University of Economics, Prague

MASTER'S THESIS

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University of Economics, Prague

Faculty of Business Administration

Masters Field: Management

Effect of Organizational Ethics in Banking Industry in Bangladesh

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Declaration of Authenticity

I hereby declare that the master's thesis presented herein is my work, or fully and specially acknowledged wherever adapted from other sources. This work has not been published or submitted elsewhere for the requirement of a degree program.

Prague, 13.05.2020

Title of the Master's Thesis:

Effect of Organizational Ethics in Banking Industry in Bangladesh.

Abstract:

Economic performance of a country is largely determined by banking and financial system. Banking and finance play a vital and crucial role in the farming of different policies in today's environment. Ethical issues in the financial sector affect everyone in society positively and negatively. This paper investigates how ethical behaviour affects the overall banking industry and its performance in Bangladesh. This study is conducted to find out the relationship between the factors which directly or indirectly influence the business ethical practice. Data were derived from a questionnaire, explicitly focused on the Banking sector of Bangladesh. The result shows that the code of conduct doesn't affect the manager's ethical behaviour or practice of business ethics within the organization of it is not strongly implied. The result also suggests that the overall bank performance is highly influenced if there is a practice of business ethics which depends on the content of code of conduct. These findings indicate that there should have strong policies and regulations and laws which force to follow the code of conduct within the organization to ensure ethical behaviour.

Keywords:

Ethical Banking, Practice of Business Ethics, Code of Conduct, Manager's Ethical behaviour, Bangladesh Banking Sector.

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Abbreviations

e.g.	For example
EFA	Exploratory factor analysis
CFA	Confirmatory factor analysis
KMO	Kaiser-Meyer-Olkin
RMSEA	Root Mean Square Error of Approximation
CFI	Comparative Fit Index
TLI	Tucker-Lewis Index
AGFI	Adjusted Goodness-of-Fit Index
UNEP FI	United Nations Environment Programme Finance Initiative
PRI	Principles for Responsible Investment
EP	Equator Principle

Tables

1 Introduction:

Operating according to ethical values, and being able to demonstrate how governance, strategy and decision making has been informed by ethical principles, is an issue which is squarely in the spotlight (Huq & Bhuiyan, 2012). Ethical issues in the financial services industry affect everyone because even if you don't work in the field, you are a consumer of the services. That was the message of Ronald F. Duska and James A. Mitchell in their presentation at Oct. 24, 2006, at the convention of the Business and Organizational Ethics Partnership. Our past decade presented us with a rogue's gallery of prominent ethical abuses in the banking industry (Mitchell et al., 1992). In the years before the crisis in the financial markets, banks and other financial institutions seemed to assume that nothing about their business was ethically relevant (Goicochea, 2010). The banking industry in the United Kingdom had come under increasing pressure because of the recent emergence of issues relating to market manipulation and inappropriate sales (K. Goyal & Joshi, 2011). Various incidents of opportunistic and inappropriate sales being made credit card customers, small business and private clients have resulted in widespread discomfort with the ethics inherent in the banking industry (Utami & Ryadi, 2013). The financial crisis of 2007 and 2008 and the ensuing global recession had already left a residue of public discontent with the global banking industry, so the emergence of such issues has resulted in current global news coverage that is considerable, unrelenting and sourced from a healthy variety of key stakeholders (Goicochea, 2010).

As time passes, we understand and accept the changes that are taking place around us. We used to evaluate the effects of changes on us. It is undeniable that technology has reversed and modified the lifestyles of human beings (K. Goyal & Joshi, 2011). In an article, Goyal & Joshi mentioned that bank is the utmost factors among human beings, societies, industries and countries with which we all are related directly or indirectly. Banking in the twenty-first century plays a crucial role in society (Utami & Ryadi, 2013). The world financial system is going through reformation and modifications that are usually as a result of the significant process of free-market financial suggestions and globalization of enterprise due to the increase of Information Communication Technology (ICT) (Boahene, 2016). This can be performed utilizing making sure adequate revenues to stability any risk of monetary motion and confirming a persisted expand fee of wealth-creating and wealth-producing ability of these assets.

However, things are seen to have changed in 2007 when the Northern Rock in the United Kingdom was overwhelmed by customers wanting to withdraw their money their fear of losing it (Thelwell, 2007). This was not an isolated incident as similar Bank runs occurred during the Greek Crisis (Granitsas, 2012) and more and more bank customers were voicing anger at banks during manifestations such as Occupy Wall Street, or during Bank Annual General Meetings with Shareholders (The Guardian, 2014). These manifestations were simply symptoms of a wider malaise affecting the general public. Banks simply ost the public's trust: a crucial ingredient to any banking transaction (Thelwell, 2007). The banking system is built on trust, and therefore for it to work efficiently trust is required (Mitchell et al, 1992). At a basic level, the symbol of that trust in the banking industry is the banknote as each note carries a promise made to the bearer.

The last two decades have seen a rapid increase in the process of banking sector globalization (Ghosh, 2017). The financial sector is one of the sectors which contains the highest occurrence of voluntary codes of conduct (Weber et al., 2016a). It as an age of heightened interest in ethics, many organizations, and especially banks, are scrutinized (Mitchell et al., 1992). Quantitative and qualitative publications have attempted to identify various organizational ethics issues. Examples include social responsibility interest (Walton, 1967; Adizes and Weston, 1973; Shanklin, 1976; Zenisek, 1979; Stevens, 1984), conflict of interest (Snoeyenbos et al., 1983), payoffs (Pastin and Hooker, 1980), financial results (Mihalek et al., 1987), product safety (Vandevier, 1978), liability (Berenson, 1972), whistle-blowing (Nader et al., 1972; Dozier and Miceli, 1985), organizational politics (Cavanagh et at., 1978, ambivalence and reward system (Jansen and Von Glinow, 1985).

Introduction

The issue of bankers' ethics came strongly to the fore in the financial crisis of 2007-9 when a wide range of unethical practices was revealed (Davis, 2016). In the process of industrialization, modernization and globalization, we are observing some global issues like global warming, environmental concerns, social and ethical issues (D. A. Goyal, 2011). These issues and concerns do not appear instantly rather it takes years of continuous and gradual change. It is said that every action ends up with some reaction (K. Goyal & Joshi, 2011). In current years, ethical issues in the commercial enterprise have emerged as complicated due to the fact of the global and increased nature of many massive organizations and due to the fact of the complexity of economic, social, global, natural, political, and criminal and authorities rules and surroundings (Boahene, 2016). Need for corporate governance arises from these potential conflicts of interest among stakeholders in the corporate structure (K. Rahman & Jenkins, 2019)

Economics and the market-based economy have provided considerable benefits to society, but there remains unease also in the economic profession with the lack of moral foundations of economics, including its narrow view of what it is to be human (Davis, 2016). Sen (1987) for example notes that "economics has been substantially improvised by the distance that has grown between economics and ethics". Summers (2003) pointed out "the irony of the market system that while its very success depends on harnessing the power of self-interest, its very sustainability depends upon people's willingness to engage in acts that are not self-interested.

In light of that, this paper will closely investigate the factors directly or indirectly influence the ethical behaviours on the banking industry which is the industries with the highest frequency of codes of conduct. This research will mainly focus on the banking industry of Bangladesh. As in recent few years, the banking sector of Bangladesh is probably passing through the worst condition in its history (H. Rahman & Rana, 2018). Some major scandals have fallen this industry in serious trouble. There are articles and journal which tried to find out the major reason behind this crisis. In the article of Goyal and Joshi (2011), K. Rahman & Jenkins, (2019), and some other writers indicate the ethical issues and practice of it in the banking industry and also how it impacts in the overall bank performance.

1.1 Banking Industry in Bangladesh and Ethical issues

Banks are the lifeblood of any economy (Erwin, (2011). These speed up the motion of economy and safeguards growth and development (Davis, 2016). On the other hand, the downfall of a few banks may endanger the whole economy. In this, we concur with Benedict (2009), "business ethics risks becoming subservient to the existing economic and financial system rather than correcting their dysfunctional aspects". Bangladesh has primarily entered in the list of developing countries of the United Nation (H. Rahman & Rana, 2018). It is affirmative news for Bangladesh. But it is a matter of great regret that even after about 47 years of liberation, Bangladesh is still in a nascent stage in terms of developing financial system (H. Rahman & Rana, 2018). Some major scandals in Sonali Bank Ltd., Basic Bank Ltd., Modhumoti Bank Ltd., Farmers Bank Ltd., and recently Janata bank Ltd., have fallen this industry in serious trouble (K. Rahman & Jenkins, 2019).

Many good studies have been made on the crisis of the banking sector of Bangladesh. Most of them are based on secondary data. A study (Hug & Bhuiyan, 2012) has identified some major problems in Corporate Governance practice in the Banking Industry of Bangladesh. However, Corporate Governance practise plays a pivotal role in the banking industry in Bangladesh. This is because Banks deal in public money. So, public confidence is of utmost importance for the development of the banking industry in Bangladesh. But it is an allegation that the practice of Corporate Governance in the banking industry in Bangladesh is not up to the mark, because, several problems are reported to exist in corporate governance practice (Hug & Bhuiyan, 2012).

1.2 Content of this paper

The goal of this paper is to find out the ethical behavioural practice in the banking industry, especially which factor influence this behaviour most. Hence, the questionnaire is designed on the base of the factors which are broadly analyzed in a good number of studies. In the theoretical part, following this introduction, ethical behaviour and how it influences the banking industry will be broadly analyzed. It will also focus on the importance of code of conduct in a bank, how if influence the manager's behaviour and overall bank performance. Afterwards, the research design, as well as data collection, is introduced followed by the examination of the data. At the end of this paper is formed by discussion as well as limitations and further research.

2.0 Theatrical Background and Hypotheses Development:

This chapter reviews the literature related to the banking industry and ethics to acquire a level of understanding that will support the hypotheses developed for this research. Green (1989) revealed a bank's responsibility which extends to Government, customers, shareholders, staff, and the community. Companies do have an ethical responsibility, Companies do have a moral responsibility, however, it is now not included via restrained legal responsibility from the ramification of their movements. A company is ethical or not, their perceptions about being ethical to affect their overall process which also affects the long term success or failure. Further, he concluded that as we face increasingly complex and conflicting issues, our commitment to ethical behaviour would be varied.

Hitt, Keats and DeMarie (1998) identified strategic challenges and discontinuities encountered by firms in the 21st century. They analyzed that to build and maintain competitive advantage, requires a new type of organization, leaders for survival and global market leadership. It was concluded that success in the 21st-century organization would depend on building strategic flexibility like exercising strategic leadership, building dynamic core competencies, focusing and developing human capital, effectively using new manufacturing technologies and implementing new organizational structures and culture. Therefore, the responsibility of banks in this scenario should be reviewed so that changes in the 21st century can be effectively controlled (Hitt, 1998).

To give efforts to accelerate the existence of traditional retails, business ethics factors and managerial performance should be developed as the main strategy. A sample of this study is the traditional retailers who have been selected through judgment sampling method. A questionnaire is used to explore more on Primary data to identify and analyze the business ethics and management performance, including procurement, capital, and marketing, toward the successful efforts in improving the welfare of the traditional family retail. The results of this research prove that business ethics has a positive and significant influence on the performance of the traditional retail business. However, the influence of retail management performance against the sustainability of traditional retail business highly depends on the marketing aspect as the most dominant influence. Understanding the human aspects of business ethics and managerial skills are important elements in achieving sustainability of the traditional retail business as shown in the findings of this research (Utami & Ryadi, 2013) (Hitt, 1998).

There is a strong need for re-inventing the role of banks as Jeucken (2001) has compared three world regions Europe (24 banks), North America (6 banks) and Oceania (Japan and Australia; 4 banks) from 1998 to 2000 (Goyal & Joshi, 2011). They analyzed and focused some important differences between regions, countries, and banks with regard to sustainable banking. McMichael (2009) questions the Bank's new vision, arguing that 'new wine in old bottles' will continue to supply affluence rather than 'feed the world' and sustain its agricultures, especially at a time when land is being commandeered for luxury foods (e.g. the livestock complex, all-season vegetables and fruits) and bio-fuels, neither of which feed the poor. Ironically, the reproduction of poverty remains the Bank's main source of legitimacy. Goyal and Joshi (2011) studied a sample of 19 bank mergers (post-liberalization) based on the number of branches and geographical penetration in the market. Apart from financial aspects, they observed some emerging issues like employees' perception, branch size, customer perception, communication, change management strategies, and human resource management. These issues can be settled when a bank implements certain social and ethical policies (Goyal & Joshi, (2011).

Weber and Remer (2011) described Social Banking as a way of value-driven banking that has a positive social and ecological impact at its heart, as well as its economic sustainability. Most of the Social Banks came out of the crisis much stronger and bigger than they were before. Besides, none of the Social Banks had to be bailed out with public funds. This increasingly attracts the interest not only of clients searching for safe and sensible ways to deposit their funds but also of conventional banks that begin to understand the potential of a more socially oriented approach towards banking. It is a matter of awareness, which compel us to have some views from a different outlook. Bearing in mind the various functions of a bank and current scenario, now it is high time to understand the role of banks in the 21st century.

Therefore, this study is conducted to understand the various roles and responsibilities of banks to strive more effectively and efficiently against some current issues, which has already attracted the attention of the world.

2.1 Banking Industry: Historical Background

The banking industry is one of the oldest industry in the world. The first record of banking activity can be traced way back in 2000 BC in Assyria and Babylonia when merchants of the ancient world made loans to farmers and traders that carried goods (K. Goyal & Joshi, 2011). Later in ancient Greece and during the Roman Empire lenders based in temples made loans but also accepted deposits and changing money. The word Bank came from French word banque, from Old Italian Banca, from Old High German banc. It is said that benches were used as desks or exchange counters during the Renaissance by Florentine bankers, who used to make their transactions with the help of desks covered by green tablecloths According to Trivedi, Chaudhary and Kumar (2010) the emergence of modern banks are considered from 1157 when ‘Bank of Venus’ was set up in Italy. Later on, ‘Bank of Barcelona’ in 1401 and ‘Bank of Geneva’ in 1407 were set up. ‘Bank of Amsterdam’ and ‘Bank of England’ were set up in 1694. It is considered one of the oldest unit of Modern Banking System. Joint-stock companies entered the banking sector in the 18th century.

During the 20th century, developments in information and communication technology allowed banks to dramatically increase in their size and geographic network. The recent financial crisis saw a significant number of bank failures, including some of the world’s largest banks and much debate, took place around the world about bank regulation.

2.1.1 History of the bank in Bangladesh:

Bangladesh inherited its banking structure from the British regime and had 49 banks and other financial institutions before the Partition of India in 1947. Bengal Bank, the first British-Patronized modern bank established in India in 1784, had opened its two branches in 1873 in Sirajganj and Chittagong of Bangladesh region. Thereafter, another branch of Bengal Bank was opened in Chandpur in 1900. Several other branches of Bengal Bank were opened in this region and some branches had been closed in Course of time. There were six other branches of Bengal Bank in operation in the territory of Bangladesh until the Partition of British-India in 1947 and these branches were at Chittagong (1906), Mymensing (1922), Rangpur (1923), Chandpur (1924), and Narayanganj (1926). Following the emergence of Pakistan in 1947, Stat Bank of Pakistan, the Central Bank of the country, came into being in July 1948. Later, the National bank of Pakistan, a strong commercial bank was set up in 1949. In all, 36 scheduled commercial banks were in operation in the whole Pakistan until 1971. Pakistanis owned most of these banks and only three of them namely, National Bank of Pakistan, Habib Bank Ltd. and the Australasia Bank Ltd, had one branch of each in East Pakistan in 1949. During 1950-58, there other Pakistani- owned banks, Premier Bank Ltd., Bank of Bhowalpur Ltd. and Muslim Commercial Bank, had Opened their branch in East Pakistan. Four Pakistan-owned banks, the United Bank Ltd., Union Bank Ltd. (Note: the United Bank Limited and Union Bank Limited were renamed as Janata Bank.), Standard Bank Ltd. and the Commerce Bank Ltd. Conducted banking business in the Province during 1959-1965. But all of them Had their headquarters in west Pakistan. East Pakistan had only two banks Owned by local business groups white headquarters in Dhaka. These were the Eastern Mercantile Bank Ltd. (Presently Pubali Bank Ltd.) and Eastern Banking Corporation Ltd. (Presently Uttara Bank Ltd.) established in 1959 and 1965 respectively. At the beginning of 1971, there were 1130 branches of 12 banks in operation in East Pakistan. The foundation of the independent banking system in Bangladesh was laid through the establishment of the Bangladesh Bank in 1972 by the Presidential Order No. 127of 1972 (which took effect on 16th December 1971). Through the Order, the eastern branch of the former State Bank of Pakistan at Dhaka was renamed as the Bangladesh Bank as a full-fledged office of the central bank of Bangladesh and the entire undertaking of the State Bank of Pakistan in, and concerning Bangladesh has been delivered to the Bank.

Bangladesh Bank has been entrusted whit all of the traditional central banking functions including the sole responsibilities of issuing currency, Keeping the reserves, formulating and managing the monetary and credit policy, regulating the banking system, stabilizing domestic and external monetary value, preserving the par value of Bangladesh Taka, fostering economic growth and development and the development of the country's market.

Janata Bank Limited is the 2nd largest state-owned commercial bank in Bangladesh. Immediately after the liberation of Bangladesh in 1971, the erstwhile United Bank Limited and Union Bank Limited were renamed as Janata Bank. The rate of growth and development of banking sector in the country was extremely slow until 1983 when the government allowed to establish private banks and started denationalization process: initially, the Uttara Bank in the same year and thereafter, the Pubali Bank, and the Rupali Bank in 1986.

Modern banking system plays a vital role in a nation's economic development. Over the last few years, the banking world has been undergoing a lot of changes due to deregulation, technological innovations, globalization etc. These changes in the banking system also brought revolutionary changes in a country‟s economy. The present world is changing rapidly to face the challenge of a competitive free-market economy. It is well recognized that there is an urgent need for better, qualified management and better-trained staff in the dynamic global financial market. Bangladesh is no exceptions to this trend. Banking Sector in Bangladesh is facing challenges from different angles though its prospect is bright in the future.

2.2 Business Ethics:

There is no universal definition for ethical behaviour (Bowen et al 2007 cited Man-Fong Ho, 2011). Further, discussions can be found on the difficulty of establishing substantive definitions for ethical behaviour (Jones, 1980 cited Man-Fong Ho, 2011). In philosophy, different scholars defined ethical behaviour differently. Jones (1991) reveals ethical behaviour as the consistency of one's values with the commonly held values of the organization and society. The idea of ethics is defined as a set of ethical standards which differentiates between proper and incorrect (Velasquez, 2006). It is generally regarded as normative. This is due to the fact ethics offers justification for summary preferred via which humans act. According to Garrett and Klonoski (1990), this is generally a person's perception of whether or not a selection or act is incorrect or right. Ethics in the subject of business offers with enterprise situations, things to do and selections which explains problems of proper and incorrect are mentioned (Collins, 1994). Newell (2012) additionally sees ethics in the subject of the enterprise as being worried about the appreciation of ethical standards utilizing which commercial enterprise companies can be evaluated. It additionally explores its effect on humans and their surroundings as a whole.

