

Vol. 8, No. 1 Mei 2013

Iin Mayasari
Devi Wulandari
Anita Maharani
Iyus Wiadi

Sonny Darmawan

Kevin Gautama

Yely
Willy Gunadi

Randy Sudarma
Yohana F. Cahya Palupi M.

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Development Research of Management
Jurnal Manajemen

ISSN 1907-0853

Determinants of Ethical Behavior :
An Empirical Study of Implementing Marketing

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Diterbitkan oleh Jurusan Manajemen - Fakultas Ekonomi
Universitas Pelita Harapan - Karawaci Tangerang

DETERMINANTS OF ETHICAL BEHAVIOR: AN EMPIRICAL STUDY OF IMPLEMENTING MARKETING STRATEGIES

Iin Mayasari

iin.mayasari@paramadina.ac.id

Devi Wulandari

devi.wulandari@paramadina.ac.id

Anita Maharani

anita.maharani@paramadina.ac.id

Iyus Wiadi

iyus.wiadi@paramadina.ac.id

Universitas of Paramadina, Jakarta Indonesia

Abstract

This study aims to examine empirically the determinants of ethical behavior concerning the marketing strategies. Marketing strategies have to be implemented based on rule of conduct. It means that organization in delivering an exchange process to customers has to comply with duties and responsibilities. Marketing professionals have a responsibility to treat their organizations' customers fairly by giving their rights. This can be accomplished if there are supporting factors to sustain ethical behavior of individuals. The result of the study suggest that moral judgment and ethics code are the determinants factors of ethical behaviors. This study is analyzed with multiple regression and use 58 respondents of working in both state owned enterprise and private enterprise in Jakarta that deliver product and services to customers.

Keywords: *ethical behavior, personal value, organizational commitment, ethical climate*

Background

Ethical behavior on part of organization is critical for doing good business. Organizations that try to be a goo performer in their business practices also tend to support a strong ethical behavior. In order to ensure long-term sustainability, organizations must reinforce to both their economic and non-economic environments. This can be highly facilitated by social responsible and ethical behaviors. The ethical attitude must be fostered in organization.

Unethical practices have some implications for business in a number of ways. First, consumers tend to ignore products and services of organizations with unethical reputations (Roman & Ruiz, 2005). Second, some unethical practices can influence the firm's liability, financial risk, and costs (Neese, Ferrell, & Ferrell, 2005). Third, unethical climate has a bad effect on employees via levels of lower job satisfaction, low performance, turnover intention, and low organizational citizenship behavior (Leung, 2008). The ethical attitude must also be fostered in organization. This is important because workers need the ethical code to guide how to perform well in organization where they work.

Marketers should conduct ethical behavior because if they do not to do, it will likely generate significant personal, organizational, and societal cost (Laczniak & Murphy, 1991). If an action is not legal as well as unethical, the manager can be held personally liable. A manager who decides to provide an unsafe product is subject to criminal and personal liability. Criminality liability of course is the hardest of penalties but there are other negative outcomes. Organizations which consider their ethical reputation seriously will not hesitate to terminate employees employees who violate ethical and professional norms. This is an obvious sign which communicates an organization's seriousness of purpose concerning an ethical environment. Furthermore, the reputation of company is also determined by the behavior of their employees. The values of the company will be reflected in employee behavior.

Laczniak and Murphy (1991) provide example of bad case of Nestle because of unethical behavior. A classic case is the experience of the Nestle's company with their marketing of infant formula in Third World countries. In that particular situation, Nestle attempted to aggressively market infant formula, as substitute for mothers' breast milk in less developed countries. Nestle seemed to pay little attention to the fact that proper use of infant formula requires sanitary conditions and a fairly high literacy rate on the part of mothers. Because these conditions were not present, infants incurred a substantially higher rate of malnutrition than if they had been fed mother milk. As these circumstances became known, the result was a public relations nightmare as well as a balance sheet catastrophe for Nestle.

There are costs which are caused by the unethical behavior of organizaitons (Laczniak & Murphy, 1991). A consumer who is trapped by buying defect product will stop buying more for a product or service thus having an effect on economic cost for the company. Some groups such as the poor and the old are particularly vulnerable to unethical selling practices. When competitive situation emerges wherein an unethical marketing practices generates a short-term benefit for loss efficient firms.

