked in this line to enable organizations to respond to external environmental demand; since organizations are expected to meet what customers value and expect from them. As a result the line of this study, it is significant & relevant to add new knowledge in this growing area of study.

HUMAN RESOURCE

In this study due attention is given to human resource in equal or better way than to that of material resources. Influences on human behavior that result from unethical & unlawful actions & the value of having good human relation within organization are taken in to consideration. Human resource is the key resource in every organization. Thus, this study remains important in putting the facts at front page.

LEGAL REQUIREMENT

Here in Ethiopia, unethical and/or unlawful actions by organizations are condemned acutely as never before. High ethical quality is not favor made to employees or the society at large, but it has become a legal obligation to be conformed with. Again this study has to play a role in alarming to awake organizations to foresee potential dangers.

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EFFICIENCY & EFFECTIVENESS

An over all organizational success & growth potential is not the out come of some secret magic, but it is the result of cumulative effect of effective & efficient use of financial and human resources in combination. The emphasis put on ethical & lawful use of resources has considerable importance.

ENVIRONMENTAL CHALLENGE

What places a high value on this study is that, the opportunities & challenges presented by the wind of globalization. The IMF's demand of transparency, consistency, & anti-corruption laws from its member countries as a precondition to get financial support from it. The preference of foreign direct investors (FDI) to invest in less corrupt nations are a very few points that could be mentioned from external challenges, (Shang-Jin wei, April 2001, Internet).

Finally, this paper helps organizations not to interpret their success in mere financial terms & it also contributes a lot in the fight against the most severe ethical problem-corruption or "Musina".

1.5 OBJECTIVES

The modern era is said the time of life in crisis, to which both formal organizations & the society as a whole have great contributions to, and have suffered from the consequences thereof. Underlying this fact, the general objective of this study is to investigate & uncover all possibly identifiable consequences of ethical failures, particularly in the areas of organizational resource misuse with its root causes or reasons for the failure & the values attached to these unethical & unlawful behaviors by the society.

Some of the specific objectives of this study include: -

Assessing the relationship between variables that are thought to have cause effect relationship, for e.g.

- the relationship between knowledge, attitude & practice of employees and the resultant ethical considerations .
- The relationship between the existing accounting, management & information access & flow control systems, and the consequent employee behavior.
- To look at the impact of ethical failures on internal & external environments separately, and highlight potential dangers organizations may encounter if due concern is not given to ethical & lawful actions today.

Finally, the study assesses whether there is any possible way may exist or not where organizations can be (would be) ethical & successful at the same time.

CHAPTER TWO-LITERATURE REVIEW

LITERATURE REVIEW

Ethical failure has become a universal and severe problem that has a long history and a problem, which is believed to continue in the future. It is a problem-affecting people who belong to all of the available social strata, whether a nation or groups of people belong to civilized, educated, developed or less developed community. This chapter highlights some of relevant & very important literature or scholarly writings on the issue under study.

2.1 THE BASICS OF ETHICS

Ethics had its roots in an ancient Greece where the then philosophers tried to show the line between bad & good behaviors, (World book Encyclopedia, 1994). Hence ethical failure is a deviation made by organizations or individuals from the valid norms of the society. All societies have rules governing the behavior of their members and measures of social control to encourage observance of these rules. These include the socialization of new members so they will be aware of the norms and sanctions against those who deviate. The word deviance can have various meanings. It is most often used in a moral sense, referring to an action to which is considered to be against social norms and therefore wrong, (Margaret, 1977).

Besides the above guidelines used to differentiate wrong behaviors from the right ones, there are points that can be used to evaluate actions if they are bad or good. These include if the action is beneficial to the whole society, whether organizations or individuals value if such actions are committed against them, if the actions are committed publicly and lawfully are some of standards against which actions can be measured, (Robert N. Lussier, 1997). Lastly, the golden rule, which says "so in every thing, do to others what you would have them do to you, for this sums up the law and the prophets ", Jesus Christ of Nathereth, (Matthew 7:12, or around 33A.D) can be used as overall ruling principle.

2.2 UNIVERSALITY & SEVERITY OF THE PROBLEM

Ethical failure is a pervasive problem that can be practiced anywhere with differing intensity and forms from nation to nation. Corruption and bribery are among internationally wide spread norms, to mention but a few. This ancient & universal practice has been condemned as a worm that gnaws at the fruit of economic endeavor. New laws have been introduced and multinationals have been enthusiastically pronouncing "no bribery" policies yet despite the worm thrives still. One of the reasons is that bribery has become a precondition to be met by companies if they are to do business. Many people believe that in some parts of the world a company has to bribe in order to do any business at all, (The economist, March 2nd 2002).

Ethical failure has become a severe problem to the point it can affect even country leaders and law overseers all over the world. To present a very few examples, the French, the Philippines and FIFA, presidents are among international public figures whose corrupt actions draw the attention of mass medias, (BBC news, 2001-2002). A very few current and former African leaders stand today unblemished from malpractice of corruption, bribery, nepotism, greed, embezzlement, and general mismanagement of resources in their respective countries. Corruption and greed engulf the African with devastating effects in each and every one of the economic and social sectors of development, corruption backpedals Africa's development, (sundie sinkala, June 2002, Internet).

2.3 FORMS OF MISBEHAVIORS

It can be divided in to three with decreasing acceptability; service or welfare, taxation or business and power.

The provision of services for kinsmen and clients is widely expected and condoned. Prestige in the community often depends on it. The informal taxation of business men and scholars which enriches so many civil servants is tolerated where it has not become excessive because those who pay the bribes generally gain far more than their investment. They pay a fairly standard price and receive a valuable service in return.

Thus, favoritism, bribery and power abuse are the main dimensions of unethical and/or unlawful actions, (Margaret, 1977).

