

**THE IMPLEMENTATION OF CODE OF CONDUCT AND ETHICS IN THE
BANKING SECTOR
THE CASE OF BANK OF TANZANIA**

**THE IMPLEMENTATION OF CODE OF CONDUCT AND ETHICS IN THE
BANKING SECTOR
THE CASE OF BANK OF TANZANIA**

By

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**Dissertation Submitted to Mzumbe University, in Partial Fulfillment of the
Requirements for the Award of the Degree of Master of Business
Administration in Corporate Management (MBA-CM) of Mzumbe University.**

2013

CERTIFICATION

We, the undersigned, certify that we have read and hereby recommend for acceptance by the Mzumbe University, a dissertation entitled “**The Implementation of Code of Conduct and Ethics in the Banking Sector: The Case of Bank of Tanzania**”, in fulfillment of the requirements for award of the degree of Master of Business Administration of Mzumbe University

Major Supervisor

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I, **Airenus Philip Mlowe**, declare that this dissertation is my own original work and that it has not been presented and will not be presented to any other university for a similar or any other degree award.

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“May Almighty God, bless the work of my hands”

DEDICATION

This dissertation is dedicated to my beloved wife Vivian George Moshy and my daughter Clarice Airenus Mlowe, for their moral and material support which drove me positively and enabled the completion of my master's degree.

ABBREVIATIONS AND ACRONYMS

BD	-	Branch Director
BoT	-	Bank of Tanzania
DHA	-	Director Human Resource and Administration
LGRP	-	Local Government Reform Programme
LSRP	-	Legal Sector Reform Programme
MBA	-	Master of Business Administration
PFMRP	-	Public Finance Management Reform Programme
PSRP	-	Public Service Reform Programme
PTI	-	Principal Training Institute
SPSS	-	Statistical Package for Social Science
TANU	-	Tanganyika African National Union
URT	-	United Republic of Tanzania
US	-	United States

ABSTRACT

The formulation and implementation of Code of Conduct and Ethics in the Banking Sector including the Bank of Tanzania have emerged as one of the significant reform strategies to improve employees' ethical behaviour. The Banking Sector in particular has experienced deterioration of ethical values and standards where unethical conduct such as theft both physical and electronic, disclosing of confidential information, borrowing and indebtedness and misuse of internet facilities have persisted over time.

This study was about the implementation of the Code of Conduct and Ethics in the Banking Sector while focusing on the impact of ethics training and the potency of the code on employees' ethical behaviour. The BoT was used as case study where two directorates were purposively selected. The two directorates had the population (N) of 143 employees. Therefore a total of 68 (48%) respondents were drawn randomly and non-randomly. This included 59 respondents drawn randomly from non-management staff while 9 respondents were purposively drawn from the management staff. The main tools of data collection were questionnaires for non-management staff, interview for management staff and documentary review.

The findings from the study affirm the conceptual framework constructed. The analysis shows that Ethics Training and the Potency of the Code had significant impact on the employees' ethical behavior by 30.7%. In addition it was also noted that there were many challenges in the implementation of the code but the common ones include poor implementation mechanisms (48%) and lack of awareness on the code (36%) of the respondents.

The study came up with two major recommendations. First, the Integrity and Ethics Committee of the Bank should be strengthened and perform the duties of Ethics Training Committee which does not exist in the Bank. Second, the mechanisms to enforce compliance should equally involve positive rewards for compliance and penalties for non-compliance.

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CHAPTER ONE

INTRODUCTION

1.1 Background to the Problem

Since independence in 1961, Tanzania has been concerned with managing employees' ethics. At independence in 1961, Tanzania, committed itself to fighting the three identified major national enemies; namely poverty, ignorance, and diseases (Chachage, 2003). Also, the Government ventured on the restoration of African dignity through nationalistic movements with a view to eliminate discriminatory practices left by the colonialists (Kahama, et al, 1986). With a view of fighting these three enemies, the concern for ethics at the national level was critical and necessary endeavour.

As far as ethics management was concerned in 1962 the then ruling Party, TANU, issued the ten (10) TANU pledges, as guiding principles or commitment in service. The TANU pledges propagated self-dedication to the service of the community instead of oneself or selflessness. For instance, pledge No. 4 identified corruption as an enemy of justice while pledge prohibited the use of official position or that of any other person for personal gain (Kaduma, 2003).

In 1967 the Arusha Declaration was proclaimed ushering in an era of "African Socialism or Ujamaa" on one hand and prescribing ethical standards for specified public leaders on the other hand. Amongst others, public leaders were not allowed to engage in business.

The 1970s was a period characterized by a number of ethical developments. In 1971 the then ruling party TANU issued the TANU Guidelines ('Mwongozo') in which issues of ethical standards to monitor the conduct of the leaders were issued (Kahama et al, 1986). Also the Guidelines propagated on acts that gave the people ability to decide freely on their own (Kaduma, 2003). Also, the requirement of the Arusha Declaration continued to be implemented in this period.

In 1973 “the Guidelines” received legislative recognition through the enactment of the Committee for the Enforcement of the Leadership Code Act 1973 which was amended in 1987 to give it a broader coverage by applying it to Zanzibar. It is relevant to point out that the 1973 Act has a lot of “kinship” with its successor the present Leadership Code of Ethics Act No. 13 of 1995.

1980s marked major changes in the social, political and economic spheres the world is experiencing to date. Some of these changes are the end of the cold war, spreading democratization, new information and communication technologies, a shift in balance of power among the state, the market and civil society, globalization, and changing traditions. These changes have altered the environment in which governments are operating and enabling the public to demand higher standards of ethics, transparency and accountability in the public sector (UNPAN, 2008).

The 1990s marked another historic landmark in the development of ethics in Tanzania. During this epoch, the government of Tanzania started implementing different governance reforms with a view to promoting ethics. These reforms include the Public Service Reform Program (PSRP) I and II, The Public Finance Management Reform Program (PFMRP), Local Government Reform Program (LGRP), Legal Sector Reform Program (LSRP), and Strengthening the Prevention and Combating of Corruption. Other reforms include Establishment of the Commission for Human Rights and Good Governance, Establishment of the Good Governance Coordination Unit, Establishment of the Code of Ethics and Conduct for Public Service of 2005 and the Enactment of the Public Leadership Code of Ethics Act No. 13 of 1995.

From the postmodern era characterized by the neo liberal practices, ethics has gained an enormous significance in the private sector than before. However, before 1990s, the dominance of the state in owning and controlling all the major means of production like industries made the overall concern for ethics so pronounced in the

public sector. It was during 1990s when Banking Industry started booming and many private banks were allowed to operate in Tanzania.

The history of ethics in the private sector is as immature as the proliferation of the private sector itself. The private sector in Tanzania can be traced back to the 1990s when the Government embarked on the liberalization of the economy. Before 1990s, the code of ethics among employees was not so clear and pronounced in any single legal document.

In 1995 the Constitution of the United Republic of Tanzania was amended by introducing Article No. 132, which directed for the enactment of Public Leadership Code of Ethics Act No. 13 of 1995. The Act establishes a statutory basis for the development of standards of ethics for public leaders. These standards aim at strengthening ethics, accountability, and transparency of specified bureaucrats and politicians defined as public leaders. These public leaders are from the executive, legislature, judiciary, police, and the military holding listed positions in the Act, are subjected to its provisions. Also, Article 132 established the Ethics Secretariat, which is an extra ministerial department of Government under the Office of the President. The Ethics Secretariat supervises the implementation of the Act and its main functions are:-

- a) To receive Declarations which are required to be made by public leaders under the Constitution or any other law
- b) To receive allegations and notifications of breach of the Code by members of the public, and
- c) To inquire into any alleged or suspected breach of the Code by all public leaders who are subject to the Act.
- d) To carry out awareness creation of the Public Code of Ethics to stakeholders and members of the public.

Therefore the mechanisms for public leaders to manage the self-interest of the public, whom they have been empowered to act on their behalf are provided for in the Leadership Code of Ethics Act. The Code thus provides restrictions to public

leaders on misuse of insider information, preferential treatment, misuse of public resources and conflicts of interest. A matter of concern is the absence of a clear definition of conflict interest in the Leadership Code of Ethics Act.

The Code of Conduct and Ethics in Tanzania are increasingly becoming topical agenda in the vast majority of public and private institutions. The agenda is worth noting, at times when ethical behaviour and conduct among the public servants are considerably deteriorating. The emphasis on the code of Conduct and Ethics in the public domain is critical for setting up the ethical standards, integrity, and compliance to the laws by all employees. At national level, the Government enacted the Public Leadership Code of Ethics Act 1995 to guide the ethical behaviour of the public leaders. However, other employees in the Public Sector are steered by the Codes of Ethics which are mandatory for all government employees including the ministries, local government, government departments and agencies. Other autonomous agencies have the mandates to make their own codes of conduct which must be in line with the codes of good practice.

The Bank of Tanzania (BoT) as one of the autonomous agencies established under the BoT Act 2006 is also falling in the same vein. The Bank has the Board of Directors which is a delegated authority to formulate and approve different by-laws and other regulations. The regulations and staff by laws formulated must also be in line with the prevailing laws of the nation. To a great extent the BoT Staff By-laws is an institutional reflection of the legal requirements of the Employment Relations Act 2004. The BoT Staff by-laws are therefore important instruments to enforce the codes of Ethics to the employees because like any other public servants, the employees of the Bank are not immune from adherence to the codes of ethics.

The BoT has made considerable efforts to prevent employees' unethical behaviour and any act that breach the laws. Accordingly, the BoT developed the Code of Conduct and Ethics in 2009. The purpose of the Code of Conduct and Ethics is to promote good conduct and ethical behaviour among employees of all ranks and to

promote employee compliance with laws, rules, regulations and policies that apply to the Bank (BoT, 2009).

The same notion is also echoed by Solomon and Hanson (1985) who argues that a written code of ethics provides employees with an understanding and knowledge of what their organizations expect from them in terms of responsibilities and behaviour. It is therefore the expectation of the implementation of the Code of Conduct and Ethics in the Bank would bring about a positive and direct impact on the ethical behaviour of the employees.

In today's competitive business environment, a corporate code of ethics should serve as the foundation upon which employees make decisions based on honesty, integrity, confidence and trust (Lloyd & Kidder, 1997). A code of ethics reflects corporation standards and establishes realistic modes of behaviour that applies to everyone in the company, from the board of directors to the newest employee (Robinson and Mescht, 2003).

Gellerman, (1989) argues that codes of ethics are important since they implicitly set limits for unethical behaviour and are intended to offer guidance in ambiguous situations. He also adds that Codes of ethics can perform several organizational functions, such as making explicit the ethical values that were previously unstated or unclear, alert employees as to what actions are unethical and un-punishable, and help firms shift accountability of actions from the organization to the individual.

1.2 Statement to the Problem

One of the first indicators that a company is beginning to focus on ethical behaviour is to establish a code of ethics. In Tanzania for instance, a growing interest in codes of ethics in organizations is evident over the past few decades. To this effect, numerous writers have proposed the notion that a code of ethics should exist as a means of enhancing the ethical environment of an organization (Stoner, 1989). For the recent past, the codes of ethics are being increasingly adopted in many organizations, yet their effects on employees' ethical behavior have not been

thoroughly addressed (Tsalikis and Fritzche, 1989; Murphy et al., 1992). The employees' ethical behavioral element appears to be the least researched topic area with considerably fewer studies addressing the influence of ethical codes on employee behaviors and attitudes (Cassell et al., 1997).

According to the research by (Cassell et al., 1997), the presence of corporate codes of ethics was associated with less perceived wrongdoing in organizations, but not with an increased propensity to report observed unethical behavior. Generally, research on codes of ethics, appears to have a strong emphasis on their content and on the implementation process (Somers and Casal, 1994). Although the BOT is implementing the Code of Ethics and Conduct, employee ethical behaviour has not improved considerably. The unethical behaviour such as disclosing bank information, indebtedness and misuse of internet facilities has been persisting in the bank despite the implementation of the code of conduct and ethics since 2009.

While corporate codes are hypothesized to inhibit unethical behavior in organizations, the empirical studies have consistently supported this proposition (Tsalikis and Fritzche, 1989; Murphy et al., 1992). This proposition is different from the Bank of Tanzania where unethical behaviour has continued to persist despite the existence and implementation of the code of conduct and ethics since 2009. Therefore, the purpose of this study was to examine the implementation of the code of conduct and ethics in the Bank of Tanzania and indicate whether ethics training and the potency of the code have impact on employees' ethical behaviour.

1.3 Objectives of the study

Generally, the study aimed at examining the implementation of Code of Conduct and Ethics in the Bank of Tanzania. Specifically the study objectives were:

- i. to examine employees' awareness on the Code of Conduct and Ethics
- ii. to examine the employees' Compliance on the Code of Conduct and Ethics
- iii. to examine the factors for non-compliance of Code of Conduct and Ethics

- iv. to examine the impact of training and the potency of the code on employees' ethical behaviour
- v. to examine the challenges facing the of implementation of Code of Conduct and Ethics

1.4 Research Questions

- i. To what extent are the employees aware of the existence of Code of Conduct and Ethics?
- ii. To what extent are the employees compliant with the Code of Conduct and Ethics?
- iii. What are the factors influencing the enforcement of Code of Conduct and Ethics?
- iv. What are the impact of ethics training and the potency of the code on employees' ethical behaviour?
- v. What are the challenges facing the implementation of Code of Conduct and Ethics?

1.5 Significance of the Study

This study has a greater significance to the vast majority of the stakeholders. There are three actors namely, Human Resource Practitioners, Academicians, and Policy Makers in the banking sector. First, the study revealed the awareness of the employees and compliance to the code. Secondly the study uncovered enforcement mechanism put in place by the BoT in attaining ethical behaviour among the employees. The study also contributed to the ongoing discourse on the challenges facing the implementation of code of conduct and ethics and their role in improving employees' ethical behaviour.

1.6 Limitations of the Study

This study applied a case study design in order to gain an in-depth understanding of the implementation of Code of Conduct and Ethics in the Banking Sector, by taking the case of the BoT employees at the Training Institute and BoT Mwanza Branch.

Due to the sensitivity of the matter it was difficult to get access to the organizational data especially the cases of breach of the code of conduct and ethics.

1.7 Scope of the Study

Out of one thousand three hundred and forty nine (1349) employees of the BoT, the researcher was able to access only one hundred forty three (143) employees working at the BoT Training Institute and Mwanza Branch from which a sample of 68 was drawn. Therefore only two directorates were selected for data gathering. The reason for restricting the scope of the study was related to availability of time in the first instance and the need for in-depth investigation. While including more Directorates of the Bank in the sample would have widened the focus of the study, limited time and funding would make such a wider study unaffordable. Moreover, two Directorates in Mwanza provided the opportunity to study the BoT employees in detail. Therefore, the findings from this study cannot be generalized to the large population.

