Factors affecting ethical behavior of financial officers

Apinan panjiang¹ and Kasetchai Laeheem²

1. A master of art in Human and Social Development Prince of Songkla University, Hatyai Campus
2. Assistant Professor Doctor, Prince of Songkla University, Hat Yai Campus

Abstract

Ethics is the rules in the mind of a person. A financial officer must be a person with high ethics. This study are explained according to the Thai psychological theory of work and moral behavior as stemming from five psychological factors: 1) future-orientation and self-control, 2) belief in one’s own power, 3) achievement-motivation, 4) attitudes, and 5) moral reasoning. And the work environmental factor. Claim the factor or cause related to ethical behavior depends on environmental elements. The study collected data by in-depth interviews, observations and documentary analysis.

The findings from this study suggested that psychological characteristics: 1) lacked of future-orientation and self-control, 2) moral reasoning and 3) achievement-motivation. The environmental factors or cause related to ethical behavior depends on subdivision with work is: 1) simple and clear, 2) repeated, 3) autonomous, 4) own judgments, 5) allotting time for their work and work processes, 6) work for a long time without job rotation, and 7) without supervisor to control. The ethical behavior was lacked honesty to their work such as Individual behavior, 1) failed to deposit the money, 2) failed to keep records of the money and received correctly according to accounting principles, 3) failed to write a daily cash report at the end of each day, 4) had the committee signed the daily cash counting reports in advance, 6) avoided to follow the regulations and 7). Finally, financial officer retired from the government work.

Key word: Behavior, Ethics, Financial officer,
Background

Importance of ethical behavior and work

In a consumerist society, there are increasingly more needs causing imbalance and ethical problems as can be seen in newspapers and other media and become commonplace in this society. Even though we cannot deny that material needs are physical needs and basic needs for humans who must eat, use, and have good health. Jamlernrat Jeajan (2005) Physical needs alone cannot make human more human. Thus, psychological needs are needed along with physical needs to make balance between physical consumption and psychological consumption for which a method is needed and that method is ethics. This is because ethics is the only thing that can hold, train, and organize people in society or in each profession. Ethical behavior is, therefore, needed for each profession and it is necessary for people to understand it and attach importance to it. Duangduean Phanthumnawin (1996)

One of the important persons in the organization is a financial officer who looks after the assets that are all the money of the organization and whose job is receiving, paying and keeping the money correctly. He or she must be a person with high ethics, that is, he or she must know what is right or wrong and what to do or not to do. He or she must have ethics in doing the work under his or her responsibility that is related to people who do it, related to work situations and work processes. Ethics is the rules in the mind of a person. Therefore, work ethics is very important to a person’s work behavior. People with different professions have different professional ethics to govern their mind to do good things for the benefit of the organization and society, to control their conduct or professional standards such as their honesty and justice so that they can maintain and live their life correctly and confidently making their life orderly, tidy, and prosperous. Duangduean Phanthumnawin (2007) Many studies found that people with high ethics usually have efficient and effective work behavior, are committed to their work, happy and successful in their work. Sunanta Sridakul (2003)

Objectives

There are 2 main study objectives. First, to pinpoint the factors affecting ethical behavior. Secondly, to study behavior of financial officers.

Research Methodology

Field data were collected from 2 case study at Prince of Songkla University. Key informants were financial officer, accountant officer, supervisor, a board of lawyer and
committee. Content analysis collected form In-depth interview, observations and documentary analysis.

Findings

The first example case is of an officer working as a finance and accounting academician who was assigned to look after the money from all sources and keep records of the money. When an inspection took place, it was found that she failed to deposit the money she received for different services in the treasury department on a monthly basis as specified in the regulations. Instead, she deposited the money in her personal bank account. Besides, she failed to keep records of the money she received correctly according to accounting principles.

The causes of this were the readiness of the newly established organization, frequent changes of administrators, overloaded work, and being the only one financial officer who did the work from the beginning to the end of the process.