2.4 REASONS FOR UNETHICAL BEHAVIORS

Reasons for the existence of unethical behaviors are diverse. Some of them emerge from within the individuals, groups attended, social cultures, loose government control policy and the over all macroeconomic conditions of the nation, (Margaret, 1977). Many organizations believe that lots of the bribes their companies engage in are merely small "facilitation payments" different in kind from mega gifts with the power to alter the direction of large government contracts. Facilitation payments investors assure themselves are vital to the smooth running of any operation in more than half the world's countries, (The economist, March 2nd 2002). The difference in value among societies is another reason. Some behaviors believed normal are corrupt or wrong in other cultures. As a result, when an individual becomes part of new culture that is different from his/hers, then,he /she fails to undertake the norms of the new society as they are,(Leonard Broom, 1981).

The other angle is that people see bribery as investment. They understand bribery as a fair investment with high return in exchange. Thus, they see it as weapon which can be used to break trade restrictions and government policies (Margaret, 1977). The other worth mentioning point is individualistic greed. African leaders have literally ransacked their national coffers for their own personal benefits, leaving the majority of the populace in abject squalor. They have stashed millions of dollars in personal foreign accounts and in many instances got off scot free, corruption backpedals Africa's development, (sundie sinkala, June 2000, Internet).

In some cases unethical actions are committed in efforts to get job offers, good position in organizations, win opposite sex's will, collect votes in political elections and etc...

Lastly, highly publicized corruption trials after a military coup are more often political gestures to gain popularity for the new government than a serious attempt to root out corruption from the public life, (Margaret, 1977). This shows that the attempts made are not genuine efforts to eradicate corrupt practices. The aforementioned causes of unethical behaviors are a very few of those points that can be presented here.

2.5 PRACTICES AND ATTITUDE

Despite the efforts made to eliminate unethical behaviors from the society wrong actions had been continuously practiced and believed to continue in the future. The practice of such actions have become wide spread where there would be no need to evidence it, (Robert N. Lussier, 1997). Nowadays, corruption is recognized as some of officially conducted actions against the majority. Kenyan police publicly bribes, the Nigerian airport workers confidentially ask travelers to give them bribes or if not to miss their passports and flight programs. Safe Platter, the FIFA president, offered bribe for CAF leaders to get Africa's vote for him on presidential election of 2002 are a very few points focused by the voice of Germany (Radio) in this year (2002).

Despite the wide spread of unethical and unlawful actions, the attitude of the international community, organizations and governments is quite promising. Some multinational organizations have been pronouncing "no bribery policies" managers scholars, politicians, judges, environmentalist, consumer advocates and other interested groups and individuals view corporate responsibility differently. There is however, a growing consensus that profit making organizations must adhere to social values more closely in the future than they have in the past, (Williams. Huber, 1986).

Some international organizations like IMF, World Bank and governments have determined to work against unethical use of national resources. IMF demanded its member countries to establish anti-corruption rules; following this Ethiopia and Kenya acted accordingly. South Africa's president Tabo Mbeki acknowledged the prevalence of corruption and hoped the IACC (International anti-corruption conference) would give an added impetus to all of us as Africans further to intensify our own offensive against the scourge of corruption, corruption backpedals Africa's development, (Sundie Sinkala, , June 2000, Internet).

2.6 CONSEQUENCES

The consequence of ethical failure is far reaching. It affects severely both internal and external organizational environments and the nation as a whole. Organizations that fail to comply with the societal codes will doubtlessly encounter dark futures, (Richard L. Daft, 1997). These failures include the inability of organizations to meet both financial and non-financial obligations. The absence of equity in the work place is one of the problems, (Williams. Huber, 1986).

Human relation is endangered where and when misconduct become every days action. Organizational position power is denied. Managers fail to influence their subordinates to the extent their legitimate power permits them. Since the use of power is legitimate when it is right and proper in a moral sense. Unfortunately, individuals and groups within organizations often perceive rights and morals differently. As a result the question of who has the right to make certain decisions and to take certain actions is debatable, (Williams.Huber, 1986). Furthermore, wrong behaviors doubtlessly lead to bankruptcy, Low growth rate, and contribute to macroeconomic instability in financial respects.

2.7 POSSIBLE MEASURES TO BE TAKEN

The battle against unethical action should not be abandoned. Both governments, national & international organizations and the society at large should continue fighting against misconduct, (The economist, March 2nd 2002). Good or exemplary leadership is among measures to be taken to avoid or minimize unethical behaviors. When leaders truly serve and subordinate their private welfare to that of all others, their authority becomes unquestionable, (Harvard business reviews (HBR), Oct 2001). The greater an organization engenders among its customers, employees, suppliers, and shareholders, the greater the profit it reaps. Outstanding loyalty is the direct result of the words and deeds, the decisions & practices of committed to executives who have personal integrity, (HBR, July - August 2001).

In addition, religion can also be used to influence individual or group behavior. Religion provides a focus for explanations of the good and bad fortune that both individuals and groups experience. It is particularly important in societies with low level of technology because such large share of their life can not otherwise be explained, (Margaret, 1977).

CHAPTER THREE-METHODOLOGY

3.1 MATERIALS AND METHODS (METHODOLOGY)

The study is conducted on the organizations' ethical failure and its associable or resultant consequences, taking the case of four systematically selected organizations; out of which two of them are business organizations, while two of them are service giving organizations or not for profit organizations. The site of the study is Awassa

The data (materials) used are primary and secondary in their kind. The primary data include both the knowledge, attitude and practice of employees and management of the selected organizations on issues related to ethical failure and its consequences on internal and external organizational environment.

Furthermore, the prevalent accounting and management systems and practices are taken as ingredients of primary data. This is to see whether the existing information access and control systems have any contributions to the misuse or abuse of resources in the organizations or not. The secondary data used is of many kinds, it includes: social science teaching books, journals, business and economics teaching books, industrial psychology (behavior) books, magazines, police reports an misconducts, Internet files on relevant issues.

The sources of aforementioned primary data are the management, employees, working manuals, organizational ethical standards or acceptable organizational culture and past activities of the selected organizations. In addition to that the attitude and knowledge of some higher management, accounting, economics, psychology and sociology professionals is used to see whether the issue under study has any roots on the very human nature or on an environment born organizational cultures (group influence). On the other hand the sources of the secondary data are the aforementioned reading materials.