1.8 Organization of the dissertation

This dissertation is divided into six (6) chapters. Chapter 1 introduces the research problem. The explanation of the background to research problem, the objectives of the study and main research questions guiding this study, significance of the study, limitation and the scope of the study have all been provided in this first chapter. Chapter 2 provides an overview of both theoretical and empirical review of 12 literatures regarding code of conduct and ethics. Chapter 3 presents the research methodology adopted to carry out the study. Chapter 4 provides the findings of from the study in relation to the research objectives. Chapter 5 is about the discussion of the findings while chapter 6 is a summary, conclusions and policy implications derived from the contributions of the research.

1.9 Definition of key terms

There are three key terminologies that have been used in the conceptual framework of this study as follows:

1.9.1 Ethics training

Ethics training is a programme designed to help individuals better understand the complex ethical issues that are involved in decision making and problem and to help them inculcate high ethical standards into their thinking and behaviour.

1.9.2 Employee unethical behaviour

Unethical behaviour refers to behaviour that most people would reasonably judge to be unethical. Unethical behaviour may be defined as deliberate or negligent conduct constituting a deviation from or breach of the guidelines designed to inform an expected pattern of behaviour in a given situation.

1.9.3 Potency of the code

The potency of the code refers to the effectiveness of the code of conduct and ethics in disciplining and rewarding employees' unethical behaviour. The term refers to the power, efficacy, or the strength of the code of conduct and ethics in influencing the employees' ethical behaviour.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter attempted to navigate into various literatures with regards to the broad spectrum on code of ethics and conduct and employees ethical behaviour. The chapter provides a theoretical deeper understanding of the important concepts used in this research. Theoretical literature review provided an in-depth understanding of ethics, code of ethics and conduct, and employees' behaviour. The review of the literature was grounded on the theory and previous research findings which suggest that formal codes of ethics inhibit unethical behavior in organizations (Tskalikis and Fritchze, 1989). On the other hand, empirical literature review provided some practical research findings from some few researches conducted.

2.2 Concepts defined

This topic on the implementation of code of ethics and conduct in the Banking sector required a through definition of core concepts which were used most often. These terminologies include ethics, values, morality and unethical behaviour.

2.2.1 Ethics

According to Mbatha (2005), ethics can be seen as a system of moral principles that is based on values relating to human conduct, with respect to the rightness or wrongness of certain actions and to the goodness and badness of the motives and ends of such actions. Ethics concerns obedience to the unenforceable moral principles that determine what is honest and fair, and the distinction between right and wrong (Lloyd & Kidder, 1997).

Ethics is a set of rules or standards governing the moral conduct of employees in an institution. According to him ethics deals with values relating to human conduct, with respect to rightness or wrongness of particular actions and to the goodness or badness of the motives and ends of such actions. Rightness refers to what ought to be or what is approved and wrongness to what ought not to be or what is disapproved of by society (Mafunisa, 2001).

Ethics has also been defined by Vanasco (2012) as the customs or standards which a particular group or community acts on. The confusion sometimes arises on the use of the two closely related terminologies namely ethics and morality. According to (Carreira et al 2008) ethics is linked to general principles of good and bad, whereas morals are linked to patterns of duty and concrete practice. Koontz (1990) adds that ethics deals with what is good and bad and with moral duty and obligation.

Ethics is usually perceived through contrasts of good and bad or right and wrong. Ethics means the rules and principles regulating the behaviour of individuals. With the help of rules and principles we can find a good, the right or the best action depending on which of the several different schools of ethics the individual bases his actions. Ethically justified action requires that the individual has the ability to consider different alternatives and to place himself in the position of the other person (empathy).

Moral philosophy usually makes a distinction between descriptive ethics, normative ethics and metaethics. Descriptive ethics means the description of ethical ideas without presenting an opinion on their rightness. An example of this is the statement that in the opinion of civil servants it is wrong to take a bribe. Normative ethics, or morals, presents guidelines and rules, which requires commitment to a certain ethical system. An example of this is the statement taking a bribe is wrong because it weakens the confidence of citizens in the impartiality of administration. Meta ethics on the other hand examines the meaning of the concepts of ethics (e.g. what the term right means).

2.2.2 Values

There is a widely recognised and rapidly growing body of empirical research on organisational core values for public sector organisations and employees (Robinson and Mescht, 2003). Values are general standards by which people live, views about what is desirable. The values are defined by a two opposed pole scale and can be

faced as subjective criteria present in the individual or as an attribute of objects, beings and situations. (Carreira et al, 2008)

Values refer to ethical standards, and entail deep emotional dedication to certain cognitive views of the value of objects normally relating to human activity (Hilliard & Ferreira 2001). Values and ethics play a role in determining organisational goals and what the organisation is willing to devote to social responsibility and the development of employees. Managerial values influence and set the culture of the organization (Robinson and Mescht, 2003)

Values are enduring beliefs that influence the choices people make from among available means and ends. Clearly, not all values are ethical values, that is, not all values relate to questions of right and wrong, good or evil.

Values are intimately connected with moral and ethical codes, and determine what people think ought to be done. For example, individuals and organisations that value honesty, integrity and openness, consider that they (and others) should act honestly, openly and with integrity because that is the right thing to do (Simon, 1957). Values and beliefs are part of the cognitive sub-structure of any organisational culture (Todeva, 2010).

2.2.3 Morality

Morality in its various forms is a dominant influence on the conduct and evaluation of day-to-day life (Disoloane, 2012). The pervasiveness of the moral domain can be detected in every aspect of life. Appeals to rights and responsibilities are found in the discourse occurring in every sphere of social life where moral commitments shape the goals and aspirations that give direction to individuals' lives, and moral judgments are constituent elements in the determination of appropriate courses of action (Robinson and Mescht, 2003)

Morality has to do with personal conduct (Mbatha, 2005). Morality can therefore refer to human behaviour and to what happens in practice. Morals are described as

right or wrong, good or bad human behaviour and therefore have to do with the personal conduct of the individual (Mbatha, 2005). Morals refer to habits and behaviour, the correctness or wrongness of actions (Hilliard & Ferreira 200). This concept is also echoed by (Carreira et al,2008) who argues that moral and ethical values are related to the values of good and bad of justice.

Morals are a system of norms, principles and values, according to which the mutual relationships among individuals or between individuals and the community are regulated (Weis, 2003). These norms have a historic and social character accepted freely and conscientiously by a subjective conviction (Weis, 2003). Many authors define ethics as a judging study of morality, as it is a reflection on our moral behaviour.

2.2.4 Unethical Behaviour

Unethical behaviour is a very ambiguous term that leaves much scope for bias (Langlois and Schlegelmilch, 1990). The attempts to define the term unethical behaviour do not come with precise explanation but the scope is left to the people. Unethical behaviour refers to behaviour that most people would reasonably judge to be unethical (Todeva, 2010).

Unethical behaviour may be defined as deliberate or negligent conduct constituting a deviation from or breach of the guidelines designed to inform an expected pattern of behaviour in a given situation (Mafunisa, 2000). Unethical behaviour, although it is an indication of a decline in morality, can be regarded as an indication of a negative work ethic only in so far as it relates to work performance. In other words unethical behaviour can include theft and misuse of public property and accepting outside employment during one's tenure in government without approval (Weis, 2003).

Obviously According to Mafunisa, (2000) unethical behaviour includes all actions that results in unfairness to others.

A good understanding on the concept unethical behaviour can also be provided by its antonym that is ethical behaviour. The term ethical behaviour implies more than determining what is right. It implies living it out, and that requires commitment to integrity (Vanasco, 2012).

2.3 Code of Ethics and Code of Conduct

Code of conduct is usually used interchangeably with code of ethics in every day jargon. However, the two terms are different and mean different things. While code of conduct is usually specific, code of ethics is more general. Codes of conduct identify specific acts that must be either adhered to (prescription), or avoided (proscription) (Fisher and Lovell, 2006). According to them, codes of conduct tend to be instructions, sets of rules or principles concerning behaviour. Codes of conduct tend to be reasonably prescriptive and proscriptive concerning particular aspects of employee behaviour.

2.3.1 Code of Ethics

Codes of ethics unlike codes of conduct are reasonably general in their tenor, encouraging groups and individual employees to display and espouse particular characteristics such as loyalty, selflessness, honesty, objectivity, probity and integrity (Fisher and Lovell, 2006). According to Guy (1990 cited in Ngulube, 2000) ethics are about honesty, accountability, pursuit of excellence, loyalty, integrity and responsible citizenship. Fisher and Lovell (2006) asserts that codes of ethics do not on the whole address specific types of decisions; rather they encourage the application of what might be 'virtues'. They seek to institute principles of right behaviour that may serve as judgment and conscience of people as they make specific decisions.

Codes of ethics have been described by Langlois and Schlegelmilch (1990) as a statement laying down corporate principles, ethics, rules of conduct, code of practice or company philosophy, concerning responsibilities to employees, shareholders, consumers, the environment and society.

A code of ethics also establishes high standards against which individuals can measure their own performance and communicate to those outside the organization the value system from which the organization's members must not be asked to deviate (Vanasco, 2012). According Weis (2003) code of ethics is the broad outline designed to guide decision making and help the employees handle business situation professionally, fairly and legally. It is supported by wide range of company policies, standards and other documents that set out the obligations and responsibilities to behave ethically in every aspect of business lives (Todeva, 2010).

A code of ethics reflects corporation standards and establishes realistic modes of behavior that applies to everyone in the company, from the board of directors to the newest employee (Disoloane, 2012). According to Solomon and Hanson (1985) a code of ethics is important because it provides visible guidelines, stability to an organization, and a point of focus for everyone in the organization.

A code of ethics, through beliefs and values, forms the building blocks of organisational behaviour within a stakeholder firm. According to Koontz (1990), a code is a statement of policies, principles or rules that guide behaviour. It is also argued that codes of ethics do not apply only to business enterprise; they should guide the behaviour of persons in all organizations and everyday life.

Apart from industry-specific or professional codes, some companies have developed their own code of ethics, which consists of value statements that define the organisation. Weiss (2003) has found that the major purposes of company-specific codes of ethics are inter alia:

- To state the corporate leaders' dominant values and beliefs, which are the foundations of the corporate culture
- To define the moral identity of the company, both internally and externally
- To set the moral tone of the work environment

A code of ethics does not take the place of moral judgment. According to (Scott and Hart, 1977), each rational person has an innate ability to make value judgments, informed (often unconsciously) by multiple moral resources and prior experiences, so that decisions made and actions taken reflect considered thought about the likely consequences, the inherent “rightness” or “wrongness” of the available options, and whether the available choices maximize the “good” and minimize the “bad” (Brien, 1998).

In most cases people become frustrated in many situations, and lack clear guidance on how best to understand the situation that they have encountered, and how best to resolve any dilemmas arising out of the situation (Zalkind, 1987).

In such cases, a code of ethics may provide very helpful guidance. By referring to the appropriate provisions of the code, coupled with further iterations of moral reflection and empirical analyses, the best choices may be identified, and the best course of action pursued (Porter et al., 1974).

Somers and Casal (1994) argues that the ultimate role of a code of ethics is to inform and guide thinking, by helping users to understand the deeper moral dimensions of any specific situation, apprising them of the most relevant established standards that might apply to that situation, and helping them through a process of moral evaluation.

2.3.2 Code of Conduct

There are general guidelines for the making of ethical decisions. Any one of the following approaches may be adopted: The golden rule, the utilitarian principle and the categorical imperative. However, contemporary business is more complex than ever before. A recent advance in the ongoing effort to ensure the application of ethical principles in business includes the introduction of a code of conduct. (Robinson and Mescht, 2003)

A code of conduct is a statement of principles and standards about the right conduct of public officials (Chapman, 1993). It normally contains only a portion of a government's rules on public service ethics. It is therefore, a more narrow term than ethical rules which include statutes, regulations and guidelines. Kish-Gephard, Harrison and Linda (2010) define a code of conduct as a set of principles that is adopted by associations or institutions to define specific principles for which the institution stands. As members are guided by the principles contained in the code, it provides a convenient short-cut for them when they are faced with the making of an ethical choice. (Robinson and Mescht, 2003)

In addition, a code of conduct makes a policy selection of the basic ethics present in general society and seeks to use them to influence a particular institution's definition of its actions and what kind of institution-oriented behaviour is acceptable (Kish-Gephardt, Harrison and Linda, 2010).

Most often than not the term codes of ethics and codes of conduct are used interchangeably. However the focus, approach, and the processes of implementation of the two differ significantly. According to Jamal and Bowie (1995), the way in which a code of conduct is formulated and implemented is quite different from that of a code of ethics.

Since a code of conduct is primarily concerned with enforcing compliance, it is driven by management and imposed from the top (Cassell et al., 1997). According to Murphy et al., (1992), a code of ethics, by contrast, seeks to identify the ethical values that most effectively motivate the persons within the organization to think, perform, and behave ethically, capturing their natural moral aspirations and desires to have meaningful, valuable lives. In addition, Porter et al., (1974) points out that the codes depend on widespread dialogue and deliberation to achieve consensus, and hence while generally motivated initially from the top of an institution, also grow from the bottom up.

2.4 Codes of Conduct and Ethics and Employees Behaviour

There is one fundamental question to be raised in this research work. Has the employees ethical behaviour been influenced by the BoT Code of Conduct and Ethics? This study is thus meant to examine the impact of the Code of Conduct and Ethics on Employees' Ethical Behaviour at the BoT.

While codes of ethics can potentially influence behaviour, inadequate employee knowledge can limit their effectiveness. A code of ethics must be visible to workers for it to provide an effective tool for guiding decisions. If workers are not aware of a code of ethics, they don't know where to find it or do not understand it; their behaviour cannot be influenced by it. Employees who are required to read a company's code of conduct during training and have ready access to it are more likely to be influenced by it.

According to Kish-Gephardt, Harrison and Linda (2010) all levels of employees need to be aware of company policies regarding ethics in order to make the right decisions in difficult business situations, to know how and when to seek help when faced with ethical dilemmas, and to know where to report possible unethical conduct. The purpose of the code is therefore to indoctrinate good conduct and ethical behaviour among employees of all ranks in the organization.

Corporate codes of conduct also transmit ethical value to organizational members and will impact ethical behavior of employees. The research framework indicates that there is a linkage between organizational codes of ethics and employee behavior. Enforce a code of conduct that prominently reinforces and defines behavioural norms. Leaders need to model good behavior and Human Resource Systems must reward such behavior in order to create a strong ethical corporate culture.