We understand ethics as a philosophical branch concerned with moral judgments (Frankena, 1973), which studies moral phenomenon and ―reasoning in or about the moral field‖ (Gowri: 47, 2004) and provides independent from external factors, generally applicable methods to assess what is right and wrong‖ (Laasch and Conaway 2015: 120) by focusing on values, principles, doctrines, and norms that guide right and wrong behaviour (Kaptein and Wempe, 2002; Menzel, 2007). However, acknowledging the relevance of the organizational context in generating ethical behaviour does not imply forgiving individual wrongdoers (Bovens, 1998; Constantinescu and Kaptein, 2015; Isaacs, 2011; Paine, 1994). As research points out, besides the norms and governmental regulations for organizational behaviour, the responsibility of powerful individuals also needs to be addressed (Davila-Gomez and Patiño, 2012).

Ethical is used as an evaluative term that describes ―decisions that are normatively appropriate‖ (Gunia et al., 2012: 14). Donaldson (1999) defines commercial enterprise ethics as the systematic find out about morality as a long way as the discipline of enterprise and industry. Therefore, ethics of enterprise can be defined to be a team of individual's sincere deeds, as section of the combined, no one saves every structure of commercial enterprise whiles now not harming the relationship in the enterprise and the broader environment. The ordinary public has developed a hobby in the debate of commercial enterprise ethics, company social duty and is dealt with as a person and additionally in a collective form. Question of whether or not an organization has something to do with the ethics of the man or woman and the collective. Many students have disputed the existence of a relationship between ethics and business. This is due to the fact human beings accept as true with that morality can solely be discovered in faith and others additionally see the relationship between morals and religion. Vee and Skitmore (2003), stated that “good ethical practise”, is a critical factor for organizational or business goals, which is extremely worth pursuing. Further, it has reported that any organization that wishes to survive and flourish must be in constant and dynamic interaction with the wider environment (Somachandra & Sylva, 2019). There is no intrinsic difference between business ethics and ethics in general (Thau, 1962).

Theory suggests that ethics programs can enhance company performance (Donaldson & Pres- ton, 1995; Gatewood & Carroll, 1991; Quinn & Jones, 1995), usually by bringing an organization's decisions and actions more into conformity with societal ethical expectations. A new research topic called the transdisciplinary or inter-discipline of Sustainability, Responsibility, and Ethics (SRE) (Laasch and Moosmayer, 2015; Laasch, 2016), is gaining increasing attention from scholars, with the view to establishing a more accurate approach to responsible business practices and management. Ethics programs may help generate legitimacy-enhancing organizational outcomes, a key indicator of corporate social performance (Wartick & Cochran, 1985; Wood, 1991) and an important contributor to overall organizational success (Ashforth & Gibbs, 1990). Ethics programs can also contribute to legitimacy by signalling that the company conforms to societal expectations in its internal organizational processes and structures.

Chambers's Dictionary defines ethics variously as the science of morals; that branch of philosophy concerned with human character and conduct; rules of behaviour, professional standards of conduct (HARVEY-JONES, 1986). Ethics in business is related to national factors as well as global perspectives, varies from country to country, and potentially it is affected by many factors including the strength of legal, business regulation and human characteristics such as ethnicity, gender, level of education and socio-cultural environment. There is often a conflict between the pursuit of profit and the exercise of ethical conduct in business as business managers pursue profit to maximize returns to investors and often to maximize their self-interest. Trevino and Nelson (1995) define ethics as the principles, norms and standards of conduct governing an individual or group. They also comment that two types of factors influence ethical behaviour: characteristics of the individual and the characteristics of the organization. England (2006) suggests that ethical decisions are made by business people, based on the following considerations: 1) how employees can feel fulfilled professionally; 2) how customers can be satisfied; 3) how to profit be assured for the stakeholders or shareholders, and 4) how the community can be served. Under competitive conditions when a free market economy prevails, business managers make choices to maximize short-run profit, but to be sustainable in the long-run business organizations must usually satisfy both profit expectations and acceptable norms of ethical business practice.

2.3 Ethical Banking:

Ethical norms of behaviour are too amorphous to be precisely defined in the context of banking (Islam et al., 2012). The complexity of financial commitments and transactions such as innovative products, long chains of intermediation, additional information and so on, can make “ethical conduct” a highly ambiguous concept to apply (Oates and Dias, 2016). An attempt of management of the ethical conduct is the restriction through formal mechanism (K. Goyal & Joshi, 2011). Precisely, the banking services industry is one of the most heavily regulated segments with numerous instruments of control and supervising of the conduct of the player (Muttakin & Ullah, 2012). Nevertheless, from the ethical perspective, the extensive body of law and regulation in the banking services industry leads to a misconception, considering that if a practice is legal consequently it is morally okay (Boatright, 2013, p. 16) (Huq & Bhuiyan, 2012). Even though some authors support an integration, with ethical principles included into law (Blodgett, 2011), it should be considered that firstly regulation does not cover all the extended aspects of moral behaviour in business. Secondly, law is often developed as a reaction to amoral or unethical activities. Thirdly, law is a relatively low standard of a minimal level of acceptable conduct (Boatright, 2011).

"Ethical Banking" relates to economic offerings that are seeking to improve sustainable improvement and equality (Express, 2018). "Ethical banks" supposedly preserve the concept that size of profitability must now not solely be in economic phrases however socially as properly (K. Goyal & Joshi, 2011). Ethical banking permits direct financing via the use of loans and additionally challenge capital which approves assembly the wishes of commercial enterprise owners, companies and institutions. The co-operative motion which commenced in the twentieth century is a usual instance which demonstrates how essential mutuality and coaction can assist fulfil wants inside membership establishments (Goicochea, 2010).

Hobsbawm (1994) states “economics, though subject to the requirements of logic and consistency, has flourished as a form of theology – probably in the Western world, the most influential branch of secular theology,” while Nelson (1991) states that it “offers a set of principles and understandings that give meaning to, define a purpose for and significantly frame the perception of human existence.” Britton and Sedgwick (2003) in a Christian analysis of economics, point out that there is “not much in economics that can be demonstrated beyond a reasonable doubt” even though it is an “impressive body of reasoning, extremely influential in contemporary culture, providing one type of insight into the way modern society works.” Along with other social and physical sciences, it has in effect removed religion and spirituality from modern forms of institutional organization such as banking. This, in turn, is part of the post-Enlightenment shift to modernism based on empiricism which excludes the concept of non-physical reality, including reference to God (Kim et al 2011). And of course, Post-Modernism goes on to exclude the concept of absolute moral principles entirely.

As a social science, economics understands human actions in terms of motives, and not simply cause and effect (Davis, 2016). In this article he mentioned that Economics is inevitably “normative” i.e. it asks how things should be, as well as “positive”, examining how things are. This is because values cannot be readily separated from facts when human nature is the subject matter.

It is also very important to frame human resource policies by reflecting ethical values in financial institutions and execute a reward-cum-incentive programme for ethical acts instead of concentrating merely on legal behaviour, as legality does not always ensure adherence to ethics (Express, 2018). One of the most effective means of flourishing ethical principles in financial institutions can be by implementing a professional code of ethics and setting rules and norms that are to be strictly followed (Somachandra & Sylva, 2019).

Contemporary cooperation varieties focusing past membership desires such as the microfinance moves and honest trade, which mix social with financial values, are a step in the proper route as a way as practising and perception of harmony and brotherhood in the international monetary context (D. A. Goyal, 2011). The use of each the cooperative motion and the social motion which commenced in the 1960‟s have been in a position to consist of moral banking in its activities. Cooperated banks and different social banks have been in a position to co-exist and have made most of the mainstream banks conscious of the possibilities that exist in this sector. The value chain furnished via Banking and Finance has been considered to be interlinking with the cycle of rendering enough monetary offerings and merchandise so ways, as there are no straight forward tips about banks and standards on ethics, social and sustainability aspects, the character co-worker or the lending committee, are normally applying the “neutrality rule”, except ethical, social and environmental concerns from the bankers´ choice making.

In reality, however, cash is no longer impartial and it includes duties from its inception and alongside the distribution chain the place it has to do with fee creation, no longer solely pure monetary fee however additionally human, social and environmental delivered values (de Clerck, 2009). Money, capital, intelligently and accurately invested as an instrument for enhancing exceptional of life, can have a most important have an impact on human development. Because of this impact, an impartial mindset to funding and lending is irresponsible (Adams et al., 2001). In the monetary markets, cash and cash structures emerge as mechanical and strengthen uncontrollable dynamics. Financial regulators and authorities are solely worried about the mechanics of the device to stop important breakdowns (K. Goyal & Joshi, 2011).

Ethics is generally the ethical values and the range of ideas bearing on to an organization (Donaldson, 1989). The utility of moral standards contributes to the success of monetary morality. Ethical troubles that are dominant are usually these that contain liquidation of a crook motion bearing on to the industrial banks (Alton, 2013). It added to a large extent includes a discount in fraud, bribery and the trouble of corruption (Islam et al., 2012). If an economic system is dysfunctional in the absence of ethics and morality, there is the want for the introduction of a code of conduct which regulates the things to do of people (Weber et al., 2016a). In the economic sector, ethics, ought to be applied in a well-regulated manner. This is enabled via the use of laws, guidelines and the use of legislations in the use of enterprise bankers. The provision of ethical code and guidelines in the utility of ethical values, this is due to the fact the professionalism in the banking area is surprisingly regulated by using the ethics of the company and well-defined penalties for all offenders (Ahmed, 2011). Ethical problems in the superior economies, troubles referring to ethics are properly and cautiously chosen and monitored as well.

The International Monetary Fund, the World Bank and different groups have been working very strong on shaping the commercial enterprise environments inside which the worldwide business banks are working (Banking, Ethics and Good Principles - OECD Observer, 2018). This is accomplished through growing a well known and code and monetary policies for the banks to use. Examples that are given for the use of values displaying the coverage of finance are the Philosophies for the Guideline of Banks Overseas Formation - the Basel Concordat), which used to be accepted by using the Basel Committee for the Management of Banks in 1983; the Code of Good Practice on Transparency in Monetary and Financial Policies, encouraged with the aid of the International Monetary and Financial Committee in 1999 (Miller et al., 2005).

Customers of Cooperative Bank (UK) who buy purchaser objects obtain power scores on such items. The foremost purpose is to have a clear perception as to how environmentally friendly a property can be and how that property can be improved (Beekun et al., 2005). Furthermore, mortgages with the financial institution encompass aspects for offsetting carbon dioxide emissions. Annually, as a customer's loan is held, the business enterprise reduces the proportion of the personal loan as a result of the carbon dioxide emission from a precise household's electricity consumed. Money obtained from offsets has been used in Uganda for reforestation projects; in Bulgaria for the era of hydro-electrical energy projects, and in Bangladesh for education on energy-efficient range building (Friedrich, 2009). A Canadian bank, Citizens Bank, additionally offers unique VISA savings playing cards to its clients which permit them to pick out to assist non-profit and philanthropic organizations (SCHAUBROECK et al., 2012). These agencies encompass Oxfam Canada, and Amnesty International, which acquire donations every time the VISA playing cards are used. This initiative has helped Citizens Bank to donate to the medical practitioner and fitness professionals. These are however a few of moral banks on hand services.

Fraedrich and Ferrell (2004) suggest that business ethics comprises moral principles and standard that guide behaviour in the world of business. Whether a specific behaviour is right or wrong, ethical or unethical is often determined by the public as embodied in the mass media, interest group, and business organizations as well as through individuals, personal morals and values. Thus ethics in business is directly related to social values, norms and global business trend and is negatively related to corruption in society. A business may achieve sustainable growth if nurtured and operated more professionally. Ethical business practices are essential ingredients of professionalism what we expect to get stronger in our businesses (Boahene, 2016).

For decades, ethics has been a subject that has inspired a lot of debates in the banking industry (Counihan, 2011). The core function of the financial sector is to secure the most efficient allocation of financial capital across the productive economy, but its most significant achievement over the past 30 years has been the large scale extraction of financial resources from that economy (Utami & Ryadi, 2013). Even in the wake of the financial crisis, financial practitioners have not only been getting richer than anyone else but also getting richer at the expense of everyone else. All businesses deal with money, but finance is concerned exclusively with money and monetary products, and money and morality always have been, and always will be, uneasy bedfellows (de Clerck, 2009). Despite stronger regulations & the best efforts of all concerned, the financial sectors continue to have a bad reputation for illegal and unethical behaviour and to be more prone to ethical lapses than other business sectors.

The utilitarian approach argues that a business (banking) or an institution has to be based on the proof that it provides the greatest good for the greatest number of people (Adams et al., 2001). Great economist Adam Smith and Milton Friedman modify the argument with the modern economy "free competitive market is based on the argument that maximization of profit in an ethical society is coterminous with a maximum benefit of the people". In-country like ours, the proponents of free-market economy wants all the rights to do anything they intend and forget their obligations.

Unethical behaviour is not desirable in any business including banking. In most of the cases unethical behaviour-be it corruption, fraud- in banking or financial sector always get more attention in newspaper headlines than others (Davis, 2016). That does not necessarily mean that people in the financial sector are inherently no more or no less ethical than the larger society they are drawn from. It is the environment in the financial sector-pressure and opportunity to bend the rules, high rewards for the pay off and low risk of getting caught-that encourages ethical compromises (Dr Subbarao, Ex-Governor of RBI). Usually, we think that unethical behaviour is the result of poor character-bad people do bad things. Most humans are capable of behaving in profoundly unethical ways. Not only they are capable of it, but without realizing it, they do it all the time (Kelaris et al, 1991). A business frame cognitively activates one set of goals-to be competent, to be successful, while ethical frames trigger other goals (Tenbrunsel and Messic, 2004). Once one is in the frame of mind, they become focused on meeting these goals, and the other goals can completely fade from view. That some goals take the forefront and others become suppressed to highlight that we are not aware of our unethical behaviour (Spiegel, 2012). So, it is not only the character that makes one unethical but also and most importantly the situation and frame of mind contribute significantly for unethical behaviour. In this context, it is beneficial for banking or financial institutions to make aware their people of the factors that lead to unethical behaviour so that they can prevent environments that lead to unethical behaviour.

The recent crisis, therefore, did not make ethics a new point of interest; rather it has offered to the stakeholders of the industry an opportunity engage into a new round to what already seemed to be a never-ending debate (D. A. Goyal, 2011). However, although ethics has been a subject of interest during each financial crisis since the 1980s when corporate greed was said to be in an all-time high, governments and regulators, hardly addressed the question of morals in banking in their regulatory proposals (Express, n.d.-a). Instead, the focus of resolutions, for example, Basel 3, has often been on bringing technical changes in the industry. Consequently, in the wake of the 2007 crisis regulators, seemingly loyal to this approach, focused on trying to solve the systemic liquidity problems that made it impossible for banks to lend the way they were before the crisis (Weber et al., 2016b). Their response was, therefore, to bring in rules that will require banks to tone-up their balance sheet and increase their reserves. This is intended to make the industry much more resistant to future shocks similar the one which followed the Lehman Brothers' collapse and therefore reduces significantly the risk of panic and systemic failure. If regulators seek to avoid panic by making the system more resistant to shocks, it, therefore, means that it was those shocks were the real threat. It is within those shocks that the causes of the credit crisis lie. The systemic liquidity problems, which therefore caused a shortage of credit, are only a result of a bank collapse which sparked panic. We, therefore, face a causality chain. That causality chain may encourage many to ask why regulators do not seek to avoid the shocks in the first place. Following the collapse of Lehman Brothers', we have seen unprecedented and much-criticized moves to bailout banks across the globe. The fear was that this would be fueling moral hazard although it was intended to avoid further shocks at a moment when the systemic liquidity risk was at its peak. The phrase that was used at the time was Too Big to Fail. Furthermore, the regulators' response will always be limited to the scope of the responsibilities assigned to them. These do not include managing the daily operations of banks on behalf of their management.

The presence of a moral hazard and the fact that regulators cannot intrude a bank's operations unless there is a breach, make it difficult for watchdogs to avoid shocks caused by the bankruptcy of a firm (Weber et al., 2016b). Consequently, in the causality chain, liquidity risk is addressed, while the cause of that liquidity risk is not (*Public Procurement and Corruption in Bangladesh Confronting the Challenges and Opportunities*, 2011). This is one way to solve the problem. Another way to deal with the issue would involve analyzing the reasons behind the collapse of Lehman Brothers': the very moral hazard that sparked criticism of the bailouts. During the events, Lehman Brothers' lost the market's trust due to practices that were already current on an industrial scale e.g. the huge leverages used in deals and the mis-sales of products such as mortgage-backed securities that were known to have no yield. In the past ethics and trust, have been crucial for banks. They have been the engine of the success of the industry.

Although there is consensus that financiers have never been liked, one has to say that the very fact that people have taken the yield of their labour and deposited it in banks when in the past they were not obliged to do so given salaries were paid in cash or cheque, shows that trust in banks has for a long time been abundant in society, considering some banking institutions have defied age (Weber et al., 2016c). Today, however, trust is said to be in danger. Individuals indeed use banks more than ever; however, questions can be raised as to whether that use is not occurring out of obligation, instead of a choice. The reason why trust has been slowly fading is because of the perceived anomie in the industry.

According to Schwepker and Good, (2010) the perceived level of ethics is so low that there is an increasing belief that unethical behaviour is a norm in the industry. For example, in the recent crisis, one of the symbols of that increasing scarcity of ethics is the sub-prime mortgages which were then securities, rated as reliable and sold off to investors and other banks who did not know much of the securities they had bought. As mortgage owners in huge numbers defaulted, their houses were repossessed. Banks were holding more and more of those assets, while increasingly finding it difficult to lend money for new customers to buy houses. With the demand for houses falling, so were the prices, which meant the value of assets also repossessed by banks who already had limited cash to lend, also started to deflate. This compounded the liquidity problems for each bank, but also and more importantly for the different economies. In this case, the mis-selling of mortgages as well as that of mortgage-backed securities, which were ultimately affected by homeowners defaulting, was the trigger of the liquidity problems. The way these operations were led and limited knowledge from clients and customers of the products they were buying makes this problem an ethical issue. The 2007 crisis is a perfect example of what can happen if moral responsibilities are not respected. Ethics could therefore in this way be assimilated to a mean of protection, albeit undervalued, against the man-made industrial crisis. These activities show that contemporary banking has moved its focus from customer care, which could well be the source of the trust they enjoyed, to sales, which results in a more aggressive way of operating. Yet even after that switch of focus, the title personal banker is still kept and in many ways that title my give the impression advises given are in the customer's interest. Although they are called bankers, today's bankers are nothing but salesmen with an advanced understanding of finance and economics. As such, given bankers are sellers, for example in an originate to distribute system, and as the literature is almost deprived of ethical decision-making models for the banking industry, we will scrutinize the decision-making models as well as the theories relevant to ethics that have been formulated for salespeople in general; decision-making models which may have been ignored or underestimated due to that switch in focus from a customer service industry to a selling industry.

According to Saxe and Weits (1982), every salesperson is expected to sell with honesty and making a show of strong moral principles. By developing client relationships (Schwepker and Good, 2010), salespeople find themselves locked into a position where they need to protect that relationship, which subsequently means not acting in a way that could harm the customer, e.g. mis-spelling. Indeed, sales ethics is said to be very important in that mission of maintaining and expanding customer relationships for organizations operating in industries towards which, similar to the banking industry after the 2007 crash, customers negative attitude. Such a negative attitude create an opportunity for some firms in the industry to use ethics as a key selling point (e.g. Cooperative Bank and other Islamic Banks) (Ingram, et al., 2007).

