THE RELATIONSHIP OF INDIVIDUAL, FAMILY AND ENVIRONMENTAL CHARACTERISTICS IN THE FORMATION OF ETHICAL PERCEPTION AMONG MUAMALAH STUDENTS

HAZELENA DEWI FATAHUL ARIFFIN & MUZNAH DAUD
Kolej Universiti Islam Antarabangsa Selangor
E-mel: *hazelena@kuis.edu.my* & *muznah@kuis.edu.my*

ABSTRACT

The entire business operations and stakeholders should hold the code of ethics and integrity to the highest quality in order to invigorate ethics and integrity in a company and among personnel. The economic crisis has been largely attributed to unethical business activities nowadays. The current generation of business students will need to determine their ethical principles as future corporate leaders and influential decision-makers. Higher education institutions have a responsibility to make sure that students have a clear understanding of their personal values framework. Taking these ideas into consideration, the purpose of this paper is to examine the relationship of individual, family and environment characteristics towards the formation of ethical perception among students in the university. The study has used questionnaires to collect data. The data have then been analyzed using the SPSS data software. The findings explained that individual elements had the highest correlation (p=0.403) towards perception of ethical conduct, followed by environment (p=0.090) and family (p=0.045). This study may have contrast findings by different researchers previously leaving the chance for future study.

Keywords: *ethics, business, individual, family, environment*

INTRODUCTION

Ethics and consciousness are both phenomenal concepts (Khalidah et. al., 2018). Ethics knowledge with practice, internalization and conviction are crucial as one plays specific roles in society, be it business or non-business. Character and values create impacts on society. The art of living is an art of character and making a good life requires crafting of one's soul in excellence (Gregory R. Beabout, 2018). As much as ethical practice is at most times personal, character building is also shaped by environmental factors that create ethical conscience and awareness. Collaborative efforts involving academics and industry practitioners to drive ethical conscience in Malaysia must continue as a commitment and social responsibility to support the nation's aspiration to be a developed nation by 2020, while upholding Rukun Negara principles and the Malaysian Constitution under nation building agendas.

Most researchers agree that ethical standards are put into effect by what society deems as appropriate (Reynolds, 2008; Kish-Gephart, Harrison, & Treviño, 2010). In many cultures, the phrases "moral" and "ethical" are frequently used synonymously, but it's crucial to know the distinctions between the two. While a person's personal beliefs have a role in their morality, society's standards of appropriate behaviour make up ethics more so than morality. Norms of proper conduct, including those at work, naturally develop in social settings. People tend to follow

these predetermined rules of behaviour and behave similarly to the people around them in these particular circumstances. From the perspective of ethical development, students need to be enabled to evaluate and critique their reality through a values lens that adds to their own personal moral development rather than being indoctrinated into a certain set of values. Higher education institutions have a responsibility to make sure that students have a clear understanding of their personal values framework and have taken these into consideration in relation to professional expectations. This will enable them to be active participants in the development of their professional practise. Students should graduate with the capacity to enact values-driven decision-making. Taking these factors as consideration, the goal of this study was to investigate the extent to which personal, family, and environmental factors influence how students in the business faculty of one of the Islamic institutions in Selangor create their ethical perceptions.

The following research questions were formed:

RQ1: To what extent, if any, was there a relationship between individual characteristics and the formation of ethical perception among the Muamalah students?

RQ2: To what extent, if any, was there a there a relationship between family background and the formation of ethical perception among the Muamalah students?

RQ3: To what extent, if any, was there a there a relationship between environmental characteristics and the formation of ethical perception among the Muamalah students?

LITERATURE REVIEW

Individual Characteristics

Literature keeps reminding us that tertiary education is expected to create work-ready graduates (Campbell, M., & Zegwaard, K. E., 2012). Understanding student perception of professional principles, expected behaviors of recent graduates, and workplace standards are crucial for both the success of the workplace and the student's potential professional future. Many researchers have attempted to clarify the research on why individual differences in moral judgment occur. Some researchers have suggested that either individual characteristics (Trevino, 1986) or social networks (Brass, Butterfield, & Skaggs, 1998) may be able to explain why there are differences in how a person reacts to a moral dilemma. Iles, Fulmer, Spitzmuller, and Johnson (2009) studied the relationships between Organizational Citizenship Behavior (OCB) frequency and the Big Five personality traits (openness to experience, conscientiousness, extraversion, agreeableness, and emotional stability). Agreeableness describes a person that always wants to get along with everyone, and never opposes another's view in order to do so. Conscientious people tend to be very achievement oriented and self-disciplined (Beckmann, Wood, & Minbashian, 2010). These two personality characteristics have also been studied as characteristics of those who exhibit ethical behavior in an organizational setting (Walumbwa & Schaubroeck, 2009). Altruism,

courtesies, and civic virtue, the other three types of OCB, could all be asserted to constitute ethical behaviours in accordance with behavioral standards. A person would be more likely to act benevolently, with courtesy, and with consideration for others if ethical norms were supported, possibly in the form of OCB. As a result, previous research indicates that corporate citizenship conduct will be favourably correlated with employees' sense of high ethical norms in their workplaces. Other researchers have examined the circumstances surrounding each dilemma as an explanation for ethical behavior.