Most companies that wish to improve the employees' ethical behaviour develop the codes of ethics for their organizations. Such a code of ethics lets everyone in the

organization know that upper-level management is committed to ethical behaviour and that it expects ethical behaviour from every employee.

The code defines the behaviour business executives consider ethical as well as unethical, and it provides a set of written guidelines for each employee to follow. The code of Conduct and Ethics is therefore a glance of reference for rules of good behaviour and ethical conduct which are contained in various policy documents including the staff by laws and financial regulations.

2.5 Ethics Training, Potency of the Code and Employees' Ethical Behaviour

Ethics training and the Potency of the Code have been identified to have an important effect on employees' ethical behaviour. The literatures on this matter indicate succinctly that employees' ethical behavior is influenced by many aspects. However for the purpose of this research the discussion will be centered on two aspects only.

2.5.1 Ethics training

Ethics training is a programme designed to help individuals better understand the complex ethical issues that are involved in decision making and problem and to help them inculcate high ethical standards into their thinking and behaviours (Gamba 2010). Ethics training is usually conducted in workshop and seminars that are becoming more and more popular. In typical ethics training seminar, participants are according to Jose and Thibodeaux (1999) employees are taught to apply some checklist when confronted with an ethical dilemma.

Barrile (2002) and Schultz et al (2003) suggest that ethics training is necessary in order to integrate ethical decision making into the organizational culture. Jose and Thibodeaux (1999) explain that the major topics covered by ethics training are in the areas of personal conduct, use of official information, public comment, conflict of interest and responsibility to people in authority. Consequently, ethics training is a valuable tool as it is used to raise the ethical consciousness of employees. Wood and Callaghan (2003) and Wood et al. (2004) emphasize that employees cannot be

expected to act in accordance with ethical policies if the organization does not support critical areas such as education. It was found by Trevino and Nelson (2007) that when an organization provides ethics training to employees they communicate indirectly that ethical behaviour is valued and that ethics should be considered in decision making.

Training is therefore regarded as one of the supporting procedures to ensure that employees attain the behaviour expected of them. Many scholars perceive training as beneficial in several ways, for example that training raises awareness that corporate ethics are very important culturally and strategically and that draws attention to the potential ethical issues that employees might be exposed to (Harrington, 1991). Training also makes corporate values more visible and the supporting processes, such as reporting hotlines and an ethics office, encourage people to learn to think about the consequences of their actions (Barrile, 2002). Training consequently facilitates ethical decisions as people have the tools to make better judgments (Trevino & Nelson, 2007).

Harrington (1991) argues that if companies are serious about inculcating ethics into the work force, a designated committee set up for the specific purpose of ethics training and the discussion of relevant issues to employees of the organization must be part of the organizational commitment to pursue ethical principles.

We are all different and ethics training is needed in order to make employees aware of the ethical values of the company. Osmotic transfer of the company's ethical values does not just occur (Wood, 2000a). Each person approaches the organization with different values and perspectives on the world and what they may perceive as acceptable and unacceptable conduct. Training in ethics at the time of induction may not be enough. At induction time, the employee is usually bombarded with many new ideas, philosophies and rules and regulations and as such they are often overwhelmed with information and its relevant importance (Wood, 2002). Training may better serve the organization if it is ongoing as business ethics and people's

perceptions of acceptable and unacceptable conduct evolve over time (Svensson and Wood, 2003).

Employee ethics training is useful as it raises the ethical awareness of employees. However, all levels of employees need to receive ethics training in attempting to avoid unethical behaviour in organizations. Training which is custom-tailored to an organization's needs, is also more useful than training presented by external consultants as it illustrates the ethical issues employees might have to deal with in their job.

2.5.2 Potency of the Code

The Macquarie Dictionary (1989) defines the word potency as power, authority, effectiveness, strength or efficacy. The term is widely used in medicine to explain the effectiveness, power or the efficacy of drugs. However, the normal use of the term signifies the broad understanding as defined by most English Language dictionaries. The potency of the code therefore refers the effectiveness of the code of conduct and ethics in disciplining and rewarding employees' unethical behaviour.

According to Schultz et al., (2003) and Weber (1993), in order for codes of ethics and employee ethics training programmes to completely become part of an employee's daily decision-making and behaviour, they should be reinforced through developing both negative and positive organizational enforcement mechanisms. Therefore it is through the use of negative and positive organizational enforcement mechanisms that the potency of the code becomes sustained.

Werner and Schultz (2007) also support this argument and explain that a code should be enforced through penalties for non-compliance and rewards for compliance. Trevino et al. (1998) and Wood and Callaghan (2003) come to the same conclusion and explain that organizations should create a context in which ethical behaviour is encouraged and supported (rewarded) and unethical behaviour is discouraged (disciplined).

Nevertheless, most organisations base rewards, such as promotion and pay, on the information gained in the performance appraisal (Harrison, 2005). This implies that it is important for performance criteria used in appraisal processes to be supportive of ethical ideals and goals. Weaver and Trevino (2001) explain that appraisal processes should incorporate concern for fairness and ethics both in the way the appraisal is conducted and in the evaluative criteria used. This is important, as “employees are more likely to participate in unethical behaviour when they are rewarded for such conduct”

Employees have a tendency to demonstrate a particular behaviour when there some rewards associated to it. For this case in discussion, when there are negative rewards such as penalties employees are would reduce their unethical behaviour. DeConinck et al. (1995) make it clear that unethical behaviour occurs in organizations because management does not discipline employees for unethical conduct. They argue that employees are less likely to engage in unethical conduct if management takes an active role in controlling unethical behaviour. This notion is also supported by Weaver and Trevino (2001) who point out that unethical behaviour needs to be disciplined to ensure that no perception of inconsistency or unfairness exists in the corporate ethics implementation. It is also argued that employees need to be rewarded for ethical behaviour to ensure that ethics expectations are not seen as an additional uncompensated burden (Weaver and Trevino, 2001).

2.6 Factors for Non-Compliance

Why do employees fail to comply with the codes of conduct and ethics? And what is the drive behind unethical behaviour despite the existence of codes of conduct and ethics. According to Kish-Gephart, Harrison and Linda (2010), unethical intentions and behaviour can be driven by individual, issue-specific, and environmental factors:

- i. Bad apples (individual factors)**

These are employees who obey authority figures’ unethical directives or act merely to avoid punishment. They manipulate others for their own personal

gain, fail to see the connection between their actions and outcomes, and believe that ethical choices are driven by circumstance.

ii. Bad cases (Issue-specific factors)

Issues can vary in the degree of harm they impose on the victim, and on the degree of agreement among peers.

iii. Bad barrels (Environmental factors)

This is the environment that encourages individualistic behaviour as opposed to a climate that emphasizes doing what is best for other employees, customers, and the community.

2.7 The implementation of code of Conduct and Ethics in the BoT

The mandate for implementation of code of conduct and Ethics in the BoT is vested upon the three main actors that must work collaboratively. These are tripartite actors that must work together to ensure that the code is efficiently implemented. These actors include the employees, the Managerial or Supervisory employees and the Director Human Resource and Administration. According to the BoT (2010), the employees, managerial and supervisory staff have the following to do in the implementation of the code.

2.7.1 The Employees

Bank employees are expected to:

- ✓ Learn how the standards of conduct, ethical principles and behaviour described in this Code relate to his job, and follow its requirements.
- ✓ Understand that violation of any provision will result in disciplinary action, up to and including termination of employment.
- ✓ Promptly report any concerns about potential or actual violations
- ✓ Exercise good judgment and common sense at all times, even in situations that are not specifically addressed by this Code or by any other policy of the Bank.
- ✓ Contact his superiors in the event he has questions or concerns regarding this Code.

2.7.2 Managerial and Supervisory Employees

Managerial and supervisory employees are expected to:

- ✓ Ensure compliance with this Code of Conduct and Ethics, other Bank policies and applicable laws and regulations.
- ✓ Understand the provisions of this Code and other policies of the Bank to be able to guide and inform their subordinates explain the general principles of the Code what they expect them to do.
- ✓ Be alert as to potential problems or compliance issues that could arise in their area of responsibility.
- ✓ Not to ignore any potential or actual problem or issue. Supervisory employees at all levels have an obligation to report such issues immediately so that prompt action can be taken, if necessary.
- ✓ Be aware that violation of any provision of the Code will result in disciplinary action, up to and including termination of employment.

2.7.3 Head of Human Resource & Administration

According to the BoT (2010), the Head of Human Resource & Administration is responsible for the oversight and implementation of the Code and prepares periodic reports on compliance and periodic review of the Code. The Head of Human Resource & Administration also organizes periodic awareness and compliance training on the Code.

2.8 Empirical Literature review

Clark and Leonard, (1998) have suggested that formal codes of ethics generally will inhibit unethical behavior of employees in organizations. From a conceptual perspective, corporate codes ethics are meant to highlight an organization's commitment to promoting ethical behavior thereby acting as a part of a socialization process designed to ensure highest standards of behavior (Somers, 2001).

Results of a research conducted by Murphy et al (1992) lend support to the proposition that there is a relationship between ethical codes of conduct and employee's behavior. The findings of this research indicate that employees that

respondents in organizations with formal codes of ethics were more aware of wrongdoing than were respondents in organizations without formal codes of ethics. Thus, it is proposed that unethical behavior will be less prevalent in organizations that have adopted corporate codes of ethics than organizations that have not formally adopted such codes.

It is also suggested by Somers (2001), Weeks and Nantel (1992) that organizations which have adopted codes of ethics have helped to facilitate ethical decision-making for their workers thereby leading to positive work attitudes and possibly to higher levels of organizational commitment. It is therefore anticipated that employees will be more committed to organizations that have adopted codes of ethics.

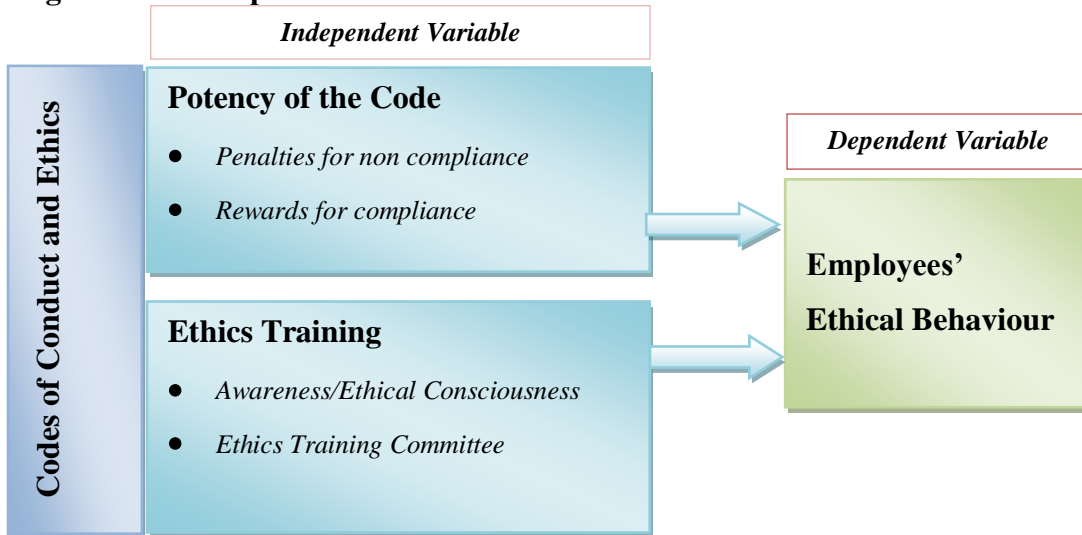
Prior findings from studies conducted in the United States (US) and other advanced industrialized countries clearly indicated that awareness of unethical activity is less prevalent in organizations that have adopted codes of ethics (Murphy et al., 1992, Somers, 2001). This study provided additional support for this proposition in that employees in organizations in a nonwestern environment that had adopted corporate codes of ethics were significantly more aware of wrongdoing than were employee in organizations without codes of ethical conduct. An ancillary finding associated with the results raise some cause for concern, specifically, only 3 percent of the respondents reported that their organizations had formal codes of ethics. Therefore, this current research is in line with previous studies conducted in the west (Somers, 2001). The findings support the contention that unethical behavior will be less prevalent in organization that have corporate codes of ethics than it is in those organizations that have not formally adopted codes of ethics.

2.9 Conceptual framework

Having undergone a thorough literature review both theoretical and empirical, the researcher constructed the conceptual framework. The rationale behind the framework is to answer question why employees' unethical behaviour has persisted despite the existence of the code of conduct and ethics. Two Independent variables

namely ethics training and the potency of the code were identified while the dependent variable was employees ethical behaviour.

Figure 2.1 Conceptual Framework



Source: Researcher's own construction, 2013

Figure 2.1 shows the conceptual framework of the study. The underlying assumption for the study is that employees' ethical behaviour which is the dependent variable is influenced by two major independent variables namely potency of the code and ethics training. The potency of the code further comprises of two sub-variables namely penalties for non-compliance and rewards for compliance. The second independent variable comprises of two sub-variables namely the awareness for corporate values and ethical consciousness.

The first independent variable in this conceptual framework is potency of the code. The assumption behind this framework is that when the code is potent by penalties and rewards, employees end up behaving ethically. The literatures on this matter provide an argument, that for the code to be potent in bringing about positive ethical behaviour, it should be reinforced through developing both negative and positive organizational enforcement mechanisms (Schultz et al., 2003; Weber, 1993). On the other hand, Werner and Schultz (2007) support this argument that a

code should be enforced through penalties for non-compliance and rewards for compliance. Trevino et al. (1998) and Wood and Callaghan (2003) come to the same conclusion and explain that organizations should create a context in which ethical behaviour is encouraged and supported (rewarded) and unethical behaviour is discouraged (disciplined).

It is therefore evident that employees expect the organization to discipline unethical conduct. Weber (1993) agrees and explains that employees could be disciplined for unethical behaviour by means of suspension, appraisal comments and probation. In addition, Weaver and Trevino (2001) make it clear that punishment facilitates important social learning as third parties become aware of it and the organization's values and standards are reinforced.

The second independent variable in this conceptual framework is ethics training. While codes of ethics can potentially influence behaviour, inadequate employee knowledge can limit their effectiveness. Therefore employees' ethical behaviour can be influenced by the knowledge they have on the corporate ethics. In this study, the argument developed is that when employees are trained on ethics, their awareness on the corporate values and their ethical consciousness will be raised thus leading to ethical behaviour. The rationale behind this argument is that an individual employee is not expected to be ethical to the level of company expectations without being trained (Svensson and Wood, 2003).