Throughout surveys and the literature drafted on ethics in the sales environment, it has been shown that the ethical shortcomings are often motivated by "competitive pressures" as well as "industry standards" (Competitor See, Competitor Do, 1982, cited in Mantel, 2005: p.43). According to Stewart (2003) quotas and the pressures they come with, as well as the worry to compete successfully in sometime hostile economical environments may increase the occurrence of unethical behaviours among salespeople towards stakeholders – regardless of whether they are internal to the organization or external. Put simply, the pressure on salespeople's shoulders to reach their targets and goals may have the effect of encouraging salespeople to indulge in unethical practices (Schweitzer, Ordóňez, and Douma, 2004).

One of the great questions in the issue of ethics among salespeople is that of exaggeration. The nature of sales is as such, that it is not rare to see salespeople embellish, and amplify the functions and features of their products. However, according to Mantel (2005), it is difficult to decide how much exaggeration is too much. This question is even more important considering unethical practices, albeit often more lucrative in the short term, hurt relationships with clients and ultimately weaken the business in the long term (Mantel, 2005). It, therefore, is crucial to discover what makes an individual resistor give-in to the temptation of acting unethically, especially if in his firm scoreboards and tables are used to identify and rank the best salespeople; which ultimately suggests that not only do they have to contend against other organisations, they also have to compete within their own company against their colleagues if they are to have a positive performance appraisal. As salespeople within the same team often sell the same products or services, with an emphasis on quality and functions, it would be logical, especially where the whole team was trained and instructed to use the same sales techniques, to suggest that, with an equal amount of efforts, it is very difficult to positively break out of the pack provided the customers in the experiment are the same. However, in reality, the customers are never the same; some are difficult to convince to buy and those who are not so difficult to sell to. Who the salesperson gets to sell to is not dependent on the salesperson. Therefore a huge number of "difficult customers" may harm the salesperson's record. However, due to the quotas that at least have to be met, especially if they are unsustainable, a salesperson may indeed be tempted to do "all that is necessary" to convince the "difficult customers" particularly if their job is at risk. These particular issues, therefore, give added importance to the role of the firm in training staff and the elaboration of codes of ethics or internal compliance-related protocols.

Ethics is of remarkable significance to the monetary provider is of suitable significance due to the fact all organizations fee the recognition and overall performance that they have developed for themselves. (Brickley et al., 2003). The banking area as an economic organization serves as a middleman between those who are depositors and the creditor. This relationship ought to be sensitive. A financial institution is stated to have recognition honesty, integrity, social responsibility, accountability and compliance to promise when the ethics are entire (Solaiman et al., 2007). Banks have to make alternatives in the grey areas of ethics and underneath an excessive degree of stress, that may also harm the popularity and may additionally purpose economic loss (Carse,1999). Accepting bribes in return for loans, lending to linked events or dishonest clients would be claimed as moral via no bank. The banks are nevertheless not being capable to strictly observe the moral values that are supposed to be put in a location in the sector. Bribery and corruption are commonly viewed as the motives of the severa that confront the banking sector. As a result, honesty and transparency are very necessary for the banking sector. Being perceived as straightforward is an important determinant for the survival of the financial institution (Chiami and Fullenkamp, 2000). Normally, and regular can also no longer have the possibility and the technical understanding to have a truthful perception. A regular financial institution purchaser does no longer have the possibility and ample understanding to apprehend how transactions are handled in the banking corridor (Frenkel and Lurie, 2003).

According to Brady and Hatch (1992), numerous situational variables may have some bearing on people's ethical perspectives. Indeed, economic conditions or competitive pressure are found to be able to induce salespeople to act unethically (Competitor See, Competitor Do, 1982, cited in Stewart 2003 and Mantel, 2005: p.43), while according to Boyle, et al. (1998) past judgements and irregular references can bias ethical evaluations. Also, the point made by Boyle et al. (1998) on irregular references seems well justified considering Bellizzi and Hite (1989) affirmed that the magnitude of the unethical action, its perceived consequences and the performances of the salesperson are often the main determinants of the manager's response, rather than the action itself. Furthermore, in the past, questions have been raised over the influence of the manager's moral philosophy on ethics' weight in the organisation as Sivadas et al. (2003, cited by Mantel 2005: p.44) affirm that depending on their moral philosophy, "41% of sales managers were willing to hire a salesperson who had engaged in an unethical behaviour". Other examples of situational or personal variables that could also create a variance in the ethical judgements being made are monetary implications, salesperson performance, organisational climate … (Mantel, 2005). It is worth to re-emphasise that the studies these personal and situational variables are derived from have been made in a sales management context, therefore, targeting salespeople in different industries. The very fact that the findings of these studies can be generalised in different industries and companies means for example that ethical judgements, even in a standard industry, are already significantly influenced enough to vary as a result of monetary implications; let alone if the industry has to be the banking industry, which has the particularity of being a high money environment, where transactions exclusively involve money only. All products are monetary, and they are paid for monetarily. Consequently, if salespeople in standard industries are influenced enough in their ethical judgements by monetary implications, decisions made by banking professional will be bound to be much more sensitive to such factors. Similarly, in the banking industry, those decisions will also be much more sensible to salesperson's performance, with regards with the very common, high, aggressive targets set in the banking industry coupled with the intercollege competition promoted; and to organisational climate with regards to the secretive and super-competitive nature of the industry.

All in all, due to the importance they bear, situational and personal variables can be seen as equally important as the "behaviour itself in determining the ethical evaluation of business practice" (Mantel, 2005: p.44). To explain the phenomenon by which a "person's judgement process is influenced by the framing of uncertainty and risk associated with a situation", Kahneman and Tversky's (1979, 1987; and Mantel, 2005: p.45) introduced the prospect theory while also calling that judgement bias as the framing effect (Mantel, 2005). According to the prospect theory, in a situation with different alternatives, salespeople will tend to choose the probable loss solution, even if unethical, over the sure loss solution. This has been confirmed by studies such as that of Kellaris, Boyle and Dahlstrom (1994), which subsequently induced Mantel (2005: p.45) to conclude that "more risk-taking will occur under conditions of potential loss that under conditions of potential gain".

Furthermore, it has been demonstrated, based on Hershey and Schoemaker's (1980) study that "salespeople are more likely to engage in ethically questionable behaviour when it is associated with higher dollar/pound value outcome compared to a lower dollar/pound value outcome" although a positive effect, here representing the effect of positive situational or personal variables on ethical judgement, may moderate such behaviour to some extent (Mantel, 2005: pp.45-46). This represents even further confirmation for the above-mentioned arguments that in a banking industry employees might be more likely to indulge in ethically contestable actions than salespeople in other industry not only due to the high exposure to vast amounts of money but also because almost all decisions are taken by bankers generally result in a vast amount of gain or loss.

Consequently, the study led by Mantel (2005: p.51) suggests that "salespeople in a positive affect state are almost two times more likely to choose the ethical solution". This means to promote better ethical judgements, managers should create, through situational and personal variables, an environment that will positively influence the affective state of salespeople. Doing business ethics that based on values only happens when there are changes of attitude in every businessman (Utami & Ryadi, 2013). This kind of attitude is determined by the mentality and mindset of each businessman. So seminar, workshop or training motivation is not easy to change one's mindset, because the mindset is the result of experience, beliefs, values that have been internalized and is believed by someone, which affects someone's behaviour and action. Being aware of business ethics should be started by conducting business as a meaningful activity for yourself and the environment (ethics on consumers, competitors, suppliers, government/regulator) with a high motivation to improve the quality of personal life. Some ways to create business ethics: (1) awareness-raising process that includes the theme: judging from human lifeline in this world, it is only temporary. For that reason, how people make use of this life that only lasts one period. Therefore, we need to understand the orientation and business objectives such as society's welfare as the starting point of all. (2) the discussion of business ethics formation to see the process of characters building, mindset, emotion and behaviour patterns. An understanding of this process helps to change and modify characters building of each business. (3) To make effective changes to these processes, it is necessary to discuss the five human psychological needs that could be the basic motivation for behaviour changes. (4) The technique for creating these ethics can be started by identifying the problem and initiating changes effectively. (5) Practical techniques in solving conflicts. To be able to apply these techniques, business ethics need to be done continuously especially to those businessmen. Recently, a multidimensional approach representing ethical/moral judgments (or moral construals) using three related dimensions has demonstrated significant relationships with future intentions across a wide variety of ethically charged settings (Robin et al., 1997). Three moral philosophical dimensions underlie marketing actors' ethical perceptions: (1) moral equity; (2) contractualism; and (3) relativism. Moral equity represents the inherent rightness/wrongness or perceived justice of some action. Contractualism represents potential violations of implied or explicit rules or promises. Relativism represents perceptions that some action is acceptable by traditional or sociocultural standards.

2.3.1 Factors Influencing Unethical behaviour in Business (Banking)

The ancient Greeks already recognized money as the unique object of unlimited desire. The greed of the glutton or libertine is inherently self-limiting and its immorality painfully visible, but the greed for money knows no limits. As behavioural economists like Bruno Frey have shown, money also displaces or crowds out emotions and moral values. And as the anthropologist David Graeber has recently argued, it de-moralizes personal debts and obligations. Ethical and unethical behaviour in organizations is influenced both by individual behaviour and organizational activity (Treviño and Youngblood, 1990). Notably, ethical problems negatively impact ―the trust and reputation of both leaders and organizations‖ (Kalshoven, Hartog and Hoogh, 2011: 51). Our moral obligations are, in a very important sense, non-measurable. Whatever may be paid or repaid, they can never be squared off and closed. As soon as debts become monetarized, however, the values and obligations associated with human exchanges are lost, and because morals are always associated with values and with personal obligations or commitments, they are lost too.

Cooper and Frank (1991), and O'Fallon & Butterfield (2012), identified the following factors influencing unethical behaviour: a) One's values and standards, b) Family and friends who provide support and insight in resolving ethical issues, c) Boss who controls the pressure employees have to compromise ethical standards, d) Company environment/culture which controls the pressure to compromise employee's ethical values to achieve organizational goals, e) Company management philosophy that emphasizes ethics in operations, f) Professional codes of ethics in the company and society at large, g) Peer influence demonstrates a major role in influencing ethical decision making-the more the individuals observe peers engaging in unethical behaviour, the more likely they are to engage in the same or similar activities. Saul W.

Gellerman, an industrial psychologist in his Harvard Business Review, July 1986 - had pointed out four commonly held rationalizations that can lead to misconduct, 1. A belief that the activity is within reasonable ethical and legal limits—that is, that it is not "really" illegal or immoral. 2. A belief that the activity is in the individual's or the corporation's best interests—that the individual would somehow be expected to undertake the activity. 3. A belief that the activity is "safe" because it will never be found out or publicized; the classic crime-and-punishment issue of discovery. 4. A belief that because the activity helps the company the company will condone it and even protect the person who engages in it.

2.3.2 Top Management of Ethical behaviour

Where Mantel (2005) recognizes the influence of situational and personal variables that could influence ethical judgements without proposing a framework to create an environment inspiring salespeople to choose the ethical solution, Schwepker and Good, (2010) suggests the use of transformational leadership theory, Wortuba (1990) introduced the Ethical decision/Action Process and Ingram et al. (2007) present a framework purpose-made to enhance Salesperson Moral Judgement.

In this dynamic environment employee of organization more focus on ethics of top management (Ford & Richerdson 1994). Several research is done on the field of ethics in the recent era in developing countries but few evidence is also from developing countries are in literature. Now a day's international operations of firms increased as compared to two to three saccades past (Alder 1986). Researcher in the field of management is examining the job satisfaction of employee with their work (Trevino 1986). The human capital of a firm is a key factor of the firm which helps the organization to operate in this changing environment. When a firm enters in different countries then they need the role of ethics in their decision making according to the country in which they want to do business (Donaldson 1989). Norm & values of countries different which are challenges for the organization to understand the ethics of those countries where they want to invest (Sethi, & Steidlmeter 1993).

Theoretically and practically, many facets of work climate may raise or lower perceived stress levels, particularly the type that many refer to as "ethical stress." Following Menzel (1993a, 1993b, 1996), Victor and Cullen (1988), Wittmer and Coursey (1996), and Yeager, Rabin, and Vocino (1985), associate various facets of the work climate with levels of ethical stress. Some of these facets exacerbate the ethical stress of financial managers, and some facets help financial managers to cope with this stress (Miller et al., 2005). Commonly, business professionals have to deal with ethical problems when they engage in their professional activities (Fan et al., 2001). The reason behind this is the realization that good ethics is good business (Somachandra & Sylva, 2019). Hence, ethical decision making having a positive influence on profits. Another reason is the public pressure developed to perform ethically through the mandate of social responsibility (Dean, 1997). The impact of an individual's direct and indirect views, opinions and behaviour directly affect the organization. Moving to the individual level of the ethics component of responsible management, ethical management implies that managers need to display ethical leadership (Paine, 1994) and to make ethically sound decisions (Davila-Gomez and Patiño, 2012). Morally mute managers—i.e., managers who do not promote ethics (Menzel, 2007)—can not be responsible managers. Morally mute managers—i.e., managers who do not promote ethics (Menzel, 2007)—can not be responsible managers. To be a responsible manager, one must take into account not only outcomes but also the process itself, by paying attention to how results are achieved (Prahalad, 2010). The ethical aspects related to managers as organizational leaders have been analyzed both in connection to leadership styles, such as transformational leadership (Bass 1999; Burns 1978; Kanungo and Mendoca, 1996), and as a distinct leadership style in itself (see Fehr, Yam and Dang, 2014).

The literature explains different determinants of ethical behaviour in which Individual and situational aspects are mainly discussed (*A Link between Top Managers' Perception and Corporate Social Responsibility*, 2019). There can be no socially responsible firm without first having socially responsible managers who can go beyond the narrow goals of profit maximization and willing to sacrifice organization objectives and interests in support of social objectives (Ditlev-Simonsen & Midttun, 2011; Hunt, Kiecker, & Chonko, 1990; Waldman, Siegel, & Javidan, 2006a). Empirical studies report that there have been positive relationships between the perceived importance of ethics and ethical intentions by managers (Singhapakdi, 1999; Singhapakdi, Gopinath, Marta, & Carter, 2008). Individual determinants like Field dependence (Witkin & Goodenough 1977), Ego strength (Blasi 1980) and locus of Control (Spector 1982) which are affecting ethical behaviour. Ethics management and ethical managers are strongly interconnected, and empirical studies have long highlighted the strong relationship between ethical leadership and organizational ethics (Brown and Treviño, 2006; Fehr, Yam and Dang, 2014; Sims and Brinkmann, 2002; Treviño, Nieuwenboer and Kish-Gephart, 2014). This interconnection is one of the main challenges of business ethics. Moreover, exercising power and authority as a manager inherently entails ethical challenges (Hollander, 1995), which means that all management levels need to embed ethics in their managing activity (Paine, 1994; Rossouw and van Vuuren, 2003).

Situational aspects like the behaviour of referent other (Kulik & Ambrose 1992), Ethical climate (Deal & Kennedy 1983; Schein 1984) and Reinforcement practices are studied in the literature. Formally institutionalized ethical policies into the organizational system in the form of code of ethics and ethical training symbolize what behaviours are rewarded and what behaviours discouraged thereby promoting responsible behaviours in the organization (Crane, McWilliams, Matten, Moon, & Siegel, 2008). In an organization with inbuilt ethical culture, employees are encouraged to take into account the interests of their organization and society while making decisions, and behave responsibly when interacting with stakeholders (Trevino, 1986; Wu, Kwan, Yim, Chiu, & He, 2015).

A researcher needs to find the impact of ethical climate on individuals and organization. Only top management and owner-managers have the opportunity to foster major change in business practice (*(2) Ethics from the Top*, n.d.). Organizational consequences of ethical climate are growth, Teamwork etc. Individual consequences of ethical climate are the stress, turnover, job satisfaction and performance of employees (Cyriac & Dharmaraj 1994). In our study, we are focusing on job satisfaction of banking employee's in Pakistan which is an individual aspect of ethical climate. More focus on to study the relation of job satisfaction of bank employee with the perceived ethical behaviour of top management. It is expected that perceived top management support for ethical behaviour is positively correlated with job satisfaction of employee's which is concluded from justice theory and also from cognitive dissonance theory.

There are several findings showed that top managers significantly influence the ethical culture of the organizations (*(2) Ethics from the Top*, n.d.). This empirical evidence supports the previous findings and theoretical foundation that argue top managers are drivers of ethical culture in the organizations (Giberson et al., 2009; Puffer & McCarthy, 2008). A study Puffer and McCarthy (2008) asserts that CEOs choose an organizational culture that is embedded in ethical grounds to enhance corporate social responsibility. Upper echelons are believed to be the primary influence of the creation and development of organizational culture (Schein, 2010). Other research evidence confirmed that there are an array of mechanisms through which top managers create and perpetuate the desired culture which may include setting themselves as an ethical model, learning from what top managers pay attention to and behaviours managers award and punish (Bandura, 1977; Grojean et al., 2004; Mayer, Kuenzi, Greenbaum, Bardes, & Salvador, 2009; Wu, Kwan, Yim, Chiu, & He, 2014).

2.3.2.1. Transformational Leadership

The transformational Leadership theory was first introduced by Burns 1978 and extended by Bass in 1985. According to Burns, transformational leadership exists in an organization when "leaders and followers make each other to advance to a higher level of morale and motivation" (Burns 1978 cited in Fan & Lee, 2011: p. 174). There are four components of transformational leadership (Harrison, 2011).

Individualised consideration. Judge and Piccolo (2004: p. 755) identifies this as the "degree to which the leader attends to each follower's needs". Therefore this relates to the way the leader guides the subaltern and listens to his concerns and needs. This is indeed in line with Bass's (1999) affirmation that individualised consideration is on the show when the leaders are considering the developmental needs of the subordinates and therefore play a supportive, and coaching role for the advancement of the followers. Intellectual stimulation. Ethical leadership represents a domain of leader behaviour that accords with what Schein (1985, 2010) described as primary mechanisms through which leaders embed their expectations and assumptions into the fabric of an organization (SCHAUBROECK et al., 2012). Avolio, et al. (1999) associate intellectual stimulation to the degree to which the leader encourages the followers to challenge and better the existing knowledge. Bass (1999) recognises intellectual stimulation in situations where the leader helps the followers reach an upper level of creativity and innovation.

Inspirational motivation. Judge and Piccolo (2004: p.755) explain that leaders with inspirational motivation nurture "high standards, communicate of optimism about future goal attainment, and provide meaning for the task at hand" among subordinates. Hall, et al. (2012) highlight the importance of the organization's vision when it comes to inspirational motivation. In their opinion there can be inspirational motivation only if managers impel subordinates to adhere to the vision of the organization. Managers in this case foster team spirit to reach predetermined goals.

Bass and Riggio, (2006) declare that managers with idealized influence are keen to take risks while being consistent rather than arbitrary, which makes them trustworthy when it comes to doing the "right thing and demonstrating high standards of ethical and moral conduct" (Ayoko & Muchiri, 2014: p. 445). Inspiring trust, respect and admiration, these leaders will be regarded as role models for the followers who, according to Bass and Riggio (2006), will identify themselves with these leaders and also want to emulate them. Consequently, idealised influence is the extent to which the leader "display conviction, take stands, and appeal to followers on an emotional level" (Judge & Piccolo, 2004: p.755). In all, according to Schwepker and Good's (2010) study, transformational leadership can indirectly, through trust in sales managers, influence the moral judgement of salespeople. Leaders' behaviours can transform the values, goals, and aspirations of subordinates, who will feel motivated to follow the good practice at work, not because they expect to receive a reward in the end, but because of consistency with their values (Gatewood & Carroll, 1991). Critically in a sales environment, Schwepker and Good (2010) have established that ethically oriented transformational leaders show concerns not only for reaching targets but also for how things are done. Consequently, if one extrapolates such findings to the industry of interest, one could assume that if quotas set were unrealistic, and therefore incited the sales force to engage into unethical actions, then a transformational manager would recourse to the revision of quotas.

