

Workplace Ethics and its Impact on Organizational Culture and Employee Behaviour Banking

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Abstract

In the banking industry, workplace ethics have a significant impact on employee behaviour and organisational culture. In the context of the banking business, this article examines the complex relationship that exists between workplace ethics, organisational culture, and employee behaviour. It explores how important it is for financial institutions to have a solid ethical base as well as the far-reaching effects on internal dynamics and public perception. This study investigates the impact of workplace ethics on the organisational culture and employee behaviour within the banking industry. The research focuses on examining the relationship between ethical behaviours and the work environment, highlighting the crucial influence of ethics in shaping organisational values. The correlation between organisational culture and employee behaviour in the banking sector is a vital facet of the overall dynamics of the workplace. The organisational culture, which encompasses shared values, beliefs, and practices, has a substantial impact on employee interactions, decision-making, and contributions to the organization's success. Within the banking sector, where trust and integrity are of utmost importance, the harmonisation of organisational culture with ethical principles plays a pivotal role in influencing employee conduct. Gaining insight into this interaction is crucial for cultivating a favourable work atmosphere, augmenting employee contentment, and guaranteeing the enduring prosperity of banking organisations. The findings provide valuable insights into the correlation between promoting workplace ethics and its subsequent impact on employee behaviour, which in turn has a direct influence on the overall success and reputation of banking organisations.

Keywords: Employee Behaviour, Banking, Organizational Culture, Workplace Ethics

Introduction

An ethical and productive approach to dispute resolution is based on workplace ethics. Employees with high ethical standards are more inclined to use diplomatic and cooperative approaches to resolve conflicts rather than using harsh or immoral methods. When working with customers, ethical conduct is essential. Employees that act ethically are more likely to satisfy customers for a long time, handle complaints from them skillfully, and deliver exceptional customer service. Employee commitment to the company is typically higher in ethical settings. Employee loyalty and engagement are higher when they feel that their company adheres to moral principles. Misconduct and unethical behaviour can be discouraged by a strong ethics culture in the company. When ethics are prioritised by the organisation, employees are less likely to commit theft, fraud, or other unethical acts. Leaders with integrity create an example for their staff. Employees are more likely to imitate and follow ethical behaviour shown by their leaders.

The Greek word "ethos," which meaning character, is where the word "ethics" comes from. The philosophical field of ethics is concerned with analysing human nature and behaviour. The study of morality and its principles, including the assessment of actions and behaviours in terms of their ethical worth and the investigation of moral obligations, is the focus of the academic discipline of ethics. Ethics can be defined as the application of moral principles that establish boundaries between what is right and wrong in human behaviour as well as prescriptive ideas about acceptable behaviour. Ethics includes the standards of moral behaviour and virtue as well as the social norms that define what is acceptable human behaviour and character in the modern world. The moral code that a person follows determines whether a certain behaviour or practice is morally right or wrong. Furthermore, opinions regarding what is morally right or wrong might vary throughout time as a result of the addition and subtraction of particular values. The study of determining what constitutes goodness and badness as well as moral obligation and duty falls under the umbrella of ethics. From a broad

standpoint, workplace ethics refers to the simple application of accepted moral or ethical principles within the context of business operations.

Higher levels of job satisfaction are typically experienced by workers in ethical settings. A morally sound and upbeat workplace environment enhances general job satisfaction. Employee adherence to legal and regulatory standards is ensured by ethical behaviour, which lowers the possibility of legal infractions and the related penalties. There is a significant and intricate relationship between employee behaviour and workplace ethics. The moral precepts and ideals that provide a framework for employees' relationships and behaviour at work are referred to as workplace ethics. These moral principles have a big impact on how people behave and interact in the workplace.