According to Weber, (1981) as human being, we are all different and ethics training is needed in order to make employees aware of the ethical values of the company. Each person approaches the organization with different values and perspectives on the world and what they may perceive as acceptable and unacceptable conduct. Training may better serve the organization since it is the on-going business ethics and people's perceptions of acceptable and unacceptable conduct evolve over time (Svensson and Wood, 2003). Ethics training is therefore a valuable tool as it is used to raise the ethical consciousness of employees.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter provides the description of various methods to be applied in carrying out this study systematically. It is organized under the following; research design, study area (research site), study population, sample size and sampling techniques, research instruments, data collection procedures data analysis, and interpretation.

3.2 The Research Design

Kothari (2010) defines research design as a decision regarding, what, where, when, how much, by what means concerning an inquiry or a research study constitutes. In this research, case study design was adopted. The rationale behind this choice is that the phenomenon was difficult to study outside its natural setting. Case study is justified if one wishes to explore in details a contemporary phenomenon in its natural settings (Yin, 2009). According to Kothari (2004), Case Study is essentially an intensive investigation of the particular unit under consideration. The choice of this design was triggered by the purpose of the study which was to study the implementation of the code of Conduct and Ethics in the Banking Sector. Moreover, case study was employed because the study examined a situation which has rarely been studied (Ghauri, 2005).

3.3 Study Area

The study was carried out in two Directorates of the Bank namely the BoT Training Institute and the BoT Mwanza Branch. The choice of the study area was influenced by several reasons. First, Mwanza was targeted because the Training Institute is a workplace of the researcher which made it possible for the study to be carried out within the researcher's limited budget. Second, the BoT Mwanza Branch provided an ideal area of study because of the warm relations the researcher had developed over years, which provided the possibility of gathering the needed data within fairly short period of time. The literature advises researchers to avoid places with no or limited possibility of obtaining the required data (Ghauri, 2005).

3.4 Study Population

The study was carried out in two directorates namely the BoT Mwanza Branch and the BoT Training Institute with a population of 143 employees. The choice of these two directorates was influenced by several reasons. First, the BoT Training Institute was the researchers' work place which made it possible for the study to be carried out within the researcher's limited budget and time. Second, BoT Mwanza Branch was additionally an ideal area of study because of the warm relations with Management and Non-Management Staff, which provided the possibility of gathering the needed data within fairly short period of time. The literature advises researchers to avoid places with no or limited possibility of obtaining the required data (Silverman, 2006).

3.5 Sampling Techniques and Sample Size

Sampling is the process or technique of selecting a suitable sample for the purpose of determining parameters or characteristics of the whole population (John, A et al 2007). To carry out a study, one might bear in mind what size the sample should be, and whether the size is statistically justified and lastly, what method of sampling is to be used.

3.5.1 Sample Size

Yamane (1967) provides a simplified formula to calculate sample sizes. This formula was used to calculate the sample sizes in Tables 2. 90% confidence level and $P = .01$ was assumed. The calculation of sample size took into account the population of the study which is one hundred forty three (143) staff for BoT Mwanza and Training Institute cumulatively.

Sample size formula:

$$n = \frac{N}{1+N(e)^2}$$

Where: n = Sample size

N = Population size

1 = Constant

e= Precision level

By plugging the values in the above formula, the sample size is calculated as follows:

$$n = \frac{143}{1 + 143 (0.1)^2} = 58.8 = 59$$

Therefore from the above simplified formula, a sample of fifty nine (59) staff out of one hundred forty three (143) was drawn from the BoT Mwanza Branch the Training Institute.

3.5.2 Sampling Techniques

The techniques used in drawing the sample for this study included mainly Purposive Sampling Technique and Simple Random Sampling. The two directorates of BoT Mwanza and the BoT Training Institute were purposively selected. Using purposive (judgmental) sampling, a total of six (6) Assistant Managers and three (3) Managers were selected. Simple Random Sampling was used to get a sample of fifty nine (59) staff from eight departments in the BoT Mwanza Branch and the Training Institute as per the table below.

Table 3.1 Sample Drawn

	Department	N	Sample
BoT Mwanza Branch	BD's Office	7	3
	Finance and Administration	54	22
	Economics	6	3
	Operations	37	15
BoT Training Institute	PTI's Office	4	2
	Learning and Development	5	3
	Finance and Administration	25	10
	Studies	5	2
Total number of staff and percentage		143	59 (41%)

Source: Extract from Integrated Human Resource Information System - IHRIS

In addition, a total of nine management staff were obtained by purposive sampling. This included six Assistant Managers and Three Managers from the BoT Mwanza Branch and the Training Institute.

3.6 Types and Sources of Data

Data for this study were both qualitative and quantitative in nature. Since the study was mainly quantitative, qualitative data supplemented quantitative data. For this study data were obtained from both primary and secondary sources. The primary data were the respondents' opinions, awareness, and personal attributes while secondary data were the matters such disciplinary cases and the challenges experienced in the implementation of the code.

3.7 Data Collection Methods

Since the research applied case study research design, a variety of data collection methods were applied. The following are the methods which were used in data collection for this study.

3.7.1 Questionnaires

Questionnaires were designed, tested and distributed to sampled non-management staff in the BoT Mwanza Branch and the Training Institute. The information collected out of questionnaires were personal attributes, awareness, opinions and understanding on the implementation practices of the code of conduct in the BoT.

3.7.2 Interview

The purposively selected nine management staff from the BoT Mwanza Branch and the BoT Training Institute were interviewed. The interview guide prepared was used during the interview and the opinions were recorded and stored as sound clips for compilation and further analysis. The interview was also used to obtain the information on the awareness of staff and the methods used to create awareness, the compliance of code of conduct and ethics and the challenges of the implementation of the code.

3.7.3 Documentary Review

Documentary Review was another method of data collection. The secondary information such as the disciplinary cases and their nature, ethical standards, values and norms, principles, and the penalties were all collected from the documentary review. Documents visited included the BoT Staff By laws and the BoT Code of Conduct and Ethics.

3.8 Measurement of Variables

In this study there were two variables through which the relationship between dependent variable and independent variables as indicated in the conceptual framework was measured. The next section here below indicates how dependent and independent variables were measured.

3.8.1 Dependent variable

In this study, employees' ethical behaviour was treated as a dependent variable. The study considered this Ethical Behaviour as the ultimate purpose of the Code of Conduct and Ethics for the BoT employees. Employees' Ethical behaviour was therefore measured along with two dimension namely ethics training and the potency of the code. In the conceptual framework developed, the two independent variables were measured and their impact on the employees' ethical behaviour was established.

3.8.2 Independent variables

There were two independent variables that were identified to have impact on the dependent variable. In this research, while the dependent variable was employees' ethical behaviour, the independent variables were Ethics Training and the Potency of the Code.

The first independent variable was Ethics Training. This variable was measured using five likert scales. Respondents were required to indicate whether they "strongly agree", "agree", "partly agree", "disagree", or "strongly disagree" to the arguments posed. Respondents were required to indicate their opinions for the following statements.

- a. Employees' ethical behaviour can be influenced by the knowledge they have on the corporate ethics
- b. Employee ethics training is useful as it raises the ethical awareness of employees,
- c. Employee ethics training facilitates ethical decisions since employees have the tools to make better judgments.
- d. An ethics training committee would provide the focus and initiative to expose employees to discussion ethics in business situations.

The second independent variable was the potency of the code. This independent variable was also measured using five likert scale. Respondents were required to indicate whether they “strongly agree”, “agree”, “partly agree”, “disagree”, and “strongly disagree” to the arguments posed. Respondents were required to indicate their opinions for the following statements.

- a. Werner and Schultz (2007) argue that a code of ethics should be enforced through penalties for non-compliance and rewards for compliance.
- b. Ethical behaviour should be encouraged and supported (rewarded)
- c. Unethical behaviour should be discouraged (disciplined)

While the relationship of the dependent and independent variables was measured to ascertain only one objective, other objectives were also statistically measured. From other objectives the variables that were measured included the employees' awareness on the code of conduct and ethics, factors for non-compliance of Code of Conduct and Ethics and factor that influence the compliance of the code. For these three objectives there were two types of measurement scales. The first type of the scale were the likert scale ranging from “strongly agree”, “agree”, “partly agree”, “disagree”, and “strongly disagree” to the arguments posed.

3.9 Data Analysis

Quantitative data obtained from questionnaires were analyzed using descriptive statistics. This was applicable for the first, second, and third objective. These objectives were meant to examine respondents' profile, employees awareness of the code, compliance on the code, factors for non-compliance, and factors influencing the enforcement of the code. The findings were presented using percentage tables and graphical method.

However, simple linear regression analysis was applied for analyzing the fourth objective. The objective aimed at examining the impact of ethics training and the potency of the code on employees' ethical behaviour. The findings from the analysis were presented in a summary of model table and ANOVA.

Qualitative data were analyzed using the suggested protocol for analyzing qualitative data for objective number five. The objective was to examine the challenges facing the implementation of the code of Conduct and Ethics. The analysis was done by identifying and summarizing main themes emerging from transcripts of interviews and documentary data and assigning meaning in relation to research objective and question.

The data collected were coded by assigning numbers to the responses. The researcher applied descriptive statistical analysis to reduce, summarize, organize evaluate and interpret the numeric information. The analysis was done according to specific research question mentioned in chapter one by going through all relevant items covered by the questionnaire since that was main data collection tool used by the researcher to gather anticipated information from respondents.

The Statistical Package for Social Science (SPSS) Software Version 16.0 and Microsoft Excel 2007 were all used to analyze the data and generate tables and figures to portray the obtained results visually.

3.10 Data Reliability and validity

In order to increase the internal reliability of the data collection, a pilot study was conducted before distributing the questionnaire to respondents. This helped the researcher to measure how well the instrument was understood by respondents and where the difficulties in completing the questionnaire were noted, the researcher rectified and used words which are understood well by respondents.

CHAPTER FOUR

PRESENTATION OF FINDINGS

4.1 Introduction

This chapter provides characteristics of respondents, awareness on the code of conduct and ethics, compliance on the code of conduct and ethics, factors for non-compliance of code of conduct and ethics, factors, influencing enforcement of code of conduct and ethics, challenges facing the implementation of code of conduct and ethics. The findings presented in this chapter were collected through questionnaires. Out of 59 questionnaires distributed, 45 (76%) questionnaires were filled and returned. Therefore 76% was found to be an acceptable response rate for further analysis.

4.2 Characteristics of respondents

The profile of the respondents was heterogeneous in terms of age, sex, education level, job category and working experience. The rationale behind the heterogeneity adopted is that the implementation of code of conduct and ethics is a multi-facet phenomenon which involves all staff as long as they are the staff of the BoT. This part therefore provides the findings of the respondents' profile as analyzed from the questionnaires.

4.2.1 Respondents by sex

The findings from table 4.1 indicate that male and female were 27 (60%) and 18 (40%) out of 45 respondents respectively. The analysis shows that male were the majority by 60% against female by 40% of the total number of respondents.

Table 4.1 Respondents Sex

Sex	N	Percent
Male	27	60%
Female	18	40%
Total	45	100%

Source: Field data 2013

4.2.2 Respondents by age

The Researcher was interested to examine the age of respondents. Therefore, table 4.2 shows the age categories of the respondents. The findings in table 4.2, indicate that 3 (6.7%) of the respondents were at the age of 18 and 25 years and 9 (20%) of the respondents were at the age of 26 and 33 years. On the other hand 14 (31.1%) of the respondents were at the age of 34 and 41 years while, 9 (20%) of the respondents were at the age of 42 and 49 years. In terms of age, the analysis shows that the majority of the respondents were between the age of 34 and 41 years which is 31.1% of all the respondents while the minority of the respondents were at the age of 18 and 25 which is only 6.7%.

Table 4.2 Respondents age categories

Age category	N	Percent
18 – 25	3	6.7%
26 – 33	9	20%
34 – 41	14	31.1%
42 – 49	9	20%
50 and above	10	22.2%
Total	45	100%

Source: Field data 2013

4.2.3 Respondents' level of education

The respondents were also asked to indicate their highest education level they had attained. The purpose was to ensure that the Researcher seeks the opinions of respondents irrespective of education level. The highest education levels indicated were “Master’s Degree”, “Postgraduate Diploma”, “Bachelor Degree”, “Ordinary Diploma”, “Form Six”, “Form Four” or “Standard seven”.

The findings from table 4.3 indicate that 20 (44.4%) of the respondents had Master’s Degree, while 3 (6.7%) had Postgraduate Diploma. The findings further reveal that 10 (22.2%) of the respondents had Bachelor Degree while only 2 (4.4%) of the respondents had Ordinary Diploma. A total of 9 (20%) of the respondents had Secondary Education which was 8.9% and 11.1% for Form Six and Form Four

education level respectively. Table 4.3 also shows that only 1 (2.2%) respondent had Standard Seven education level.

Table 4.3 Respondents level of education

Education Levels	N	Percent
Master's Degree	20	44.4%
Postgraduate Diploma	3	6.7%
Bachelor Degree	10	22.2%
Ordinary Diploma	2	4.4%
Form Six	4	8.9%
Form Four	5	11.1%
Standard Seven	1	2.2%
Total	45	100%

Source: Field data 2013

4.2.4 Respondents' Job Categories

The respondents were also requested to indicate the job category they were working in. The job categories as per the BoT Scheme of Service are “Auxiliary Job Category”, “Clerical Job Category” and “Professional Job Category”. The BoT Scheme of Service provides these as the broad job categories for non-management staff.

The findings from table 4.4 reveal that 8 (17.8%) of the respondents were Auxiliary Staff while 7 (15.6%) of the respondents were Clerical Staff. The table further shows that Professional Staff were 30 (66.7%) of all the respondents. The analysis shows that Professional Staff were the majority who were 30 (66.7%) of all the respondents while Clerical Staff were found to be respectively few 7 (15.6%) of all the respondents.

Table 4.4 Respondents' job categories

Job category	N	Percent
Auxiliary Staff	8	17.8%
Clerical Staff	7	15.6%
Professional Staff	30	66.7%
Total	45	100%

Source: Field data 2013

4.2.5 Respondents' working experience

It was also the interest of the researcher to examine for how long the respondents had been working with the BoT. The years of working experience were categorized into five broad bands. The first category was from 1 to 7 years while the second band was from 8 to 15 years. The third band was from 16 to 23 years and the fourth band was from 24 to 31 years while the last band was from 32 years and above.