There is a new kind of leadership practice rooted in moral authority is referred to as moral leadership (Sergiovanni, 1992). The ethical leadership construct is defined as the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making'' (Brown, Treviño and Harrison, 2005: 120). Ethical leadership is thus centred on values, moral decision-making, societal wellbeing, stakeholder interests and an overall concern for others (Hibbert and Cunliffe, 2013; Pless and Maak, 2011). Some scholars also highlight virtue and character as essential features of ethical leadership (Hibbert and Cunliffe, 2013). Furthermore, managers are the ones who create the structural and cultural conditions for employees to behave ethically (Verkerk et al., 2001). A specific line of research discusses transformational leadership from a deontological angle (Kanungo, 2001), with scholars such as Burns (1978) and Sendjaya (2005) rooting this type of leadership in highest motivation and morality. Similarly, Yukl (1990: 210) holds that ―only those who appeal to higher ideals, moral values, and higher-order needs of followers can be called transforming leaders.

Transformational leadership lends itself well to the formation of an ethical environment and thereby facilitating the institutionalization of corporate ethics (Carlson & Perrewe, 1995). It is reported that there has been a positive relationship between transformational leadership and ethical climate in the organization (Du et al., 2013; Theron, Van Aswegen, & Engelbrecht, 2005). Yet, Schwepker and Good's (2010) warning casts doubt on the question of the banking industry using such theory. They state that organizations looking to implement such a strategy will need a lot of patience and focus on long term benefits rather than seek short term results. If, when implementing the transformational leadership strategy, zero positive results in the short term means employees indulging in short term profitable malpractices, banks would not lose out financially. However if zero positive results in the short term are equivalent to a bigger emphasis on how things are done and to a drop in revenues, banks will certainly be reticent to implement this strategy.

2.4 Code of Conduct:

Codes of conduct in financial services regulation are used to draw industry into the regulatory system (Pearson, 2006). Effective ethics codes are no longer simply a text (Stuart, 2005). Rather, they exemplify the fundamental principles and values of public service. These can consist of extra legalistic precepts, such as restrictions on conflicts of interest. Codes can additionally include values. But the imperative factors in code are the clear articulation of concepts that are derived from values. This difference has its clearest conceptualization in the 18th-century writings of Jeremy Bentham.14 For him, a principle was "a well-known regulation or rule that publications behaviour or decisions," whereas values articulate "an aspiration of a best ethical state" (Stuart, 2005). Values are widely wide-spread ethical duties while principles are the moral prerequisites or behaviours we expect (Davis, 2016). Unfortunately, this can emerge as difficult in everyday language. For instance, many instances "core values" or "concrete values" are phrases used alternatively of ideas however they need to be meant to inform principles. For this purpose, it is not unusual for codes to being with a value (integrity) and then make the value actual in principle. Principles and values are embedded in all ethics codes and codes of conduct, both implicitly or explicitly.

The most well-known of these codes within the financial sector are the UNEP FI, UNPRI and EP for project finance. A more recent and much smaller code of conduct is the GABV, which focuses on positive sustainability impacts of banks and other financial institutions. Often, the strengths and weaknesses of voluntary codes of conduct are discussed based on the conducts themselves. A number of these analyses exist, for instance, for the EP (Amalric 2005; Conley and Williams 2011; Eisenbach et al. 2013; Hardenbrook 2007; Lawrence and Thomas 2004) and UNPRI (Eccles and Viviers 2011; Gond and Piani 2013; O'Sullivan and O'Dwyer 2009). There is not much research, however, on the actual impact of these codes of conduct on the sustainability performance of banks and other financial institutions.

The industry code of conduct or code of practice does not stand alone. It may be voluntary or mandatory, prescribed or approved (Pearson, 2006). There are several studies about the impacts of codes of conduct on general corporate behaviour, corporate social responsibility and business practices inside and outside of the financial sector. These studies complement the research on the content of codes of conduct, such as the studies of Richard Macve and Xiaoli Chen (2010) and Christopher Wright and Alexis Rwabizambuga (2006). However, the proposal of Bernard J. White and B. Ruth Montgomery (1980) to analyze the application of codes; it focuses more on research regarding the impact of the codes and less on their content, although both are often interrelated. Adversely, the results of the studies by Krista Bondy, Dirk Matten and Jeremy Moon (2004; 2008) do not suggest a strong impact of voluntary codes of conduct on corporate social responsibility and sustainability. They found that independent of the country that the firms are operating in, it is not possible to assume that the presence of a code of conduct can indicate a higher corporate social performance.

Interestingly, the percentage of firms that have signed voluntary codes of conduct is higher in the financial sector than in others (ibid.). However, sectors with high environmental and societal impacts, such as mining, have also developed and signed a high number of voluntary codes of conduct. Having voluntary codes in a sector, if these codes truly influence the sustainability performance of the firms in that sector, may create opportunities to drive it in a more sustainable direction.

Scholarly researchers' debates about codes usually revolve around whether or not more generic codes are mere platitudes, and whether or not more certain codes require conduct about which real human beings can disagree. They even debate whether or not ethics codes are fundamental at all due to the fact proper humans have to understand how to act ethically accept any education (Stuart, 2005). A study by Mark John Somers (2001) analyzed the impact of internal codes of conduct that mainly focus on guidelines that educate employees on ethical behaviour from their employers. The main finding of the study was that corporate codes of conduct lead to less perceived wrongdoing in organizations. However, they did not increase personal reports about observed unethical behaviour. Furthermore, the study compared corporate codes of conduct with professional codes of conduct, in which the latter is developed by industry associations and not by the companies themselves. Therefore, they are comparable to codes such as the UNEP FI, UNPRI, EP and GABV. In contrast to corporate codes, the professional codes neither decreased wrongdoing nor increased the reporting of observed unethical behaviour.

In addition to ethical behaviour, several codes of conduct are labour-related. That is, they offer guidelines about how to manage labour relations, in particular for countries with weak labour rights, such as Bangladesh or Honduras. The effectiveness of these codes, however, depends on several external variables, and the influence of these variables can be so significant that the same codes can have different impacts on labour rights in different countries. Xiaomin Yu (2008), for example, mentions profit maximization, competition and government protection as main factors influencing the impact of codes of conduct on, specifically, corporate social responsibility. The study suggests that there is a trade-off between the effectiveness of voluntary codes of conduct and financial goals. For this reason, there is a tendency to sacrifice codes of conduct for better financial results, in particular, if there are no or weak regulations on labour rights. About the impact of voluntary codes of conduct in the financial sector, some studies are somewhat contradictory (Weber et al., 2016d). Bert Scholtens and Lammertjan Dam (2007) found that signatories of the employee performance were rated significantly higher with their corporate social performance than their counterparts that have not signed the principles (Weber et al., 2016b).

There is an article "Findings On Financial Sector Sustainability Codes Of Conduct" suggest that an effect of voluntary codes of conduct on the financial sector that is dependent on several factors (Weber et al., 2016b). The first factor is the content of the code. If guidelines are weak or the code does not address important sustainability issues, then the effect will be small. The EP, for example, addresses climate change in an unstable manner, and consequently, it cannot be expected that the code will have a significant impact on climate change strategies, as well as on climate change-related products, and services of their signatories. Second, the effectiveness of codes of conduct is correlated with their quality. High-quality sustainability codes of conduct focus on sustainability issues that are important for stakeholders and provide implementation guidelines as well as compliance mechanisms to guarantee a positive impact of the code.

Corporate citizenship and low-risk organisation ethics profiles begin with a company code of ethics (Raile, 2013). As ethics in an enterprise have changed, the area of commercial enterprise has skilled an enlarge over the previous years. Codes of ethics have ended up the determinant of the movements of human beings in the workplace (Erwin, 2011). It is, however, necessary to mention also that creating a code of habits is through no ability the solely supply of prosecuting the moral goals of an organization. Although codes of ethics appear to be the very first strategy employed by way of managers of organizations, if the code is applied and drafted in a single instrument, the organisation will no longer have the finest gain from the set of codes of conduct (Somachandra & Sylva, 2019). The principal drawback is that humans working in a company may also enhance an incorrect experience of judgment and protection (Erwin, 2011). This is due to the fact employees in an agency will start to experience that they are being avoided from exercising non-public discretion on the job or being in a position to decide what is proper and wrong. The code of ethics of an organisation stipulates the core values and its believed system and makes certain that they are steady with the mission and imaginative and prescient of the organization (Soana, 2011).

It commonly states the how humans working in a business enterprise need to behave and offers a value system by way of which all contributors in an enterprise ought to function and which people in a corporation should uphold any time they are dealing with stakeholders of the organization (Huq & Bhuiyan, 2012). The stakeholders can also be both internal and external. The code of ethics drafted for an organisational turns into the medium inside which each manager and employees operate in an organization (Hossan Chowdhury, 2011). It additionally determines the medium and lengthy-time period dreams of an organisation by way of speaking the core values of the organisation to the outdoor world. It additionally serves as a supply of pleasure to personnel working in such employer that has clear cut approaches through which the organizations' operation ought to be carried out and determines the behaviour and things to do of each administration and different personnel in an organization. A code of conduct of an organisation that has been properly written can tackle the moral disasters of an employer and outlines how things to do inside a company have to be regulated (Alton, 2013). Ethics in a company have been modelled to be in a position to tackle environmental troubles and additionally serve as a device by way of regulating how humans relate in an organization, communication, security of the products being offered to the customers, how human beings supply items and additionally receives items in an organization (Davis, 2016). It additionally states what constitutes a conflict of interest and corruption amongst others.

Companies have codes because of several reasons. Ethics codes are one attempt to improve the organizational climate so that individuals can behave ethically (Shaw and Barry, 1995). Both Arrow (1974) and Stone (1975) noted that ethical controls are necessary because the legal system and markets do not necessarily lead to organizational behaviour that takes into consideration the moral impacts of business decisions. Others have argued that companies need codes to establish the business as a profession similar to medicine or law; ethics codes are one marker of professions. Codes of ethics can also be viewed as attempts to institutionalize the morals and values of the company founders such that they become part of the corporate culture and help socialize new individuals into the culture (Weiss, 1994). Stevens (1994, p. 68) suggests ethics codes are messages. Consequently, Patrick M. Erwin (2011) found that an impact on corporate sustainability of the signatories could be found only for cases of high-quality codes of conduct. Thus, it seems that codes of conduct per se do not always have an advantageous effect on the overall performance of the signatory, however, that it is pleasant of the crucial code.

The large increase in companies adopting codes of ethics since the 1970s, however, can be traced to more pragmatic concerns. Growing international and domestic business scandals of the 1970s and 1980s led companies to institute codes of ethics as symbols to both internal and external stakeholders of their commitment to ethical practices (Murphy, 1995). Ethics codes are managerial and legal tools. Since corporations can be held legally responsible for the actions of employees, managers enact codes to guide individual behaviour and to protect the corporation from the illegal and unethical behaviour of employees. The 1991 Federal Sentencing Guidelines encouraged the establishment of ethics codes as part of a comprehensive ethics program; they allow reduced fines for organizations found guilty of wrongdoing if they can show they enacted and communicated ethics codes to employees (Rafalko, 1994). Some codes are thus legal self-defence mechanisms. They can be much more, however. Managers may use codes to shape change and to send messages about expectations of standards that go beyond behaviour required by law. Thus codes may be serious attempts to articulate the moral climate that is part of the organization's culture (Stevens, 1994). Despite the prevalence of ethics codes in large organizations, there is relatively little empirical evidence regarding the effectiveness of codes of ethics on perceptions and behaviour in organizations (Trevino and Nelson, 1995; Kaye, 1992), or even of individuals' understanding and recall of the content of such codes (Weaver, 1995).

2.4.1 Individual and organizational influences on ethical behaviour:

Explanations for unethical behaviour have long focused on individual variables. However, researchers have pointed out that situational factors may be at least as important as individual characteristics, or the interaction of individual and organizational context may better explain ethical lapses than either factor alone (e.g., Trevino, 1986). More recently, some have suggested that the kind of moral issue and its expected consequences also determine what action is taken (Collins, 1989; Jones, 1991; Weber, 1994).

"Ethical lapses and illegal behaviour are not the domain of some sleazy firms operating at the fringes of otherwise respectable and responsible companies" (Sethi, 1994, p. 804). Since unethical behaviour in organizations is so widespread, it has been suggested that such behaviour may be caused by something in the organizational context itself, rather than representing the misbehaviour of a few "bad apples." But when an individual behaves unethically, attribution theory suggests we tend to frame individuals as causal agents, making personal attributions to explain the behaviour rather than assuming that something in the environment may be encouraging the dishonest behaviour (Utami & Ryadi, 2013). This occurs because our worldview frames people as causal agents rather than seeing environmental influences for good or bad behaviour (Messick and Bazerman, 1996, p. 15).

Previous research has shown that an employee's place in the organizational structure or hierarchy matters for ethics perceptions (Raile, 2013). One potential explanation is that self-perception biases combine with the climate-establishing role of leaders to produce these differing perceptions. Individuals tend to assume that they are more ethical than others (Bazerman and Tenbrunsel 2011; Bowman and Knox 2008), especially compared to individuals or sub-organizations perceived as more "distant" (Fredrickson and Fredrickson 1995; Menzel 1995). Basic research motive is that if we amplify Satisfaction it will supply in return commitments of worker with the organization (Bodla & Danish 009; Bodla & Naeem 2008a). Additionally, individuals in leadership positions play a greater role in influencing the ethical climate in that they set the ethical "tone," serve as visible models for behaviour, and establish formal ethics program elements for the organization (Beeri et al., 2012; Trevino 1990; Trevino, Weaver, and Brown 2008). Consequently, individuals in higher positions may believe that their self-assessed superior ethics permeate to the rest of the organization. More positive views of ethical climate may also result from managers' need to protect the organization's image and their own identity (Trevino, Weaver, and Brown 2008) or from managers better noticing relevant information based on higher discretion and beliefs about efficacy (see Sutcliffe 2001). Conversely, perceptions of the rank and file may be more negative because they view higher-ups as less ethical than themselves, though particular disdain is reserved for elected officials and political appointees (Bowman and Knox 2008; Menzel 1995)

A great deal of research on organizational ethics has used the Kolberg construct of cognitive moral development to explain why some individuals behave ethically in organizations and others do not (Fraedrich, Throne and Ferrell, 1994). However, several recent studies (e.g., Adams and Tashchian, 1995; Fraedrich and Ferrell, 1992; Weber, 1990) suggest an individual's level of moral development may not be a good predictor of ethical decisions made in work contexts. Fraedrich et al. (1994) summarize extensive research support for the view that employees do not make highly individual decisions regarding ethics in organizations.

Further, individual decisions may be moderated by organizational variables. Jones and Hiltebeitel (1995) found, for example, that ethical decision making of accountants was affected by organizational expectations and support. In a pair of laboratory studies, Hegarty and Sims (1978, 1979) found unethical behaviour increased with the level of competitiveness and with rewards for such behaviour. But ethical behaviour was more likely when there was an organizational ethics policy. These findings suggest that shared perceptions of the organization's policies and practices may be part of an organizational culture influence on ethical behaviour.

Regardless of the individual's ability to make moral judgements, in the organizational setting, there are strong pressures to conform to the expectations of managers and peers. Results of a laboratory study by Weber (1990) showed managers' level of moral reasoning depressed by context. Actions recommended in those dilemmas set in organizations were justified using lower levels of moral reasoning than those dilemmas set in other contexts. Trevino (1986) argued that ethical decisions are the result of the interaction of the person and the situation. Trevino and Nelson (1995) classify the recipients for the message of the ethics code as "good soldiers," "loose cannons" and "grenades." Good soldiers know the rules and follow them, so an ethics code simply lets this group know what behaviour is expected; for them the code offers support. Loose cannons mean well but are naive. They may be new, inexperienced, or simply not familiar with the organization's policies; they need to be educated in the code. The grenades may or may not be aware of what the ethics code says, but they have their agenda and no moral compass. Strong sanctions included in the code let grenades know unethical behaviour will not be tolerated. Thus, a code of ethics may meet different needs of different employees. For the good soldiers, it provides legitimacy and support for ethical behaviour; for the loose cannons, it provides guidance about expected behaviour and raises moral issues in the business context; for grenades, sanctions for unethical conduct may serve as a deterrent. The mere presence of code, therefore, sends a message to all employees. Although most employees may not read policy manuals or ethics codes in their entirety but, rather, consult them when they have a question, just the knowledge that the code exists may send messages that influence behaviour.

Adams and Tashchian (1995) found that justifications given for decisions made in actual ethical dilemmas people had experienced at work were mostly at Kohlberg's lowest level. The majority of both men and women justified their decisions by conventional reasoning – fear of punishment or expectation of reward. Thus, the individuals attributed their decisions to their organizations' reward structure and their dependence on that system. Taken together, the research on individual versus organizational impacts on ethical behaviour suggests that organizational context is an overriding influence on individual moral decisions made in organizations. Although individuals may be capable of quite sophisticated levels of moral reasoning, the perceived consequences of behaviour, the impact of managers' and peers' expectations and their influence as role models, the focus on profit as a significant expected outcome, the interdependencies created by organizational roles, the individual's economic dependence on the employing organization, even cultural beliefs about the value of economic success: all these elements exert a powerful influence on individual decisions.

As Stephens (1994) noted, codes of ethics send powerful messages about the organization's expectations. In Trevino and Nelson's (1995) terms, the code legitimizes the good soldiers' behaviour, teaches the loose canons what behaviour is appropriate in the organization, and warns the grenades of sanctions for unethical behaviour. The mere presence of code is an indication that management places some value on ethical behaviour; that moral considerations have a place in the organization's functioning; and that consequences, positive and/or negative, may be attached to the ethical dimensions of organizational behaviour. On the other hand, the absence of an ethics code may be read as a message that management does not consider ethics important or that management has not even considered this component of behaviour.

The presence of code may create unintended consequences, such as a feeling of being relieved of responsibility for understanding the complexity of a moral issue and finding the best resolution. If employees believe they can simply "follow the book," they may feel a diffusion of responsibility for their actions and discount their individual moral and managerial judgment (Toffler, 1990). According to a study, it is found that the existence of a corporate code of ethics affected both employee ethical behaviour and perceptions of ethics in several ways (Adams et al., 2001). Codes of ethics may also influence behaviour by creating dialogue among employees about ethical issues. Fisher (1993) argues that communication about ethical issues "before people take action provides the most promising route to improved ethical quality." Waters (1988) asserts that maintaining discussion about ethics in organizations requires that senior managers provide leadership by signalling the importance they place on ethics. Carroll (1989) maintains that a formal code of ethics is a key symbol that top management can provide to show their commitment to ethical behaviour.

One study revealed a general relationship between the quality of codes of conduct and their effectiveness on CSR performance at meso- and macro scales, wherein higher quality codes were maintained by companies appearing on top CSR lists for corporate conduct, ethical performance, public perception, and sustainability (Erwin, 2011). This study also revealed that low-quality codes of conduct do not necessitate poor CSR performance. While companies with lower quality codes exhibited lower ethical rankings on average than those with higher quality codes, they were equally likely to rank throughout a full range of ethical performance. These findings may suggest that: (1) codes of conduct have positive impacts despite their content, and/or (2) codes of conduct are not a prerequisite for ethical conduct within organizations. It also suggests that the mere presence of a code of ethics is more important than the content of the code per se (Erwin, 2011). If there is a code of ethics and employees are aware of its existence, then whether or not they can recall specific items contained in the code, their perceptions of the organizational environment are affected. If there is a code, then employees believe that ethical behaviour matters in this organization. If there is no code, then employees may conclude that this organization and its managers are not too concerned with ethical issues.