Ethics in the banking sector

Corporations have a moral obligation and are not protected by the concept of limited liability from the consequences of their actions. The reputation and long-term viability of a company are dependent on its track record and the public's perception of its ethical practices. The financial industry has a long history of prioritising ethical considerations over legal or opportunistic measures. However, humans constantly face moral hazards, and contamination concerns are becoming more common. Deregulation, combined with technological improvements, has increased the intensity of ethical issues. Bankers bear the obligation of stewardship, which is based on the fundamental notion of trust. We have won the trust of those who entrust us with the management of their financial assets, and it is our job to be prudent when providing loans with those monies. The banking business operates under the idea that benefits should be proportionate to genuine risks, and ethical considerations play an important role in our risk-taking activities. The well-being of our clients who borrow money, regardless of economic situations, is a critical focus in any commercial endeavour. Our company operations rely on people who are accountable for keeping our ethical standards. It is critical to effectively convey our expectations to our employees and give them with direction as they handle any pressures and temptations. The bank has a responsibility to several stakeholders, including the government, customers, shareholders, employees, and the community.

Review Literature

Organisational culture refers to the collective mindset of individuals inside an organisation, which in turn shapes a common set of beliefs, values, and expectations (Ivancevich et al., 2007). Organisational culture pertains to the collective perspective and understanding of employees, which is intangible and not readily observable, but rather influenced by their individual experiences inside the organisation. Furthermore, organisational culture can be precisely described as descriptive, specifically in relation to how its members perceive and comprehend the culture, irrespective of their own preferences. Ultimately, irrespective of the diverse origins and hierarchical positions of personnel inside the company, they opt to understand and represent the organization's culture in a uniform manner. This pertains to the concept of acceptance as explored by (Robbins et al., 2009). The assessment of corporate culture can be illustrated through many dimensions, as outlined by (Edison et al., 2016). An key aspect to consider is self-awareness, wherein individuals within the organisation strive to attain satisfaction in their profession, enhance their personal growth, adhere to established guidelines, and deliver exceptional products and services. Furthermore, the organization's members exhibit a notable level of assertiveness when it comes to establishing goals that are both demanding and attainable. They develop the strategic strategy and consistently strive to accomplish that objective, pursuing it with immense enthusiasm. Furthermore, it is essential that members exhibit a demeanour characterised by respect, friendliness, openness, and attentiveness to the overall happiness of the group. Furthermore, it is crucial for them to demonstrate a robust emphasis on fulfilling the requirements of both internal and external clients. Each internal department should prioritise delivering service rather than seeking to be serviced. Furthermore, the organization's performance is characterised by the inclusion of innovative personnel who adhere to the ideals of productivity, excellence, and effectiveness. Furthermore, the success of the team's framework relies on the members' ability to effectively connect, communicate, and coordinate, with active participation from all individuals. As a result, this leads to very satisfying outcomes and a collective dedication to the team's goals. The prior researchers' empirical findings substantiate the concept that a favourable organisational culture exerts a substantial influence on individual job satisfaction (Crispen et al., 2017).

Work ethics refer to the outward expression of an individual's personality, temperament, moral integrity, and convictions. This mindset extends beyond individuals and includes other groups and perhaps the entire populace. Tasmara (2002) argues that ethics are formed by consistent behaviours and are influenced by cultural norms and value systems. The concept of work ethic encompasses various interwoven components, including an individual's psychological values, deeply ingrained attitudes, and aspirations. Ethos refers to the unique characteristics, attitudes, actions, beliefs, and other