This study is the replication study of Akaah and Lund (1994) focusing on the relationship among personal values and organizational on marketing professional's ethical behavior. The focus of the study is the behavior of marketing managers. Marketing managers have important roles in creating a good conduct especially in delivering product, price, distribution, and communications for consumers. Every marketing strategy is influenced by the ability of marketing managers to craft a good strategy for good choice of customers. When developing marketing strategies, marketing managers should determine the positive consequences for consumers. The ability to decide good marketing strategy is also influenced by personal values, organization perspective and work environment.

The potential of personal and organizational values as ethics correlates derives from the fact that they are at the heart of individuals' personality and cognitive structure (Pitts & Woodside, 1991). In the organizational context, the values of executives are considered to influence decisions they make. Values of the organizations are believed to effect on every decision. Value is also considered to be determination of any individual's action. It is a choice between what is good or bad. Value influences behavior. It defines ultimately how standards of acceptable behavior is right. When individuals do this, sustainable relationship with the stakeholders, will create positive value for everyone. This study also extends the model by including ethical climate as work environment to influence ethical behavior. The inclusion of ethical climate in this study is important because the determinant of behavior is not only caused by personal values. External environmental shapes the behavior. The social surrounding and values created in a company can influence behavior.

Problem Formulation

This research tests empirically the effect of the personal value, organization perspective, and work environment on the ethical behavior. The personal value is described as value of intellectualism, honesty, self-control and moral judgment. The organization perspective is explained as the top management commitment, ethical climate, and code of ethic. Personal value and organizational value can shape the ethical behavior of individual in marketing context. Financial success often depends on marketing ability. Finance, operations, accounting, and other business functions will not really matter if there is not sufficient demand for product and services. Sustained and customer loyalty or retention which achievement depends heavily on marketing. The importance of marketing to build brands and a loyal customer base is the intangible assets that make up large percentage of the firm value.

According to Kotler and Keller (2009), marketers must operate consistent with a holistic marketing concept. Trends and forces defining the 21st century are leading business firms to a new set of beliefs and practices. Today's best marketers recognize the need to have a more complete, cohesive approach that goes beyond traditional application of the marketing concept. The holistic marketing concept is based on the development, design, and implementation of marketing program, processes, and activities that recognizes their breadth and interdependencies. Holistic marketing has four big components: relationship marketing, integrated marketing, internal marketing, and performance marketing (Kotler & Keller, 2009). Related to ethics implementation, performance marketing addresses the concern of legal, ethical, social, and environmental effects. This concept insists marketers to foster social and ethical consideration into the marketing practices. They must balance between company profits, customer want satisfaction, and public interest.

The holistic marketing can be accomplished by fostering personal value and organizational perspective. By implementing these values in organization, organization can create ethical behavior. The problem formulations are as follows.

- 1) Does the value of honesty influence on ethical behavior?
- 2) Does self-control influence on ethical behavior?
- 3) Does moral judgment influence on ethical behavior?
- 4) Does top management leadership influence on ethical behavior?
- 5) Does code of ethic influence on ethical behavior?
- 6) Does ethical climate influence on ethical behavior?

1.3. Study Contribution

Theoretically, this study will contribute theoretical explanation in a wider scope of ethical behavior. This study discusses two main aspects of behavior, namely dispositional and organizational factors. A person behavior has been determined by the classic formulation of behavior as a function of the person and his or her environment: $B=f(P,E)$. There has been an increasing concern not only with the organizational environment, but Lewis emphasized also the psychological condition of a person (in Glick, 1985). This study also discusses the factors coming from personal and organizational. Practically, this study will show that not only personal value, organizational values, but also ethical work climate are beneficial to an

organization since ethical work climate is one of the most manageable factors that can be used to influence ethical behavior.

Literature Review

1.1.Ethical Behavior

Tsalikis and Fritzsche (1989) argued that ethical behavior refers to just or right standards of behavior between parties in a situation. It is argued that ethical behavior must consider the value system of society as a whole. He argued *“if good and meaningful change is to take place, two vital ingredients become mandatory: an understanding of the concerns of others so that value emphasis will serve the greatest good, and an awareness of, and dedication to the values underlying ethical behavior, by both individuals and institutions.”*

Pruden (1971) presents ethical frame of reference for marketers or service providers. These ethical frames are an individual ethics, an organizational ethic, and a professional ethics. An individual is influenced by each of these three ethical frames. The frame rests upon the notion of power; the power of organizational rewards and punishments supporting authority, the power of an individual to withdraw his essential services and finally the power of a profession to exercise sanctions through the collective action of a professional group. A service provider or marketer's behavior would probably be guided by an ideology which was the synthesis of these three ethics. The individual of ethical frame includes goals, rewards, standards of performance; the organizational ethics include support and substantive problems while the professional ethics include technical knowledge, standards of behavior, peer group support and control.