The auditing profession in Bangladesh is characterised by very low levels of audit fees, poor perceptions regarding audit quality and lack of demand for audited financial accounts. At present, the Institute of Chartered Accountants of Bangladesh (ICAB) is the only professional association for chartered accountants. The ICAB is responsible for developing the codes of ethics for its members, as well as self-regulating them. The ICAB has its code of professional ethics and preserves the right to take disciplinary actions, including cancellation of membership against members violating said code. The ICAB code includes concepts of independence, integrity and professional conduct. However, despite having such power, the ICAB has very rarely disciplined its members for violation of its bylaws and code of ethics.

2.4.2 Making decisions in business ethics:

Ethics does no longer comply with any formal format. It varies from one scenario to the other. It is summary in concept. Therefore, there is no standard way through which ethical problems can be approached. As the concept of ethics offers with the human being only due to the fact the sole human being can do something under their desire and free will. An ethical decision is one of the effects happened due to the choice. Every character has a distinct viewpoint. Ethical practices of human beings are additionally different. Therefore, choices about ethics fluctuate from one character to the other. A moral choice is no longer uniform it may additionally fluctuate from individual to individual and scenario to situation. For instance, the usage of building work, the firm is probable to lose Rs. three lakh in a day when work at the web site is halted. Being a labour-intensive project, a wide variety of people are engaged in the project. At the building site, if it ought to be determined out that one of the personnel has long gone lacking all through work, work will surely be stopped in search of the lacking employee.

However, have to the relaxation of the personnel now not being in a position to discover the lacking worker inside a day or two, the query then arises as to how long will the agency proceed to halt manufacturing in search of the lacking employee. This will, however, be based on the values of the supervisor and additionally things of ethics as it looks proper or incorrect earlier than him. The moral choice involving the state of affairs may also be specified from any other manager (Adams et al., 2001). Decision making in a commercial enterprise is one of the necessary duties of the concern (Somachandra & Sylva, 2019). It is the base on which the intention can be done properly. Decision made in the enterprise must be ethical.

Ethical choices are worried about judgment about right and wrong. But as Morris (2004) suggests, with the aid of the usage of the language of right and wrong, we have already recognized that a state of affairs is moral (Raile, 2013). So, there is a necessary method of identification that goes earlier than this whereby we observe conditions and decide whether or not they are characterised by way of such concerns in the first place. For an enterprise ethical choice must be such that it should be really useful for the involved events as nicely as a society (HARVEY-JONES, 1986). There are numbers of elements influencing moral choice making. A moral selection is no longer restricted only to them however impacts a vast range of different conditions as well (Stead et al., 1990). Similarly, unethical choices do no longer cease in themselves, however, have enormous ramification. Ethical choices are voluntary human actions. Hence, an act that is viewed to moral or unethical should result willingly from the movements of humans barring them being compelled to undertake the act (Miller et al., 2005).

2.5 Bank's Performance

To measure ethical performance resulting from responsible management, we need to measure moral excellence as reflected in indicators, like the number of ethical failures (Laasch and Conaway, 2015). In the last few years number of researches done on the ethics of top management and Job satisfaction of employee which is a consequence of efficient top management ethical behaviour (Koh Boo 2001). Research in the field of banking is important because it is a major service providing a field where anxiety exists. Business ethics have an enormous and effective effect on overall performance management, in line with the research findings of Babin et al. (2004).

The first and oldest approach has been the use of self-report questionnaires, or surveys, that measure how managers or other organizational members feel about various ethical issues in business (Gatewood & Carroll, 1991). Several good studies have been made on the crisis of the banking sector of Bangladesh. Most of them are based on secondary data. A study (Huq & Bhuiyan, 2012) has identified some major problems in Corporate Governance practice in the Banking Industry of Bangladesh. According to 'A Report on Banking Sector of Bangladesh' the problem of the banking sector in Bangladesh is widespread and is not related to the banking system only. The regulatory entity should be independent but accountable. As per the information of 'Loan write-offs soar' (2018) total written-off loan of the banking sector of Bangladesh from January 2003 to June 2017. Written-off loans are like uncollectible loans. The recovery process of such loan is highly difficult. According to Khondoker Ibrahim Khaled, former deputy governor of Bangladesh Bank in 'Finance ministry can't avoid responsibility for banking sector woes" (2017) the finance ministry should be liable for the miserable situation of the banking sector right now. The two main causes for the unusually high default loans in the state-run banks are the enormous corruption and inefficiency. The lack of good governance is another reason for the deterioration of the banking sector's health. He also thinks that in-state banks of Bangladesh, the bad loans account for about 32 per cent of their outstanding loans, which is very unusual.

2.6 Ethics in Other Industries:

Most of us would agree that it is ethics in practice that makes sense; just having it carefully drafted and redrafted in books may not serve the purpose (*Importance of Ethics*, n.d.). Of course, all of us want businesses to be fair, clean and beneficial to society. It is a code of conduct that is supposed to align behaviours inside an organization and the social framework (Adams et al., 2001). Primarily ethics in business is affected by three sources - culture, religion and laws of the state (Counihan, 2011). It is, for this reason, we do not have a uniform or completely similar standards across the globe. These three factors exert influences to varying degrees on humans which ultimately get reflected in the ethics of the organization.

Ethics has been developed over two sectors namely, professional and organizational. It has now been universally accepted that the concept of ethics valid in organizational level as well, since businesses exist not merely for the benefit of individuals, but businesses serve for the society in the large-spectrum and it meets the collective and individual needs (Vee and Skitmore, 2003). Decision making is one of the key elements in most business management processes, which should turn out to be ethical decisions or have ethical implications or consequences (Bowen et al, 2007). Carrol 1996 (cited Bowen et al, 2007) stated that if an organization wants to control its ethical behaviour they should focus in the contemplated action, behaviour or decision; norms or standards for comparison and the guiding principles of business ethics.

The European Union defines Corporate Social Responsibility (CSR) as "the responsibility of enterprises for their impacts on society and outlines what an enterprise should do to meet that responsibility" (European Commission 2011). As Cragg (2012: 9) states, the talk on what it means for a business to be responsible has been a subject of discussion and debate since the middle of the last century. According to Matten (2006: 12), it was in the early 1950s in the United States that the role of business in society became subject to a more systematic debate (Friedrich, 2009). Ethical corporate culture impacts CSR essentially in two ways. First, ethical corporate values and ideology in the form of implicit ethical culture do guide a firm's CSR decision making. Ethical corporate values often influence what information about a firm's external environment is noticed and what meaning is attached to it (Maon, Lindgreen, & Swaen, 2010). Corporate ethical values and ideology may also influence strategy formulation as managers rely on those values while scanning and evaluating environmental factors (Hambrick & Mason, 1984). Second, corporate ethical policies as part of the explicit ethical culture will serve as strengthening responsible behaviours and constraining irresponsible behaviours (Jones, Felps, & Bigley, 2007).

Ethical issues in the service industry are becoming increasingly important with the growth and globalization of the service sector in advanced economics (Mattsson & Rendtorff, 2006). There has been much research devoted to developing management tools for service firms in the form of advanced models of service delivery and the theories of customer relationship building and human resource management (Fitzsimmons & Fitzsimmons, 2006). Nevertheless, with recent incidents of misuse, fraud and other economically questionable transactions, service firms face many ethical challenges and pitfalls with potentially harmful consequences for service industries, society, markets and its actors – buyers, sellers and customers (Stoops, 1913). In general, ethics in service industries can be said to centre around how to transform value-driven management into good business ethics (Driscoll & Hoffman, 2000). In the complex economy of today, service accounts for a major part of the economy (Fitzsimmons & Fitzsimmons, 2006). We have moved from production and manufacturing economy to an economy with an increased focus on service and experience (Utami & Ryadi, n.d.). In this, so-called post-industrial economy, ethics is therefore increasingly relevant for services and experiences. In this vein, the French sociologist and philosopher Lipovetsky speaks about the ethics of personal values and self – fulfilment, where ethics and values are linked to good life and welfare.

In a largely diversified industry like construction, inter-organizational relationships grounded through ethical practice and behaviour is of utmost importance to establish sustainable relationships (Somachandra & Sylva, 2019). Somachandra & Sylva also mentioned in their article that, globally, the construction industry has been reported as an industry with poor ethical performance due to corrupt practices, health and safety catastrophes and triggering damage to the environment. Thus, if the construction industry is not guided by a proper ethical framework, the damage it could do to the economy, society and ecosystem are unrecoverable. Worldwide, the construction industry is ranked as the most fraudulent industry (Transparency International, 2005 cited Moodely et al 2008). Killion, (2014) stated that the construction industry is one of the tops for bribes which has given mostly for public employees for contracts and permits. Furthermore, personal judgement based on internal criterion systems reflects one's true beliefs and values, which serves to act as a reflection of the organization's image (Christabel and Vincent, 2003). In the construction industry, inter-organizational relationships are increasingly becoming important. To develop sustainable relationships it needs to develop a high trust/high ethics base (Wood et al, 2002).

To separate the world of the industry from the world of moral values is to take from the world of work,-where the normal individual spends practically his life,-the only touch of idealism without which industry becomes vulgar (Stoops, 1913). It's also important to realize that millennials are the next generation of talent entering the professional world—and they're the ones dictating what's important for companies (Alton, 2013). According to a Bentley University study, 86 per cent of millennials consider it a main priority to work for a business that conducts itself ethically and responsibly. According to one author (Dean, 1992, p. 285), business ethics "appeared in the media as one of the issues of the nineties". This attention has not waned with the arrival of the millennium. Reports of scandals involving unethical and often illegal practices have wracked both the public and private sectors and no doubt contributed to the public's loss of confidence in business managers and public administrators (Hartley, 2004; Hartman, 2004). Differences between public and private sector organizations were proposed to lead to different ethical perceptions, principles and judgments (Richards & Corney, 2006).

2.7 Top Management Ethical behaviour:

In this dynamic environment employee of organization more focus on ethics of top management (Ford & Richerdson 1994). The number of research done on the field of ethics in a recent era in developing countries but few evidence are also from developing countries are in literature. Now a day's international operations of firms increased as compared to two to three saccades past (Alder 1986). Researcher in the field of management is examining the job satisfaction of employee with their work (Trevino 1986). The human capital of a firm is a key factor of the firm which helps the organization to operate in this changing environment. When a firm enters in different countries then they need the role of ethics in their decision making according to the country in which they want to do business (Donaldson 1989). Norm & values of countries different which are challenges for an organization to understand the ethics of those countries where they want to invest (Sethi, & Steidlmeter 1993).

The literature explains different determinants of ethical behaviour in which Individual and situational aspects are mainly discussed (Farzana, 2018). There can be no socially responsible firm without first having socially responsible managers who can go beyond the narrow goals of profit maximization and willing to sacrifice organization objectives and interests in support of social objectives (Ditlev-Simonsen & Midttun, 2011; Hunt, Kiecker, & Chonko, 1990; Waldman, Siegel, & Javidan, 2006a). Empirical studies report that there have been positive relationships between the perceived importance of ethics and ethical intentions by managers(Singhapakdi, 1999; Singhapakdi, Gopinath, Marta, & Carter, 2008). Individual determinants like Field dependence (Witkin & Goodenough 1977), Ego strength (Blasi 1980) and locus of Control (Spector 1982) which are affecting ethical behaviour. Situational aspects like the behaviour of referent other (Kulik & Ambrose 1992), Ethical climate (Deal & Kennedy 1983; Schein 1984) and Reinforcement practices are studied in the literature. Formally institutionalized ethical policies into an organizational system in the form of code of ethics and ethical training symbolize what behaviours are rewarded and what behaviours discouraged thereby promoting responsible behaviours in the organization (Crane, McWilliams, Matten, Moon, & Siegel, 2008). In an organization with inbuilt ethical culture, employees are encouraged to take into account the interests of their organization and society while making decisions and behave responsibly when interacting with stakeholders (Trevino, 1986; Wu, Kwan, Yim, Chiu, & He, 2015).

A researcher needs to find the impact of ethical climate on individuals and organization. Only top management and owner-managers have the opportunity to foster major change in business practice (*(2) Ethics from the Top*, n.d.). Organizational consequences of ethical climate are growth, Teamwork etc. Individual consequences of ethical climate are the stress, turnover, job satisfaction and performance of employees (Cyriac & Dharmaraj 1994). It is expected that perceived top management support for ethical behaviour is positively correlated with job satisfaction of employee's which is concluded from justice theory and also from cognitive dissonance theory (Express, 2018).

2.8 Present Critical Scenarios of the Banking Industry of Bangladesh:

Corporate governance practices in Bangladesh are quite absent in most companies and organizations. Bangladesh has lagged behind its neighbours and the global economy in corporate governance (Gillibrand, 2004). One reason for this absence of Corporate Governance is that most companies are family-oriented. Moreover, motivation to disclose information and improve governance practices by companies is felt negatively. There is neither any value judgment nor any consequences for corporate governance practices. The current system in Bangladesh does not provide sufficient legal, institutional and economic motivation for stakeholders to encourage and enforce corporate governance practices; hence failure in most of the constituents of corporate governance is witnessed in Bangladesh. Poor bankruptcy laws, no push from the international investor community, limited or no disclosure regarding related party transactions, weak regulatory system, general meeting scenario, lack of shareholder active participation are some of the individual constituents that have been identified by Mamtaz Uddin Ahmed and Mohammad Abu Yusuf in their research study "Corporate Governance: Bangladesh Perspective" (Mamtaz and Yusuf, 2005).

As in many developing countries, banks play a vital role in the Bangladesh economy, as the dominant financier for industrial and commercial activities. Since independence in 1971, the government until 1982, when the 'ownership reform' measures started in the financial sector, had carried out the regulation and ownership of all the financial institutions. During the reform period, two out of six National Commercial Banks (NCBs) were denationalized and private commercial banks were allowed to operate in the country. There are total 48 private banks while 9 foreign banks are currently operating in Bangladesh beside of 39 local private banks ("List of Banks in Bangladesh," 2020).

Despite the expansion, the operational efficiency of the banking institutions has continued to be dismal (Sayeed, 2002; Raquib, 1999). The sector witnessed decreasing profitability, increasing non-performing assets, provision and capital shortfalls, eroded credit discipline, rampant corruption patronized by political quarters, low recovery rate, inferior asset quality, managerial weaknesses, excessive interference from government and owners, weak regulatory and supervisory role etc (Hassan, 1994; USAID, 1995). Internal control system along with accounting and audit qualities are believed to have been substandard (World Bank, 1998; Raquib, 1999; CPD, 2001). Many of the problems have been attributed to lack of sound corporate governance among the banks. The reports by the Banking Reform Commission (1999) and BEI (2003) raises serious concerns on the banking sector and criticize the quality of governance that prevails in the banking sector in Bangladesh.

Bangladesh ranks 143 out of 180 countries in Transparency International's 2017 Corruption Perceptions Index (CPI) with a score of 28/100 (Transparency International 2018) with 0 denoting the highest perception of corruption and 100 the lowest. Bangladesh also scores poorly in a number of governance-related issues, including corruption, according to the Worldwide Governance Indicators (WGI) by the World Bank (2017). The banking industry of Bangladesh is presently in a deep crisis. The amount of default loan is increasing day by day. On the other hand, presently this sector is in acute liquidity crisis due to some reasons. Political interventions in various levels, corruption & unethical practices and unhealthy competition among banks are further intensifying the crisis. The lack of good governance, accountability, and transparency are in everywhere in this sector. This sector has given birth some scandals over the past few years. For Example- „Hallmark-Sonali Bank Loan Scam was a scam perpetrated by the largest State Owned Commercial Bank (SOCB) of Bangladesh, Sonali Bank Ltd. by giving a loan of BD Taka 3400 crore (almost USD 454 million) using scam documents between 2010 and 2012". (Source: Wikipedia). The Basic Bank Ltd., another state-owned commercial bank of Bangladesh, was in the best condition before 2009. But after the appointment of a politician as its chairman, this good bank turned into a bad bank with its about Tk4500 crore default loan. The hacking of some of the reserves of Bangladesh Bank, the crisis in Modhumoti Bank Ltd., and Farmers Bank Ltd. have also further intensified the present critical conditions of this industry. Recent news of scam of another state-owned Janata Bank Ltd. with AnonTex Group is also a new addition to the present crisis in the banking industry of Bangladesh. According to 'Finance ministry can't avoid responsibility for banking sector woes' (2018) in Bangladesh the default loan account for in state-owned commercial banks 32% of their total outstanding loan. "This is highly unusual -- no country can run the banking sector with 32 per cent bad loans."- said to Daily Star; Khondkhar Ibrahim Khaled, former deputy governor of Bangladesh Bank. According to 'Managing the banking sector fault lines' (2017) the amount of non-performing loan is increasing at an alarming rate.

According to 'Banking in jeopardy' (2017) at the end of September 2016, the figure of bad debt stood at Tk65,731 crore, but a year later this figure had increased to more than Tk80,307cr. In the last three months, the amount has increased by nearly Tk6,000cr. It may be added that until June 2017, the defaulted loan stood at Tk74,148cr. The total figure is more than 30% of Bangladesh"s 2017-18 budget and equivalent to about 13% of our Gross Domestic Product (GDP) at a constant price.

As per the information of Finance Minister recently shared in The National Parliament of Bangladesh we came to know that, In Bangladesh, up to 30th September 2017 there were seven banks within their capital shortage. Among them, the capital shortage of the four state-owned commercial banks was Tk 7 thousand 626 crores and 26lac.Out of which:

- Sonali Bank had a shortage of Tk 3 thousand 140 crores and 41lac
- Rupali Bank- Tk 689 crore 90 lac
- Janata Bank- Tk 1thousand 272 crores 93 lac
- Basic Bank- Tk 2 thousand 522crore 99 lac

On the other hand, there were three private commercial banks in capital shortage of Tk 1 thousand 791 crores 20 lac up to that date. Out of which:

- Commerce Bank- Tk231 crore 31lac
- Farmers Bank Tk 74 crore 76 lac
- ICB Islami bank Tk 1 thousand 485 crores 13 lac
- (Source: Daily Prothom Alo, 26.02.18)

The Finance minister also made informed the Parliament that up to 30th September 2017 the amount of provision shortage of state-owned commercial banks were Tk 7 thousand 567 crores 46 lac. From the financial year, 2005-2006 to 2015-2016 in 10 years government has given banks tk 10,272 crores as capital. At present, the default loan in the banking sector is tk80,307 crore (Source: Daily Jugantor, 28.02.18).

One of the main obstacles of the banking sector in BD and one of the prime causes of non-performing/default loan is unethical practices or corruption. They identified the cases like loan sanctioning, loan monitoring, evaluating of collateral, loan appraisal, loan take-over, restructuring, loan rescheduling, and in some others cases this unethical practices and nepotism are noticed. Besides these Lack of skilled manpower/management, Weak monitoring/supervision of Bangladesh Bank, Lack of good governance, accountability, and transparency, Weaknesses of law etc are the main reasons.

It has long been argued that there is a strong connection between governance, ethics, integrity, and corruption, all of which are the product of a complex interplay of political, economic, social, and even psychological factors and forces (Westra 2000). In the case of Bangladesh, Rashid and Johara (2018) argue that there exists an integrity governance-corruption nexus in the country, as a result of which all the organs of government have become pervaded by corruption.