Methodologies employed in data collection are diverse. One of the selected ways of data collection for this study is to use standardized self-administered questionnaires. This is because of the large size of sample respondents, inaccessibility and time constraints of target respondents and the size of variables included in the questionnaire. The second way is conducting unstructured interview with some selected key individuals of the case study organizations. The rationale behind the second approach is to overcome some of the drawbacks of using questionnaires (such as misunderstanding the question) as a sole means of data collection. Moreover, it remains quite important to get deep insights on the matter under study, which may enable the researcher drive and arrive at subjective judgments where necessary, as the study is more of analytical.

The third approach is using secondary data from diverse sources. The researcher benefits from it in strengthening his/her theoretical background about the matter under search and to see any similarities or differences between his /her findings and with what is already known about the issue. Moreover, the secondary data collected from reliable sources on the same industry under similar conditions are used instead of some inaccessible data; as the study is some how secret seeking on failures or negative practices, some of the respondents are not willing to give the required data.

As the target respondents are from selected case study organizations, as such, sample accuracy problems can't affect the study. Within the case study organizations 20% of employees from all positions are taken as a sample of the study to represent the whole population & fill the questionnaires. On the other direction interview is conducted with some higher officials, middle & lower level employees as well. This is to check for consistency on responses of different individuals from different positions on the same questions.

The methods of analysis include all the three types of triangulations. These are methodology, data, & theory triangulations. The rationale for using this approach is to combat those drawbacks and redundancies emerge from using a single approach as a study guide and to secure reliability and validity of the final findings of the study.

Furthermore, those analysis techniques that are believed relevant to this study are employed. Percentages are calculated to determine the stand of the majority in responses to questions asked. The data collected are condensed to produce useful information in arriving over all result that genuinely represent the respondents' stand. The data collected through interviews and the reasoning obtained on answer to unstructured interview questions are used to compare with responses to questionnaire.

The employees' academic background and the length of work experience are thoroughly seen to check whether it has any contribution to employee behavior on resource use. In addition to that, the effect of employee knowledge and attitude on real work practice is assessed. The findings of this study are compared with past knowledge on related topics to mark out similarities where the study confirms past results and differences where the study adds new insights (knowledge) to the topic under study.

And finally, the overall important points discussed and main findings of this study are condensed to arrive at conclusions and suggest recommendations.

3.2 ETHICAL ISSUE

The information obtained either from individuals or organizational records is to remain confidential. Personal ideas or views and facts observed are to be (should be) used only for academic purpose or not for political or any other purpose than academic. Moreover, the names of individuals are not presented here whether they have positive or negative attitude, fearing that, such notions may create misunderstandings and harm the employees' interpersonal relationship in the future.

Finally at most care is taken in data analysis to arrive at genuine conclusions that can really represent the research population's stand as it is. Data collection is carried out after permission is secured.

3.3 LIMITATION OF THE STUDY

1. Quantitative data on financial and non-financial resource misuse is not found. This is so most of the employees (respondents) are so terrified by actions that are being taken by government on unethical and unlawful individuals currently (even some of the respondents are not willing to fill the questionnaires and participate in interview).
2. The time allotted for data collection is not sufficient to collect all necessary data or at required depth and to get some easily inaccessible officials.
3. The sample size taken for this study may not be large enough to draw over all industry and nation wide conclusion.

CHAPTER FOUR- RESULTS AND DISCUSSION

4.1 RESULTS

The efforts made on the way to materialize the research protocol have brought the following final results. These results are arrived at through analysis of the responses obtained from questionnaires & interview questions. In addition to responses to self-administered questionnaires & unstructured interview responses, practical observations made during data collection & professional practice (in one of the case study organization) is used to arrive at conclusion on some points.

The demographic variables: work experience & academic background of the research population has brought differences on the responses to the questions. The respondents sex distribution shows that 69% of them are males, while 31% of them are females. The age distribution clearly shows that the research population to be young ranging from 20-40 years. 53.3% of males are found within the range between 30-40 years, while 77.7% of females are found with in the range of 20-30 years age. These differences in sex & age has shown some meaningful differences in responses.

The difference in work experience & academic background is evident between the two sexes & within the same sex has brought significant difference in answers to may of the questions. The work experience of the population shows that the highest concentration is found within the range of 0-10 years experience. The workers within this range account for 84 % & while 13.7% of them are found with in the range of 10-15 & the rest 2.3% account for those employees who have an experience of more than 15 years to which female respondents have no contribution.

The academic background of the respondents indicates that most of them are diploma holders & below. These workers with these qualifications account for 76% & 10.5% for those workers who have first degrees. Those workers have 2nd degree account for only 2.3% of the research population & only male workers represent this figure. Both questionnaire & interview responses show that the difference in academic background has to play a role in the areas of employee efficiency & responsibility to the organization & the society at large. Most of the employees believe that academic background helps a man to be ethical or they believe that well educated employees feel more responsible & respect organizational & societal norms. On the other hand the less educated deny the existence of any significant importance on the ground of ethicality. They blame the well-educated individuals for participating in corruption & the use of their academic know how to defend the mistakes they commit. Be this or that, the over all attitude credits a good academic background as a very important aspect of human resource & to have a contribution for being rational in decisions & to have good ethical behavior.

Generally, employees knowledge on some points that are commonly known as organizational resources or considered as important aspects of human resources of the organization are well known by the research population. The over all condensed percentage on available resource lists show that 78% of respondents have recognized them as an organizational resource. To mention some of the responses, for e.g. 98.8% of the respondents have recognized financial resources as organizational resources, positions & organizational power is recognized only by 56.3 % & this point is the least item recognized by the respondents out of the available pool of resource lists. Out of 87 respondents 77 (88.5%) of them recognized plant assets as organizational resource. The plant assets that were present on the questionnaire were buildings, machinery, office equipment & etc. Business good will of the organizations is recognized by only 64.3% of the population, this is a low result in current understanding of business know how, as companies are struggling to build good public image. Another point to be added is that, there is a visible difference is seen on the responses to this point between the two sexes.