Environmental Characteristics

There are various studies in the literature examined the ethical climate from different perspectives. Dodd et al. (2018) highlighted that they prioritize ethical behaviours and positively affect the behaviours of other staff. Günel et al. (2015) confirm that ethical leadership positively impacts ethical climate. Mitonga-Monga and Cilliers (2015) suggest that developing and maintaining a positive ethical climate in an organisation may increase the energy and mental flexibility. Similarly, Jones (1991) suggested that situational characteristics might cause differences in individual's ethical decision-making processes. Jones" concept of moral intensity proposed that a person judges each situation on six factors (magnitude of consequences, probability of effect, concentration of effect, temporal immediacy, proximity, and social consensus) when deciding whether to act ethically or unethically. Norms of proper conduct, including those at work, naturally develop in social settings. People tend to follow these predetermined rules of behaviour and behave similarly to the people around them in these particular circumstances. Hence, the ethical climate not only models the proper conduct but also aids in taking the necessary action in cases of ethical.

Family Background
Numerous authors have noticed how family concerns can affect one's career and how work-related issues can affect one's relationships with family members. (e.g., Blustein, Palladino Schultheiss, & Flum, 2004; Blustein, 2011). In different theories, especially attachment theory, the relationship between parent and child is considered to contribute to an individual's psychological and psychosocial functioning (Mattanah, Lopez, & Govern, 2011). In a study on work ethic and family background Mulligan (1997) found a child's work ethic to be determined by both parents' work ethic and the amount of work hours the parents actually worked. In another study, Little, Nelson, Wallace, and Johnson (2011) found that secure attachment that is assumed to be rooted in the relationships with one's parents was associated with organizational citizenship behavior and vigor at work. These beliefs and attitudes are formed early in life, and children's perspectives on employment are shaped by those of their parents. Indeed, there is evidence that the relationship with their parents affects the career development of adolescents and their work values (Young & Friesen,1992; Whiston&Keller,2004).

METHODOLOGY

Using survey methodology, the purposes of this cohort study were to assess three hypotheses to identify the relationships of individual, family and environment characteristics toward the formation of ethical perception among students. The research was designed according to total population sampling. The study was conducted with randomly selected 265 students from the faculty of business and management out of 881 (Krejcie & Morgan, 1970). The questionnaire applied in the study was formed three sections in total. The first section examined the demographic, the second section consists of the independent variables; individual, family and environment characteristic and the last section applied ethical climate scale. A five-point Likert scale was used to rank the perception of respondents on their experiences of ethical behavior and factors that influence ethical behavior. Cronbach Alpha reliability tests were performed not only for the scales of all variables and ethical climate perception and but also for the whole survey respectively. A Cronbach alpha was calculated for each of the three variables to test for reliability. Cronbach alpha is commonly used to measure internal consistency and determine if the scale is reliable (Laerd Statistics, 2018). Table 1 showed the calculated result of the Cronbach Alpha values. George and Mallery (2018) suggested an evaluation of the Cronbach alpha scores based on the following guidelines where > 0.9 excellent, > 0.8 good, > 0.7 acceptable, > 0.6 questionable, > 0.5 poor, and ≤ 0.5 unacceptable. Therefore, the Cronbach alpha for the ethical perception was .835, the individual .652, the family was .901, and the situational was .822, which suggests that the overall scales' reliability is acceptable from average to good.

Table 1: Cronbach's Alpha Test

Variables	Cronbach's Alpha
Ethical Perception	.835
Individual	.652
Family	.901
Environment	.822

RESULTS

Demographic data were reported for this study from the 265 participants. Table 2 represented that most of the respondents who participated in the survey were females, constituting 165 respondents representing 62.3%, while the remaining 100 respondents indicated that 37.7% were males. As for the respondents when grouped into semesters, 40 respondents representing 15.1% of the participants were from Semester 4, followed by Semester 3 (13.2%), Semester 6 (13.2%) and Semester 7 (13.2%). Semester 1, 2 and 8 with 30 respondents from each semester, accounted only 30% of the total sample. In total, students from the department of Economy and Management represented the most significant number of respondents (115), followed by Department of Accounting and Finance (113) and the Department of English and Communication shared the lowest number of responses, with 37 representing 14%, respectively.