2.9 Proposed Model & Hypothesis Development

As outlined in the section above, there are different factors which influence ethical behaviour. According to Garrett and Klonoski (1990), this is typically a person's perception of whether or not a choice or act is wrong or right. Ethical business practices are essential ingredients of professionalism what we expect to get stronger in our businesses (Boahene, 2016). Furthermore, several researchers mentioned that different factors influence the ethical practice in any sector depends on different factors like code of conduct, the content of it, and ethical practice in the top management level which directly or indirectly influence the overall performance of the organization. Theory suggests that ethics programs can enhance company performance (Donaldson & Pres- ton, 1995; Gatewood & Carroll, 1991; Quinn & Jones, 1995), usually by bringing an organization's decisions and actions more into conformity with societal ethical expectations. The financial sector is one of the industries with the highest frequency of voluntary codes of conduct (K. Goyal & Joshi, 2011). It is also very important to frame human resource policies by reflecting ethical values in financial institutions and execute a reward-cum-incentive programme for ethical acts instead of concentrating merely on legal behaviour, as legality does not always ensure adherence to ethics (Express, 2018).

Ethical problems that are dominant are commonly these that contain liquidation of a criminal action referring to to the commercial banks (Alton, 2013). Unethical behaviour is not desirable in any business including banking (Davis, 2016). In most of the cases unethical behaviour-be it corruption, fraud- in banking or financial sector always get more attention in newspaper headlines than others (Utami & Ryadi, 2017). That does not necessarily mean that people in the financial sector are inherently no more or no less ethical than the larger society they are drawn from. It is the environment in the financial sector-pressure and opportunity to bend the rules, high rewards for the pay off and low risk of getting caught-that encourages ethical compromises (Dr Subbarao, Ex-Governor of RBI).

Looking back to the literature, there are several studies done by the researchers to find out the overall ethical influence in the banking industry. They mentioned some factors like manager's behaviours and practice of ethics in the overall process, the content of the corporate governance, how the laws and regulations are implicated influence the ethical practice in any sector. The International Monetary Fund, the World Bank and different groups have been working very tough on shaping the business environments inside which the worldwide commercial banks are operating. This is accomplished via growing a well known and code and monetary policies for the banks to use (K. Goyal & Joshi, 2011).

Cooper and Frank (1991), and O'Fallon & Butterfield (2012), identified some factors influencing unethical behaviour among them One's values and standards, Boss who controls the pressure employees have to compromise ethical standards, Company environment/culture which controls the pressure to compromise employee's ethical values to achieve organizational goals, Company management philosophy that emphasizes ethics in operations, Professional codes of ethics in the company and society at large were focused more. In a pair of laboratory studies, Hegarty and Sims (1978, 1979) found unethical behaviour increased with the level of competitiveness and with rewards for such behaviour. But ethical behaviour was more likely when there was an organizational ethics policy. These findings suggest that shared perceptions of the organization's policies and practices may be part of an organizational culture influence on ethical behaviour.

While examining the specific industry, this research paper is focused on the banking industry of Bangladesh which is highly vulnerable with lots of unethical incidents. Poor bankruptcy laws, no push from the international investor community, limited or no disclosure regarding related party transactions, weak regulatory system, general meeting scenario, lack of shareholder active participation are some of the individual constituents that have been identified by Mamtaz Uddin Ahmed and Mohammad Abu Yusuf in their research study "Corporate Governance: Bangladesh Perspective" (Mamtaz and Yusuf, 2005). It ranks 143 out of 180 countries in Transparency International's 2017 Corruption Perceptions Index (CPI) with a score of 28/100 (Transparency International 2018) with 0 denoting the highest perception of corruption and 100 the lowest. Bangladesh also scores poorly in several governance-related issues, including corruption, according to the Worldwide Governance Indicators (WGI) by the World Bank (2017). The hacking of some of the reserves of Bangladesh Bank, the crisis in Modhumoti Bank Ltd., and Farmers Bank Ltd. have also further intensified the present critical conditions of this industry (H. Rahman & Rana, 2018)

Likewise, research on ethical management highlights a range of ethical criteria that managers or leaders either should possess (i.e., in the normative philosophy line of research; see Ciulla, 2005) or do possess and show these in practice (i.e., in the descriptive and predictive social scientific line of research; see Brown and Treviño, 2006). Taking both the country and industry specifics into account, this paper hypnotized that:

H1- There is a positive association between manager's ethical behaviour and practice of business ethics in the organization

H2 – Code of conduct moderates the relation between manager's ethical behaviour and practice of business ethics in an organization positively.

H3 – There is a positive association between the practice of business ethics in the organization and bank's performance

H4 – Practice of business ethics in organization mediated the effects of manager's ethical behaviour on performance

H5 - The mediation effect is stronger in the presence of a code of conduct.

On the base of the hypothesis, the research model is developed which is shown in figure 1.

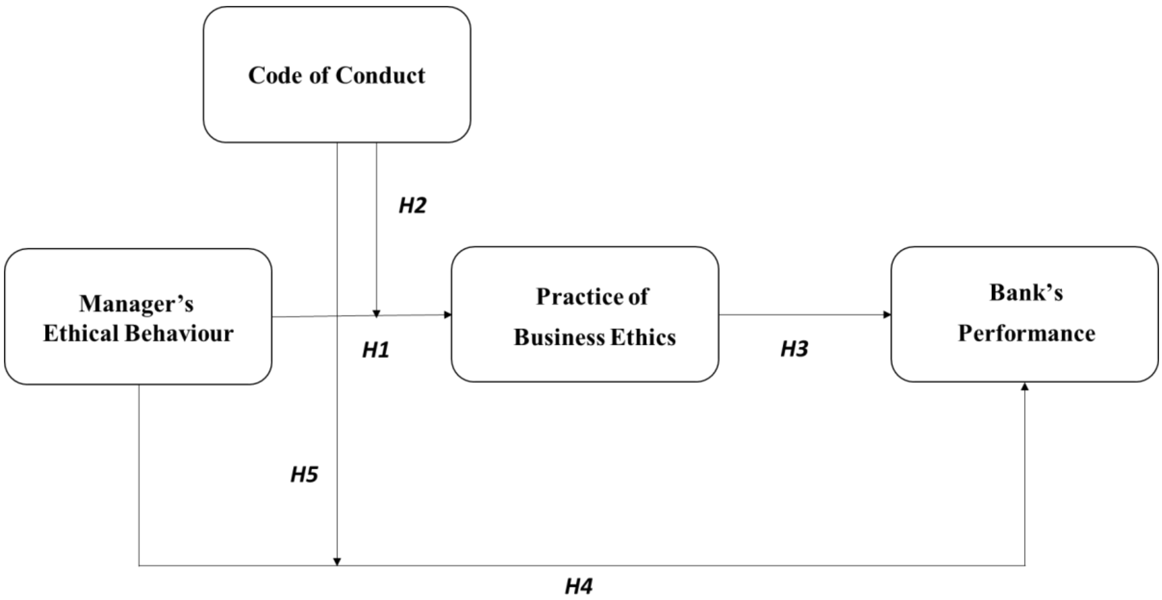

Figure 1. Research Model

3. Research Method & Data Collection

3.1 Data Collection

To test the hypotheses, an empirical study was conducted. The data was collected with an internet-based survey sent to employees employed in the banking sector of Bangladesh. The potential respondents were obtained through personal contracts as the author has worked previously in the Bangladesh banking sector. The questionnaire (see Appendix A), was designed with the online survey tool lime survey, and the generated link was distributed. Thus, the population was contacted via email, containing the link to the questionnaire.

Before the questionnaire was distributed, a pilot test was performed to ensure the clarity of the survey. This pilot test took place by using skype to be able to measure the time required to fill in the questionnaire, directly a response to possible questions as well as to detected misunderstandings. Overall, the pilot questionnaire was presented to two potential respondents in Bangladesh as this is conducted to bankers. On average, the pilot questionnaire was filled in within fifteen minutes.

After this, the questionnaire was directly sent out to 30 employees within the relevant industry. These 30 individuals volunteered to distribute the survey within their division or department and also to other banks within their network. They were asked to forward it within their division without limitation such as department, gender or age. Nevertheless, as this study investigates their opinion about the ethical practice in their bank, division and also within the team.

The survey link is distributed through public and private banks as we aimed to find out the overall ethical practice in the bank industry of Bangladesh. We got 109 responses of a banker with their valid official email address. Among these 109, 43 respondents were from private banks and 66 respondents were from public banks. As literature states, the response rate can be a crucial factor when it comes to the validity of a paper's result (Baruch & Holtom, 2008). After three weeks, the questionnaires were exported and analyzed.

Due to time constraints, no pre-notification, incentive or reminder after the distribution of the survey was sent out. So, considering the length of the survey and the limited time for respondents to answer, the return rate will be considered as reasonable.

The questionnaire was divided into five categories to focus on the specific factors so that respondents know what category they are answering. The answer in the first part is focused on the practice of business ethics of the managers, the second part is based on dimensions of the practice of business ethics, the third part is based on the effect on performance, fourth is measuring the code of conduct and it's an implication and the last part is to know demographical information of the respondents. Ethical corporate culture was measured by ethics institutionalization scale developed by (Singhapakdi & Vitell, 2007). The scale measures the degree to which ethical corporate culture has been implicitly and explicitly integrated into the organization. The following questions required a response on a scale from 1 to 7 whereas one was either "very dissatisfied" or "strongly disagree" and seven "very satisfied" or "strongly agree." All survey questions were based on literature discussed in the chapter theoretical background above. Each question will be seen as sub measures for the total variables, which will be empirically tested later.

The characteristics of the sample size include their age, gender, total years of experience in the banking sector, the size of the organization. The sample consists of male (69.2%) and female (30.8%). The job experience was also diverse ranging from; <10 months (5.7%), 30-40 months (15%), 40-50 months (25.2%), >50 months (54.1%). The age group was less than 40 years (35.9%) and above 40 years (64.1%). The size of the banks was also diverse; <250 employees (35%), 250-500 (40%) and >500 (15%).

3.2 Sampling Techniques

The convenience sampling technique used to be adopted for this research. Convenience sampling involves selecting typically convenient to achieve a sample. According to Saunders et al (2009), a convenient sampling approach permits a researcher to choose samples he or she believes will assist in assembly the goals of the study. In the work, the personnel of the banks was once chosen conveniently. The convenience sampling approach is a non-probability sampling method. This approach was once chosen due to the issue in getting correct numbers of the workforce of the banks.

3.3 Independent Variable

For this study, the independent variables are Manager's ethical behaviour. These details are mentioned in the chapter theoretical background.

3.4 Dependent Variable

The goal of this paper is to find out the ethical behavioural practice in the banking industry, especially which factor influence this behaviour most. To further develop a relevant base to investigate, it is important to measure the practice of business ethics and how if effects the bank's performance.

Personal values influence Ethical decision making (Utami & Ryadi, 2013). Being perceived as sincere is a principal determinant for the survival of the financial institution (Chiami and Fullenkamp, 2000). At a basic level, the symbol of that trust in the banking industry is the banknote as each note carries a promise made to the bearer (Somachandra & Sylva, 2019). So, it's a basic tool to measure the effect of ethics in bank performance. Secondly, the practice of business ethics can influence the overall performance of the employees', their perceptions and also it will help to measure the effectiveness of the code of conduct. This bank's performance is also used as a dependent variable in several studies. To measure ethical performance resulting from responsible management, we need to measure moral excellence as reflected in indicators, like the number of ethical failures (Laasch and Conaway, 2015). Leaders' behaviours can transform the values, goals, and aspirations of subordinates, who will feel motivated to follow the good practice at work, not because they expect to receive a reward in the end, but because of consistency with their values (Gatewood & Carroll, 1991). That's why the practice of business ethics and the overall bank performance depends on the manager's ethical practice and the code of the conduct.

3.5 Moderator

We have used a code of conduct as a moderator variable. The moderator variable has been explained in the previous section.

3.6 Controlled Variable

As this research paper is trying to find out the relation of manager's ethical practice and the code of conduct in the overall practice of business ethics and performance of the bank, there should have certain variables which need to be controlled to test the relative relationship of the dependent and independent variables. Certain variables were kept stable to avoid misspecification, improve explanatory of the model as well as to ensure the consistency of the study (Bernerth & Aguinis, 2016).

In this paper, we have reached a convenience sampling method for this research. Here we have selected four controlled variables which are also used in several studies like Kaptein and Wempe, 2002; Menzel, 2007, Davila-Gomez and Patiño, 2012, Somachandra & Sylva, 2019, Ditlev-Simonsen & Midttun, 2011; Hunt, Kiecker, & Chonko, 1990. These variables are the number of employees, age, gender, work experience.

The size of the organization was controlled as the responded needed to fill in, how many workers their employer has. There some authors who suspect age lessens idealism and increased cynicism in many people (Glover et al., 1997a). On the other hand, one might expect that age affects the awareness of the ethical dimensions embedded in everyday managerial decisions. The major focus of the individual approach is identifying characteristics of the moral individual. Studies emphasizing individual factors influencing ethical decision making have shown several variables to be significant determinants of ethical or unethical behaviour (Beekun et al., 2005). Some of these are a locus of control and Machiavellianism (Hegarty and Sims, 1978, 1979); moral philosophy (Fritzche, 1988); stages of moral development (Manning, 1981; Stratton et aI., 1981; Trevino and Youngblood, 1990); age (Serwinck, 1992); years of education Gones and Gautschi, 1988); and, gender (Ruegger and King, 1992).

Our third controlled variable is gender. Previous researchers, who have examined gender effects within the context of ethical decision choice, have found conflicting results (i.e., females make more ethical decisions than males; males and females made similar ethical choices; Chonko and Hunt, 1985; Ruegger and King, 1992; Serwinck, 1992, (Glover et al., 1997b)). Researchers have identified gender role differences, religious beliefs, age, work experience and nationality as factors which may influence the ethical decisions made by individuals (Hegarty and Sims, 1978; Preble and Miesing, 1984).

Being ethical may directly increase a firm's profitability (i.e., reducing costs by reducing employee theft) or it may directly decrease a firm's profitability (i.e. increasing costs by installing an expensive pollution control system or insuring a safe workplace) (Miller et al., 2005). As the individual enters and gains experience in an organization, his or her ethical behaviours are influenced by managerial philosophy and behaviour, the reinforcement system and the characteristics of the job itself (Stead et al., 1990). This work experience with its reinforcement and significant influence by management, in turn, become critical socialization forces influencing the individual.

3.7 Methods of Analysis

The outcome of the survey is transferred into data compliant with the statistical analysis program SPSS (version 25. And AMOS 26), in this study used for the interactive statistical analysis and evaluation of the results.

Within the program SPSS, the dataset will be analyzed with a hierarchical regression. The focus here is on whether variables explain the amount of variance in the depended variable, here performance, after taking into consideration all other variables. This analytical framework is suitable for model comparison due to the formation of multiple regression models by adding variables to a model with each new step. Thereby, later regression models include smaller models tested in the step before. When looking at the outcome of these models, the focus is on the recently added variables and whether it shows a significant improvement of R^2. This study is focused on which factor-like managers' ethical practice or code of conduct influence most to ensure the ethics in the bank industry. Therefore the following part investigates whether bank performance and ethical business practice change if the mangers are ethical or the code of conduct is strong. Besides, an exploratory factor analysis (EFA), as well as confirmatory factor analysis (CFA), was conducted to ensure the correct method of choice to evaluate the construct validity of questionnaires and scale (Thompson, 2004).

Before running the analysis in SPSS, the data set was clustered. As mentioned in the section data collection, each variable consists of multiple questions. Hence the practice of Business Ethics is measured with eleven statements. To measure the dimensions of the practice of business ethics in bank activities, we chose five sub measures which are also used in several studies. These are reliability, social responsibility, honesty & integrity, compliance, transparency. To measure the bank performance, we have used seven statements which are collected from several studies like Laasch and Conaway, 2015, Huq & Bhuiyan, 2012, Goicochea, 2010 where they tried to measure the ethical practice and its influence on the bank performance. To indicate the effectiveness of the code of conduct, we used five statements in the survey about several studies which are mentioned in the theoretical background of the code of conduct. After all, four variables were prepared named, Managers' ethical behaviour, code of conduct, the practice of business ethics and bank performance. In the following analysis, values less than alpha (α) = .1 and hence, with a confidence interval of 90% are considered as significant. Referring to comparable hierarchical regression analyses in papers from Simons et al. (1999) as well as Puck et al. (2013), p values up to $p < .1$ are considered as significant.

4. Result

In the following, the outcome of the EFA, CFA (see Appendix B), as well as hierarchical regression analysis, will be discussed. In this analysis, the first test is conducted to see the Mean, SD, and Pearson correlation coefficient of key variables (Table – 1). Correlation is a technique for investigating the relationship between two quantitative, continuous variables. Table 1 indicates the relationship between these four variables. The second examined the relation of the practice of business ethics in terms of code of conduct and also managers' ethical behaviour. The third test examines the effect on the bank's performance in comparison of ethical practice of managers and code of conduct. The fourth test was conducted to do the moderated mediated model. The fifth test is done to measure the conditional direct effects of manager's ethical behaviour on performance at a different value of code of conduct.

4.1 Exploratory factor analysis (EFA) for the variables

For the EFA, the clustered variables manager's ethical behaviour, performance measure, code of conduct and dimensions of the practice of business ethics are tested. To measure the sampling adequacy, a Kaiser – Meyer- Olkin (KMO) test is conducted. This index ranges between 0 to 1, whereas a value of KMO < 0.8 is considered suitable for further analysis (Kaiser, 1974). Moreover, the EFA conducts factor loadings for each sub-measures. This factor loading indicates the weight of a single factor on the selected variable. Besides, this factor loading is accepted with a value of ≥ 0.3 (Osborne et al., 2008). In this study, the factor loading range from a maximum of 0.955 ≥ 0.3 to a minimum of 0.65 ≥ 0.3, whereas all factor loadings found to be accepted (see Appendix B).

In addition to the KMO index, Cronbach alpha tests are carried out. This test provides a measurement for the internal consistency of specific scales and ensures validity. The outcome of the Cronbach alpha best is a value ranging between 0 and 1 with ≥ 0.7 considered acceptable for further research (Nunnally, 1978). The test for internal consistency reports the range by which the tested items measure the same construct and thereby refer to the inter-relatedness of the items within the test (Tavakol & Dennic, 2011). Here, all variables tested are within the suggested thresholds (Nunnally, 1978; Kaiser, 1974). Shortly, the KMO and Cronbach's alpha value for the manager's ethical behaviour is a KMO of 0.932 and a Cronbach alpha of 0.954. For the variable performance measure, the value of KMO is 0.883 and it shows Cronbach alpha value is 0.951. KMO value for code of conduct variable is 0.912 and Cronbach alpha value is 0.928. In this study, it also tested different dimensions of the practice of business ethics from the perspective of reliability, social responsibility, honesty and integrity, compliance and transparency. KMO value and Cronbach alpha are also calculated for these five factors (see Appendix A).

4.2 Confirmatory factor analysis (CFA) for the variables

Supplementary to the EFA, the CFA is conducted to ensure the validation of the questionnaire. Here several indices are measured.