The findings from table 4.5 reveal that 8 (20%) of the respondents had been working with the BoT for the period of 1 to 7 years. The table further reveals that 20 (44.4%) of the respondents had working with the BoT for the period of 8 to 15 years. Again it was also found that 6 (13.3%) of the respondents had been working with the BoT for the period of 16 to 23 years. On the other hand 8 (17.8%) of the respondents had been working with the Bank for the period of 24 and 31 years. The analysis also indicates that 2 (4.4%) of the respondents had been working with the Bank for the period of 32 years and above.

Table 4.5 Respondents Working Experience

Years of Working Experience	N	Percent
1 - 7 years	9	20%
8 - 15 years	20	44.4%
16 - 23 years	6	13.3%
24 - 31 years	8	17.8%
32 year and above	2	4.4%
Total	45	100%

Source: Field data 2013

4.3 Awareness on the Code of Conduct and Ethics

The first objective of this study among others was to examine the awareness of the staff on code of conduct and ethics. The staff awareness was measured using two questions. The first question was whether as employees they were aware of the fact that the BoT established the Code of Conduct in 2009. Respondents were required to answer "Yes", "No", or "I don't know".

4.3.1 Establishment of the Code of Conduct and Ethics

The findings as shown in table 4.6 depict that 41 (91.1%) of the respondents indicated that they were aware that the BoT established code of conduct and ethics. Table 4.2.1 shows that only 1 (2.2%) of the respondents indicated that he/she did not know whether the BoT established the code of conduct and ethics or not. On the other hand 3 (2.6%) of the respondent indicated that they did not know whether the BoT established the code of conduct and ethics since 2009 in order to maintain the employees' code of conduct and ethics.

Table 4.6 Establishment of Code

Responses	N	Percent
Yes	41	91.1%
No	1	2.2%
I don't know	3	6.7%
Total	45	100%

Source: Field data 2013

4.3.2 The provision of the BoT Code of Conduct and Ethics Booklet

The researcher also wanted to know whether the BoT staff in Mwanza Branch and the Training Institute had ever been provided with the BoT Code of conduct and Ethics Booklet. The second question was therefore intending to know whether the BoT made efforts to provide staff with the Code of Conduct and Ethics booklet for easy reference. For this question again respondents were required to answer “Yes”, “No”, or “I don’t know”.

The findings shown in table 4.7 indicate that 38 (84.4%) of the respondents, were in agreement with the statement that they had been provided with the BoT Code of Conduct and Ethics since 2009. On the other hand 6 (13.3%) of the respondents indicated that they had not been provided with the BoT Code of Conduct and Ethics since 2009. Only 1 (2.2%) indicated that they did not know whether they had been provided with the Code of Conduct and Ethics booklet.

Table 4.7 Provision of the BoT Code

Responses	N	Percent
Yes	38	84.4%
No	6	13.3%
I don't know	1	2.2%
Total	45	100%

Source: Field data 2013

4.4 Compliance on the BoT Code of Conduct and Ethics

The second objective of the study was to examine the employees' compliance with the code of conduct and ethics in the BoT. The employees' compliance was measured by the use of three factors, namely respondents' opinions on (1) the reported cases for breach of the code since 2009, (2) the mechanism for reporting any breach of the code among staff and (3) the reinforcement mechanisms available (positive and negative rewards). Respondents were required to use the likert scale ranging from 1 to 5 for the three statements that were given ranging from 1 for "strongly agree", 2 for "agree", 3 for "partly agree", 4 for "disagree", and 5 for "strongly disagree"

4.4.1 Reported cases for breach of code

The researcher sought to examine the respondents' opinions on the existence of reported cases for breach of code of conduct and ethics. The findings in table 4.9 reveal 10 (22%) of the respondents strongly agreed while 22 (48.9%) of the respondents agreed that there were reported cases of breach of code of conduct and ethics in the BoT. The same table 4.8 further indicates that 7 (15.6%) of the respondents partly agreed that there were reported cases of breach of codes of conduct and ethics. On other hand only 6 (13.3%) disagreed with the statement that there was reported cases of breach of code of conduct and ethics.

The analysis indicates that there were reported cases of breach of code of conduct and ethics in the Bank of Tanzania. However crosstab analysis between work experience and respondents opinions on the question indicated that 15 (75%) participants between 8-15 years of work experience showed more agreement compared to 6 (66%) participants were between 1-7 years of work experience. The

findings suggest that as employees stay more with the BoT; they get to know more about the cases of breach of the code.

Table 4.8 Cases of breach of the Code

Response	N	Percent
Strongly agree	10	22.2%
Agree	22	48.9%
Partly agree	7	15.6%
Disagree	6	13.3%
Total	45	100%

Source: Field data 2013

4.4.2 Reporting mechanisms for the breach of the Code

The compliance on the code of conduct was also examined by looking at the reporting mechanisms in case there was any breach of the code among the fellow employees. The findings in table 4.9 reveal that only 4 (4.4%) of respondents were in agreement that there were some mechanisms put in place for reporting the breach of code of conduct and ethics. Table 4.10 further shows that 8 (17.8%) agreed with the same statement. On the other hand, 21 (46.7%) of the respondents, disagreed with the statement that the Bank had put in place the mechanism for reporting the breach of code of conduct and ethics. Lastly 8 (17.8%) of the respondents, strongly disagreed that the Bank had put in place the mechanisms for reporting the breach of code of conduct and ethics.

Table 4.9 Reporting mechanisms for breach

Respondents	N	Percent
Strongly agree	2	4.4%
Agree	8	17.8%
Partly agree	6	13.3%
Disagree	21	46.7%
Strongly disagree	8	17.8%
Total	45	100%

Source: Field data 2013

4.4.3 Compelling Forces for Compliance on the Code

The researcher also examined the compelling force for staff to comply with the code of conduct and ethics. The role of management was assumed to be punitive where there was no or little compliance and rewarding where there was compliance. The statement that the enforcement of code of conduct and ethics in the BoT depended on the negative and positive rewards associated to it.

The findings depicted in table 4.10 show that 13 (28.9%) of the respondents strongly agreed that the enforcement of code of conduct and ethics depended on the negative and positive rewards associated to it while on the same table 8 (40%) of the respondents agreed with the statement. On the other hand 6 (13.3%) of the respondents partly agree while 8 (17.8%) disagreed with the statement that the enforcement of code of conduct and ethics depended on the negative and positive rewards associated to it.

Table 4.10 Forces for Compliance

Response	N	Percent
Strongly agree	13	28.9%
Agree	18	40%
Partly agree	6	13.3%
Disagree	8	17.8%
Total	45	100%

Source: Field data 2013

4.5 Factors for non-compliance of code of conduct and ethics

Having analyzed staff compliance on the code of conduct and ethics, the researcher also examined the factors for non-compliance of code. Respondents were required to indicate their opinions on the agreement or disagreement with the statements in a likert scale. The measurement scale was made to range from 1 for strongly agree, 2 for Agree, 3 for partly agree, 4 for disagree, and 5 for strongly disagree.

4.5.1 Management Efforts to enforce the implementation

Non-compliance can be due to lack of management efforts to enforce the effective implementation of the code. To measure why there is non-compliance of the code of conduct and ethics, it was stated that, the Bank had taken considerable efforts to enforce the implementation of code of conduct and ethics.

The findings from table 4.11 reveal that 5 (11.1%) of the respondents strongly agreed that the management had taken considerable efforts to implement the code of conduct and ethics while 10 (22.2%) agreed on the statement. On the other hand 4 (8.9%) of the respondents partly agreed that the Bank had taken considerable efforts to implement the code of conduct and ethics. Table 4.11 further depicts that 22 (48.9%) of the respondents disagreed while 4 (8.9%) strongly disagreed that the Bank had taken considerable efforts to implement the code of conduct and ethics.

Table 4.11 Efforts for implementation

Responses	N	Percent
Strongly agree	5	11.1%
Agree	10	22.2%
Partly agree	4	8.9%
Disagree	22	48.9%
Strongly disagree	4	8.9%
Total	45	100%

Source: Field data 2013

4.5.2 The effectiveness of the Code of Conduct and Ethics

The other factor for non-compliance is the ineffectiveness of the code itself in making employees ethical. Respondents were requested to indicate their opinions which later measured how effective the code was in terms of making somebody ethical. The statement was, if I am to do something unethical; I am always reminded to be ethical by the code of conduct and ethics. The opinions were to range from 1 for strongly agree, 2 for agree, 3 for partly agree, 4 for disagree, and 5 for strongly disagree.

The findings from table 4.12 indicates that 14 (31.1%) of the respondents strongly agreed while 24 (53.3%) of the respondents agreed that the code had the effective power to make them ethical. On the other hand 3 (6.7%) of the respondents partly agreed while 3 (6.7%) of the respondents disagreed that the code had effective power to make them ethical. In the same trend only 1 (2.2%) strongly disagreed that he/she is reminded to be ethical by the code of conduct and ethics.

Table 4.12 Effectiveness of the Code

Responses	N	Percent
Strongly agree	14	31.1%
Agree	24	53.3%
Partly agree	3	6.7%
Disagree	3	6.7%
Strongly disagree	1	2.2%
Total	45	100%

Source: Field Data 2013

4.6 Factors influencing enforcement of Code of Conduct and Ethics

The study further examined the factors influencing the enforcement of code of conduct and ethics by looking at morality, force of compliance, and the environment in which respondents were working. The measurement of these three variables that influence the enforcement of the code of conduct and ethics was the likert scale ranging from 1 for strongly agree, 2 for agree, 3 for partly agree, 4 for disagree, and 5 for strongly disagree.

4.6.1 The morality of the staff

Morality of the individual staff is a factor influencing the enforcement of the code of conduct and ethics. When people are moral, they act with respect to the moral principles inculcated in their consciousness. To measure this, the researcher posed a statement which read as follows *“I am required to obey ethical directives of the code, merely to avoid punishment”*.

The findings from table 4.13 indicate that only 2 (4.4%) of the respondents strongly agreed while 9 (20%) of the respondents agreed that they were required to obey

ethical directives of the code merely to avoid punishment. Similarly, the findings from the same table indicates that 6 (13.3%) of the respondents partly agreed with the statement given. On the other hand, 24 (53.3%) of the respondents disagreed while 4 (8.9%) of the respondents strongly disagreed that they are required to obey ethical directives merely to avoid punishment.

Table 4.13 Obedience on ethical directives

Responses	N	Percent
Strongly agree	2	4.4%
Agree	9	20%
Partly agree	6	13.3%
Disagree	24	53.3%
Strongly disagree	4	8.9%
Total	45	100%

Source: Field Data 2013

4.6.2 Potency of the Code

Another factor for the enforcement of the code is the potency of the code by the use of penalties and rewards. According to Werner and Schultz (2007) a code of ethics should be enforced through penalties for non-compliance and rewards for compliance. This argument was posed in the questionnaires for respondent to give their opinions in the likert scale.

The findings shown in table 4.14 indicate the respondents' opinions which are in agreement with Werner and Schultz (2007) argument that the enforcement of the code should be through penalties for non-compliance and rewards for compliance. Table 4.14 shows that 12 (26.7%) of the respondents strongly agreed while 22 (48.9%) of the respondents agreed that the code should be enforced through penalties for non-compliance and rewards for compliance. Similarly the findings from the table indicate that 7 (15.6%) partly agreed with the argument of Werner and Schultz. On the other hand, table 4.14 shows that only 4 (8.9%) of the respondents disagreed with the argument of Werner and Schultz on the use of penalties and rewards to enforce the code.

Table 4.14 Penalties and Rewards

Responses	N	Percent
Strongly agree	12	26.7%
Agree	22	48.9%
Partly agree	7	15.6%
Disagree	4	8.9%
Total	45	100%

Source: Field Data 2013

4.6.3 The influence of the environment on employees ethical behaviour

The environment in which a person is working can also be a factor to influence the enforcement of the code of ethics and conduct. If the environment accommodates the individual behaviour to persist, the enforcement of the code can be overstepped. In this aspect the respondents were required assess the environment in which they are working. The assessed statement was *“The environment, in which I am working, encourages my individualistic behaviour, in spite of the ethical standards of the code”*.

The findings from table 4.15 indicate that only 3 (6.7%) of the respondents strongly agreed while 3 (6.7%) of the respondents agreed that the environment in which they were working encouraged their individualistic behaviour, in spite of the ethical standards of the code. Similarly table 4.15 shows that 6 (13.3%) of the respondents partly agreed with the statement. On the other hand, the findings indicate that 25 (55.6%) of the respondents disagreed while 8 (17.8%) of the respondents strongly disagreed with the statement that, the environment they were working in encouraged their individualistic behaviour in spite of the ethical standards of the code.

Table 4.15 The environment

Responses	N	Percent
Strongly agree	3	6.7%
Agree	3	6.7%
Partly agree	6	13.3%
Disagree	25	55.6%
Strongly disagree	8	17.8%
Total	45	100%

Source: Field Data 2013

4.7 Ethics training, potency of the code and employees' ethical behaviour

Objective number four was to examine the impact of ethics training and potency of the code on employees' ethical behaviour. Before making the analysis of the two variables on employees' ethical behaviour, the researcher first started examining the practices of the Bank on ethics training and compliance of the code of conduct and ethics.

4.7.1 Ethics Training at the BoT

Harrington (1991) argues that if companies are serious about inculcating ethics into the work force, a designated committee set up for the specific purpose of ethics training and the discussion of relevant issues to employees of the organization must be part of the organizational commitment to pursue ethical principles. We are all different and ethics training is needed in order to make employees aware of the ethical values of the company.

Respondents were asked whether they had ever been trained on the BoT Code of Ethics and Conduct. The findings in table 4.16 shows that 18 (40%) of the respondents had already been trained while 22 (48.9%) of the respondents had never been trained on the code of conduct and ethics. On the other hand only 5 (11.1%) of the respondents did not remember whether they had been trained on the code of conduct and ethics or not.

Table 4.16 Training on the Code

Responses	N	Percent
Yes	18	40%
No	22	48.9%
I don't remember	5	11.1%
Total	45	100%

Source: Field Data 2013

4.7.2 The Potency of the Code

The researcher also examined how the potency of the code can affect the employees' ethical behaviour. A set of two questions were all together asked for respondents to agree, disagree or indicate that they did not know. The two specific issues that were meant to be measured were the use of rewards for compliance and penalties for non-compliance.

4.7.2.1 Rewards for Compliance

Respondents were asked whether the BoT rewarded the employees for compliance on the code of conduct and ethics. Table 4.17 indicates that 9 (20%) of the respondents responded YES, while 30 (66.7%) of the respondents responded NO to the question that was asked. On the other hand only 6 (13.3%) of the respondents did not did not know whether the Bank rewarded the employees for compliance on the code of conduct and ethics.