Fisk (1982) develops five general principles of ethical marketing conduct, hoping to progress toward a general theory of marketing ethics. The five ethical principles which are based on the premise that human behavior is selfish and that people are motivated to seek personal gain, are:

- 1) Principle of trade-ethical behavior is trading behavior. The exchange of value for value.
- 2) Principle of noncoercion-ethical behavior requires rejection of coercive behavior. Coercion is the suppression of someone's right and freedom.
- 3) Principle of fairness-the ethical individual treats others as independent rules.
- 4) Principle of independent judgments-the ethical individuals exercises independent judgments and expects the same of trading partners.

- 5) Principle of marketing-satisfying consumer needs is the key to satisfying the needs of marketer. Profits are maximized in the long run by satisfying consumer needs.

Ethics has been considered as inquiry into the nature of morality and related to judgment, standards and rules of behavior. Ethical behavior means each person has duties and responsibilities. Akaah and Lund (1994) argued that marketing professionals have a responsibility to treat their organizations' customers fairly by honoring product warranty terms. At the same time, they have responsibility to meet the profit goals of their organizations. However, if in their effort to meet their organization's profit goals, they disregard product warranty term, this creates an ethic problem.

The result of this line of research has been the identification of several ethical problems marketers need to eliminate, i.e. (1) gifts, gratitude, and bribes, (2) price discrimination and unfair pricing, (3) dishonest advertising, (4) miscellaneous unfair competitive practices, (5) cheating customers, unfair credit practice, and overshelling, (6) price collusion by competitors, (7) dishonesty in making or keeping a contract, and unfairness to employees and prejudice in hiring (Hunt, Chonko, Wilcox, 1984).

Newstrom and Ruch's (1975) research suggests 17 common unethical behavior business people engage in. These embody six broad unethical dimensions, i.e. personal use of company products and services (e.g., doing personal business on company time), passing of blame on others (concealing one's error), bribery (e.g., giving gifts in exchange for preferential treatment), falsification (e.g., falsifying time/quantity reports), padding expense (e.g., padding an expense account up to 10%), deception (e.g., taking longer than necessary to do a job).

The following categories of ethical problems also are posed by Kavali, Tzokas, Saren (2001), namely advertising and promotion. Advertising constitute the most common ethical problems. Most of the problems in advertising center on misleading customers especially copycat advertisement. Advertisement usually uses side-by-side demos, they would show that the company's product could perfectly perform well. Another ethical problem is promotion. This category involves unethical and misleading promotion practices such as proof of purchase and free gift to customers. The managers concerns not only in protecting the public but also protecting their image from the negative effect of bad promotion. Consumer might not know that they have to pay a certain amount of money after having collected the tokens to win the free gift.

1.2. Determinants of Ethical Behavior

The normative ethical decision model is proposed by Bommer, Grato, Gravander, Tuttle (1987). The model links the influencing factors of ethical or unethical behavior with the mediating structure of the individual's decision making process. The factors influencing ethical behavior can be explained as follows: 1) work environment-corporate goals, stated policy, corporate culture; 2) professional environment-codes of conduct, licensing requirements, professional meeting; 3) personal environment-peer group, family, 4) government/legal environment-legislation, administrative agencies, judicial system, 5) social environment-religious values, humanistic values, cultural values, societal values; 6) individual attributes-moral level, personal goals, motivation mechanism, position/status, self-concept; life experiences, personality, and demographics.

1.3. Personal Value

The concept of value has been defined as enduring belief that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence (Rokeach, in Akaah & Lund, 1994). Rokeach offers five assumptions about the nature of values (1) values are relatively small in number, (2) individuals possess similar values in varying degree, (3) values are organized into a value system, (4) the antecedents of values are society, institutions, and personality, (5) the consequences of values are manifested in virtually all phenomena.