Firstly, χ^2/df reflects the imperfection of the model by testing the observed and expedited matrices. A value closer to 0 indicates a better model fit (Hu & Bentler, 1999). Secondly, the value of Root Mean Square Error of Approximation (RMSEA) is relevant. A value of 0 indicates the perfect model fir. A value of $RMSEA \leq 0.06$ is suggested as acceptable (Hu & Bentler, 1999). Thirdly, the CFA test considers the model fir indices Comparative Fir Index (CFI) with a fair value of CFI ≥ 0.95 as the threshold (Hu & Bentler, 1999). Additionally, the Tucker-Lewis Index (TLI) was tested. Here the same threshold than in the CFA test is accepted (Hu & Bentler, 1999). Lastly, the model fit indices Adjusted Goodness-of-Fit Index (AGFI) was considered. Here, a value AGFI ≥ 0.9 indicated an acceptable model fit (Hu & Bentler, 1999).

These model fit indices show acceptable values for the total variables tested in this paper. The variable manager's ethical behaviour is found to be accepted with χ^2/df =1.642, CFI=0.979, TLI=0.967, *RFI*=0.921, *NFI*=0.948, and *RMSEA*=0.07. Whereas, performance measures are found to be accepted with values such as χ^2/df =1.285, *CFI*=0.997, *TLI*=0.992, *RFI*=0.965, *NFI*=0.985, and *RMSEA*=0.05. The total value for code of conduct is found to be accepted with values such as χ^2/df =1.537, *CFI*=0.991, *TLI*=0.984, *RFI*=0.955, *NFI*=0.976, and *RMSEA*=0.07. For dimensions of practice of business ethics, the values are the following χ^2/df =1.820, *CFI*=0.945, *TLI*=0.925, *RFI*=0.848, *NFI*=0.889, and *RMSEA*=0.08. The mean, standard deviation and Pearson correlation coefficient of key constructs are sown in Table 1.

4.3 Results of Regression Analysis

The following section will deal with the hierarchical regression analysis conducted with SPSS. Each hierarchical regression analysis considers five models, here named model 1, model 2, model 3, model 4 and model 5. When examining the different models and their effect on the dependent variable, specific parameters are relevant to investigate. Therefore, the size of the effect of the independent variable on the model is measured by R^2.

Table 1. Mean, SD, and Pearson correlation coefficient of key constructs

		M	SD	1	2	3	4
1.	Performance	2.93	1.45	1			
2.	Code of Conduct	2.82	1.46	0.86**	1		
3.	Manager's Ethical Behaviour	2.75	1.41	0.82**	0.83**	1	
4.	Practice of Business Ethics	2.90	1.48	0.87**	0.87**	0.85**	1
	*Note. N = 110. M = mean. SD = standard deviation. **p < 0.01.*						

The next step in the hierarchical regression analysis is the investigation of the F values in model 1, 2 and 3. Here, the F test as well as the p-value report, whether the null hypothesis can be rejected. The null hypothesis states that the model has no explanatory power and all coefficients on the independent variables are zero. So, the null-hypothesis says, that none of the independent variables predicts the depended variable. In model 1, the p-value is less than 0.05. Thereby, this model is statistically significant. But in comparison to the other two models, they are more significant. In model 2, F has the most significant value which is 191.885. In the following sections will compare the hypothesis in comparison of models which are mentioned in different tables.

In the second table (Table -2), regression analysis is conducted to test the code of conduct predicting the practice of business ethics. The four control variables, no of employees, age, gender, and work experience are entered. Here the practice of business ethics is a dependent variable. Managers' ethical behaviour and code of conduct are the independent variables. Here it shows whether the independent variables have a positive or negative relationship with the practice of business ethics. In comparison the relationship with managers' ethical behaviour with the practice of business ethics, it has a positive and significate value in model 2 and 3 which is 0.56. That proved the H1 which states that there is a positive association between manager's ethical behaviour and practice of business ethics in the organization.

Table 2. Results of regression analysis with code of conduct predicting the practice of business ethics

	Model 1		**Model 2**		**Model 3**	
	The practice of Business Ethics					
	B	**SE**	**B**	**SE**	**B**	**SE**
Employees	-0.19*	0.08	0.01	0.04	0.01	0.04
Age	-0.34	0.25	-0.12	0.11	-0.12	0.12
Gender	0.29	0.31	0.00	0.14	0.00	0.14
Work Exp	-0.03	0.25	0.02	0.11	0.01	0.11
Code of Conduct			0.39***	0.08	0.39***	0.09
Manager's Ethical Behaviour			0.56***	0.08	0.56***	0.08
Manager's Ethical Behaviour X Code of Conduct					0.01	0.06
R	0.348		0.906		0.906	
R^2	0.121		0.821		0.821	
Adjusted R^2	0.086		0.810		0.808	
F	3.453**		191.885***		0.009	

$^*p<0.05$, $^{**}p<0.01$, $^{***}p<0.001$

Regarding the comparison with the code of conduct, it also has a positive relationship with the practice of business ethics. To prove the H2, if we do cross-correlation between manager's ethical behaviour and code of conduct to find out their relations in terms of the practice of business ethics, it turned out negative. In model 3, B is 0.01 which is not significant. That means a manager's ethical behaviour and code of conduct didn't moderate the practice of business ethics which means it doesn't matter whether there is code of conduct or not or managers are ethical or not. The value of R^2 is increasing throughout the model testing. In model 1, R^2 is 0.121 which is increased by 0.7 in model 2 and model 3.

In Table 3, regression analysis was conducted to predict the bank's performance whether it depends on the manager's ethical behaviour and code of conduct or not. As we mentioned before, that perception of ethics varies from person to person. Having a code of conduct is to act as a guideline for making the right decision. In this test, we used four controlled variables and reasons to choose these variables are mentioned in the methodology chapter. Here the dependent variable is the bank's performance and independent is the manager's ethical behaviour and practice of business ethics. In relationship with the practice of business ethics with bank performance, we got a significant value in model 5 which is 0.63. That means there is a positive association between the practice of business ethics in the organization and bank's performance which prove our H3. Hence, if we see the result of the comparison between a manager's ethical behaviour and the bank's performance, we got a significant value in model 5 which is 0.63. That means the practice of business ethics in organization mediated the effect of manager's ethical behaviour on overall bank performance which proved H4. In the theoretical chapter, several studies were mentioned to support this statement. If there are proper implication and practice of business ethics, there will be less fraudulent activities in the financial sector which will increase the overall performance.

Table 3. Results of regression analysis predicting performance

	Model 4		Model 5	
	Bank's Performance			
	B	SE	B	SE
Employees	-0.01	0.05	-0.02	0.04
Age	-0.09	0.15	-0.06	0.13
Gender	0.06	0.189	0.03	0.16
Work Exp	0.16	0.15	0.15	0.12
Manager's Ethical Behaviour	0.84***	0.06	0.28**	0.09
The practice of Business Ethics			0.63***	0.09
R	0.824		0.888	
R^2	0.678		0.788	
Adjusted R^2	0.662		0.775	
F	41.778***		50.576***	

**p<0.05, **p<0.01, ***p<0.001*

We have used Process Macro tool for testing moderation. In Table 4, moderated mediated model is tested. Here the practice of business ethics is mediator and code of conduct is a moderator.

Table 4. Moderated mediated model (Process Macro Model 5)

	B	SE	LLCI	ULCI
Manager's Ethical Behaviour	-0.01	0.16	-0.325	0.323
Practice of Business Ethics	0.41***	0.09	0.210	0.603
Code of Conduct	0.20	0.14	-0.083	0.479
Manager's Ethical Behaviour X Code of Conduct	0.043	0.03	-0.019	0.105
R	0.89			
R^2	0.81			
Adjusted R^2	0.61			
F	108.57***			

Cross-correlation is tested to check how it affects bank performance. Here B = 0.043 is which is the significant value. According to H5, if there is a presence of a code of conduct, it has a strong effect on the overall performance as well as a manager's ethical behaviour. This table supports the H5. In table 5, we tried to test the code of conduct with different value to see the difference. Code of conduct with highest value 4.2925 has the most significant value where LLCI is 0.003 which is the highest compared to other values and ULCI is 0.362 which is the most significant value.

According to the regression analysis, the code of conduct didn't affect any of the results. But table 5 showed that, if the implication of a code of conduct is high or strong, it will increase the bank performance and will influence the manager's ethical behaviour.

Table 5. Conditional direct effects of Manager's Ethical Behaviour on Performance at a different value of Code of Conduct

Code of Conduct	**B**	**SE**	**p value**	**LLCI**	**ULCI**
1.3648	0.057	0.130	0.66	-0.200	0.315
2.8287	0.119	0.102	0.25	-0.082	0.322
4.2925	0.182	0.905	0.046	0.003	0.362

Sobel test results (*Sobel test statistic=4.95, p=0.00*).

Figure 2 shows the effect of the moderator (code of conduct) at different values which represent that having a strong code of conduct influence the overall bank performance and the managers' ethical behaviour.

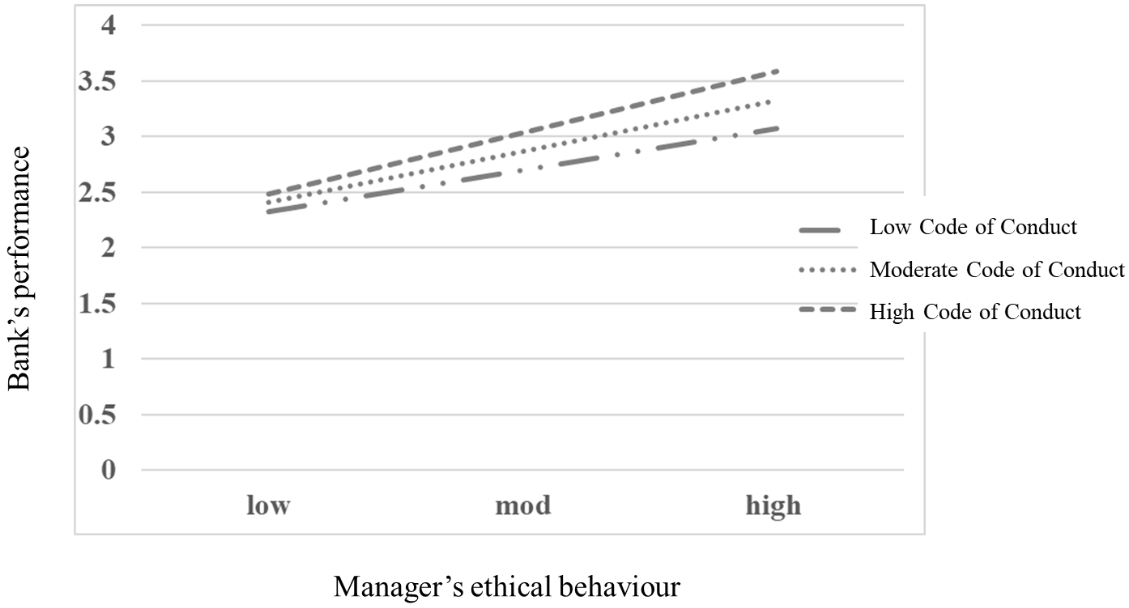

Figure 2: Effect of the moderator (code of conduct) at different values

5. Discussion & Theoretical Implication

This paper's results make several contributions to the research on factors which influence ethical practice in the banking sector. This study almost supports the other studies and also comes up with a new finding. This study suggests that having a code of conduct or not doesn't impact the overall bank performance if it's not strong enough. Most importantly, this paper proposes that the manager's ethical behaviours, the practice of business can ensure bank performance if there is a strongly implied code of conduct with proper content. Although there are several studies which indicate that code of conduct in an organization can be voluntary or involuntary, this study suggests that practice of business ethics or manager's ethical practice depends on the strong implication of code of conduct which impacts the bank performance. The findings of this study contribute to the literature in several ways. The impact of the practice of ethical behaviour on bank performance in an emerging market setting such as Bangladesh, where there is limited research on ethics practice. Most importantly, this paper suggests that, even if the manger is ethical, if the code of conduct is not strong or not strictly implied, it will harm the ethical practice and the overall performance of bank industry.

To summarize the result, regression analysis was conducted to find out the effect of different variables on each other and how it affects the overall ethical practice. In the result, H2 didn't prove which was code of conduct moderates the relation between manager's ethical behaviour and practice of business ethics in organization positively which means even if the manager is ethical and code of conduct is not strongly followed, it is possible to ensure the practice of business ethics. But according to our test, we found that, if the content of the code of conduct is strong and strictly followed, it increases the practice of business ethics and overall bank performance. It also influences managers' ethical behaviour. From the theoretical background, it found that code of conduct may be voluntary or mandatory, prescribed or approved (Pearson, 2006). There are several studies about the impacts of codes of conduct on general corporate behaviour, corporate social responsibility and business practices inside and outside of the financial sector. These studies complement the research on the content of codes of conduct, such as the studies of Richard Macve and Xiaoli Chen (2010) and Christopher Wright and Alexis Rwabizambuga (2006). There are proposals of Bernard J. White and B. Ruth Montgomery (1980) to analyze the application of codes; it focuses more on research regarding the impact of the codes and less on their content, although both are often interrelated. Adversely, the results of the studies by Krista Bondy, Dirk Matten and Jeremy Moon (2004; 2008) do not suggest a strong impact of voluntary codes of conduct on corporate social responsibility and sustainability. They found that independent of the country that the firms are operating in, it is not possible to assume that the presence of a code of conduct can indicate a higher corporate social performance. All the hypothesis are discussed below on the base of the finding and theoretical background.

Regarding H1, it is proved that there is a positive association between manager's ethical behaviour and practice of business ethics in the organization. It has a positive relationship. If managers are ethical, there will be the practice of business ethics. There are several articles which also support this statement. Empirical studies report that there have been positive relationships between the perceived importance of ethics and ethical intentions by managers (Singhapakdi, 1999; Singhapakdi, Gopinath, Marta, & Carter, 2008). Managers must acknowledge their role in shaping organizational ethics and seize this opportunity to create a climate that can strengthen the relationships and reputations on which their companies' success depends (Paine, 1994). To decide effectively, managers need to consider several factors as they weigh decisions based on the principles of rights, justice, utility, or care (Davis, 2016). Manager's ethical practice also depends on the code of conduct of the organization. Strong top management commitment to and communication about values and ethical conduct is a core element of ethical leadership from the top of the organization (Somachandra & Sylva, 2019). The leaders must demonstrate ethics in doing activities, making decisions and lead (Weber, 2007).

The literature points out that ethically responsible management can contribute to better financial performance by reducing the cost of business transactions, building trust with stakeholders, contributing to a successful teamwork environment and maintaining social capital (K. Goyal & Joshi, 2011).

Discussion & Theoretical Implication

Corruption and poor governance are impeding Bangladesh's efforts to reduce its massive poverty by reducing economic growth and lowering the achievement of social objectives (Huq & Bhuiyan, 2012). Some good studies have been made on the crisis of the banking sector of Bangladesh. Most of them are based on secondary data. A study (Huq & Bhuiyan, 2012) has identified some major problems in Corporate Governance practice in the Banking Industry of Bangladesh. Even if there are ethical managers, the surrounding environment will not allow them to practice ethics. Ahmed (2009) describes this as a moral hazard that arises when managers are tempted to act in their self-interest and not those of the principal (Farzana, 2018). By considering this scenario, H1 is developed and tested to find out if the manager is ethical, how it affects the practice of business ethics. Recognizing that management is an inherently ethical task and that the practices of the company embody a set of values or ethics, the management scholar Jeanne Liedtka (2011) suggests that there does exist a set of ethically based management practices that can help managers lead their companies effectively and so that they are competitive (Utami & Ryadi, 2013). These set of values can be presented as a code of conduct which can help managers to create an ethical environment. Within this framework, we can say that there is a positive association between manager’s ethical behaviour and practice of business ethics in the organization

A study by Mark John Somers (2001) analyzed the impact of internal codes of conduct that mainly focus on guidelines that educate employees on ethical behaviour from their employers. The main finding of the study was that corporate codes of conduct lead to less perceived wrongdoing in organizations. By considering several studies, H2 was developed that code of conduct moderates the relation between manager’s ethical behaviour and practice of business ethics in the organization positively. In the result section, we have already mentioned that H2 is not proved. In Table 5, we also found the conditional direct effects of manager’s ethical behaviour on performance at a different value of code of conduct. It represents that if the value of the code of conduct is high, it gives the most significant value. There are several studies conducted on the ethical practice in the bank industry of Bangladesh where the code of conduct is the main internal ethical aspect for Board of Directors (Hossan Chowdhury, 2011). A better process for understanding and dealing with ethical dilemmas faced by managers stems from the development and use of codes of conduct, where relationships, situations and decisions are viewed from a variety of stakeholders’ perspectives, and consideration is given to the interactions of multiple systems that exist within an organizational and institutional context that reflects contemporary society (Srivastava & Chaddha, 2005).

Ethics codes are managerial and legal tools (Adams et al., 2001). Since corporations can be held legally responsible for the actions of employees, managers enact codes to guide individual behaviour and to protect the corporation from the illegal and unethical behaviour of employees (K. Goyal & Joshi, 2011). Managers may use codes to shape change and to send messages about expectations of standards that go beyond behaviour required by law (Stead et al., 1990). Thus codes may be serious attempts to articulate the moral climate that is part of the organization’s culture (Stevens, 1994). Despite the prevalence of ethics codes in large organizations, there is relatively little empirical evidence regarding the effectiveness of codes of ethics on perceptions and behaviour in organizations (Trevino and Nelson, 1995; Kaye, 1992), or even of individuals’ understanding and recall of the content of such codes (Weaver, 1995). A great deal of research on organizational ethics has used the Kolberg construct of cognitive moral development to explain why some individuals behave ethically in organizations and others do not (Fraedrich, Throne and Ferrell, 1994). In a pair of laboratory studies, Hegarty and Sims (1978, 1979) found unethical behaviour increased with the level of competitiveness and with rewards for such behaviour. But ethical behaviour was more likely when there was an organizational ethics policy. By considering these studies and their research result, the conclusion is that ethical climate of an organization depends on the policy. If the policy is communicated to the employees and if they are aware of what is expected from them, it can increase the ethical behaviour as well as performance. Ethical concept varies from person to person. Even if there is code of conduct but top management is not ethical, there will be no output. On the same way, if the managers are ethical but there is no strong implication of code of conduct, it will not affect the practice of business ethics. There should have a strong content of code of conduct which is strictly followed throughout the organization. Though there are several studies which support that code of conduct mediates the relationship between managers’ ethical behaviour and practice of business ethics, but this study didn't prove this statement. In give us an output which suggests that it didn't affect that much if there is the presence of code of conduct until or unless it is strongly followed in the banking industry. That's why the second hypothesis didn't support the above discussion that, code of conduct moderates the relation between manager's ethical behaviour and practice of business ethics in the organization positively.

A "neutral association" suggests that there is no causal linkage between corporate social performance and financial performance (Soana, 2011) or there is insufficient empirical evidence to show that CSR strictly affects bankers or stakeholders value creation, because of so many factors or variables intervening that may have masked this relationship (Ullman, 1985). In sum, theoretical analyses argue that there is no automatic economic (positive or negative) effect of ethical activities on competitive performance (Cuomo et al., 2015). Some studies have started to consider a bi-directional causality in their empirical analyses to account for the theory that corporate social performance affects and predicts firm financial performance, and at the same time can be considered as a consequence of it (Waddock and Graves, 1997).