Respondents' Profile

Table 2: Demographic Characteristics of the Respondents

	Frequency	Percent
Gender:		
Male	100	37.7
Female	165	62.3
Total	265	100%
Students Classification:		
Sem 1	30	11.3
Sem 2	30	11.3
Sem 3	35	13.2
Sem 4	40	15.1
Sem 5	30	11.3
Sem 6	35	13.2
Sem 7	35	13.2
Sem 8	30	11.3
Total	265	100%
Departments:		
*DAF	113	42.6
*DEM	115	43.4
*DEC	37	14.0
Total	265	100%

*DAF refers to the Department of Accounting & Finance, DEM refers to the Department of Economy & Management, and DEC refers to the Department of English & Communication. All three departments are under the Faculty of Business.

Correlation Test

A Pearson Correlation test was employed to understand the relationships of the three variables and students' ethical perception. Therefore, the following hypotheses were generated:

H1a: There was a statistically significant relationship between individual characteristics and the formation of ethical perception among the Muamalah students.

H2a: There was a statistically significant relationship between family background characteristic and the formation of ethical perception among the Muamalah students.

H3a: There was a statistically significant relationship between environmental characteristics and the formation of ethical perception among the Muamalah students.

The results of correlation analysis in Table 3 showed the relationship between individual characteristic and formation of ethical perception were significantly and positively related with a value of $r = 0.403$, $p < 0.01$, therefore, the null hypothesis was rejected. The second and third hypotheses consistently showed a value $p < 0.001$ for family background ($r = 0.045$) and

environmental characteristics (r = 0.091), thus indicating there were no significant relationships based on the r value and the null hypotheses were accepted. These results concluded there was evidence that an individual is responsible to behave ethically or unethically.

<div align="center">Table 3: Relationship between variables</div>

Variables		1	2	3	4
Perception	Pearson Correlation	1	.403**	.045	.091
	Sig. (2-tailed)		.000	.460	.136
	N	265	265	265	265
Individual	Pearson Correlation	.403**	1	.311**	.087
	Sig. (2-tailed)	.000		.000	.158
	N	265	265	265	265
Environment	Pearson Correlation	.045	.311**	1	.345**
	Sig. (2-tailed)	.460	.000		.000
	N	265	265	265	265
Family	Pearson Correlation	.091	.087	.345**	1
	Sig. (2-tailed)	.136	.158	.000	
	N	265	265	265	265

Significant level p< 0.01

CONCLUSION

This paper has outlined some crucial components in the development of ethical perception, which results in moral action in both society and the workplace. We are curious as to why people act in various ways and label certain actions as "good" or "bad," "right" or "wrong," etc. Perhaps it is essential to start identifying and dividing ethical conduct issues into those having a simply moral dimension and those with a purely corporate dimension. The chance for organizational management to establish ethical agendas is both important and urgent given how quickly the workplace is changing. In terms of ethics, the world we live in is becoming more and more complicated, with many pressing issues and hard choices to be made. The adoption of any value does not, by itself, answer the difficult ethical issues that we will have to deal with in the future, thus it should be apparent that ethical guidelines are not intended to have a proper conclusion. In a nutshell, for the objectives of establishing comprehension and awareness in this study, a quantitative analysis might be sufficient, but a more thorough investigation through in-depth qualitative research will further enrich and add substance to this pertinent and significant subject of ethics among students.

REFERENCES

Beckmann N., Wood R. E., Minbashian A. (2010). It depends how you look at it: On the relationship between neuroticism and conscientiousness at the within- and the between-person levels of analysis. *Journal of Research in Personality*, 44(5), 593–601. https://doi.org/10.1016/j.jrp.2010.07.004

Billett, S. (2006). Relationship interdependence between social and individual agency in work and working life. *Mind, Culture and Activity,* 13(1), 53-69.

Blustein, David L.; Palladino Schultheiss, Donna E.; Flum, Hanoch, 2004. Toward a Relational Perspective of the Psychology of Careers and Working: A Social Constructionist Analysis *Journal of Vocational Behavior*, v64 n3 p423-440.

Brass, D. J., Butterfield, K. D., & Skaggs, B. C. (1998). Relationships and unethical behavior: A social network perspective. *The Academy of Management Review, 23*(1), 14–31. https://doi.org/10.2307/259097

Campbell, M., & Zegwaard, K. E. (2012). Developing an ethical professional through work-integrated learning. *Proceedings of the 2012 Australian Collaborative Education Network (ACEN) National Conference.*

Dodd R, Achen RM, Lumpkin A., 2018. Servant leadership and its impact on ethical climate. *The Journal of Values-Based Leadership:* 11(1): 1-22.

Forsyth, D.R. (1980). A taxonomy of ethical ideologies, *Journal of Personality and Social Psychology,* Vol. 39 No. 1, pp. 175-184.