Pitt and Woodside (1991) argued that there are five assumptions of Rokeach's values. First, values are relatively small in number is evident when values are compared with opinions and attitudes. While values are deep-rooted and pervasive in nature. A single value could underlie numerous opinions and attitudes. Second, individuals possess similar values in varying degree, serves to enhance the usefulness of values as behavioral correlates. Third, values as an organized system derives from the fact that values represent an enduring set of beliefs which provide guidance to appropriate ways of behaving or end-states to strive for. Fourth, what are appropriate ways of behaving or end-states to strive for are culturally based as opposed to their being absolutes/norms set down in natural law. Fifth assumption is the consequences of values are manifested in virtually all phenomena underscore the potential of values as ethics correlate. Because of their centrality to individuals' personality and cognitive structure, values are thought to influence every facet of human behavior.

1.3.1. Honesty

Values are deemed to be a crucial ground for ethical behavior in various respects (Pater & Van Gils, 2003). Rokeach (1973) identified values as both modes of conduct and end states, classifying them into two broad categories (1) terminal value (e.g. self-respect, wisdom, family security, comfortable life, sense of accomplishment, etc) which reflect a person's belief about ends to be achieved; (2) instrumental values (e.g. honesty, ambition, courage, comfortable life, sense of accomplishment, etc) which reflect beliefs about the means for achieving the desired ends. Values are determinants of virtually all kinds of behavior. Based on the literature organizational and personal values are powerful forces in organizational decision making. Personal values influence with the emphasis interests of the customers or the long-term interests of the company, not to apportion time between family and organisational responsibilities. The influence of organizational values lies in the fact that organizational members are known to share the values of their organization.

Honesty seems to be an important part of the expected traits or characteristics for several professions and various organizational context. Honesty is treated as a part of a conceptual framework perceived as a vulnerability in business relationship, defining it in terms of three elements: fairness, motivation to lie, and openness of management (Vadi & Jaakson, 2006). The role of honesty is the operationalization of trust and dependence.

1.3.2. Self-Control

Baumeister (2002) argued that self control and self-regulation is interchangeable. Both refers to the self's capacity to alter its own states and responses. Self-control overrides one incipient pattern of response and replaces it with another. These responses may include thoughts (e.g. by suppressing unwanted thoughts or forcing oneself to concentrate), changing emotions (getting into, getting out of, or unnaturally preserving some emotion or mood), regulating impulse (e.g. resisting temptation), and altering performance (e.g. persisting).

In marketing context, people with high self-control will be successful and less vulnerable from committing deviant behavior that has a negative implication toward consumers. Self-control can be explained by having a moral judgment. Moral judgment can be used to understand ethics behavior. It is also used in ethics research to predict and analysis ethical judgment and attitude. This factor is defined as the way a person reasons when faced with an ethical dilemma (Al-Rafee & Cronan, 1969). When deciding a number of marketing policy, individuals will think strategically. They don't only focus on the short-term by gaining the high profitability but also consider the long-term whether the decision making has the implication for the whole system.

1.3.3. Moral Judgment

Jones (1991) proposed an issue contingent model which held that ethical decisions are primarily contingent on the characteristics of the issue. Furthermore, the higher one's level of moral judgment, the less likely that one will approve of engaging in unethical conduct. The concept of moral intensity is multidimensional. Furthermore Jones (1991) argued that its components include: (1) magnitude of consequences which is defined as the aggregated harm done to victims of the moral act in question, (2) social consensus, described as the level of social agreement about the goodness or evil of a proposed act, (3) the probability of effect, defined as a joint function of the likelihood of occurrence of an act and the expected consequences of an act and the expected consequences of the act, (4) temporal immediacy, defined as the length of time between the act and its ethical consequences, (5) proximity, which taps the feeling of nearness (social, cultural, psychological or physical) that the moral agent has for victims of the evil act in question, and (6) concentration of effect the degree to which costs or benefits of the act apply to only a few people.

1.4. Organizational Perspective

1.4.1. Top Management Leadership

The role of leadership is important for instituting standards for ethical behavior and moral values that guide behavior and decision making of followers (Brown, Trevino, Harrison, 2005). When the standard and values are consistently enacted and supported with organizational process, rules, and procedure, they can become an integral aspect of the organization's culture. Leaders have to create an atmosphere of fairness and trust because these aspects can result in positive organizational outcome such as reduced turnover and organizational commitment (Ambrose & Cropanzano, 2003).