Table 4.17 Rewards for compliance

Responses	N	Percent
Yes	9	20%
No	30	66.7%
I don't know	6	13.3%
Total	45	100%

Source: Field data 2013

4.7.2.2 Penalties for Non-compliance

Respondents were asked whether the BoT sanctioned penalties to employees for non-compliance to the code of conduct and ethics. Table 4.18 indicates that 33 (73.3%) of the respondents indicated that the BoT sanctioned penalties to employees for non-compliance, while 6 (13.3%) of the respondents indicated that the BoT did not sanction penalties to the employees for non-compliance. On the other hand 6 (13.3%) of the respondents did not know whether the BoT gave penalties to the employees for non-compliance on the code of conduct and ethics.

Table 4.18 Penalties for non-compliance

Responses	N	Percent
Yes	33	73.3%
No	6	13.3%
I don't know	6	13.3%
Total	45	100%

Source: Field data 2013

Despite the presented findings above in table 16, 17 and 18, the analysis was further made to examine the impact of the two independent variables on the dependent variable. Simple linear progression analysis was used calculate the significant impact of ethics training and the potency of code on employees' ethical behaviour as stated in the conceptual framework.

The results from table 4.19 and 4.20 show that there is significant impact of ethics training and the potency of the code on employees' ethical behavior ($F(2, 42) = 10.764, P < 0.05$) with all factors significantly contributing to the employees' ethical behaviour. The adjusted R square value from the model was 0.307. This indicates that 30.7% of the employees' ethical behavior is influenced by ethics training and the potency of the code.

The findings from the analysis made depict a positive relationship between ethics training and the potency of the code. On other words, for codes of conduct and ethics to be effective in bringing up employees' ethical behaviour, it is imperative to consider ethics training and reviewing the potency of the code.

The findings therefore uphold the fundamental inter-relationship of variables in the framework developed by the researcher. It should however be noted that, ethics training and the potency of the code have an impact on employees' ethical behaviour by 30.7% leaving a lee way of other factors which may come into play.

Table 4.19 Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.582 ^a	.339	.307	.489

(Constant), Werner and Schultz (2007) argue that a code of ethics should be enforced through penalties for non-compliance and rewards for compliance, It is argued that ethics training has the power to raise the employees' ethical awareness of employees

Table 4.20 ANOVAb

Model	Sum of Squares	Df	Mean Square	F	Sig.
1 Regression	5.151	2	2.575	10.764	.000 ^a
Residual	10.049	42	.239		
Total	15.200	44			

Independent Variables: (Constant)

- ✓ Werner and Schultz (2007) argue that a code of ethics should be enforced through penalties for non-compliance and rewards for compliance,
- ✓ It is argued that ethics training has the power to raise the employees' ethical awareness of employees

Dependent Variable: The aggregate of the following three questions

- ✓ Employees' ethical behaviour can be influenced by the knowledge they have on the corporate ethics
- ✓ Employees' Ethical behaviour is influenced by penalties for non-compliance on the codes of conduct and ethics
- ✓ Employees' ethical behaviour is influenced by the rewards for compliance on the code of conduct and ethics

4.8 Challenges facing the implementation of code of Conduct and Ethics

The fifth objective of the study was to examine the challenges facing the implementation of Code of Conduct and Ethics in the Bank of Tanzania. The data collected for this objective were qualitative in nature where open-ended question was asked. The researcher summarized the main themes emerging from the questionnaires after which the analysis was thoroughly made.

Out of forty five (45) only twenty five (25) respondents attempted to respond to the question on the challenges facing the implementation of the code of conduct and ethics in the Bank of Tanzania. Therefore the analysis of the responses was made on the basis of twenty five (25) respondents and not forty five (45) respondents used for the previous objectives.

The findings shown in table 4.21 indicate the main thematic areas that were stated as challenges facing the implementation of the code of Conduct and ethics in the Bank of Tanzania. The responses were so diverse, however after summarizing the responses; the researcher came up with main themes noted as challenges as indicated in table 4.21.

4.8.1 Poor implementation mechanism

The findings in table 4.21 indicate that 12 (48%) of the respondents who were the majority revealed that poor implementation mechanisms in the BoT was the greatest challenge towards the implementation of the code of conduct and ethics. Respondents in this case had many issues raised such as poor implementation strategy, lack of monitoring and evaluation of the code, and lack of mechanism to report non-compliance. Others were delays in disciplinary hearing, lack of rewards for compliance, lack of ethics audit, lack enforcement mechanisms and haphazard awareness exercises for new employees.

4.8.2 Lack of awareness on the code of Conduct and Ethics

Table 4.21 indicates that 9 (36%) of respondents noted that lack of awareness on the Code of Conduct and Ethics was a challenge in the implementation of the Code of Conduct and Ethics in the BoT. These findings suggest that lack of awareness on the code is the second major challenge towards the implementation of the code of conduct and ethics in BoT. Respondents particularly indicated that lack of awareness and ignorance of the code is due to lack of ethics training which is sometimes conducted unsystematically.

4.8.3 Diversities of individual behaviour

As it can be noted in table 4.21, a total of 6 (24%) respondents indicated that diversity of individual behaviour is another challenge facing the implementation of the code of conduct and ethics. This confirms with the proposition given by Wood (2000) that each person approaches the organization with different values and perspectives on the world and what they may perceive as acceptable and unacceptable conduct.

Respondents in this case noted that issues like self-centered behaviour, difference in cultural values, individual behaviour based on upbringing, inherent behaviour for the experienced staff, resistance for change and lack of role models amounted to the challenge of diversities in behaviour.

4.8.4 Lack of Ethics Training

Very closely related to awareness, the findings in table 4.21 indicate that 5 (20%) of the respondents revealed lack of ethics training is another major challenge in the implementation of the code of conduct and ethics in the BoT. This challenge is echoed more by Wood (2000) who suggests that we are all different and ethics training is needed in order to make employees aware of the ethical values of the

There must be systematic training programme for the staff in order to raise their awareness/ethical consciousness. Two interviewees in this matter noted that ethics training was haphazardly conducted, while another one noted that only Induction Course participants were lucky to be trained on the code of conduct and ethics.

4.8.5 Lack of management cohesiveness

The findings also indicated that 5 (20%) of the respondents had an opinion lack of management cohesiveness was a challenge towards the implementation of the Code of Conduct and Ethics in the BoT. Ideally, the implementation of the code requires the collective, unified management efforts in ensuring that the code is effectively implemented.

The respondents more specifically noted that there was no transparency on the part of management on unethical issues. It was also noted that there was no ownership on the part of management. The implementation was left to be the sole business of the Director Human Resource and Administration (DHA) while other management staff remained to be the observers. It was also noted that there was unmanageable gap between management and non-management staff to the extent that management staff stay un-informed of unethical behaviour among the employees.

4.8.6 Lack of Consistence

Another challenge facing the implementation of the code of conduct and ethics in the BoT was lack of consistence. Table 4.21 indicates that 4 (16%) of the respondents indicated that there was lack of consistence in dealing with unethical issues (breach of the code). Respondents noted that treatment of unethical behaviour differed significantly from one person to another. More specifically the respondents noted that there were double standards for those who breach the code, selective sanctions for non-adherence, unclear details on consequences of compliance and non-compliance.

4.8.7 Other Challenges

Although, there were other challenges found to have low frequencies, the analysis shows that the challenges were worth noting. Generally as shown in table 4.21, it was found that 3 (12%) of the respondents indicated that enforcement of the code was another challenge in the implementation of the code of the conduct in the BoT. Furthermore it was also found that 2 (8%) of the respondents indicated that Code of Conduct and Ethics was not made part of Corporate Culture of the Bank. Again 2 (8%) of the respondents said that the absence of the coordinating unit was a challenge towards the implementation of the code of conduct and ethics in the Bank. It was also noted that 2 (8%) of the respondents said that the complexity of the document was a challenge.

Table 4.21 Implementation challenges

Main theme (Challenge)	N	Percentage
Lack of training	5	20%
Lack of reading culture	3	12%
Lack of consistence	4	16%
Awareness	9	36%
Enforcement	3	12%
Individual behaviour	6	24%
Corporate Code and Corporate Culture	2	8%
Poor implementation mechanisms	12	48%
Lack of Management Cohesiveness	5	20%
Lack of implementing unit	2	8%
Complexity of the document	2	8%

Source: Field data 2013

CHAPTER FIVE

DISCUSSION OF THE FINDINGS

5.1 Introduction

This chapter provides an in-depth discussion of the findings in relation to the stated objectives in chapter one. The discussion made a synthesis between the research findings, the literatures on the matter and researcher's own point of view. Each research objective was thoroughly discussed for the purpose developing logical remarks and recommendations thereafter this chapter.

5.2 Respondents' Profile

The profile of the respondents was found to be heterogeneous in terms of age, sex, education level, job category and working experience. These sub-variables seemed to have the impact on the responses of the respondents. For instance, in terms of education, the findings indicate that 20 (44.4%) of the respondents had Master's Degree. Since the majority of the respondents had master's degree, they were thus expected to be knowledgeable to conceptualize issues related to code of conduct and ethics in the BoT.

5.3 Awareness on the Code of Conduct and Ethics

The first objective was to make examine the extent to which the Staff at the BoT Mwanza and the Training Institute had awareness of the code of conduct and ethics. The findings as presented in 4.2 in chapter two. The two factors to measure staff awareness on the Code of Conduct and ethics were examined.

The first factor was the respondents' knowledge on the established Code of Conduct and Ethics since 2009. According to Svensson and Wood (2003) employees' ethical behaviour can be influenced by the knowledge they have on the corporate ethics. It was therefore, unquestionably anticipated that staff with knowledge on the code would behave ethically. The second factor factor was the respondents' agreement or disagreement on whether they were provided with the Code of Conduct and Ethics

Booklet. Providing booklets of the code was ideally found to be a means to easily communicate with all the BoT staff, however poor readership culture has remained to be the challenge for many of the Bank's Staff.

Generally respondents had more awareness on the first factor with the mean score of 1.16 out (2.0) while ranking number one. On the other hand the second factor indicates the awareness by the mean score of 1.18 out of (2.0) while ranking number 2. The grand mean of 1.17 measured from the threshold mean of two (2.0) therefore made the researcher conclude that respondents were generally aware of the BoT Code of Conduct and Ethics.

The findings from the interview also indicated that the employees of the entire bank were provided with the BoT Code of Conduct and Ethics Booklet. It was further revealed that the softcopy of the code in both Kiswahili and English languages were all available in the BoT Intranet. One of the interviewee in this particular question argued noted this by saying,

“The BoT Staff have all the information about the BoT Code of Conduct and Ethics because; they have a number of opportunities to get to know about the code, they can get this knowledge even in Staff Retreats.....”

The findings from this study indicate the expected ethical behaviour of the employees. The empirical research findings from studies conducted in the United States clearly indicated that awareness of unethical activity is less prevalent in organizations that had adopted codes of ethics (Murphy et al., 1992, Somers, 2001). This study further provided additional support for this proposition in that employees in organizations in a non-western environment that had adopted corporate codes of ethics were significantly more aware of wrongdoing than were employee in organizations without codes of ethical conduct

From the researcher's view point, such awareness on code of Conduct and Ethics should be treasured. The reason behind is that employees are not expected to be

ethical if they are not aware of the code of conduct and ethics of the organization. Knowledge on the existence of the code is one significant step, however, getting into the details of the code needs to be highly underscored by the use of continuous workshops.

5.4 Compliance on the BoT Code of Conduct and Ethics

The second objective of the study was to examine employees' compliance with the code of conduct and ethics. More specifically, the study analyzed respondents' opinions on the reported cases for breach of the code since 2009, mechanism for reporting any breach of the code among staff and the reinforcement mechanisms available (positive and negative rewards). For the code to be effective, the implementation requires uncompromised compliance.

The findings discussed in (4.3.4) in chapter four, indicate the measure of the staff compliance on the code of the code of conduct and ethics. The analysis was based on the three factors using the likert scale of one (1) to Five (5), Three (3.0) was calculated to be the threshold-mean (decision point). The mean responses less than or equal to three (3.0) implied the agreement on the stated factor. While the mean response greater than three (3.0) implied the disagreement with factor stated.

Generally the employees were in agreement of the prevalence of reported cases of breach of code of conduct and ethics in the BoT. This was determined by the mean score of 2.20 which was less than three (3.0) the threshold (decision point). Similarly, the employees were also in agreement that the compliance of code of conduct and ethics depended on the negative and positive rewards associated to it. This was at the mean score of (2.20) having the same rank as the first factor.

However, the analysis further shows that compliance on the code of conduct and ethics was ineffective because there was no mechanism for reporting a breach of the code. This was statically provided by mean score of (3.56) which was above the threshold mean of three (3.0). The enforcement of the code not only requires every

member in the organization to play his/her own part by adhering to the code but also by reporting the breach of the code.

The use of both positive and negative rewards for compliance on the code was recommended as a means to ensure compliance. The findings therefore support the proposition developed by Werner and Schultz (2007) who argue that the code should be enforced through penalties for non-compliance and rewards for compliance. Similarly, Trevino et al. (1998) and Wood and Callaghan (2003) provide the same notion that organizations should create a context in which ethical behaviour is encouraged and supported (rewarded) and unethical behaviour is discouraged (disciplined). *“For the case of the BoT, compliance on the code has no special rewards since it is the responsibility of every member of staff to comply with the code of conduct and ethics”*.

However, it was found that the BoT underscored more on the penalties for non-compliance and ignored rewards as a means to reinforce compliance on the code. It is no wonder that most often than not, the institutions are sensitive to give penalties only when there is a breach of the code while taking very minimum or little attention for rewarding compliance. One of the interviewee had the following to say with regards to rewards, *“It is difficult to reward compliance but when there is non-compliance, penalties must be there”*

The findings with regards to this question from interview provided a diversity of perspectives of rewards for compliance. Another interviewee on the same question noted that, *“Compliance on the code is recognized in the appraisal session where one can be rewarded with increments”*. According to Harrison (2005), compliance should be rewarded by promotions and pay on the information gained in the performance appraisal. This implies that it is important for performance criteria used in appraisal processes to be supportive of ethical ideals and goals. Weaver and Trevino (2001) explain that appraisal processes should incorporate concern for fairness and ethics both in the way the appraisal is conducted and in the evaluative

criteria used. This is important as employees are more likely to participate in unethical behaviour when they are rewarded for such conduct.

