Corporate Social Responsibility and Organizational Ethics Research Issues: A Preliminary Look at Finance Professionals' National Survey Data

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This paper presents preliminary findings of an online survey administered to the members of a national finance professional association. The survey was designed to provide insights into perceptions regarding organizational core values, managerial and individual ethics, corporate social responsibility (CSR), and organizational performance outcomes. A descriptive summary and bivariate analyses are presented. The bivariate analysis focuses on relationships found in previous studies, and on variables offering insights into the finance industry. The results suggest that further analysis is required and may verify the results of previous studies and research findings regarding relationships between the ethics and CSR constructs.

INTRODUCTION

The recent financial crisis and ensuing corporate downfalls jolted awake many business and financial professionals and leaders from the slumber of the short-term quick gain mindset. As we pondered the causes of the meltdowns, we realized that hard rational and analytical knowledge and business skills were not enough to have prevented them. We began to deliberate about what really was missing that led up to the worldwide disasters. The most often heard voices attributed them to the culture of greed. Others ascribed the corporate fiascoes to the lack of spirituality, ethical fiber, and genuine social responsibility consciousness and commitment. These expressions typify the soft, not hard, paradigms related to the reasons for the corporate failures, and have been supported by recent research that finds human value judgments and actions, influenced by different corporate cultures, to be a major cause of the financial disaster (Gill, 2008; Swamy, 2009; Financial Crisis Inquiry Commission, 2010; Hudson, 2010; Jackson, 2010; two of the authors' names omitted, 2010; Sorkin, 2010; Lewis, 2010). These human actions were attributed to the inherent weaknesses imbedded in human nature (e.g., greediness and lack of integrity), to certain wrong value and action judgments, and the lack of a strong sense of professional ethical responsibility. Human actions produced the subprime mortgage loans, made to people who clearly lacked the necessary resources, that were at the heart of the financial collapse. Human actions also produced the complex tiers of financial derivatives that were so opaque that their real risk remained unknown, putting the entire financial system at risk while generating profitable fees for issuing institutions.

Even before the recent financial crisis, the corporate world responded to the recognition of the role played by these "soft" but real underlying factors, and the consequent call for the reappraisal of what it must do to cultivate a new path to a better future. In response to a series of legislative initiatives, including the Sarbanes-Oxley bill (2002) among others, and to governmental positive interventions in the wake of business frauds and suffering victims, the corporate world has found it necessary to integrate the soft imperatives, such as corporate renewed core values, business and professional ethics, corporate social responsibility (CSR), and corporate environmental sustainability into its governance, more specifically into its corporate strategy. The convergence of corporate governance and corporate social responsibility and its effect on business practices have been recently analyzed by a number of researchers (see for example, Gill, 2008).

Strategizing CSR has become the mainstream in the business and academic world as it has become increasingly important to the practitioners (e.g., managers) and the academics (e.g., researchers). The corporate strategizing of CSR has required the process of creating formalized procedures for implementation, but at the same time, it has necessitated certain antecedents for its successful integration. A study by the practicing executive (Verschoor, 2004), for example, emphasized the importance of the role played by such antecedents -- the "ethical climate and other 'soft' control" of corporations in the recently expanded internal auditing functions. Perrini and Minoja (2008) also reported that their qualitative study turned up evidence for such an important antecedent that "the beliefs and value systems of entrepreneurs played a fundamental role in shaping a sustainable corporate strategy" (p. 47). In the context of the antecedent, a group of finance executives announced their position on the issues of responsibility in the area of finance by emphasizing that it involved:

> establishing and maintaining bonds of trust between holders and users of capital, as well as between the operators themselves. Such trust is the cornerstone of the efforts to achieve common good, whereby the interests of individual operators and financial institutions are integrated with those of the community at large. (Bonvin and Dembinski, 2002, p. 190)