As 77% of males accounted it as a resource while only 37% of females recognized it as a resource. The above difference in response has its root in the work experience & academic background of the two sexes. To support the above idea with facts, 18.5% of females have work experience ranging between 10-15 years while their counter part sex has 40% in the same range of work experience. In addition to the aforementioned work experience, the academic background too has to show us significant difference, as 37% of females are diploma holders while 55% of males quality it.

Almost all the employees recognize supplies & utilities as organizational resource. On the other hand organization's work time, employees' moral & competence is among the less recognized points out of the available list of resources. As my practical observation & interview results clearly show that most of the employees are less motivated. The researcher was there for solid two months during his professional practice in one of the organization). The above points are theoretically well known, but practically denied by most of the employees.

Conducive work environment, organizational power & information are among the less recognized items of the organizations. Out of the respondents 63.2% of the workers considered a conducive work environment as organizational resource. This result is fairly less compared with its importance for smooth relationship & information flow. Organizational position & power is recognized by only 56.3% while the rest skipped the question or failed to choose it out of the alternatives. As my practical observation & interview with individuals of different position show that organizational power is among the misused resources of the organizations. The other point is the importance & access of information is emphasized less in the organizations extra ordinarily exaggerated /padded budgets, inability to charge proper tax rates on tax subjects & the like are evidences.

In addition to their knowledge of organizational resources the respondents have good knowledge about some behaviors which are commonly known as ethical qualities. The use of organizational resources for the attainment of organizational objective is recognized by 98% of the respondents as ethical behavior. 78% of the respondents

accepted the avoidance of favoritism as good ethical quality. Maintenance of good relationship among employees is appreciated by 84% of the research population, while being socially responsible is seen as good morale behavior by 94% of the research population. The above percentages clearly show that those points, which are commonly known as ethical qualities, are well understood by the research population. On the other extreme theft & falsification of documents are rejected by (100%), or all people as unethical behaviors. The following table on attitude test shows the following responses (results)

ATTITUDE TEST

Table 4.1

| Items | Very dangerous | | Dangerous | | bad | | Not dangerous | |
|----------------------------|-------------------|------|------------------|------|-------------------|------|------------------|----|
| | No of respondents | % | No of respondent | % | No of respondents | % | No of respondent | % |
| Accounting fraud | 75 | 86.2 | 10 | 11.5 | 0 | 0 | 0 | 0 |
| Management fraud | 79 | 90.8 | 8 | 9.2 | 0 | 0 | 0 | 0 |
| Power abuse | 54 | 62.1 | 22 | 31 | 5 | 5.7 | 0 | 0 |
| Budget padding | 10 | 11.5 | 52 | 59.7 | 24 | 27 | 2 | 2. |
| Careless use of resources | 11 | 12.6 | 48 | 55.2 | 26 | 29.8 | 2 | 2. |
| bribery | 60 | 68.9 | 18 | 20.6 | 5 | 5.7 | 0 | 0 |
| Working below capacity | 5 | 5.7 | 13 | 14.9 | 58 | 66.6 | 3 | 3. |
| Favoritism | 11 | 12.6 | 18 | 20.6 | 49 | 56.3 | 1 | 1. |
| Falsification of documents | 23 | 26.4 | 51 | 58.6 | 12 | 13.7 | 0 | 0 |
| Unintentional misuse | 6 | 6.8 | 17 | 19.5 | 51 | 58.6 | 6 | 6 |
| Intentional misuse | 81 | 93.1 | 4 | 4.6 | 2 | 2.3 | 0 | 0 |

Interview

As the above table clearly shows that, the attitude of the respondents towards unethical actions is negative. Almost all respondents see them as bad, dangerous or very dangerous practices. Thus, an over all evaluation of the above table enables us to conclude that the attitude of the respondents is good. Furthermore, the respondents strongly believe that any type of resource misuse whether it is deliberate or unintentional have negative effect on the organization's success; & 92% of them agree with proposition which says to be ethical is to be in conformity with the societal codes of conduct.

REASONS FOR THE MISUSE /BEHAVIOR

The ethical failures have their roots in the internal & external organizational environment. There are points that are believed by the research population as a main causes or contributors to the misbehaviors. Some of those points are presented on the next table.

Reasons /contributors / to the resource misuse

Table 4.2

| | No of respondents who believe it as a cause | % |
|--|---|------|
| Absence of sound knowledge about resource & its use. | 78 | 89.6 |
| Absence of sound accounting control | 87 | 94.3 |
| Absence of sound management control | 78 | 89.6 |
| Inadequate salary paid to employees | 78 | 89.6 |
| Absence of strong legal regulation | 68 | 78.2 |
| Ambition to prosper within short time | 72 | 82.7 |
| Because of delayance in corrective measures | 70 | 80 |
| Current economic condition of the country | 54 | 62 |

As one can easily see & understand from the above table that most of the respondents believe that the reasons for misuse are absence of sound knowledge about resource & its use. Out of 87, 78 individuals (90%) of the respondents accept lack of sound knowledge about resource & its use as one of the main causes for the misuse. The interview results are the same, they show that lack of good know ~~how~~ about the work to be performed lead to inefficiencies & wrong usage or damage of resources. The other point raised as a reason for the misuse is lack of sound knowledge & practice of accounting & management control systems. Some of the employees believe that the employed systems are not satisfactory enough to effectively control undesirable behaviors. The other point seen as a cause for un~~e~~thical actions is that the delayance in corrective measures most of the employees complain about the delayances made for years while affecting amount of resources are misused.

All the causes are not external but some of them are internal; ambition to prosper within a short time is one of those internal causes of individualistic behavior; 83% of the respondents accept it as a cause. The supporters of this point raise the case of some higher officials whose salary is high enough to ensure their personal & family life, but who participate in what is called the business of bribery or corruption.

The other angle is that external pressure put on the employees. Most of the employees believe that the amount of salary paid to them is not enough to lead their normal life; ~~this~~, they are tempted to participate in corrupt practices. In addition to the amount of salary, the economic condition of the country, inflation & legal consideration are mentionable.

The results obtained from the data analysis clearly show that, ethical failures have far reaching effects on the internal environment of the organization. Unethical actions committed within the organization have an effect of discouraging employees from their efforts to achieve organizational objectives; this point is supported by 88.5% of the

respondents. Still many of the respondents believe that unethical actions create hostility among employees & between management & employees.