In our H3, it is proved that there is a positive association between the practice of business ethics in the organization and the bank's performance. To identify this, several questions were asked like bank growth rate, clarity of the goal, rate of customer satisfaction, rate of fraud incidents, whether employees are satisfied with their workload, job responsibility, reward system, overall policy etc. There are always some reasons to influence people towards unethical behaviour. Several research suggests that chronic experience of unethical behaviour by others may negatively impair chronic psychological and physical well-being in the long run (Laurenz, Norbert, & Paul, 2012). Daily fluctuations of unfairness and conflicts have been linked to negative mood (Ilies, Johnson, and Judge, 2011; Meier et al., 2011), job satisfaction, and impaired sleep quality (Meier et al., 2011). The concept of the fair process cannot be confirmed with fair outcomes (Kim and Mauborgne, 1997). It is argued that effective corporate governance leads to high-level financial performance as well as market valuation (Klapper and Love, 2004; Rajagopalan and Zhang, 2008). Based on recent data from Bangladesh public listed banks, board independence has a positive and significant impact on firm performance (Muttakin & Shahid Ullah, 2012). On the base of these theoretical backgrounds and regression analysis, it is proved that there is a positive association between the practice of business ethics in the organization and bank's performance.

Even though some authors support an integration, with ethical principles included into law (Blodgett, 2011), it should be considered that firstly regulation does not cover all the extended aspects of moral behaviour in business (Muttakin & Shahid Ullah, 2012). Secondly, the law is often developed as a reaction to amoral or unethical activities. Thirdly, the law is a relatively low standard of a minimal level of acceptable conduct (Boatright, 2013, (Muttakin & Shahid Ullah, 2012). In the article named "Corporate Governance and Bank Performance: Evidence from Bangladesh", Muttakin & Shahid Ullah, 2012 also mentioned that in the banking services industry CSR practices are first of all concentrated in the areas of bank lending, investment and asset management operations, where struggling corruption and money laundering are relevant issues. Rather, these are the key elements of anti-corruption efforts, which are very important in the banks' CSR activities. The basic principles of CSR could be fixed in voluntary codes of ethics that go beyond the rules, to keep the right directions (Lentner et al., 2015, (Muttakin & Shahid Ullah, 2012).

Our fourth hypothesis is the practice of business ethics in organization mediated the effects of manager's ethical behaviour on performance. On the base of the theories and previous studies, the code of ethics contains the rules to ensure that the banks' conduct is always guided by criteria of fairness, collaboration, loyalty, transparency and mutual respect. If the guidelines are appropriate and strictly followed, it influences the manager's ethical behaviour. If the manager is ethical, it will also influence his or her performance which at the end will increase the performance level. To support this, there are several studies conducted which are mentioned before. If we look at the table – 5, we can see that different value of code of conduct affects the overall performance of the manager with a different output. It is spotted that, if the value of code of conduct is high, performance is also high. In the test, code of conduct didn't affect the value of others which means it can be voluntary in an organization that is also mentioned in some articles. But if it’s present and followed, it influence the overall performance and decrease the fraudulent rate in reference of the several articles like Muttakin & Shahid Ullah, 2012, Soana, 2011, Huq & Bhuiyan, 2012, Weber et al., 2016a. These theoretical backgrounds and the study result of this paper proved the H4 that business ethics in organization mediated the effects of manager’s ethical behaviour on performance. At the same, it also indicates that the mediation effect is stronger in the presence of code of conduct which is proved in Table – 5.

To conclude, the findings of this paper is that ethical banking not only depends on the code of conduct but also depend on how the code of conduct is followed. Just having some rules and regulation in an organization doesn’t ensure that the organization has ethical environment. Sometimes due to the surrounding environment people tends to do unethical activities. That’s why having a strong code of conduct always improve the manager’s ethical practice as well as overall bank performance. If it is clearly communicate towards the employees not only on the onboarding day, but also in several training, notice, it can create awareness. There are some situation where people don’t know the consequences of not following code of conduct because of less practice of it. To avoid this situation, top management should focus on this and take necessary steps so that they can transmit the practice through the organization. They should try to act as a transformational leader. Bass and Riggio, (2006) declare that managers with idealized influence are keen to take risks while being consistent rather than arbitrary, which makes them trustworthy when it comes to doing the “right thing and demonstrating high standards of ethical and moral conduct” (Ayoko & Muchiri, 2014: p. 445). There are lot of reasons, factors, situations which influence people to do unethical activities. But if there are strong rules and regulations and also if those rules are strictly followed, it will motive the managers as well as employees to be ethical. These rules, regulations are known as code of conduct of a bank. If an employee is clearly known about the punishment of fraudulent activities, and also saw the implication of ethics in every spare of system, it will increase the performance of the bank as well as increase the manager’s ethical behaviour.

6. Limitation & Future Research

6.1 limitations within the data

There are several limitations to this study. We only focus on one country, Bangladesh and it is only related to the bank industry. There are several factors which influence ethical behaviour or practice in a specific organization. Among them, we have only chosen four variables to evaluable ethical practice in the banking industry. Besides these, we distributed the questions among the people who are in this profession. We didn't focus separately on the public and private sector. We collect data from both sectors and analyze them in general. Based on a systematic literature review, it is reflected that Bangladesh is still suffering from severe problems of governance and high levels of corruption. Some authors even concluded that business ethics in Bangladesh doesn't even exist whose presence is indisputable to improve the overall ethical system. In this study, we proposed that code of conduct should be strong which influence the overall performance and managers' ethical behaviour. But there are some limitations to indicate the scope of following the code of conduct strictly by the top management due to influence of external factors like political, economic environment and also internal factors, for example, nepotism, reward system, overall bank policies, loyalty etc.

Besides the part of the statistical analysis is not taking into account the VIF values. These VIF values are indicators for multicollinearity. This means that two or also more predictors, here independent variables, in the tested models are correlated with each other. As Neter and Kutner (1990) stated, multicollinearity in the variables can lead to a misinterpretation of the variables and their influences. To ensure a correctly analyses hierarchical regression analysis, and thereby VIF values lower than 10, features need to be removed from the analysis. This removal was not taking place in the hierarchical regression analysis in this paper.

6.2 Limitations with data collection

With regards to the questionnaires, several limitations are relevant, when looking at the period of the questionnaire, one has to note that the survey was available for a restricted time of three weeks. Within this limited time, the questionnaire needed to be filled in by the respondents. This results in the suggestion that future word related to this research bases their analysis and study on a more extended period. Besides this, the content of the questions was really precis and focused on several factors which were not that much broad due to the time limitations of the research. There are a lot of scopes to extend this research.

There were also limitations regarding the distribution of the survey. The first limitation, when it comes to collect data for this paper, is the geographical restriction. As the study was limited to the geographical region of Bangladesh and was focused on the banking industry.

Secondly, the researchers were not able to control who filled in the questionnaire and how many times. As mentioned before, the survey link was distributed through 30 people who are working in a bank and asked them to spread in within their organization and also to others who are in the same profession. Thus, information about the individuals, who received and answered the survey, are not available. Some people used their official email address and some used their Gmail or yahoo address. That's why there it is hard to find out whether they belong to the banking profession or not. Hence, the survey might also be filled out by individuals with limited knowledge about the overall code of conduct within his or her organization. It can also possible that that survey is filled by an individual who is not ethical but answered the questions.

Lastly, an individual would have been in the position to answer the survey multiple times. The program, in which the survey was conducted, gave the option to allow only one respondent per IP address. Nevertheless, the program is not able to altogether avoid multiple participation of the same respondent. As mentioned before the program can save the IP address and set cookies respectively. This affects that the same ID address is unable to enter the survey again. Although, somebody who uses another computer and hence, a different IP address, can fill in the survey once again.

Another limitation is the sample size. The sample was relatively small as compared to the total population. To increase the response rate, awareness could have been improved. Besides these, there was no interaction with the researcher and the respondents in case of any clarification. So there is a chance that the respondents didn't even understand what they are evaluated.

6.3 Future research

Many researchers have spent an inordinate amount of time attempting to identify the proper way about how to ensure the ethical practice in not only in the bank industry but also in spare of life. This paper also gives valuable insights regarding ethical practice in the bank industry in Bangladesh. Yet some unrevealed aspects can give further directs for future research.

While looking at the limitations within the data, future researchers are encouraged to replicate the study on a larger sample to increase the response rate. The more the response, the more variable will be available to test. Overall, further research can make aid of this response facilitation approaches to reach a higher number of target group respondents.

Another topic that brings opportunity for further research is the depended variable performance. Hence, future research can dig deeper in analyzing the influence on the independent variables on the sub – measures of the performance. In these papers, code of conduct, manager's ethical behaviour, bank performance and overall ethical practice are analyzed in general. For future research, these analyses can be extended with age, gender, experience. Though there are several studies regarding these, still the scarcity of empirical work in these areas warrants the need for additional research (Muttakin & Shahid Ullah, 2012).

Besides, research-based on this study could investigate in deep how strongly the code of conduct should be applied so that it can influence the ethical behaviour. The environment always influences people. There should have a proper way to communicate the ethical standard so that not only in the banking sector but also in other sectors, employees, as well as the employer, will be ethical. Future studies can focus on this and try to find the proper way to establish a proper ethical baking system.

7. Conclusion

This study pinpoints some of the factors and problems which directly and indirectly influence the ethical banking system in Bangladesh. The main goal of this study was to find out how this ethical behaviour is practised in the content of this country and influenced the overall banking system. This paper carefully investigates the relationship among code of conduct, manager's ethical behaviour and practice of business ethics and also how it affects the overall bank performance. There are already several studies regarding this topic which has positive and negative findings. After conducting 109 responses from banking professionals which includes executives, managers, officers those have experience in this sector, the data was empirically tested and analyzed.

Despite the presence of limitations, primarily related to the country and industry specification, this paper features some interesting findings, suggestions and implications. Here the findings showed that code of conduct doesn't moderate the managers' ethical behaviour or practice of business ethics in the organization if it is not strongly applied. It indicates that an unethical person can be forced to follow rules, regulations if there are practice and implication of code of conduct. We know that ethical concept varies from person to person. What is right to one person can be wrong to another person. That way even if the top management is not ethical, they will be forced or terrified to break the laws if this code of conduct is centrally monitored in the bank industry. There is a code of conduct from Bangladesh Bank which is a central bank and also have some institutions who do the audit of the other banks whether they are following these code or not. As we mentioned before, due to corruptions and political influence, it is really hard to ensure that they are having genuine information. According to this study, managers are ethical or not doesn't matter, but the code of conduct should be strong. If it's weak, there is no point of having it. It will not help to reduce fraudulent activities and also will not help to increase the overall bank performance.

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Appendix A

PART A: Practice of Business Ethics Indicate how these statements apply to your manager. Using the following scale, please indicate the ethical behaviour of your manager *(1=strongly disagree, 7=strongly agree)* (Select one response)

ITEM	Likert Scale						
	1	2	3	4	5	6	7
In my bank, top managers always discuss the importance of business ethics internally and externally.							
My manager encourages open communication and ensure no retaliation.							
Top managers explain the clear and proper procedures for reporting unethical behaviour.							
My managers generally set a good example of ethical business behaviour.							
My managers apply and articulate ethical criteria with decisions							
My manager provides support to apply appropriate disciplinary actions for violations of ethics and others							
My manager as well as organization acts responsibly in all its business dealings (with customers, clients, suppliers, etc.).							
Ethical issues of right and wrong are discussed in staff meetings by the manager.							
In my bank ethics training is a mandatory feature by my manager.							
My manager designated a dedicated person or department in my bank that deals specifically with ethics.							
There is a facility in the bank where you can get advice on ethics from the manager.							

PART B: Dimensions of the practice of business ethics - Using the following scale indicate please indicate the applicability of following dimension of business ethics in your bank (*1 =strongly disagree, 5 = strongly agree)*

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

SN	**ITEM (Reliability)**	1	2	3	4	5	6	7
1	The bank does not disclose accounts information of the customers.							
2	The bank does not try to know the secret of customer's business.							
3	The bank does not influence by any nepotism to give any illegal loans							

SN	**ITEM (Social Responsibility)**	1	2	3	4	5	6	7
1	The bank takes part in social welfare activities.							
2	The bank finances in projects that have social attachment							
3	The bank is focusing on green banking.							

SN	**ITEM (Honesty and Integrity)**	**1**	**2**	**3**	**4**	**5**	**6**	**7**
1	The bank executives do not conceal facts.							
2	The bank executives do not take bribe							
3	The bank executives do not misreport and misrepresent.							
4	The bank does not violate the guidelines of Bangladesh Bank							
5	The bank does not encourage customers to conduct illegal transaction.							
6	The bank executives do not maintain unauthorized relationship with customers.							

SN	**ITEM (Compliance)**	**1**	**2**	**3**	**4**	**5**	**6**	**7**
1	The bank maintains conformity of service standard and rules as promised.							
2	The bank maintains conformity in charges as they promise.							
3	The bank maintains conformity as it promotes its products and services.							

SN	**ITEM (Transparency)**	**1**	**2**	**3**	**4**	**5**	**6**	**7**
1	The bank executives do not approve false financial statement.							
2	The banks do not over estimate project revenue.							
3	The bank does not collect cross cheque other than the actual payee.							

Part C: Performance measures

Using the following scale indicate how successful your bank is

SN	ITEM	**1**	**2**	**3**	**4**	**5**	**6**	**7**
1	My bank's performance in achieving its goals is very good.							
2	My bank's growth (e.g., sales, membership, etc) is very good.							

3	My bank's return on assets is very good.							
4	My bank's success in attracting customers/clients is very good.							
5	My Bank is retaining and attracting High Value Delighted Customers.							
6	I am satisfied with the present performance measurement system in my bank in this competitive era.							
7	The workload density in my bank influence the ethical approach of the employees in some extent.							

PART D: Measuring Code of Conduct

SN	ITEM	**1**	**2**	**3**	**4**	**5**	**6**	**7**
1	My bank is following the code of conduct of Bangladesh bank.							
2	I understand how the Code of Conduct applies to me in the role I perform.							
3	The Code of conduct for ethical issues are strictly followed in private banks than public banks.							
4	Senior management always train and encourage the staff/officials to act with complete integrity towards customers, colleagues, counterparties and others with whom they may come into contact.							
5	I would be confident that if I report unethical behaviour something would be done about it.							
6	Employees at lower levels of the organization felt significantly less safe to speak up than those at higher levels.							

PART E: Demography

1. What is your Gender Male ( ) Female ( )
2. What is your Age (in years) 18-30 ( ) 31-40 ( ) 41-50 ( ) 50 and above ( )
3. How long have you been working with the bank?

Less than one year ( ) 1-5 years ( ) 6-10 years 10 years and above ( )

4. Which department of the bank do you belong?

……………………………………………………………………………………………

Appendix B

<table>
<tr><td colspan="2">Manager’s ethical behaviour - Using the following scale, please indicate the ethical behaviour of your manager (1=strongly disagree, 7=strongly agree)</td></tr>
<tr><td>• In my bank, top managers always discuss the importance of business ethics internally and externally (0.84).
• My manager encourages open communication and ensure no retaliation (0.88).
• Top managers explain the clear and proper procedures for reporting unethical behaviour (0.82).
• My managers generally set a good example of ethical business behaviour (0.68).
• My managers apply and articulate ethical criteria with decisions (0.77).
• My manager provides support to apply appropriate disciplinary actions for violations of ethics and others (0.79).
• My manager as well as organization acts responsibly in all its business dealings (with customers, clients, suppliers, etc.) (0.81)
• Ethical issues of right and wrong are discussed in staff meetings by the manager (0.79).
• In my bank ethics training is a mandatory feature by my manager (0.75).
• My manager designated a dedicated person or department in my bank that deals specifically with ethics (0.65).
• There is a facility in the bank where you can get advice on ethics from the manager (0.70).</td><td>Cronbach’s alpha: 0.954
KMO: 0.932
AVE=0.598
CR=0.942</td></tr>
<tr><td colspan="2">Model fit statistics: $\chi^2/df = 1.642$, CFI=0.979, TLI=0.967, RFI=0.921, NFI=0.948, RMSEA=0.07</td></tr>
<tr><td colspan="2">Performance measures - Using the following scale, please indicate how successful your bank is (1=strongly disagree, 7=strongly agree)</td></tr>
<tr><td>• My bank's performance in achieving its goals is very good (0.85).
• My bank's growth (e.g., sales, membership, etc) is very good (0.83).
• My bank's return on assets is very good (0.80).
• My bank's success in attracting customers/clients is very good (0.79).
• My Bank is retaining and attracting High Value Delighted Customers (0.85).
• I am satisfied with the present performance measurement system in my bank in this competitive era (0.76).
• The workload density in my bank influence the ethical approach of the employees in some extent (0.79).</td><td>Cronbach’s alpha: 0.951
KMO: 0.883
AVE=0.664
CR=0.932</td></tr>
<tr><td colspan="2">Model fit statistics: $\chi^2/df = 1.285$, CFI=0.997, TLI=0.992, RFI=0.965, NFI=0.985, RMSEA=0.05</td></tr>
<tr><td colspan="2">Code of conduct - Using the following scale, please explain the code of conduct of your bank (1 =strongly disagree, 5 = strongly agree)</td></tr>
<tr><td>• My bank is following the code of conduct of Bangladesh bank (0.87).
• I understand how the Code of Conduct applies to me in the role I perform (0.87).
• The Code of conduct for ethical issues are strictly followed in private banks than public banks (0.82).
• Senior management always train and encourage the staff/officials to act with complete integrity towards customers, colleagues, counterparties and others with whom they may come into contact (0.81).
• I would be confident that if I report unethical behaviour something would be done about it (0.80).</td><td>Cronbach’s alpha: 0.928
KMO: 0.912
AVE=0.649
CR=0.916</td></tr>
</table>

• Employees at lower levels of the organization felt significantly less safe to speak up than those at higher levels (0.61).	
Model fit statistics: χ^2/df =1.537, CFI=0.991, TLI=0.984, RFI=0.955, NFI=0.976, RMSEA=0.07	
Dimensions of the practice of business ethics - Using the following scale indicate please indicate the applicability of following dimension of business ethics in your bank (*1 =strongly disagree, 5 = strongly agree)*	
Reliability	
• The bank does not disclose accounts information of the customers (0.90). • The bank does not try to know the secret of customer's business (0.87). • The bank does not influence by any nepotism to give any illegal loans (0.84).	Cronbach's alpha: 0.839 KMO: 0.711 AVE=0.757 CR=0.903
Social responsibility	
• The bank takes part in social welfare activities (0.92). • The bank finances in projects that have social attachment (0.90) • The bank is focusing on green banking (0.90).	Cronbach's alpha: 0.887 KMO: 0.743 AVE=0.822 CR=0.932
Honesty and integrity	
• The bank executives do not conceal facts (0.83). • The bank executives do not take bribe (0.88). • The bank executives do not misreport and misrepresent (0.88). • The bank does not violate the guidelines of Bangladesh Bank (0.91) • The bank does not encourage customers to conduct illegal transaction (0.82). • The bank executives do not maintain unauthorized relationship with customers (0.87).	Cronbach's alpha: 0.933 KMO: 0.890 AVE=0.749 CR=0.947
Compliance	
• The bank maintains conformity of service standard and rules as promised (0.94). • The bank maintains conformity in charges as they promise (0.95). • The bank maintains conformity as it promotes its products and services (0.92).	Cronbach's alpha: 0.928 KMO: 0.753 AVE=0.877 CR=0.955
Transparency	
• The bank executives do not approve false financial statement (0.90). • The banks do not over estimate project revenue (0.93). • The bank does not collect cross cheque other than the actual payee (0.92).	Cronbach's alpha: 0.906 KMO: 0.750 AVE=0.840 CR=0.940
Model fit statistics: χ^2/df =1.820, CFI=0.945, TLI=0.925, RFI=0.848, NFI=0.889, RMSEA=0.08	