

An empirical review on ethical business conduct among small and medium Malay businessmen

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Abstract: In the contemporary world of business, ethical conduct stood to be amongst very important practices that businessmen are required to incorporate when conducting businesses. Yet, the challenges of globalization, trade liberalization and profitability of businesses in the uncertain business environment are critically encourage businessmen to engage in ethical conducts. To investigate this subject matter, the study employed Malay businessmen at small and medium scale and analyse their participation in implementing ethical business conduct. The study used four main dimensions of ethical business conducts namely personal values, managing social responsibility, ways of conducting business and interaction with others in business setting. Moreover the study categorized the target respondents on race basis thus the Bumiputera (Malaysians indigenious) composed of 50% and non-Bumiputera thus Chinese and Indians at the rates in the distribution of 32% and 18% respectively. Generally, businessmen at SMEs scale are aware of ethical business conduct and are implementing such matters; yet, there are continuation of unethical conducts regardless of understanding of its importance to among the businessmen in SMEs.

Keywords: Business ethics, small and medium enterprises, Malay businessmen and conduct of ethical practices.

1. INTRODUCTION

In the business world of 21st century, ethical practices are amongst the most important matters that businessmen are required to incorporate in their daily operations of their businesses. Such consideration should be at high level of commitment and go align with the challenges that comes with liberalization of trade and globalization. There are numerous benefits like credibility maintaining, good reputation of the business in the public and building of positive image in the society; that businessmen obtain when implementing ethical conducts in their businesses. However, failure to implement business ethics may results into damaging of image that the business had in the society hence overall failure in the marketplace [7].

Malaysia is a country with majority Muslims where most of the indigenous people (Malays) or Bumiputera are under the religious belief of Islam. This goes even to business conducts where majority of participants are categorized to be Muslims. In Islamic faith, halal is the type of practice that any Muslim should comply with in the conduct of different activities hence business practices. The good conducts are made clear in Islam under the principal of Istislah that promotes activities which are mainly covering public interest [6]. Under this, one's responsibility on Allah's creatures like caring for the nature and helping others in need is what it emphasise the most where the failure to do so an individual will be answerable to Allah thus the principal of Akharah [5]. Due to this, businessmen who are Muslim are not only doing ethical conduct for the sake of reputation but also as part of fulfilling the requirement of their faith and commitment to Allah [2].

2. PROBLEM STATEMENT

In the world of business today; capitalist system dominate the entire conduct of the business. Because of this system, businessmen are putting more emphasis on implementing measures which will assure profitability of business and forgone responsibilities to societies and the public at large. Thus, reaching a point of maximizing profit in the expense of human values and nature sacrifices. This continues to the avoidance of tax and engagement into illicit trading in order to get rich

quicker. In Malaysia for example, consumer awareness on ethical practices is low [7] and consumers are still sensitive to price affordability where the product or service that is sold cheaper yet rated to be at high quality is what most of Malaysian consumers will buy regardless of whether the seller has ethical conducts or not [1]. Islamic consumers are ones of people affected with unethical business practices; hence confusing them from knowing the halal-haram products especially when the ingredient for making a certain product is haram sourced. For example, gelatin is used in numerous items like gum, x-ray film, insulin, blood plasma, capsules, photographic paper and medication. However, 80% of gelatin found in Malaysian market is made of pork fat which apart from being reachable it is cheap compared to numerous other fats composed in gelatin. [4]. Therefore, Muslims consumers are found themselves buying cheap products made from the use of gelatin without knowing that such products are sourced by haram raw materials. Yet, if the producers were ethical enough they would made declaration or go for other fats that are halal. Also piracy and counterfeiting are still a challenge in Malaysia; and all these are portraying the unethical conduct. Nevertheless, non-Muslims are also aware of ethical conducts of their business regardless of their faith orientation; as seen from JAKIM the Malaysian department for Islamic Development Malaysia that deals with halal certification, about 80% of halal certification are coming from non-Muslims. Based on this problem statement; “An empirical review on ethical business conduct among small and medium Malay businessmen” obtained findings collected from small and medium sized businessmen in Kajang, Selangor Malaysia and answer the following questions

- i. To what extent the small to medium sized businessmen practices ethical conduct in Kajang, Selangor Malaysia?
- ii. Is there any difference of ethical practice between businessmen who are Bumiputera and non-Bumiputera in Kajang Selangor Malaysia?