The above point is supported 75% of the respondents. The hostility is emerged from unlawful use of resources for personal benefit. The hostility has two angles, one emerged from struggle to have share on what is misused and the other is because of scarcity created as a result of unlawful or unethical actions. The other evident mess is that those unethical actions committed by higher officials, department & sections heads doubtlessly influence the behavior of other employees & make them follow their steps. And further the unethical actions are taken as norms or organizational cultures. Out of the total research population 69% of the respondents believe that the actions taken by their leaders or supervisors will truly influence them. Further more most of the higher officials & employees surveyed firmly believe that misbehaviors committed by people at managerial positions incapacitate the manager on the grounds of power use, especially coercive, legitimate, referent & reward powers & on leadership roles.

The other point worth mentioning is that such actions have believed to contribute a lot to organizations' bankruptcy & affect organizations growth & future success. All internal inefficiencies & ineffectiveness combined along with misuse of resources end up with decline of profits & finally drive the organization out of business.

On the other angle unethical behaviors have adverse effects on external environment of the organization. As 90% of the respondents believe that all unacceptable behaviors have negative effect on customers attitude towards the organization. It is obvious that organizations are open systems & depend on their external environment for inputs to be obtained & out puts to be consumed by external environment. Moreover, the respondents believe that the cumulative effect of unethical actions of individual organizations have a major contribution to macroeconomic instability of the nation as a whole. Thus, such actions make the nation less attractive to foreign direct investors (FDI).

Most of the responses show promising results for eradication, if not reduction of unethical behaviors on resource usage areas. Accounting & management control systems are believed by the respondents to have made a great contribution to the fight against misbehaviors by employees. Most of them believe that the problems are system born. According to the respondents the employed accounting & management systems have to do a lot with efficiency & effectiveness of desired control. Preventive measures are preferred over detective ones, according to the respondents. These preventive measures include; developing & implementing dependable information flow systems, & proper authorization. In addition to that the importance of detective measures on regular & sudden bases (cross-checking source documents) is not denied.

The use of corrective legal actions when & where necessary, proper budgeting resources, separation of responsibility among workers (avoiding autonomy in issuance & verification of documents & subjective management judgements where necessary are believed as helpful mechanisms of control of unlawful actions. The respondents believe the importance of leadership by example as one of main weapons to be used in combating unethical actions, still some of the respondents accept the importance of ethical teachings, religion & the development of reliable information flow network as good weapons in unlawful action reduction.

4.2 DISCUSSIONS AND ANALYSIS

This chapter has included all relevant points on the general overview of ethical failure & its consequences in an organizational environment that encompasses; cultural legal & economic aspects of the society. The chapter further highlights existing knowledge about the problem understudy, new findings as a result of this study, the similarities & the main differences in findings & direction of emphasis between what is already known & what is searched for.

Furthermore, the study looks at the causes, the problems, the target, & potential consequences in light of management knowledge & the contribution of the management profession in combating the problem now & in the years to come. Lastly, the chapter presents the contribution of this study in adding new knowledge to what already exists & shows valuable guidelines & recommendations for any future further studies to be made in this line.

A. GENERAL OVERVIEW

Before directly getting in to the analysis & discussion on what data are collected & what information is produced, let us see the pervasiveness of the problem. The modern era is said the time of life in crisis, James A.K stoner, (1989) to which both formal organizations & the society as whole have great contributions to, & suffered from the consequences thereof. Organizational ethical failure is the organization's failure to comply with societal codes of conduct or deviations from the norms of the society, willams. Huber, (1986).

Generally, two things are clearly taking place in parallel, the universality of misbehaviors or corrupt practices & the continuous fight against it, even though the efforts made to eliminate unethical actions seldom succeed the, (Economist, March 2nd 2002).

People who belong to every category of the social strata conduct these misbehaviors. Both academicians, politicians, businessmen, & even religious leaders are part of this failure, or are not free from the blame of being unethical & unlawful, Williams.Huber, (1986). Let us see from different angles the problem & the overall environment within which the misconducts thrive.

A) KNOWLEDGE

The presence of unethical actions & their effects are well known by the international & national community. One can't go for many days without hearing or reading, in the mass media, some scandal related to unethical and/ or unlawful behavior. It is ancient & universal practice which has been condemned by the society, Robert N. Lussier, (1997). The wrong practices are well known by governments & some international institutions. Thus, some governments have established ethical & anti-corruption commissions as separate legal body. Among such political entities, Ethiopia is worth mentioning. Among international institutions the IMF is well aware of huge financial scandals & acting against such actions by setting standards such as, transparency & anti-corruption rules as prerequisite for its member countries to provide financial support where & when necessary, corruption & globalization, Shang-Jin Wei, (April 2001,Internet). From the responses to questionnaire, it is evident that, the research population of this study has sound knowledge about the existence, pervasiveness & the resultant effects of misconduct. And this point can be taken as one aspect of similarity between what is known & what is confirmed by this study.

B) ATTITUDE & PRACTICE

The attitude of the society towards unethical issues is mixed. There are people (individuals), & organizations that struggle to avoid misbehavior & on the other hand there are organizations & individuals practicing it, or if not reluctant people who fail to act against unethical behaviors. "In recent years the west has set its face firmly against bribery. This ancient & universal practice has been condemned as a worm that gnaws at the fruits of economic endeavor. New laws have been introduced and multinationals have been enthusiastically pronouncing " no bribery" policies. Despite these efforts the worm

thrives still. Efforts to eliminate bribery seldom succeed, but they should continue even so or the battle should not be abandoned", (The economist, March 2nd 2002).

The above excerpt clearly shows that there are organizations & individuals that put their efforts in to the fight against corrupt practices. The research population of this study too has the same attitude to what already known about it. The employees know about & believe on its unaccepted ness. Thus, employees don't present bribes received or given to individuals & organizations on their accounting records. This shows that the negative attitude of employees towards bribery, even though widely practice it in secrete. This is deduced from interview & questionnaire responses.