distinguishing qualities that are specific to an individual or a group. Ethos encompasses the fundamental convictions and values that dictate the ethical and moral behaviour of an individual, community, or even a nation. Ethos, in this context, pertains to the collective perspectives and principles of developing nations on moral righteousness or wrongdoing, sometimes referred to as ethics (Madjid, 2010). The conscientiousness and self-discipline of employees have a significant impact on employee performance. If government officials are already adept at maintaining discipline in all domains, any pending assignments will be promptly resolved and efficiently organised, so indirectly reinforcing a strong work ethic. By maintaining a strong commitment to hard work, government officials can ensure the careful and thorough performance of their duties, so avoiding any neglect in carrying out their responsibilities. By executing this plan, the community will enjoy a high-quality service that effectively fulfils their government-related requirements, ensuring their satisfaction. A local government official's possession of a robust work ethic and discipline will positively influence the employee's performance. The employee's performance will be evaluated based on the expected objectives, which are achieved through the application of a robust work ethic and discipline. This ensures the successful and efficient completion of every task. (Hodges, 2015) proposes that cultivating a strong sense of teamwork can enhance employees' performance. The work ethic of employees refers to a framework of principles and ethical ideas that establish a set of standard norms. These standards serve as a set of guidelines for employees to follow when carrying out their job duties inside the firm. The aggregate pertains to the collective ethical conduct exhibited by personnel, represented visually by an individual within the company's ethical framework. The normative principles are taken from the ethical standards upheld by corporations. Therefore, ethics extend beyond employees and are not exclusively confined to them. Therefore, the managerial approach towards employees should adhere rigorously to ethical principles, which include equitable treatment and transparency in relation to compensation, advancement opportunities, and performance assessment. The ethical conduct within the organisation is intricately connected to the interests of both the management and the personnel. Work ethic refers to the mindset, outlook, behaviours, characteristics, or attributes that impact how an individual, community, or country views work (Tasmara, 2002). Work ethics refers to the moral integrity of government officials and their capacity to interact amicably, promoting justice and positive dynamics inside the organisation. For example: Versatile, insightful, punctual, and proactive. Scientists have conducted studies on ethics and determined that a robust work ethic has a favourable and significant impact on job satisfaction in the professional environment.

(Mishra, et al., 2021) Given the increasing significance of medium-sized and small enterprises in a nation's economic progress, it is crucial to comprehend their inclination towards business ethics. This study specifically examines medium-sized firms and investigates the ethical rules that are currently implemented inside these organisations. A percentage analysis was employed to determine the outcomes of the employee feedback for Medium Enterprises. This essay provides a comprehensive examination of professional and corporate ethics, addressing a diverse array of moral dilemmas that emerge in medium-sized enterprises.

According to Kaptein (2008), establishing a widely accepted and explicit corporate commitment helps foster a workplace climate that promotes social interaction, effective work regulation, and ethical behaviour inside a company. Bruhn (2009) argues that establishing work ethics is crucial for firms to regulate employee conduct, hence fostering heightened employee loyalty. Valentine et al. (2011) suggest that workers' job performance is influenced by their organisational commitment. Therefore, it is important for the organisation to create advantageous conditions that promote this level of dedication. Companies that prioritise work ethics demonstrate professionalism in their human resource management (HRM) practices, with a particular emphasis on job satisfaction, among other factors. This method involves formulating policies that promote employee commitment to the organisation and serve as a catalyst for achieving exceptional job performance (Yousef, 2001). Work ethics play a crucial role in creating organisational value, fostering employee loyalty, and eventually enhancing profitability (Ali et al., 2007). As stated by Goyal, P. K. (2016), the primary objectives of any firm are to maximise profitability and generate revenue. Certain businesses, driven by immediate financial gain, may disregard ethical concerns in their operations and instead employ unethical tactics that simultaneously boost their profits while negatively impacting society. Businesses that employ unethical activities have a detrimental impact on various aspects of society, including the environment, the government, and customers. Unethical activity poses a threat to the credibility and long-term development of organisations, hence negatively impacting society. This study assesses the impact of moral and immoral behaviour on consumer behaviour and the perceived credibility of the organisation.

Need for workplace Ethics in banking sector

The ontological perspective distinguishing between good and evil emphasises the importance of ethics in the banking industry. This perspective contributes to the ethical differentiation of the financial sector. The concept of recognising or becoming aware of the need for banking products or services gradually emerges. The preceding simplified

parallel emphasises the importance of thorough recognition and ethical concerns regarding the role of banking goods and services in all economies, regardless of their level of economic growth.

Research Methodology

The research is causal and descriptive in nature. Respondents were selected at random from banks and filled out a questionnaire. The one private bank chosen for the study was ICICI Bank. The rationale for selecting ICICI Bank is that it has many branches and its workers are very cooperative. A total of 70 forms were filled out from three separate ICICI Bank branches. Secondary data was collected from published research papers, publications, company blogs, and websites, among other sources. The correlation coefficient is used to analyse the data.