3. RESEARCH METHOD

I. Research Design and Sampling

This study adopted data obtained from Kajang, Selangor Malaysia in 2009. The consideration of these data are due to the reasons that the target audience of the study that’s small to medium sized businessmen were featured in the said study, also both Bumiputera and non-Bumiputera were featured in the said study and these same audience are a concern of this study. Moreover, the sample size of 100 businessmen were features, the number which is above the minimum level for quality sample size which is said to be not less than 30 sample size [3]; the 100 sample size used is above that qualification hence fits exactly to the requirement of this study.

II. Instruments

The study used quantitative method adopted questionnaire made by [4] that basically constructed from the review of past literatures. There are two parts, the first part is made of demographic profiles and the second part is made of main questions of ethical conducts in businesses using likert scale of five (5) items thus 5 to mean strongly agree and 1 to mean strongly disagree

4. DATA ANALYSIS

Data collected were analyzed using a statistical analysis tool SPSS (Statistical Package for Social Science) where descriptive and inferential were employed in measuring ethical conduct on businesses by Malay businessmen among the SMEs.

Table 1: Interpretation of mean score

Mean score	Level
1.00-2.00	Low
2.01-3.00	Moderate Low
3.01-4.00	Moderate High
4.01-5.00	High

I. Demographic profile of Respondent

The study featured both male and female in the rates of 52% and 48% respectively. In terms of race; 50% were Bumiputera, 50% were non-Bumipotera in the distribution of 32% and 18% to Chinese and India ns respectively.

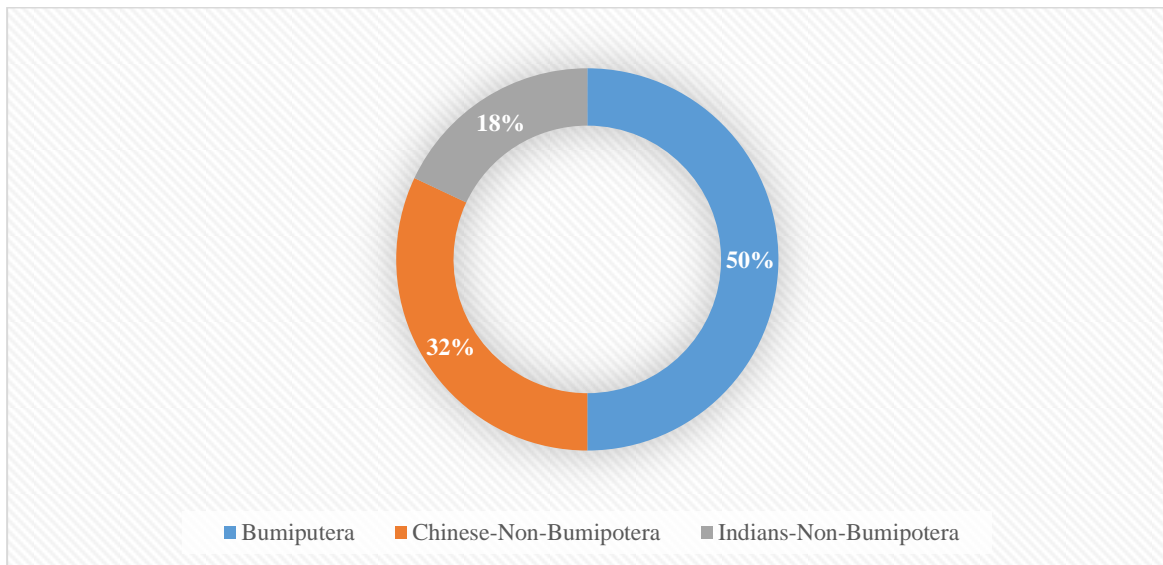


Figure 1: Demographic profile of respondents

II. Finding of Discussion

1. Research Question 1: To what extent the small to medium sized businessmen practices ethical conduct in Kajang, Selangor Malaysia?