On the other hand there are individuals & organizations that officially practice unlawful actions or remain naïve. For many companies, the main conduits of bribery, the practice involves cost that their managers and shareholders should be happy to shed. In Uganda it has been estimated that bribes increase a companies cost by about 8%. This eats in to profits. One of the reasons is that like their company's managers, many people believe that in some part of the world a company has to bribe in order to do any business at all, (The economist, Mar 2nd 2002).

C) CONSEQUENCES

Unethical & unlawful action are said to have negative effects or consequences in both the organizations' future fate & on their stakeholders, Robert N.Lussier, (1997). Bankruptcy, low growth rate, bad public image & macroeconomic instability are among the main outputs of unlawful or unethical inputs. Moreover, the prevalence of official corruption results in poor access to external financing opportunities & less attractiveness to foreign direct investment (FDI), Corruption & globalization, (April 2001, Internet).

From a social aspect it has poor consequences. Lack of trust, rough human relations, hostility, social unrest, political instability & nation wide crisis are few of them, Margaret, (1977). In these respects great similarities are evident between the research population of this study & scholarly writings on relevant issues.

B) THE RESEARCH POPULATION

The research population of this study is workers of four case study organizations that are found in the southern part of our country- Ethiopia, Awass. All of the case study organizations are government held & out of which two of them are service giving, while the rest of them are organizations for profit that participate in the service industry. The total population (who are willing respondents) of the questionnaire, excluding interview respondents, are 87 individuals. There were many employees, including management, who are not willing to respond or fill the questionnaire & participate in interview conversations. The spreading of rumors & legal actions taken on corrupt individuals frightens most of the employees.

The demographic variables show that the respondents are young in their age & males are dominant in number. The other difference is that the male population is better educated than that of females, & has longer work experience & has assumed good positions within the organizations. Ultimately, these differences in basic personal background information have brought changes in their responses to questions related to knowledge, attitude, & practice on organizational resource abuse.

A) THE KNOWLEDGE OF THE RESEARCH POPULATION

As the collected data indicates the respondents have fair knowledge about organizational resources & the value of ethics to their job environment. The respondents recognize most of the resource lists presented on the questionnaire to choose from as organizational resources. To mention some of them 99% of the respondents accepted financial resources as organizational resource, & 98% of them recognized supplies & utilities as vital organizational resources. Among the least recognized are positions & organizational power, conducive work environment, & employees' moral & competence, respectively.

The respondents have sound knowledge about the bad consequences of resource misuse whether they are deliberate or mistaken actions. Out of the total research population 92% of the respondents believe that being ethical to be in conformity with societal codes of conduct & any deviations from commonly accepted norms to have negative effect on the organization & its environment. The use of organizational resource for the attainment of organizational objective, provision of the same access & delivery of goods & services to the same category of people, maintenance of good relationship among employees & between organization & its environment or stakeholders are voted for by 99% 78.7% 84% & 94% respectively. The above figures are quite satisfactory to witness the respondents' knowledge of moral considerations.

As found from primary data collection the knowledge of the respondents about organizational resource use and ethics is the reflection of many factors. These factors have their roots in the background of individuals, on management's weakness, and in the existing culture of those organizations. For one thing the employees' academic background & work experience have contributed a lot to their current knowledge. For the other thing the problems are emerged from management's inability to recruit the right personnel, give proper training, & development. The other source of the problem is the existing organizational culture, where miscellaneous resources abuse, late arrivals to work, early departures for home before the standard time, & carelessness are the norms.

The other point worth mentioning is that, the reluctance of some knowledgeable people on ethical matters. Business graduates have been called ethically naïve. In recent years there has been an increased emphasis on business ethics, Robert N.Lussier, (1997). In addition to their naïve behaviors some higher officials abuse their power in an unlawful manner. In some areas Plato's warning " absolute power corrupts absolutely" has been practically seen, Robert N.Lussier, (1997).

There is significant difference between this study & the preceding ones in this line. One of the differences is that the population's background & knowledge on what is searched for is not given due attention. Most of the studies focused on the importance of ethics to the organizations if they are to succeed. What is new in this study is that the search made to find the roots of ethical failure deep in individuals' background, management & the prevalent cultures in those case study organizations. As knowledge of the source of the problem can be vital weapon in the fight against unethicity.

The management profession has to contribute a lot in combating problems that emerge from lack of proper knowledge on resource & its ethical & lawful use. The profession of management has devices to overcome such problems by giving proper care in recruitment, providing timely & sufficient training & development. Moreover, some of the modern management concepts like, job enrichment, job enlargement could be used to widen & mature employees' in all aspects of work environment. There is evidence, that some employees had been working in the same position & office for more than 5 or 10 years, such actions impair employees' motivation for work as the work becomes absolutely routine. This is evidenced from questionnaires.

B) REASONS FOR UNETHICAL ACTIONS

The reasons for unethical & unlawful actions have their roots in individual's behavior, organization's management, accounting & information system, & in external macroeconomic environmental conditions.

The collected data shows that, absence of sound knowledge about resource & its use have an effect on the practiced behaviors in organization. This point is supported by 90% of the respondents. Most of the managers of the case study organizations support this point as a source of inefficiency & unintentional resource misuse. Ambition to prosper within short time is accepted by 83% of the respondents as one of causes which emerge from within individuals.

The other reasons are accounting & management systems. In the two of the case study organizations the employed accounting systems is single entry. 99% & 90% of the respondents recognizes the two systems respectively as reasons for resource misuses. Thus, delayance in corrective measures is among major reasons. This point is witnessed by both questionnaire & interview responses.

Absence of strong legal regulation on unethical behavior is one of the reasons for the wide spread of unlawful actions. Employees complain for lack of equivalent punishment to those wrong behaviors. Some of corrupt officials are transferred to another position when they are found wrong. In addition to the aforementioned reason, the current economic condition & the level of salary paid to employees are dominant reasons for wide spread of corrupt practices. According to employees, the absence of model & exemplary managers or leaders is additional problem of the work environment.