5.5 Factors for non-compliance of code of conduct and ethics

The researcher further extended the focus of the enquiry on the compliance of the code of conduct and ethics in the BoT. This question was, if at all compliance is not effective, what are the factors responsible for non-compliance of the code of conduct and ethics in the BoT? It was through such an inquisitive tendency of the research, this important question was raised. The findings from the study indicate that there were three factors responsible for non-compliance of the code. These factors among other things include but not limited to the following: (1) lack of management efforts to enforce the implementation of the code, and (2) the effectiveness of the Code of Conduct and Ethics to mold ethical behaviour.

The findings on the two variables presents the opinions of the respondents on the two variables that were meant to measure the factors for non-compliance on the code of the code of conduct and ethics. Based on the likert scale of one (1) to Five (5), Three (3.0) was calculated to be the threshold-mean (decision point). The mean responses less than or equal to three (3.0) implied the agreement on the compelling factor stated. While the mean response greater than three (3.0) implied the disagreement with compelling factor stated.

Generally the respondents opined that non-compliance is due to lack of management efforts in taking considerable efforts to implement the code of conduct and ethics. This was statistically supported by the mean score of 3.56 which is greater than three (3.0) the threshold (decision point). On the other hand, the code itself had the effective power to make a member of staff of the Bank ethical. This notion was statistically supported by the mean score of (1.96) which is above the threshold mean of three (3) ranking the second.

The findings from this study are therefore paving towards rethinking on management efforts to reinforce the code of conduct and ethics. While respondents had opined that the code was an effective tool to make them ethical, management efforts on the other hand seemed to be non-resilient. In other words, while the code of conduct and ethics is effective, management should have more efforts exerted in the implementation of the code.

5.6 Factors influencing enforcement of Code of Conduct and Ethics

Another objective of this study was to examine the factors which influence the enforcement of code of conduct and ethics. In other words, the enforcement of the code of conduct is influenced by several factors; (1) morality of the staff, (2) Potency of the code, and (3) the environment in which members of staff were working. These were three variables that were measured how they influenced the enforcement of the code of conduct and ethics.

Morals are habits and behaviour, the correctness or wrongness of actions (Hilliard & Ferreira 200). In the same disposition, morals are described as right or wrong, good or bad human behaviour and therefore have to do with the personal conduct of the individual (Mbatha, 2005). This concept is also echoed by (Carreira et al,2008) who argues that moral and ethical values are related to the values of good and bad of justice. Morality refers to human behaviour and to what happens in practice. In the discussion of the findings in this study, these two terminologies are used interchangeably.

The findings from the study indicate that the respondents were profoundly moral. They do not comply with the code to avoid punishment but because being ethical is their behaviour. In search of the response to testify this, Opinions were sought for the following statement. *“I am required to obey ethical directives of the code, merely to avoid punishment”*. Generally the findings for this particular statement show that 24 (53.3%) of the respondents disagreed while 4 (8.9%) of the respondents strongly disagreed that they are required to obey ethical directives merely to avoid punishment. This support the disposition that, members of staff do

not act ethically to avoid punishment but rather, they so behave due to the morality which was socially indoctrinated to them.

Generally the findings shown indicate that morality of the staff has the power to influence the enforcement of the code of conduct. By examining whether employees act ethically merely to avoid punishment, there was a robust disagreement on the statement by the mean score of (3.42) which is greater than three (3.0) the threshold mean score (decision point). On the other hand, the potency of the code to make members of staff ethical was found to be an important factor by the mean score of (1.96) below mean score of three (3.0) while ranking the second factor. The findings also indicate that the environment does not encourage at all the individualistic behaviour which at times may be contrary to the requirements of the code.

5.7 Ethics training, the potency of the code and employees ethical behaviour

Objective number four in this study was to examine the impact of ethics training and the potency of the code on employees' ethical behaviour. The implementation of code among other things is meant to bring about ethical behaviour which is non-detrimental to the businesses of the organization. Normally, it is the interest of entire management to promote the employees ethical conduct by instituting the code of conduct and ethics.

The literatures on corporate ethics, the implementation and their impact to employees' ethical behaviour are so diverse. While there are many variables on the code of ethics and conduct that can have an impact on employees' ethical behaviour, the researcher opted to study only two variables namely ethics training and potency the code and their impact on employees' ethical behaviour. In this study ethics training and the potency of the code were regarded as independent variables over employees' ethical behaviour which was considered as dependent variable.

5.7.1 The first Independent Variable -Theory compared with findings

The first independent variable in this conceptual framework is the potency of the code. The assumption behind the framework is that the organizations with potent code (having penalties and rewards), their employees end up behaving ethically. It is therefore evident that employees expect the organization to discipline unethical conduct. Weber (1993) supports this proposition that employees should be disciplined for unethical behaviour by means of suspension, appraisal comments and probation.

The literatures on this matter suggest that for the code to be potent in bringing about employees' ethical behaviour, it should be reinforced through developing both negative and positive organizational enforcement mechanisms (Schultz et al., 2003; Weber, 1993). On the other hand, Werner and Schultz (2007) support the same argument that a code should be enforced through penalties for non-compliance and rewards for compliance.

The assumption behind the framework developed is that if the code is potent with penalties and rewards, and it is that potency which can make employees behave ethically. Trevino et al. (1998) and Wood and Callaghan (2003) come to the same conclusion and explain that organizations should create a context in which ethical behaviour is encouraged and supported (rewarded) and unethical behaviour is discouraged (disciplined).

The findings from the study indicate that the BoT does not reward the employees for compliance on the code. However, it has been revealed that the BoT gives penalties (punishment) to employees for non-compliance. While the vast majority of literatures put all together the argument that the code can equally be potent by penalties for non-compliance and rewards for compliance, the practice of the Bank is quite on the contrary. It should however be noted, the presence of the code does not automatically inculcate employees' ethical behaviour. Generally, employees' ethical behaviour is not guaranteed, unless the code is potent with penalties and rewards.

5.7.2 The Second Independent Variable -Theory compared with the findings

The second independent variable in this conceptual framework is ethics training. While codes of ethics can potentially influence behaviour, inadequate employee knowledge can limit their effectiveness. Therefore employees' ethical behaviour is influenced by the knowledge they have on the corporate ethics.

Trevino and Nelson (2007) argue that when an organization provides ethics training to employees they communicate indirectly that ethical behaviour is valued and that ethics should be considered in decision making. Similarly, Barrile (2002) and Schultz et al. (2003) suggest that ethics training is necessary in order to integrate ethical decision making into the organizational culture. Ethics training is therefore an important vehicle for creating awareness and consciousness. With regards this important variable, Wood (2000) had this to say

“We are all different and ethics training is needed in order to make employees aware of the ethical values of the company. Osmotic transfer of the company's ethical values does not just occur. Each person approaches the organization with different values and perspectives on the world and what they may perceive as acceptable and unacceptable conduct. Training in ethics at the time of induction may not be enough”.

The findings from the study indicated that ethics training had not been conducted to the employees. This is supported by 22 (48.9%) who had never been trained compared to 18 (40%) of the respondents of the respondents who had already been trained. On the other hand only 5 (11.1%) of the respondents did not remember whether they had been trained on ethics or not. This indicates that it is more likely that about 33 (60%) of the respondents had not had any formal ethics training.

While literature on ethics put much emphasis on ethics training, the BoT had never taken ethics training as a critical endeavour. One of the interviewees noted that ethics training was conducted only during induction training for new employees when they join the Bank. This practice is seriously alarming for ethical hygiene of the Bank. The Bank is therefore is required to make ethics training a mandatory

program from the top most individuals to the lowest and newest employees in the Bank. Conducting ethics training is un-regrettable investment which the Bank might make considering its impact on ethical behaviour to be realized after the training.

5.7.3 The Impact of Independent Variables on Dependent Variable

This study was about the implementation of the code of conduct and ethics in the Banking sector with a focus of studying the impact of ethics training and the potency of the code on employees' ethical behaviour. The code of ethics and conduct when properly implemented should be able to improve employees' ethical behaviour. In this study the two factors were found to have an impact on the employees' ethical behaviour. These were (1) ethics training and (2) the potency of the code itself.

Through the conceptual framework developed, the analysis was made to examine the impact of the ethics training and the potency of the code on employees' ethical behaviour. The employees' ethical behavior was aggregated by looking at knowledge gained from ethics training, and penalties for non-compliance and rewards for compliance which all determine the potency of the code. From this relationship of variables, the conceptual framework was developed and tested by the researcher.

As discussed in the previous chapter, the findings from the study indicate that there was significant impact of ethics training and the potency of the code on employees' ethical behavior with all factors significantly contributing to the employees' ethical behaviour. In addition the analysis indicates that that 30.7% of the employees' ethical behaviors is influenced by ethics training and the potency of the code.

The findings from the analysis therefore depict a positive relationship between ethics training and the potency of the code on employees' ethical behaviour. The findings uphold the fundamental inter-relationship of the variables in the framework developed by the researcher. It should however be noted that, ethics training and the potency of the code can have an impact on employees' ethical behaviour only by 30.7% leaving a lee way of other factors which may come into play.

CHAPTER SIX

SUMMARY, CONCLUSIONS AND POLICY IMPLICATIONS

6.1 Introduction

This chapter is divided into three parts: The first part is the summary of the study from chapter one to four; the second part is the conclusion of the study based on the findings and the third part is about the policy implications and recommendations based on the findings.

6.2 Summary

This research was about the implementation of the code of conduct and ethics in the Banking Sector. The focus was to examine the impact of the ethics training and the potency of the code on employees' ethical behaviour. This study was guided by five specific objectives among others which included: (1) to examine employees' awareness on the Code of Conduct and Ethics, (2) to examine the employees' Compliance on the Code of Conduct and Ethics, (3) to examine the factors for non-compliance of Code of Conduct and Ethics, (4) to examine the impact of training and compliance on employees' ethical behaviour, (5) to examine the challenges facing implementation of Code of Conduct and Ethics

In order to get acquainted with the problem stated, theoretical and empirical literatures with the regards to the code of ethics were reviewed. Through theoretical review, different concepts in relations to the code were defined. The review also examined code of conduct and ethics, the Public Service Code of Ethics, awareness of the code of ethics, the impact of employees' ethical behaviour. Other issued piloted were the factors for non-compliance, historical background of ethics in Tanzania and the implementation of the code in the BoT

The empirical literature review was done by exploring a number of other different researches conducted. The empirical part of the study aimed at providing insights of information about what actually affects employees' ethical behaviour. The review

was used to make inter linkage between the theories and actual findings of the previously conducted studies. The inter linkage developed was used to construct the conceptual framework.

This study adopted case study design whereby the BoT Mwanza Branch and the Training Institute were selected from a total of seventeen (17) Directorates and Branches. A total of 59 respondents out of 143 were selected using simple random sampling technique while nine (9) management staff were purposively selected. Data collection tools included (1) questionnaires, (2) interview and (3) documentary review. The data collected were analyzed quantitatively and qualitatively and they were presented using tables of summary of frequencies and percentages. Statistical analysis for descriptive data provided the mean score where the threshold mean was used for decision making.

The results of this study provide treasured information for BoT Management as Policy Makers, Human Resource Practitioners as implementers of the Code, Academicians and other interested individuals. More specifically, the study on implementation of code of conduct and ethics in the banking sector has enlightened the impact of ethics training and the potency of the code on employees' ethical behaviour.

6.2.1 Awareness on the Code of Conduct and Ethics

The awareness of BOT Employees on the code of conduct and ethics was determined by computing the mean score of the two awareness factors. These factors were (1) Establishment of Code of Ethics and Conduct and (2) Response on whether or not provided with the BoT Code of Conduct and Ethics. Therefore two (2.0) was calculated to be the threshold-mean (decision point). The mean responses less than or equal to 2 implied the agreement on the awareness factor stated. While the mean response greater than two (2) implied the disagreement with factor stated.

Respondents were generally more aware with the first factor with the mean of 1.16 by ranking number one. The respondents indicated that they were aware that the

BoT established the Code of Conduct and Ethics in order to maintain the employees' ethical behaviour. On the other hand the second factor indicates the awareness by the mean of 1.18 by ranking number 2. In this particular question the participants indicated that they had already been provided with the Code of Conduct and Ethics Booklets for their own reference.

The grand mean of 1.17 measured from the threshold mean of two (2.0) lead to the conclusion that respondents were generally aware that (1) the BoT had established the Code of Conduct and Ethics to maintain the employees ethical behavior and (2) as employees they had been provided with a booklet on Code of Conduct and Ethics for their own reference.

Table 6.1 Awareness Factors

Awareness Factors	Response Scale			Number (N)	Mean	Rank
	1	2	3			
Establishment of Code of Ethics and Conduct	41	1	3	45	1.16	1
Response on whether or not provided with the BoT Code of Conduct and Ethics	38	6	1	45	1.18	2
Grand mean					1.17	

Key: 1 for "Yes", 2 for "No", 3 for "I don't Know"

Source: Field data 2013

6.2.2 The employees compliance on the code of Conduct

In the attempt to examine the extent to which there was compliance on the code of conduct and ethics or not, the analysis was made using two main variables. The first one was the reported cases of breaches of the code, while the second one was the reporting mechanisms for the breaches of the code. However, for the purpose of making a conclusive summary, the last variable that is the compelling forces for compliance on the code of conduct and ethics was carefully looked at.

Table 6.2 is a summary of the responses for the two variables that were meant to measure the staff compliance on the code of the code of conduct and ethics. Based on the likert scale of one (1) to Five (5), three (3.0) was calculated to be the threshold-mean (decision point). The mean responses less than or equal to three

(3.0) implied the agreement on the factor stated. While the mean response greater than three (3.0) implied the disagreement with a factor stated.

Generally the employees were in agreement that there were reported cases of breach of code of conduct and ethics in the BoT by the mean score of 2.20 which is less than three (3.0) the threshold (decision point). Similarly, the employees were also in agreement that the compliance of code of conduct and ethics depended on the negative and positive rewards associated to it. This was at the mean score of 2.20 having the same rank as the first factor.

The analysis further shows that compliance on the code of conduct and ethics was ineffective because the employees did not have any reporting mechanisms in case it happened there was a breach of the code. This was statically provided by mean score of 3.56 which was above the threshold mean of three (3.0). If one looks at the variables carefully, it is convincingly leading to the conclusion that generally compliance on the code of conduct and ethics is ineffective.

Table 6.2 Compliance on the Code

Compelling Factors for compliance	Response Scale					Number (N)	Mean	Rank
	1	2	3	4	5			
Reported cases of breaches of the code	10	22	7	6	-	45	2.20	2
Reporting mechanisms for breach of the code	2	8	6	21	8	45	3.56	3
Reinforcement mechanisms on the code	13	8	6	8		45	2.20	2
Grand mean							2.7	

Key: 1 for strongly agree, 2 for Agree, 3 for partly agree, 4 for disagree, 5 for strongly disagree

Source: Field data 2013

6.2.3 Factors influencing enforcement of Code of Conduct and Ethics

Examining the factors which influence the enforcement of code of conduct and ethics constituted one of the objectives of this study. The analysis was made using two main variables. Based on the likert scale of one (1) to Five (5), three (3.0) was calculated to be the threshold-mean (decision point). The mean responses less than

or equal to three (3.0) implied the agreement on the influencing enforcement factor. While the mean response greater than three (3.0) implied the disagreement with influencing enforcement factor stated.