This question is answered by the computation of mean score of the dimensions of ethical conducts thus the personal values, managing social responsibility, ways of conducting business and interaction with other business setting. The mean score shows that only personal values has high score meanwhile the rest have the score level of moderate high as seen on table 2 below.

Table 2: Dimensions of ethical conducts

No	Dimensions	Mean	Level
1.	Personal Values	4.48	High
2.	Managing Social Responsibility	3.53	Moderately High
3.	Ways of Conducting Business	3.16	Moderately High
4.	Interaction with Others in Business Setting	3.99	Moderately High

2. Is there any difference of ethical practice between businessmen who are Bumiputera and non-Bumiputera in Kajang Selangor Malaysia?

Table 3: t-test on race basis

Race		N	Mean	Sd	t-value	Sig
a. Personal value	(i) Bumiputera	50	2.61	0.52	1.00	0.32
	(ii) Non-Bumipotera	50	2.56	0.46		
b. Managing social responsibility	(i) Bumiputera	50	0.12	-1.80	0.07	2.91
	(ii) Non-Bumipotera	50	0.20			
c. Ways of conducting business	(i) Bumiputera	50	0.56	-2.14	0.03	2.70
	(ii) Non-Bumipotera	50	0.56			
d. Interaction with other business setting	(iii) Bumiputera	50	0.91		0.29	0.21
	(iv) Non-Bumipotera	50	2.80			

a. Personal values

Confirmation of significance relationship on personal values between Bumiputera businessmen and non-Bumiputera in Kajang Selangor Malaysia.

As seen from table 3 (a) above personal value of Bumipotera and non-Bumipotera has a t-value of 1.00 which at $p > 0.05$ resulted into 0.32 to mean that there is no significance relationship on personal values between Bumiputera businessmen and non-Bumiputera in Kajang Selangor Malaysia. This is to say, when the matters of personal values are involved in measuring ethical conducts; race doesn't have influence but all are valuing personal values that defines ethical conducts.

b. Managing social responsibility

Confirmation of significance relationship on managing social responsibility between Bumiputera businessmen and non-Bumiputera in Kajang Selangor Malaysia.

As seen from table 3 (b) above managing social responsibility of Bumipotera and non-Bumipotera has a t-value of 0.07 which at $p > 0.05$ resulted into 2.91 to mean that there is no significance relationship on managing social responsibility between Bumiputera businessmen and non-Bumiputera in Kajang Selangor Malaysia. This is to say, when the matters of managing social responsibilities are involved in measuring ethical conducts; race doesn't have influence but all are valuing personal values that defines ethical conducts.

c. Ways of conducting business

Confirmation of significance relationship on ways of conducting business between Bumiputera businessmen and non-Bumiputera in Kajang Selangor Malaysia.

As seen from table 3 (c) above ways of conducting business of Bumipotera and non-Bumipotera has a t-value of 0.03 which at $p > 0.05$ resulted into 2.70 to mean that there is no significance relationship on ways of conducting business between Bumiputera businessmen and non-Bumiputera in Kajang Selangor Malaysia. This is to say, when the matters of ways of conducting business are involved in measuring ethical conducts; race doesn't have influence but all are valuing personal values that defines ethical conducts.

d. Interaction with other business setting

Confirmation of significance relationship on interaction with other business setting between Bumiputera businessmen and non-Bumiputera in Kajang Selangor Malaysia.

As seen from table 3 (d) above interaction with other business setting of Bumipotera and non-Bumipotera has a t-value of 0.29 which at $p > 0.05$ resulted into 0.21 to mean that there is no significance relationship on interaction with other business setting between Bumiputera businessmen and non-Bumiputera in Kajang Selangor Malaysia. This is to say, when the matters of interaction with other business setting are involved in measuring ethical conducts; race doesn't have influence but all are valuing personal values that defines ethical conducts.

5. CONCLUSION

In a general context regardless of differences in race, gender and religious beliefs the Malay businessmen categorized under SMEs are understanding the meaning and importance of implementing ethical conduct in the business arena where the matters of corporate social responsibility and the right conduct of business that doesn't harm the public yet operating with respect to rules and regulations. However, the study found that unethical conducts are still prevailing in the world of business today where illicit activities and counterfeiting among numerous others are experienced in the business arena.

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