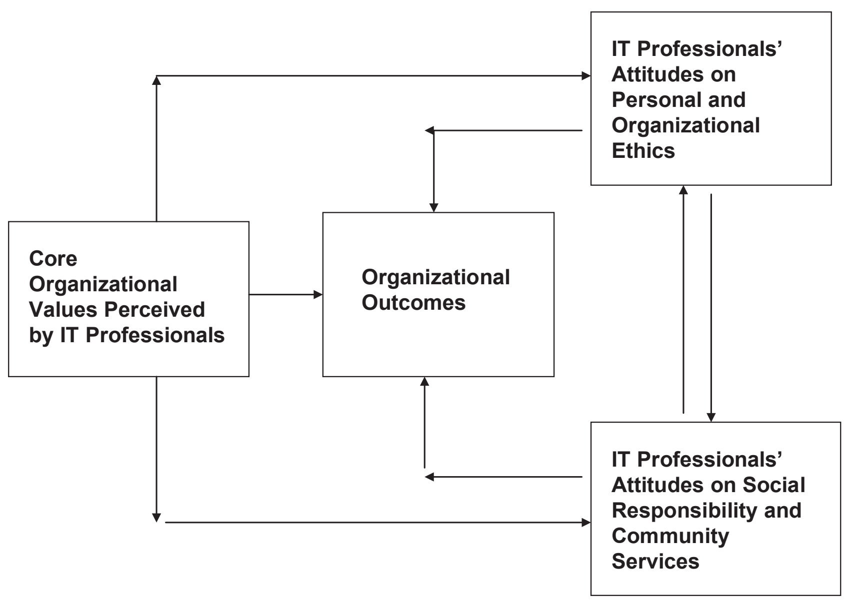
We have recently studied such antecedents affecting business and professional ethics and corporate social responsibility, and the relationships among these two constructs and corporate financial and non-financial performance outcomes (two of the authors' names omitted, 2003, 2010; one of the authors' names omitted et al., 2007). The current research is an extension of our previous research conducted with marketing (two of the authors' names omitted, 2003) and information technology managers and professionals (two of the authors' names omitted, 2010; one of the authors' names omitted et al., 2007). The survey we conducted in September 2009 with a national sample of financial professionals was designed to explore the relationships among organizational ideology (core values and beliefs), managerial ethics, social responsibility, and organizational performance outcomes. Our primary objective in the current survey is to determine if the previous findings are supported by data from financial professionals. Our secondary objectives include delving more deeply into the relationships among these variables, testing new hypotheses, and investigating issues specific to the finance industry. The purpose of this paper is to summarize some of the preliminary findings of this survey.

CONCEPTUAL FRAMEWORK

The literature suggests that, with respect to our antecedents, there are two main sets of key organizational values that embed themselves in organizations, so that organizations may therefore be characterized as either mechanistic or organic, or a combination of both (Adler and Borys, 1996). In the mechanistic environment, managers are more likely to perceive the organization as having high formalization and rigidly structured and hierarchical values that are oriented toward centralization, pressure, power, and control procedures. In an organic environment, on the other hand, managers are likely to perceive the organization as collaborative, encouraging, relationship-oriented, equitable, empowering, and trusting. Our previous studies (two of the authors' names omitted, 2003, 2010) concluded that organizations in the information technology and marketing industries can indeed be classified as either organic or mechanistic, and further, that the two different types of organizations are associated with different ethical standards, attitudes toward corporate social responsibility, and different organizational performance outcomes. Specifically, organizations exhibiting organic core values also revealed higher ethical standards, more favorable attitudes toward corporate social responsibility, and superior performance outcomes than did organizations with mechanistic core values. The implication of these empirical findings is that the creation of an organic corporate ideology can facilitate a move toward higher ethical standards, increased social responsibility, and improved performance outcomes.

The conceptual framework of our previous research with information technology professionals, which will continue to serve as an analytical research framework for the current financial professional research, is presented in Figure 1.

FIGURE 1
CONCEPTUAL FRAMEWORK BASED ON OUR PRIOR RESEARCH
(JIN AND DROZDENKO, 2009)



DATA COLLECTION METHOD

The survey was conducted online in collaboration with a large national finance professional association in the fall of 2009. An e-mail was sent to about 6000 members requesting their participation and linking them to the survey website. We received about 680 responses, of which 466 were no less than 95% complete. The survey contained a total of 110 items pertaining to respondent demographic characteristics; the type of organization and the respondent's position ithin it; organizational environment and values; organizational, managerial, and individual ethics; social responsibility and community service; and organizational performance outcomes. Respondents used rating scales to evaluate statements pertaining to these item categories. Most of the questions were used previously in the surveys of marketing and IT professionals; however, some were newly developed to capture specific characteristics of the finance industry. The survey has produced a wealth of information for a multi-construct database that opens up the exploration of many very interesting research questions. The purpose of this paper is to report some of the results from the preliminary analysis of the survey data, which includes univariate analysis of major variables and bivariate analysis into some key relationships. These preliminary results suggest the directions in which further, more complex analyses may provide fruitful results.