Leaders must show ethical stewardship and apply it as principle to build trust within their organizations, and improve employee commitment. Caldwell, Hayes, Karri, and Bernal (2007) argue that organization with leaders who adopt ethical stewardship model of governance will have employees who have higher trust in their leaders; organization with leaders that demonstrate a commitment to employee welfare and comply with principle of ethical stewardship are more likely to have employees who view their leaders as trustworthy.

In terms of creating and establishing ethical norms in organization, the characteristic of leadership is a must to have. Leaders must be believable and competent. Leaders have been able to increase trust through behavioral and decision making consistency. Research has

shown that leaders who model ethical behavior are the primary influence on employees' intent to behave ethically (Davis and Rothstein, 2006).

One kind of leadership who can show ethical model is transformational leadership. Transformational leadership has a promising trend in the future as the alternative of leadership style choice. Transformational leadership can determine organizational effectiveness (Bass, Avolio, Goodheim, 1987). They argue that transformational leaders have been characterized by four separate components.

1.4.2. Code of Ethics

Due to the increasing concern of the general public about ethical issues in business, organizations have to control the unethical issue through the institutionalizations of corporate ethics (Vitell & Singhapakdi, 2007). Stevens (2008) argue that corporate ethical code is written documents which attempt to state the major philosophical principles and articulate the values by the organization.

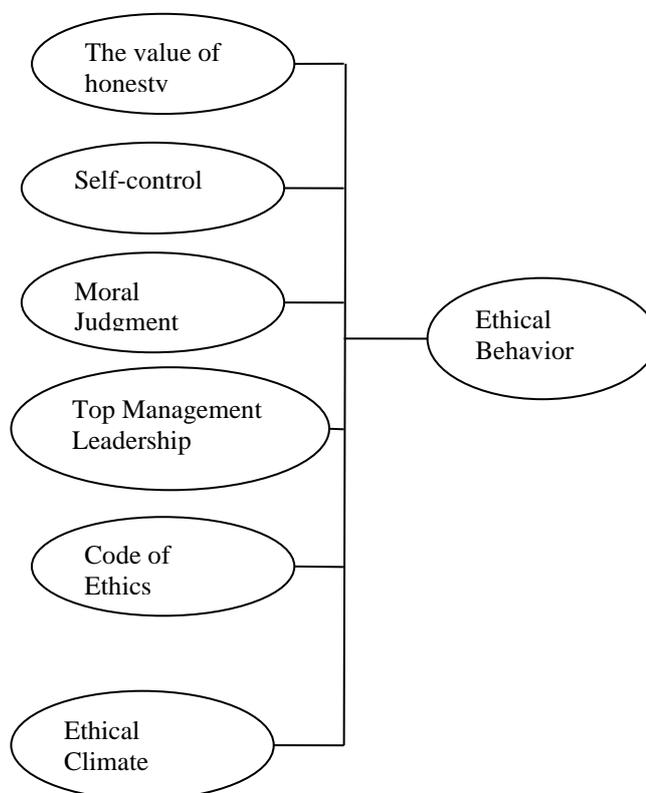
Codes defines ethical indicators of the organization-what is good and what is not. Ethical code is primarily created to defend organizations preventing from illegal behavior. Ethical code does not have a good effect on organization if ethical code is not well communicated and implemented. Forced code compliance in organization is ineffective. Good ethics cannot be ordered by management (McKendall, DeMarr, & Jones-Ridders, 2002). Code will work well if employees agree ethical code as part of the system. Codes do not only work as a set of stand-alone rules, but it also as an integrated, larger organization sphere. Organization should build foster culture where employees hold code, are rewarded for the following the code, and observe managers and executives in the organization conducting consistently with the code.

2.4.3. Ethical Climate

Victor and Cullen first introduced the ethical work climate (EWC) construct in 1987. EWC is defined as the shared perceptions of what ethically correct behavior is and how ethical issues should be handled within organization. It should be noted that EWC is not conceived as a normative construct for measuring how ethical a given organization is; rather it is developed as a descriptive indicator of the prevailing mode of ethical thought within an organization.