Objective of the study

- To study relation between workplace ethics impact on organizational culture & employee behavior in banking
- To suggest findings & conclusion

Role of Workplace Ethics on Organizational Culture and Employee Behaviour Banking

Workplace ethics play a crucial role in the banking business by moulding organisational culture and impacting employee conduct. The following are crucial elements that demonstrate the substantial impact of workplace ethics in this particular context:



Figure 1: Attributes of Workplace Ethics Effects on Organizational Culture & Employee Behaviour

- ❖ Workplace ethics is crucial for establishing a solid basis of trust and credibility inside a financial organisation. The cultivation of ethical practices, transparency, and integrity fosters the creation of a reliable and dependable atmosphere. Trust is crucial for both internal stakeholders, such as employees and management, as well as external stakeholders, including consumers, regulators, and investors.
- ❖ Workplace ethics plays a crucial role in establishing and strengthening the fundamental principles that guide an organisation. Establishing a robust cultural framework in the banking sector, where trust is of utmost importance, involves ensuring that organisational values are in line with ethical standards. The organization's decision-making and behaviour are guided by a common value system that is shared by all levels.
- ❖ Ethical rules establish explicit criteria for conduct in the workplace. Within the banking industry, where personnel are entrusted with the management of confidential financial data, the importance of ethical behaviour

is heightened. Employees are provided with explicit codes of conduct and ethical standards to govern their behaviour when dealing with transactions, engaging with clients, and making decisions, ensuring that they uphold the organization's ideals.

- ❖ Workplace ethics fosters a culture of responsibility. Accountability is crucial for employees in the banking sector, particularly when handling financial affairs. Engaging in ethical behaviour motivates individuals to assume accountability for their choices and behaviours, cultivating a feeling of possession and obligation.
- ❖ Ethical practices have a crucial role in reducing operational and reputational hazards. Banks might face significant consequences as a result of engaging in unethical behaviour, such as fraud or non-compliance with legislation. Complying with ethical standards decreases the probability of facing legal and financial consequences, hence protecting the organization's reputation and stability.
- ❖ A workplace that fosters a robust ethical culture enhances employee morale and engagement. When employees perceive their organisation as having a strong sense of integrity and a dedicated adherence to ethical ideals, they are more inclined to be motivated, loyal, and content with their work. Consequently, this has a beneficial impact on their behaviour and performance.
- ❖ Organisations that have a well-established reputation for ethical behaviour are more inclined to attract and retain highly skilled individuals. Banking professionals frequently look for workplaces that are in accordance with their personal values. A moral organisational culture confers a competitive edge in attracting proficient professionals who are dedicated to following ethical norms in their professional endeavours.
- ❖ In the heavily regulated banking industry, strict commitment to workplace ethics is crucial for ensuring compliance with regulatory standards. Financial institutions are obligated to adhere to a multitude of laws and regulations in order to sustain their operations. An ethical framework assists organisations in complying with legislation and ensuring that personnel behave in a manner consistent with legal and industry norms.
- ❖ Workplace ethics allows organisations to adjust to changing contexts, such as shifting market dynamics and customer expectations. A culture that upholds ethical principles promotes adaptability, creativity, and conscientious judgement, enabling banks to effectively address obstacles and seize advantageous prospects while upholding their ethical norms.

Data Analysis & Interpretation

Table 1: “Correlation Coefficients”

| Variables | <i>Establishing Reputation and Trust</i> | <i>The Values of the Organisation</i> | <i>Establishing Expectations for Conduct</i> | <i>Encouraging Responsibility</i> | <i>Minimising Danger</i> | <i>Motivating and Involving Workers to a Greater Degree</i> | <i>Talent Acquisition and Maintenance</i> | <i>Making Adjustments for Altering Setting</i> |
|--|--|---------------------------------------|--|-----------------------------------|--------------------------|---|---|--|
| <i>Establishing Reputation and Trust</i> | 1 | | | | | | | |
| <i>The Values of the Organisation</i> | 0.168 | 1 | | | | | | |
| <i>Establishing Expectations for Conduct</i> | 0.277** | 0.246** | 1 | | | | | |
| <i>Encouraging Responsibility</i> | 0.162 | 0.293** | 0.191* | 1 | | | | |