A PRELIMINARY DESCRIPTIVE SUMMARY AND UNIVARIATE ANALYSIS

Demographic Characteristics of the Survey Respondents

Sixty-four percent of the respondents hold middle rank positions within their organizations, while 23% hold upper rank and 13% hold lower rank positions. Forty percent of the respondents are at the Vice President level or higher. Fifty-six percent perform direct finance and/or treasury functions, while 41.5% sell or manage financial products or services or engage in consulting. The remaining 3% are associated with academic institutions. Fifty-eight percent work for publicly traded organizations; 30% work for privately held organizations, and 11.5% work for non-profits or government. Fifty-nine percent of the respondents were female.

Existence and Enforcement of an Ethics Code and Degree of Ethics Training and Education

The three survey items pertaining to the organization's ethics code reveal that 90.5% of the respondents said that their organizations have a formal ethics code, and of those in organizations with a code, almost 83% percent say their codes are strictly enforced. Slightly over half of the organizations with a code of ethics require their employees to undergo ethics training. However, small but statistically significant percentages only loosely enforce their codes or provide limited or no ethics training or education. The summary results for these items are presented in Table 1.

TABLE 1
SUMMARY OF RESPONSES TO ITEMS ON ETHICS CODES AT RESPONDENTS' ORGANIZATIONS

Survey Items/Responses	Percent
Regarding your organization's code of ethics:	
○ Our organization has a written/published ethics code	90.5%
○ Our organization has informal ethical guidelines	4.2%
○ Our organization does not have an ethics code	1.9%
○ Don't know if our organization has an ethics code	3.4%
If your organization has a code of ethics, to what extent is it enforced?	
○ Very strictly or strictly enforced	82.7%
○ Neither strictly nor loosely enforced	15.2%
○ Loosely or very loosely enforced	2.2%
If your organization has a code of ethics, what training or education is available?	
○ Education/training is required	52.9%
○ Extensive education/training is available	7.9%
○ Limited education/training is available	27.4%
○ No education/training available	11.7%

All proportions significantly greater than zero at 5% significance except "our organization does not have an ethics code" with p = .1587

Respondents' Perceptions of Organizational and Managerial Ethics

Out of the 32 survey items pertaining to organizational and managerial ethics, 15 focus directly on respondents' perceptions of ethics in their organizations or industry. A review of these 15 items finds that respondents generally perceive their organizations and managers as behaving in an ethical manner. An average of 67% of the responses fall in the categories representing higher ethics levels (either Strongly Agree and Agree, or Disagree and Strongly Disagree, depending on the question). An average of 12% of the responses fall in the categories representing lower ethics levels, with the rest being neutral. Responses to selected key items in this section of the survey are summarized in Table 2. For each question, the minority responses associated with lower levels of ethical behavior are significantly greater than zero. This suggests that large majorities report favorable perceptions of their organizational and managerial ethics, however, there are statistically significant minorities reporting unfavorable perceptions.

TABLE 2
SUMMARY OF RESPONSES TO KEY ITEMS ON ORGANIZATIONAL AND MANAGERIAL ETHICS

• Top management in my company has let it be known in no uncertain terms that unethical behaviors will not be tolerated: (n=554)		
Percent Concurring: 81.6%	Neutral: 11.4%	**Percent Not Concurring: 7.1%**
• There are many opportunities for managers in my company to engage in unethical behaviors: (n=551)		
Percent Concurring: 22.4%	Neutral: 25.4%	Percent Not Concurring: 52.3%
• Managers in my company often engage in behaviors that I consider to be unethical:		
Percent Concurring: 4.7%	Neutral: 12.6%	Percent Not Concurring: 82.7%
• Successful managers in my company are generally more unethical than unsuccessful managers:		
Percent Concurring: 5.7%	Neutral: 11.9%	Percent Not Concurring: 82.3%
• Successful managers in my company look for a "scapegoat" when they feel they may be associated with failure:		
Percent Concurring: 17.6%	Neutral: 24.9%	Percent Not Concurring: 57.5%
• Successful managers in my company withhold information that is detrimental to their self-interests:		
Percent Concurring: 11.6%	Neutral: 29.7%	Percent Not Concurring: 58.8%
• If I were to observe unethical behavior by managers in my organization, I would be reluctant to report this misconduct:		
Percent Concurring: 10.1%	Neutral: 13.2%	Percent Not Concurring: 76.7%

Bold indicates categories (Strongly Agree & Agree, or Disagree & Strongly Disagree) representative of lower ethics levels. All proportions are significantly greater than zero at 5% significance.