Günel, D. , Civelek, M. E. and Karabulut, T. (2015). Ethical Leadership in Business Its Effect on Climate: An Experimental Research. *Istanbul Commerce University Journal of Sciences*, 14 (28), 251-265.

Ilies R, Fulmer IS, Spitzmuller M, Johnson MD. Personality and citizenship behavior: the mediating role of job satisfaction. J Appl Psychol. 2009 Jul;94(4):945-59. doi: 10.1037/a0013329. Erratum in: J Appl Psychol. 2010 Mar;95(2):404. Erratum in: J Appl Psychol. 2010 May;95(3):601. PMID: 19594236.

Laerd Statistics. (2018). Spearman's correlation using SPSS Statistics. *Statistical tutorials and software guides*. Retrieved from https://statistics.laerd.com/.

George, D., & Mallery, P. (2018). Reliability analysis. In *IBM SPSS Statistics 25 Step by Step* (pp. 249-260). Routledge.

Global Economic Crime Survey. (2016). Adjusting the lens on economic crime. Preparation brings opportunity back into focus. Retrieved from https://www.pwc.com/gx/en/economic-crimesurvey/pdf/GlobalEconomicCrimeSurvey2016.pdf

Gregory R. Beabout (2018). *Ethics The Art of Character*.Worzalla Books Ltd. Glastonbury, UK.

Jones, T. M. (1991). Ethical decision making by individuals in organizations: An issue-contingent model. *The Academy of Management Review,* 16, 366–395. Retrieved from Ruedy, N. E., Moore, C., Gino, F., & Schweitzer, M. E. (2013, September 2). The Cheater's High: The

Unexpected Affective Benefits of Unethical Behavior. *Journal of Personality and Social Psychology*. Advance online publication. doi: 10.1037/a0034231

Kish-Gephart, J. J., Harrison, D. A., & Trevino, L. K. (2010). Bad apples, bad cases, and bad barrels: Meta-analytic evidence about sources of unethical decisions at work. *Journal of Applied Psychology*, 95, 1–31. https ://doi.org/10.1037/a0017 103.

Khalidah Khalid Ali1, *Mohd Nizam* Mohd Ali, and *Siti Aisyah* Panatik Abdul Rahman, 2018. Framework and Development of Malaysian Business Ethics Module. SHS Web of Conferences 56, 04004

Kohlberg, L. (1981), The Philosophy of Moral Development: Moral Stages and the Idea of Justice, Harper and Row, San Francisco, CA.

Kohlberg, L. (1984), Essays in Moral Development, Volume II: The Philosophy of Moral Development, Harper and Row, New York, NY.

Krejcie, R. V, & Morgan, D. W. (1970). Determining Sample Size for Research Activities. *Educational and Psychological Measurement*, 607–610.

Little, L. M., Nelson, D. L., Wallace, J. C., & Johnson, P. D. (2011). Integrating attachment style, vigor at work, and extra-role performance. *Journal of Organizational Behavior, 32*(3), 464–484. https://doi.org/10.1002/job.709

Mattanah JF, Lopez FG, Govern JM. The contributions of parental attachment bonds to college student development and adjustment: a meta-analytic review. J Couns Psychol. 2011 Oct;58(4):565-96. doi: 10.1037/a0024635. PMID: 21823789.

Meghna Goswami, Rakesh Kumar Agrawal & Anil Kumar Goswami, 2020. Ethical leadership in organizations: evidence from the field. Retrieved from https://www.emerald.com/insight/2514-9369.html

Mitonga-Monga J, Cilliers F. Ethics culture and ethics climate in relation to employee engagement in a developing country setting. *Journal of Psychology in Africa, 2015; 25(3): 242-249.*

Reynolds, S. J. (2008). Moral attentiveness: Who pays attention to the moral aspects of life? *Journal of Applied Psychology, 93*,1027–1041. https ://doi.org/10.1037/0021-9010.93.5.1027

Trevino, L. K. (1986). Ethical decision making in organizations: A person-situation interactionist model. *Academy of management Review, 11*(3), 601-617.

Walumbwa, F.O. and Schaubroeck, J. (2009) Leader Personality Traits and Employee Voice Behavior: Mediating Roles of Ethical Leadership and Work Group Psychological Safety. Journal of Applied Psychology, 94, 1275-1286. http://dx.doi.org/10.1037/a0015848

Whiston, S. C., & Keller, B. K. (2004). The Influences of the Family of Origin on Career Development: A Review and Analysis. *The Counseling Psychologist, 32*(4), 493–568. https://doi.org/10.1177/0011000004265660

Young, R. A., & Friesen, J. D. (1992). The intentions of parents in influencing the career development of their children. *The Career Development Quarterly, 40*(3), 198–207. https://doi.org/10.1002/j.2161-0045.1992.tb00326.x