Another case is also of a financial officer who worked in a position of finance and accounting academician. She was assigned to receive and pay, and write daily cash reports according to the regulations of the Cash Keeping and Sending to the Finance Department. She had done this work for over 20 years without supervision and control even though the supervisor knew that she did not write cash balance reports. When inspection took place, it was found that she failed to write a daily cash report at the end of each day as specified by the regulations. The committee that was appointed to count the money also failed to do its work of counting the cash remaining at the end of each day to verify that it was the correct amount as reported on the daily cash report. In addition to this, she had the committee signed the daily cash counting reports in advance saying that there was too much work to finish each day. When a new cash counting committee was appointed, she did not want them to count the cash and she tried to find excuses. When she was asked even more often, she was stressed and she finally took leave. During her leave, some money still came in and some had to be used everyday. So, the committee had to break open the cash safe and found that there was not any cash left in the safe. This meant that she embezzled the money.
Discussion

Psychological characteristic factors, work environments and ethical behaviors

Ethical behavior refers to doing good deeds and refraining from doing evil in one’s responsibility that is related to one’s work, work situations, work processes, work performance and people who receive either benefit or blame as a result of the work performance. The important desired behavioral system is a good citizen’s behavior which refers to observing the law, rules, regulations, and disciplines; being honest, responsible for oneself and others and society, and having one’s own professional code of ethics. Duangduean Phanthumnawin (1994) and Nuanlaao Sangsuk (2001)

The success of the organization in its operations and its recognition by society depends on many factors but one of the most important factor is people in the organization who work efficiently and effectively and ethically. Human behavior is influenced by the environments near and far, and human and non-human. Therefore, one factor that affects the desired ethical behavior of a person depends on some mental characteristics. Duangduean Phanthumnawin (1996) states that the factor that affects the desired ethical behavior of the person depends on the intrinsic characteristics which are psychological characteristics and which are explained according to the Thai psychological theory of work and moral behavior as stemming from five psychological factors: 1) future-orientation and self-control, 2) belief in one’s own power, 3) achievement-motivation, 4) attitudes, and 5) moral reasoning.

It can be concluded from the two example cases that the two people lacked honesty to their work, and they embezzled the money. They lacked the characteristic of future orientation; they could not think what would happen in the future; they did not think what would happen if people knew about what they had done. They lacked self control because they could not control themselves to refrain from the inappropriate behavior. They could not resist the chance of taking the money for their own use; they could not resist the situation they were in. They should have controlled themselves and should have thought about doing their work honestly so that they could have been proud of themselves. They should have been contented with what they had and not taken the money even though that type of work offered them chances to do so. Thus, it can be said that they did it because they had low future orientation and low self control. Similar to the study by Wiboon Pasi (2003) The results of the study revealed that traits of future orientation and self-control of school
administrators were positively significant correlated with the practice behavior according to educational assurance standards for basic education on a process.

Regarding moral reasoning which means reasoning before deciding to do or not to do something which is a conflict of interest between one’s own interests and others’ interests, a conflict between observing the regulations, ethics or ideology and not observing them. These are ethical situations. Duangduean Phanthumnawin (2007) From the two cases, the two doers must have faced with their own thoughts and decision-making. They had to decide between working with honesty following the regulations, and working with dishonesty taking the money for their own use. The two people must have had reason for making their decisions which depended on their ability in using moral reasoning. In Rungsan Chamya’s research (2000) it was found the behavior of nurses in the scope of regulations, the variable that most prominent was the moral reasoning.

Duangduean Phanthumnawin (2007) states that reason indicates the motive behind the action, and the ability to use moral reasoning is considered a type of mind that is very important to doing goodness and not doing badness. Therefore, motive is a type of basic mind that is a drive force to different behaviors. When the people in the two example cases could dishonestly take the money once and nobody knew about it, they did it again and again repeatedly because they learned that there were channels and opportunities to take the money dishonestly. McClelland, 1961 (as cited in Nutchanat Thatthong, 1996) claims that achievement motivation of a person comes from social learning; when he behaves in a certain way and gets what he wants, he will do it again and again accumulating it. In other words, he has learned that the situation is suitable for doing it, and it becomes a motive for him to make a decision to behave that way.