C) ATTITUDE & PRACTICE

An overall attitude of the research population is found promising. The research population identifies almost all-undesirable behaviors in light of current organizational knowledge to be very dangerous & dangerous actions. Accounting & management fraud, budget padding, power abuse & bribery are seen as very dangerous behaviors by 86, 90, 11, 62 & 69 percent of the respondents respectively. The respondents know both intentional & unintentional resource misuses & some do it or practice it carelessly. To support these ideas with evidence, one of the managers of the case study organization believes budget padding- asking higher annual budgets for a work that can be accomplished with lower financial obligation as fair mechanism. Thus, he supports the appropriation of the excess budget to employees to motivate them.

Behind the attitude of the research population, the practice in the research group is carried out with more or less deviation from what the attitude test shows. Theoretically the research population's stand is good, but they failed to practice what they believe. Many offices are found locked on work time & some officials are inaccessible because of their being late or departure from their work offices.

Effective use of the existing resources is not assured. In some of the case study organizations the cars are used for personal purpose than to organizational. Unfortunately, the respondents are not willing to share information about past performance of the organizations in financial & non-financial resource usage. Non of them are willing to tell about the mistakes or frauds committed by their coworkers, supervisors, subordinates & the management.

D) CONSEQUENCES OF UNETHICAL CONDUITS

Above all, unethical and/ or unlawful actions affect the internal environment of the organization. Such actions have the effect of discouraging employees from their efforts to realize organizational objectives. Then carelessness reigns. The data shows that corrupt actions are believed to create hostile environment within the organization, as every one strives for scramble of the available resources. Most of the lower level employees believe that, there is no rational reason which will keep them loyal to the predetermined organizational objectives, while higher management officials corrupt & enjoy especial life which can't match with their salary level. Thus, they openly pronounce that, they will be influenced to participate in unethical actions following their leaders. There is evidence in one of the case study organization where a manager was scared of pistol shots on by his coworker because of disagreements over some benefits.

The unlawful & unethical behaviors have far reaching effects on financial performance and survival of the organization. Out of the total research population 86% of the respondents believe unlawful and /or unethical actions to backpedal organizations growth & finally to lead to absolute bankruptcy. In summary, wrong behaviors impair the priceless organizational resource- human resource, which is beyond accounting logic & language to express it on financial statements in monetary terms.

The effects of organizational ethical failures are not limited to an organization chart or building, but they adversely affect the external environment too. It is obvious that organizations are open systems that depend on its environment both for survival, & growth. Unlawful & unethical actions by organization doubtlessly affect the attitude of customers. This point is supported by 90% of the respondents. These failures of individual organizations have the cumulative effect in fostering macroeconomic instability.

Finally, in those organizations where misbehavior predominate, managers fail to effectively apply their legitimate, coercive, & reward power to influence employees' behavior. Thus " I know you"s or "I know him/her who he/she is"s from subordinates makes managers helplessly powerless.

This study has come up with confirmation to some past studies & scholarly writings on relevant topics. Past studies on this line have shown ethical organizations to succeed in future business world.

F) UNIQUE ASPECTS OF THIS STUDY

What is new in this study is that due attention given to:

- ❖ Assessment of sources & reasons of unethical behavior.
- ❖ The especial attention placed on human resource.
- ❖ The attention given to non-financial aspects of organizational resources
- ❖ The subdivision of consequences as eternal & external consequences.
- ❖ The suggestions provided as possible solutions are the main ones.

CHAPTER FIVE- CONCLUSION & RECOMMENDATION

5.1 CONCLUSION

The facts discovered through this study show that there is the existence of a positive relationship between high ethical quality and an organization's over all performance. Thus, lower ethical considerations have adverse effects on both the internal and external environment. Following that an organization fails to meet both its financial and non-financial obligations.

Employees' knowledge about resource and its use and attitude towards unethical actions has an influence on employees' consequent behavior on organizational resource use and on external stakeholders. Unethical actions have a negative effect on interpersonal relationship and between management and employees. These conflicts of interest stem from individualistic interest within individual and from cultural, legal economical, and overall environmental pressure. It is evident from the data analyzed that bad behaviors foster hostility among employees over scarce resource use, while they impair management's right and power over some actions and decisions to be made; making management's legitimate power questionable.

Unethical actions backpedal the achievement of the organization's target success and potential growth in financial terms as well as in strategic objectives. Unethical and/or unlawful actions affect customers attitude to wards the organization adversely. To overcome, if not to minimize unlawful and immoral behavior, exemplary leadership, sound accounting, management, and information access and control systems, equitable and timely legal corrective measures and salary improvements are considerably important points. In summary, good ethical actions lead to good over all organizational performance and environmental care.

5.2 RECOMMENDATION

As the responses from respondents clearly marked it out, the establishment of dependable accounting, management & organizational information access & control systems are found to be mandatory. The above points are supported by 95 & 94 percent of the respondents respectively as important mechanisms that could be used to safeguard organizational resources & monitor employee behavior. In addition to that standard setting to desired performance targets & objectives is considered an important measure to fight idleness during work time & avoid inefficiency.

Preventive measures are preferred over detective ones. Many of the managers of the case study organizations appreciate preventive measures. The rationale for emphasis on preventive measure is that some mistakes committed as a result of poor control are severe & the misused resources remain irreplaceable within a short time, even if the individual who committed it is fired, imprisoned or even killed. Thus, to prevent first ranks first. The preventive measures include separation of responsibility among individuals (avoiding autonomy in issuance & verification of valuable source documents), & proper authorization of access to important resources. Next to preventive measures detective measures are ranked. They are to be used in cross-checking source documents on regular bases & sudden inspection when & where indicators of misbehaviors are present.

The other category of measures includes equitable legal corrective measures without delay, moral teachings & religion. The above points are believed to be among important behavior influencing factors.

The last but not least measure is that, appointing ethical & model managers whose practice speaks louder than their words (Leadership by example). Thus, the model manager or leader can successfully use all available sources of power with real impact & influence on all over the internal environment.

manager or leader can successfully use all available sources of power with real impact & influence on all over the internal environment.

5.3 RECOMMENDATION FOR FURTHER STUDIES

The following points are important for any future studies to be made in this line.