Martin and Cullen (2006) argued thatn when employees perceive a caring climate, they believe that the organization’s ethical policies and practices are based on an overarching concern for organizational members as well as society at large. Independent climate perceptions are based on deeply held personal moral convictions, whereas an instrumental climate prompts behaviors based on self-interest even at the expense of others (Martin & Cullen, 2006). Law and code climates are based on the belief that external codes which guide ethical behavior. Finally, the rule dimension relates to a principled climate governed by rules and regulation that guide ethical behavior. When employees perceive a rules climate and internalize company rules and procedures, their ethical decision making is likely to be guided by these rules. When employees know that their actions are guided by rules and procedures, they perceive an absence of conflict within them, find more work meaningful, and display positive attitudes and behavior in the organization.

Figure 2.1. The Conceptual Model



3. Research Method

3.1. Sampling and Data Collection

This study uses purposive sampling as a nonprobability sampling. The sample members are selected to conform to some criteria, namely 1) has worked more than 1 year, 2) a respondent work as education lecturers and banking practitioners. The consideration to use education and banking is education and banking sector have job demand that must be fulfilled ethically, such as being honest and can be trusted. Individuals in the sample will be given questionnaires to fill. The number of questionnaires distributed is around 300.

The study uses a self-administered questionnaire as the data collection technique. After gaining approval from the human resources department, questionnaires will be sent to potential participants through the company's internal mail system. A cover letter is attached to the questionnaires to explain the purpose of the study. Employees are permitted to complete the survey while at work are assured confidentiality and anonymity by both the researcher and the organization's management. The concept of honesty and self-control is adapted from Aakah and Lund (1994).

This study measures the validity and reliability of the research instrument. The validity being analyzed is content validity and constructs validity. This study analyzed construct validity using confirmatory factor analysis (Cooper & Schindler, 2006). Research instrumen uses a five-point scale ranging from (1) mostly false to (6) mostly true is used.

3.4. Data Analysis

The test validity of Table 1.1. in the study can be concluded that, almost indicator could be used for further analysis, except honey 1, climate1, climate3, and climate 4. The indicators were valid.

Table 1.1. Validity Test

| Construct | Indicator | | Loading Factor | Construct | Indicator | | Loading Factor |
|----------------|-----------|--------|----------------|-----------------------|-----------|----------|----------------|
| | Number | code | | | Number | Code | |
| Honesty | 4 | Honey1 | 0.217 | Self-control | 4 | Control1 | 0.787 |
| | | Honey2 | 0.647 | | | Control2 | 0.790 |
| | | Honey3 | 0.703 | | | Control3 | 0.868 |
| | | Honey4 | 0.677 | | | Control4 | 0.541 |
| Moral Judgment | 3 | Moral1 | 0.785 | Top Management Leader | 10 | Lead1 | 0.378 |
| | | Moral2 | 0.631 | | | Lead2 | 0.371 |
| | | Moral3 | 0.570 | | | Lead3 | 0.746 |
| | | Lead4 | 0.506 | | | | |
| | | Lead5 | 0.750 | | | | |
| | | Lead6 | 0.543 | | | | |
| | | Lead7 | 0.816 | | | | |
| | | Lead8 | 0.794 | | | | |
| | | Lead9 | 0.787 | | | | |
| | | | Lead10 | | | 0.690 | |

| | | | | | | | |
|------------------|---|----------------------------------|----------------------------------|-----------------|---|--|--|
| Ethics Code | 4 | Code1 Code2 Code3 Code4 | 0.352 0.463 0.466 0.336 | Ethical climate | 8 | Climate1 Climate2 Climate3 Climate4 Climate5 Climate6 Climate7 Climate8 | 0.211 0.307 0.005 0.108 0.702 0.789 0.803 0.542 |
| Ethical Behavior | 4 | Etis1 Etis2 Etis3 Etis4 | 0.823 0.724 0.781 0.757 | | | | |

The reliability analysis with SPSS-11 at Table 1.23. showed that the measurement instruments showed the consistent result so the non-systematic errors could be avoided.

Table 1.2. The Testing of Instrument Reliability

| | Items | Cronbach Alpha |
|---------------------------|-------|----------------|
| Honesty | 3 | 0.682 |
| Self-control | 4 | 0.809 |
| Moral Judgment | 3 | 0.763 |
| Top Management Leadership | 10 | 0.849 |
| Code of ethics | 4 | 0.753 |
| Ethical climate | 5 | 0.739 |

Discussion

The result in Table 1.3. showed that only two variables in this study were supported namely moral judgment with t value 2.913 and ethics code with t value 2.233. Moral judgment and ethics code influenced ethical behavior.