Considering the work environment, bureaucracy has characteristics that affect work behavior. Work divisions of the bureaucracy organization consists of large divisions which are subdivided into many subdivisions with work that is simple, clear, repeated and autonomous which means that people can do their work using their own judgments, and allotting time for their work and work processes. Jintana Binmad et. al. (1986) The two example cases can be seen to have a clear type of work that is done by one person from the beginning to the end of the process. They had done their work for a long time without job rotation and with a lot of freedom that allowed them opportunities to be dishonest and to seek benefits for themselves, and as a result they breached the rules, regulations, disciplines, and their professional code of ethics. The two cases revealed misbehavior in keeping the rules
and regulations; they deliberately avoided to follow the regulations or avoided some rules and regulations causing damage to the organization. They took advantage of the system that allowed them to work without having a supervisor to control them. Thus, the person who has influence on the work performance is a supervisor because the supervisor is the person who controls, monitors, prevents, and solves problems related to work, and manages for the workplace to have suitable environments such as providing adequate internal control, job rotation, and a work review system so as to achieve the objectives or the goals of the work. When the supervisor or administrator does not oversee, manage, control, monitor, and prevent or solve the problems suitably which allow his subordinates to do the work wrongfully, the supervisor can be subject to disciplinary action for not overseeing his subordinates at work. Bronfenbrenner, 1979 (as cited in Khattiya Kannasut et. al. 2003) claim that the factor or cause related to ethical behavior depends on various environmental elements. Work environmental conditions can have influence on the people working in the conditions, affect their actions, and cause their undesired behaviors. Other causes of undesired behaviors include type of work, bosses, rules and regulations as well as the situation the person is in.

The characteristics of future orientation and self control, moral reasoning, and achievement motivation, work environmental factors in rules and regulations, the type of work, and the supervisor are all important factors affecting ethical behaviors in keeping the rules and regulations, and professional code of ethics. Ethics, therefore, is the feeling of goodness and badness of a person who considers what is good that he or she should do according to the organization’s rules and regulations in order to obtain work efficiency.

Ethics can be divided into two parts: the first part is the internal behaviors which are the right thinking and feeling, intelligence, and reasoning; and the second part is the external behaviors that are reflected or expressed concretely which are physical and verbal actions or behaviors that make a good person. In other words, ethics can be both abstract and concrete. If the two parts do not coordinate or if only one part exists, no desirable behavior can take place. Duangduean Phanthumnawin (2007) As in the first case, generally speaking, the first person had knowledge of finance and accounting; had special income from doing accounting work for companies and other outside organizations; and had one child to bring up. Her main income was from being a government official but unfortunately she had to be retired from the government work. For the second case, her image seen by others was that she was a religious person who regularly went to a temple to practice religion and she was a vegetarian.
However, when she was inspected, she was stressed and had to take sick leave for many days. She decided to kill herself but fortunately she was sent to hospital in time. She eventually had to be retired from the government work. In both cases, the people who had serious unethical behaviors had nothing left even the severance pay they received in one lump sum had to be returned to the government in compensation for the money they embezzled. They had to have difficult lives when they were old and near the normal retirement age.

Laws, rules and regulations as well as ethical behavior standards for professions do not affect work behavior because they are only a type of tools that humans use so that they can live together peacefully. Having laws, rules and regulations cannot guarantee that humans will have good behaviors. Duangduean Phanthumnawin (2007)

There are a lot of research that conclude that females have higher ethical standards than males; however, this is not always true any more because the two people in the two example cases were females. Being a religious person by going to a temple to practice the religion does not guarantee that the person is with high ethical standards. Having knowledge and ability does not guarantee that the person is with ethics. Therefore, undesirable ethical behaviors can damage the organization as a whole in terms of its image and other aspects. Unethical behaviors can also damage the person who behaves unethically as he/she can lose his/her career and future life prospects as a result of being involved in illegal and unethical behaviors.

Thus, factors of psychological characteristics and work environments can affect work ethics. If the environmental factors and psychological factors coincide, they will affect or drive the person to behave unethically, inappropriately or undesirably. Hence, factors affecting ethics depend on the person’s psychological characteristics, and the environments that the person is in.

Recommendations

1. In government organizational management and personnel management, the values of being honest, responsible, and brave to stand up for doing the right thing should be instilled throughout the organization.

2. Ethical promoting projects and activities such as good behavior awards, a Dhamma clinic, ethical weekends, etc. should be organized.
3. Mental characteristics promoting projects to develop work behaviors such as training programs in future orientation and self control; moral reasoning development; achievement motivation; and good attitudes towards work should be organized.

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