Table 6.3 indicates that morality of the staff had the power to influence the enforcement of the code of conduct. By examining whether employees act ethically merely to avoid punishment, there was a disagreement on the statement by the mean score of 3.46 which is greater than three (3.0) the threshold (decision point). On the other hand, table 6.3 shows that the code itself had the effective power to make them ethical. The argument was statistically supported by the mean score of 1.96 which is above the threshold mean of three (3.0) having the second rank as indicted in table 6.3.

Table 6.3 Enforcement factors

Enforcement factor	Response Scale					Number (N)	Mean	Rank
	1	2	3	4	5			
The morality of the staff	2	9	6	24	4	45	3.42	2
The enforcement of the code through penalties and rewards	12	22	7	4	-	45	2.07	1
The influence of the environment	3	3	6	25	8	45	3.71	3
Grand mean							3.06	

Key: 1 for strongly agree, 2 for Agree, 3 for partly agree, 4 for disagree, 5 for strongly disagree

Source: Field data 2013

6.2.4 Factors for non-compliance of code of conduct and ethics

Table 6.4 is a summary of the responses for the two variables that were meant to measure the factors for non-compliance on the code of the code of conduct and ethics. Based on the likert scale of one (1) to Five (5), Three (3.0) was calculated to be the threshold-mean (decision point). The mean responses less than or equal to three (3.0) implied the agreement on the compelling factor stated. While the mean response greater than three (3.0) implied the disagreement with compelling factor stated.

Generally the respondents indicated that non-compliance was due to lack of management efforts in taking considerable efforts to implement the code of conduct and ethics. This was statistically supported by the mean score of 3.22 which is greater than three (3.0) the threshold (decision point). On the other hand, table 6.4 shows that the code itself had the effective power to make them ethical. The argument is statistically supported by the mean score of 1.96 which is above the threshold mean of three (3) having the second rank as indicted in table 6.4

Table 6.4 Non-compliance factors

Non-compliance Factors	Response Scale					Number (N)	Mean	Rank
	1	2	3	4	5			
Management efforts to enforce the implementation of Code	5	10	4	22	4	45	3.22	2
Effectiveness of the code	14	24	3	3	1	45	1.96	1
Grand mean							2.59	

Key: 1 for strongly agree, 2 for Agree, 3 for partly agree, 4 for disagree, 5 for strongly disagree

Source: Field Data 2013

6.2.5 Ethics training, potency of the code and employees' ethical behaviour

Objective number four was to examine the impact of ethics training and the potency of the code of employees' ethical behaviour. Through this objective the conceptual framework was tested. The two independent variables namely ethics training and the potency of the code and one dependent variable were analyzed.

The findings from the study indicate that the majority 22 (48.9%) of the respondents had never been trained on the code of conduct and ethics. It was also noted that ethics training was haphazardly conducted and above all there was no ethics training committee that was responsible to ensure that ethics training is systematically conducted.

The researcher also examined how the potency of the code could have affected the employees' ethical behaviour. Two sub variables were examined in this aspect. The first was the rewards for compliance while the second one was penalties for none compliance. The findings indicates that 30 (66.7%) of the respondents had the

opinion that the BoT did not reward the employees for compliance on the code of conduct and ethics. On the other hand it was indicated that 33 (73.3%) of the respondents had the opinion that the BoT sanctioned penalties to employees for non-compliance.

The analysis further indicated that there was a significant impact of ethics training and the potency of the code on employees' ethical behavior with all two factors significantly contributing to the employees' ethical behaviour. This indicates that 30.7% of the employees' ethical behavior is influenced by ethics training and the potency of the code. The findings from the analysis therefore depict a positive relationship between ethics training and the potency of the code. On other words, for codes of conduct and ethics to be effective in bringing up employees' ethical behaviour, it is imperative to consider ethics training and reviewing the potency of the code.

6.2.6 The implementation challenges

The fifth objective of the study was to examine the challenges facing the implementation of Code of Conduct and Ethics in the Bank of Tanzania. This objective was qualitative in nature but the analysis was made quantitatively. There were six major implementation challenges that were stated by the respondents including (1) poor implementation mechanism stated by 12 (48%) respondents, (2) lack of awareness on the code of conduct and ethics stated by 9 (36%), (3) diversities of individual behaviour stated by 6 (24%) respondents. Others challenges were (4) lack of ethics training stated by 5 (20%) respondents, (5) lack of management cohesiveness stated by 5 (20%) respondents and (6) lack of consistence stated by 4 (16%) respondents.

6.3 Conclusion

A study on the implementation of code of conduct and ethics in the Banking sector has come up with a number significant contribution on the topical agenda as to why most of codes of conduct and ethics fail to shape positively the employees' ethical behaviour. The Banking Sector in Tanzania accommodates a number of employees

with diversities in terms cultural orientations. The diversities are also experienced in the BoT which is the regulator of other Commercial Banks.

This study has come up with a number of significant contributions on the problem of employees' ethical behaviour despite the existence of the code of conduct and ethics. The findings from the study, suggest that the two variables namely ethics training and the potency of the code were found to have significant impact on employees' ethical behaviour. However, the study highlighted a number of challenges facing the implementation of the code of conduct and ethics in the BoT.

The study therefore provides a number of lessons that have been drawn from the experience of the BoT. Employees' awareness is an important element for effective implementation code while management efforts have a paramount role to enforce the code. The study provides the evidence that compliance on the code of conduct needs to be enforced vigorously. When a code itself has the established reporting mechanisms, compliance can easily be enforced. The factors that influence the enforcement of the code are morality of the employees and the potency of the code itself. When employees are moral, the enforcement of the code becomes easy.

One the greatest milestone developed from this study is the revealed impact of ethics training and the potency of the code on employees' ethical behaviour. While it was revealed that ethics training and the potency of the code have altogether significant impact on employees' ethical behaviour, the researcher came to realize that ethics training was not taken seriously. The literatures suggest that employees are expected to be ethical when awareness has been created. The role of Management therefore is to spearheaded ethics training systematically to create the desired level of awareness.

This study revealed that the employees' ethical behaviour is influenced by two factors namely ethics training and the potency of the code by 30.7%. The remaining 70% are the factors which were out of scope of this study. Therefore the other factors which can influence employee ethical behaviour is subject to further research.

6.4 Policy Implications and Recommendations

There are many policy implications that emanated from this research. The study came up with policy recommendations which would be useful to make the implementation of the code of conduct and ethics more effective in the BoT.

While literatures suggest that organizations should have ethics training committee, the BoT was found to have an Integrity and Ethics Committee. The roles of Integrity and Ethics Committee were not very clear in overseeing the ethics training. It is therefore recommended that a separate Ethics Training Committee should be formed in order to carry out the ethics training function effectively.

In order to enforce compliance on the code, the role of management needs to be punitive where there is no or little compliance and rewarding where there is compliance. In order to strengthen the potency of the code in shaping employees' ethical behaviour, the Bank should consider rewarding its employees for compliance and it must be clear that the reward is for compliance on the code. In this sense the employees will be compelled to comply with the code of conduct and ethics.

The mechanisms to create awareness of the code were also found to be not effective. The Bank prepared a booklet which was found to be too voluminous for staff to keep them abreast with the details found inside keeping in mind that readership was noted to be the most serious challenge among the BoT Staff. Comparatively the booklet prepared by the Public Service was found small while containing all necessary information in it. It is therefore recommended that the booklet be reduced to contain only necessary information.

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RESEARCH QUESTIONNAIRE FOR NON MANAGEMENT STAFF

Introduction

This study is undertaken to examine the implementation of Code of Conduct and Ethics in the Banking Sector. The study is an academic requirement (dissertation) for the award of Master of Business Administration in Corporate Management (MBA-CM) of Mzumbe University. I kindly request you to take a brief moment to complete this short questionnaire. Your honest response will enable the establishment of important facts necessary for improving the employees' ethical behaviour.

General Instruction

✓ **Indicate your opinion by putting a tick against the letter in brackets.**

Part One: Background Information

No	Category	Variables
1	Sex	a.) Male [] b.) Female []
2	Age	a.) 18 – 25 [] b.) 26 – 33 [] c.) 34 – 41 [] d.) 42 – 49 [] e.) 50 and above []
3	Education level	a.) Master's Degree [] b.) Postgraduate Diploma [] c.) Bachelor Degree [] d.) Ordinary Diploma [] e.) Form Six [] f.) Form four [] g.) Standard Seven []
4	Job Category	a.) Auxiliary Staff [] b.) Clerical Staff [] c.) Professional Staff []
5	Working Experience	1 1 – 7 years [] 2 8 – 15 years [] 3 16 – 23 years [] 4 24 – 31 years [] 5 32 years and above []

Part Two: Awareness on the Code of Conduct and Ethics

1. Are you aware that in order to maintain the employees' ethical behaviour, The BoT established the Code of Conduct in 2009?
 - a.) Yes
 - b.) No
 - c.) I don't know
2. Have you ever been provided with the BoT Code of Conduct and Ethics since 2009?
 - a.) Yes
 - b.) No
 - c.) I don't know

Part Three: Compliance on the BoT Code of Conduct and Ethics

1. Since 2009, there are reported cases for breach of code of conduct and ethics in the BoT
 - a.) Strongly agree
 - b.) Agree
 - c.) Partly agree
 - d.) Disagree
 - e.) Strongly disagree
2. In case of breach of code of Conduct and ethics among my fellow staff, there are mechanisms put in place for reporting such a breach.
 - a.) Strongly agree
 - b.) Agree
 - c.) Partly agree
 - d.) Disagree
 - e.) Strongly disagree
3. The enforcement of code of conduct and ethics in the BoT depends on the negative and positive rewards associated to it.
 - a.) Strongly agree

- b.) Agree
- c.) Partly agree
- d.) Disagree
- e.) Strongly disagree

Part Four: Factors for non-compliance of code of conduct and ethics

1. Since 2009, the Bank has taken considerable efforts to enforce the implementation of the code of ethics and conduct.
 - a.) Strongly agree
 - b.) Agree
 - c.) Partly agree
 - d.) Disagree
 - e.) Strongly disagree
2. If I am to do something unethical, I am always reminded to be ethical by the code of ethics and conduct
 - a.) Strongly agree
 - b.) Agree
 - c.) Partly agree
 - d.) Disagree
 - e.) Strongly disagree

Part Five: Factors influencing enforcement of Code of Conduct and Ethics

1. Despite the existence of code of conduct and ethics, I have to obey ethical directives merely to avoid punishment
 - a.) Strongly agree
 - b.) Agree
 - c.) Partly agree
 - d.) Disagree
 - e.) Strongly disagree

2. Werner and Schultz (2007) argue that a code of ethics should be enforced through penalties for non-compliance and rewards for compliance. What is your opinion in this argument?
 - a.) Strongly agree
 - b.) Agree
 - c.) Partly agree
 - d.) Disagree
 - e.) Strongly disagree
3. The environment, in which I am working, encourages my individualistic behaviour, in spite of the ethical standards of the code.
 - a.) Strongly agree
 - b.) Agree
 - c.) Partly agree
 - d.) Disagree
 - e.) Strongly disagree

Part Six: The contribution of training and compliance on employee's ethical behaviour

1. Have you ever been trained on the BoT Code of Ethics and Conduct?
 - a.) Yes
 - b.) No
 - c.) I don't remember
2. It is argued that ethics training has the power to raise the ethical awareness of employees: What is your opinion on this argument?
 - a.) Strongly agree
 - b.) Agree
 - c.) Undecided
 - d.) Disagree
 - e.) Strongly disagree

3. Werner and Schultz (2007) argue that a code of ethics should be enforced through penalties for non-compliance and rewards for compliance. What is your opinion in this argument?
 - a.) Strongly agree
 - b.) Agree
 - c.) Undecided
 - d.) Disagree
 - e.) Strongly disagree
4. Employees' ethical behaviour can be influenced by the knowledge they have on the corporate ethics
 - a.) Strongly agree
 - b.) Agree
 - c.) Undecided
 - d.) Disagree
 - e.) Strongly disagree
5. Employees' Ethical behaviour is influenced by penalties for non-compliance on the codes of conduct and ethics
 - a.) Strongly agree
 - b.) Agree
 - c.) Undecided
 - d.) Disagree
 - e.) Strongly disagree
6. Employees' ethical behaviour is influenced by the rewards for compliance on the code of conduct and ethics
 - a.) Strongly agree
 - b.) Agree
 - c.) Undecided
 - d.) Disagree
 - e.) Strongly disagree

Part Seven: Code of ethics implementation challenges

What do you consider to be the challenges facing the implementation of Code of Conduct and Ethics in the BoT?

1. _____
2. _____
3. _____

THANK YOU FOR FILLING IN THIS QUESTIONNAIRE

INTERVIEW GUIDE FOR MANAGEMENT STAFF

This study is undertaken to examine the implementation of Code of Conduct and Ethics in the Banking Sector. The study is an academic requirement (dissertation) for the award of Master of Business Administration in Corporate Management (MBA-CM) of Mzumbe University. I kindly request you to feel free to share your ideas with the researcher. Your honest responses will enable the establishment of important facts necessary for improving the employees' ethical behaviour.

Question One: Awareness on the Code of Conduct and Ethics

- ✓ What have been the Management efforts to ensure that employees are aware of the BoT code of ethics and conduct?

Question Two: Compliance on the BoT Code of Conduct and Ethics

- ✓ What are the examples of breach of code of conduct and ethics since its inception in 2009?
- ✓ What is your opinion with regards to the employee's compliance of the Code?

Question Three: Factors for non-compliance of code of conduct and ethics

The literatures suggest that bad examples from other colleagues and the environment are some of the factors for employees' non-compliance.

- ✓ What do you think can be the factors precipitating non-compliance of the code of conduct and ethics in case of the BoT?

Question Four: Effective training and compliance on ethical behaviour

It is argued that effective training and compliance lead to employee's ethical behaviour

- ✓ What is your opinion on the role of effective training in molding employees' ethical behaviour?

- ✓ How do you think is compliance important in shaping employees' ethical behaviour

Question Five: Challenges on the implementation of code of conduct and ethics

What are the challenges facing the implementation of code of conduct and ethics in the BoT.