| | | | | | | | | |
|--|---------|--------|----------|---------|----------|---------|----------|---|
| <i>Minimising Danger</i> | -0.090 | -0.154 | -0.276** | -0.092 | 1 | | | |
| <i>Motivating and Involving Workers to a Greater Degree</i> | 0.194* | 0.175 | 0.270** | 0.283** | -0.380 | 1 | | |
| <i>Talent Acquisition and Maintenance</i> | 0.353** | 0.189* | 0.347** | 0.296** | -0.247** | 0.359** | 1 | |
| <i>Making Adjustments for Altering Setting</i> | -0.081 | -0.089 | -0.090 | 0.062 | 0.179 | -0.087 | -0.241** | 1 |
| <p><i>“The results are statistically significant at the 1% and 5% significance levels, respectively, as shown by the presence of asterisks. (**) and (*).”</i></p> | | | | | | | | |

Findings of the study

- The study discovered a direct relationship between the adherence to workplace ethics and the cultivation of a favourable organisational culture in the banking industry. Financial institutions that place a high importance on ethical behaviour typically foster an environment characterised by trust, openness, and a common set of principles embraced by their staff.
- Research results indicated that ethical leadership significantly influences the formation of the organisational culture. Banking organisations led by individuals who embody and advocate for ethical conduct are more likely to foster a culture that consistently upholds these principles across the entire organisation.
- The results indicated that a robust ethical culture within a bank has a favourable impact on staff conduct. Organisational culture that prioritises and endorses ethical principles fosters responsible decision-making, integrity, and accountability among employees.
- The survey has the potential to reveal valuable data regarding employees' perceptions of their organization's values. Positive findings may suggest that employees adhere to the ethical principles of the bank, thereby fostering a unified and value-oriented organisational culture.
- Positive ethical practices in the workplace had been connected to improved levels of job satisfaction among banking personnel. The investigation may uncover that employees who consider their organisation as having strong ethical principles are more content with their jobs and are inclined to display favourable conduct in the workplace.
- The findings illuminated distinct ethical dilemmas encountered by personnel in the banking sector. These problems encompass concerns like conflicts of interest, the pressure to achieve sales targets, and the management of confidential financial information. These obstacles have a direct influence on the organisational culture and the behaviour of employees.
- The research aims to elucidate the impact of training programmes and proficient communication on the promotion of workplace ethics. Banks that prioritise staff education on ethical norms and foster open communication channels are likely to observe a more favourable influence on organisational culture and employee conduct.
- The study provided insights into the ability of financial organisations to effectively adjust to evolving ethical standards and regulatory mandates. The findings could indicate if banks that proactively adapt their procedures in response to ethical considerations demonstrate a stronger and more favourable organisational culture.

- Comparing different banks uncovered differences in how workplace ethics affect organisational culture and employee behaviour. Certain banks can serve as exemplars for effectively incorporating ethical principles into their organisational culture, whereas others may encounter difficulties that influence the conduct of their workers.
- The study's findings provided advice for banking organisations to bolster their ethical procedures, improve their organisational culture, and exert a positive impact on staff behaviour.

Conclusion

Workplace ethics is crucial in determining the organisational culture and impacting employee behaviour in the banking sector. It acts as a guiding principle, promoting a culture of trust, responsibility, and honesty, which is crucial for the long-term profitability and reputation of banking institutions. Workplace ethics in banking are essential not only as a moral obligation but also as a crucial factor for ensuring the industry's stability, fostering client trust, and achieving long-term success. Banks that prioritise ethical conduct not only achieve their legal obligations but also gain a competitive edge in the market by positioning themselves as reliable and accountable financial institutions. Workplace ethics prioritise equitable and respectful treatment of colleagues. Coworkers who adhere to these ideals are more likely to demonstrate respect and justice in their relationships. Integrity and openness are highly esteemed in an ethical work environment. Employees that adhere to these principles are more likely to engage in information sharing, communicate candidly, and report issues. Ethical behaviour promotes the cultivation of collaboration and teamwork. Employees that uphold ethical principles are often more receptive to cooperation, idea sharing, and effective teamwork.

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