- ❖ If questionnaires are to be used they should be prepared in Amharic.
- ❖ The researcher should use both structured & unstructured interviews. As some of the interviewees prefer structured ones & need to have the printouts before interview sessions.
- ❖ Unstructured interview is helpful in digging in to deepest secrets & to make it more flexible when needed.
- ❖ The researcher should get license from responsible bodies that will enable him/her to see past performance data & records of misbehaviors & the discipline measures taken. (a license which is more better than mere permission to collect data from organizations).
- ❖ The sample size of the research should be large, as it becomes more difficult to arrive at genuine conclusion on such controversial issues like ethics.
- ❖ Information from police records & from Federal Ethical & Anti- Corruption Commission (FEACC) will be helpful & thus, it might be used.

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APPENDIX

7.1 OPERATIONAL DEFINITION

Ethical actions: - socially acceptable code of conduct, norm or desired behavior.

Resource: - Any thing which has tangible or intangible value to the organization & Stakeholders (tangible & intangible assets)

Resource misuse: - A resource misapply for another purpose than predetermined or Purported organizational objectives.

Unintentional resource misuse: - A kind of resource misuse which is not deliberate or which is committed because of lack of knowledge (technical or conceptual skill)

Intentional resource misuse: - A deliberate resource abuse that is deliberate misapply of resources for satisfaction of individualistic greed or interest.

Corruption: - Dishonest or wicked behavior (people with authority or power) willing to act dishonestly or illegally in return for money or personal gain.

7.2 QUESTIONNAIRE

Prepared by 4th year Management student of Jimma University

Purpose: To collect data on employees knowledge, attitude & practice about
Organizational resource misuse (academic purpose)

Ethical issue: All information obtained from individuals & organizational records will
Remain confidential.

General instruction: please read all instructions & questions, & respond
Accordingly.

Part one (1) (personal data)

1. Sex Male Female
2. Age < 20 20-30 30-40 40-50 >50
3. Work experience < 5 year 5-10 years 11-15 >16
4. Academic background (your) < 12 12+1 12 +2
12+3 12+4 >12 +4 please mention.

Part two (k)

5. How many of the following items do you know (account) as organizational
Resource. (Tick as many apply)

- 5.1. Plant assets (machinery, building, office equipment etc)
- 5.2. Financial resources (money, & money equivalents)
- 5.3. Business good will
- 5.4. Supplies (stationary, fuel etc)
- 5.5. Organizations work time
- 5.6. Utilities (telephone, electricity etc)
- 5.7. Employees moral & competence
- 5.8. Conducive working environment
- 5.9. Positions & Organizational power
- 5.10. Organizational information

6. Both Unintentional & intentional organizational resource misuse have:

- 6.1. Negative effect on organization success
- 6.2. Positive effect on " "
- 6.3. No effect on " "

7. To be ethical is to be in conformity with the societal codes of conduct or norms.

Yes No

8. Which of the following points do you accept as indicators of ethical quality (according to your understanding). Tick as many apply

- 8.1. The use of organizational resource for attainment of organizational objective
- 8.2. The same access & delivery of goods & services to the people of the same category (no special favor)
- 8.3. Giving especial attention to kinsmen or relatives based on common interest (which is individualistic)
- 8.4. Maintenance of good relationship among workers & customers.
- 8.5. The uses of organization (positional) power & access to resources to individual interest & advancement.
- 8.6. Being socially responsible
- 8.7. Producing false document
- 8.8. Theft

9. Which type of organizational resource misuse do you know.

9.1. Intentional 8.2 unintentional Both 9.1 & 9.2

10. What do you know (accept) as a reason for resource abuse (misuse)

Tick as many apply.

- 10.1. Absence of sound knowledge about resource & its use
- 10.2. " " Accounting control
- 10.3. " " Management "
- 10.4. Inadequate salary paid to employees.
- 10.5. Ambition to prosper with in short time
- 10.6. Absence of strong legal regulations
- 10.7. Because of current economic condition of the country
- 10.8. Because of delayance in corrective measures.
- 10.9. Because of centralized power
- 10.10. " of decentralized "

Part three (3)

11. Tick those items you know & believe as important controlling Measures of resource misuse.

- 11.1. Accounting internal control
- 11.2. Management control
- 11.3. Both 10.1 & 10.2
- 11.4. Detective measures (e.g. cross checking documents)
- 11.5. Preventive " (e.g. Allowing only authorized access)
- 11.6. Standard setting (budgeting)
- 11.7. Subjective evaluations (Mgt judgement)
- 11.8. Separation of responsibility among individual (avoiding autonomy in issuance & Verification)

12. Organization's success depends ultimately on its effective & efficient resource use.

I agree disagree I don't know

13. Being ethical helps organization to build good public image

I agree disagree I don't know

CheckBox1

Part four (4) (A)

Rating scale prioritize the following items

| No | | 1 | 2 | 3 | 4 |
|----|------------------------------------|----------------|-----------|-----|---------------|
| | | Very dangerous | Dangerous | Bad | Not dangerous |
| 14 | Accounting fraud | | | | |
| 15 | Management fraud | | | | |
| 16 | Power abuse | | | | |
| 17 | Budget padding (over/under) | | | | |
| 18 | Careless use of resources | | | | |
| 19 | Bribery | | | | |
| 20 | Working below capacity (employees) | | | | |
| 21 | Favoritism | | | | |
| 22 | Falsification of documents | | | | |
| 23 | Unintentional misuse | | | | |
| 24 | Intentional misuse | | | | |

Part five (5) (P)

25. What would be the effect of corrupt practices or intentional resource misuse on internal organizational environment?

Tick as many apply

- 25.1. Such actions discourage other employees from their efforts to achieve Organizational objectives.
- 25.2. Other employees of the same group remain in different & continue motivated to Work.
- 25.3. Hostility may emerge among workers
- 25.4. Others also will be influenced to have a share in what is misused.
- 25.5. It will lead to organizational bankruptcy
- 25.6. It will affect organization's future success & growth.
- 25.7. It will affect human relation ship with in the organization.

Tick as many apply

26. Effects of corruption on external environment.

26.1. Customer's attitude towards the organization will be adversely (negatively) Affected.

26.2. It contributes to macro economic instability



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