Table 1.3. Summary of the Regression Coefficients

| No | Variable | Beta Coefficients | t-test | Mean |
|----|---------------------------|-------------------|--------|------|
| 1 | Honesty | -.140 | -.996 | 4.2 |
| 2 | Self-control | -.043 | -.316 | 3.7 |
| 3 | Moral judgment | .380 | 2.913 | 4.5 |
| 4 | Top management leadership | .163 | 1.339 | 3.5 |
| 5 | Ethics code | .296 | 2.233 | 3.0 |
| 6 | Ethical climate | .129 | 1.069 | 3.4 |

Moral Judgment

Moral judgment can be used to understand ethics behavior. It is also used in ethics research to predict and analysis ethical judgment and attitude. This factor is defined as the way a person reasons when faced with an ethical dilemma (Kohlberg in Al-Rafee & Cronan, 1969). Tan (2002) used moral judgment as a factor influencing ethical decision making.

According to Kohlberg (in Al-Rafee & Cronan, 1969), individuals reasons out moral situation differently in accordance with levels of moral reasoning-pre conventional morality (avoiding punishment or getting caught), conventional morality (conforming to social beliefs, abiding by laws and regulations, caring what others feel about them), and post-conventional morality (guided toward conformity to shared standards and duties other than authorities, principles are dominant). Individual characteristic such as religion and the ethical issue under consideration are expected to influence the ethical evaluation that an individual based on their underlying ethical philosophies and cognition (level of moral development). Employees with high in moral judgment would consider their action and determine them to the goodness of the society. Then, it can be concluded that they are having ethical values. Based on that, the higher an individual's moral judgment, the lower their attitude towards unethical behavior will be. The morality of business has a lot to do with the overall value system behind any organization (Al-Rafee & Cronan, 2006).

In this case, the ethical behavior is explained by some indicators. The employee as the managers align their personal interest with the fake of stakeholders and act in a responsible way to ensure the sustainability of the enterprise. Every conduct must be transparent to shareholders, employees, and the public, and will stand by the integrity of their decisions. Employee think that they are part of a community as well as a marketplace and represent product honestly to customers and honor their dignity up to and beyond a transaction. The environment will be treated as a valuable stakeholder. Moreover, employees try to strive for balance, diversity, and equality in its relationships with workers, customers, and suppliers.

Ethics Code

Ethics code can be determining factor influencing employee's behavior therefore codes must be socialized through organization orientation posted on a company website (Mayasari, 2008). Codes are effective when they have attributes of understanding, relevance, and are written with strong support. Informal sharing is much more effective when delivering values. When managers give examples and live based on the code, other members can see the action.

It is also important that managers openly consider the principle with organizational members, engaging in communication about ethics (Adams & Rachman-Moore, 2004).

In this case, ethics code is value that both employees must understand and learn because represent a significant element of organization culture. Socialization of ethics code can be in the form of organizational ethics programs. Organizational ethics program should be established as a means for employee to voice concerns in environment that is supportive of ethical inquiry (Pelletier & Bligh, 2008).

Organizations have to develop programs that include some form of ethics forum for employees to report suspected ethical misconduct. This intervention will likely fail, however, if employees believe that nothing will come of their complaint. If the ethics forum can work well in establishing a constructive environment for reporting, the organizations should make the commitment to investigate every complaint, follow up with the complaint and take every measure to ensure the reporter's identity and continued employment is protected.

Summary

This study shows that only ethics code and moral judgment are important as the determinants for ethical behavior. In this study, marketing professionals consider that moral judgment and ethics code are very important to treat their customers. As marketing professional, they should conform to standardized ethics and duties. It is very important because it can protect their consumers' right. Marketing professional has to provide honest information for consumers as their stakeholders. The compliance for ethics code and moral judgment can make marketing professionals as the employee of the organization to create good reputation for the organization. Consequently, they can create good image of stakeholder toward the organization.

This study has limitation of the marketing professional. For further research, the scope of study should be expanded into different participants and across industry. The discussion is not only limited in ethical behavior. It can discuss more implications of ethical behavior. This is important to be discussed because it can direct organization what should be done to foster ethical behavior.

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