Respondents' Perception of their Own Basic Individual Ethical Value Orientations

Out of the 21 survey items relating to individual ethics, 11 are directly related to individuals' perceptions of their own ethics. Responses to these items show that individual financial professionals generally perceive themselves as holding high ethical standards, with an average of 75% of the responses falling in the categories representing higher ethics levels. An average of 5% of the responses reflect lower ethics perceptions, and the rest are neutral. Again, simple hypothesis tests show that significant minorities report lower levels regarding their perceptions of their own ethical behavior. Table 3 reports summary responses for selected items in the individual ethics category.

TABLE 3
SUMMARY OF RESPONSES TO KEY ITEMS ON INDIVIDUAL ETHICS

• It is fair to use a company's resources for personal benefit if it has no adverse effect on others:		
Percent Concurring: 4.4%	Neutral: 14.4%	Percent Not Concurring: 81.2%
• It is acceptable to make adjustment to financial data resulting in more favorable results, if the adjustments will not have an adverse effect on the organization or on others:		
Percent Concurring: 4.3%	Neutral: 9.4%	Percent Not Concurring: 86.2%
• It is acceptable for a client, after paying a consultant, to use the consultant's work without his/her knowledge for another company:		
Percent Concurring: 9.3%	Neutral: 18.7%	Percent Not Concurring: 72.0%
• Violating an individual's privacy is as least as serious an offense as speeding:		
Percent Concurring: 73.6%	Neutral: 12.5%	**Percent Not Concurring: 14.0%**
• Companies should develop and administer an ethics awareness program for all employees:		
Percent Concurring: 91.1%	Neutral: 5.6%	**Percent Not Concurring: 3.4%**
• It is acceptable to copy proprietary materials for evaluation purposes:		
Percent Concurring: 5.5%	Neutral: 18.9%	Percent Not Concurring: 75.5%

Bold indicates categories (Strongly Agree & Agree or Disagree & Strongly Disagree) representative of lower ethics levels. All proportions are significantly greater than zero at 5% significance.

Attitude and Perceptions of Financial Professionals Toward Corporate Social Responsibility

Financial professionals also generally appear to support a socially responsible role for organizations as indicated by their responses to this category of survey items. Out of the 22 items in this category, nine focus directly on respondents' views and perceptions of the social responsibility role of their organizations. An average of 75% of the responses to these items fall in the categories reflecting high levels of ethics. An average of 9% report lower ethics levels, and the rest are neutral. Again, statistically significant minorities report lower ethics levels with respect to social responsibility and community service. Responses for selected items in this category are shown in Table 4.

TABLE 4
SUMMARY OF RESPONSES TO KEY ITEMS ON SOCIAL RESPONSIBILITY

• My organization has a strong commitment to social responsibility beyond the interests of shareholders:		
Percent Concurring: 69.9%	Neutral: 20.8%	**Percent Not Concurring: 9.2%**
• The fact that corporations have great economic power in our society means that they have a social responsibility beyond the interests of the shareholders:		
Percent Concurring: 79.5%	Neutral: 15.8%	**Percent Not Concurring: 4.8%**
• The socially responsible manager must occasionally place the interests of society over the interests of the company:		
Percent Concurring: 40%	Neutral: 38.3%	**Percent Not Concurring: 21.8%**
• Top managers in my organization support common basic values, such as compassion and helping others in need:		
Percent Concurring: 80.3%	Neutral: 15.0%	**Percent Not Concurring: 4.8%**
• As long as corporations generate acceptable shareholder returns, managers have a social responsibility beyond the interests of shareholders:		
Percent Concurring: 60.3%	Neutral: 28.6%	**Percent Not Concurring: 11.1%**
• My organization encourages employees to participate in community service projects and activities:		
Percent Concurring: 80%	Neutral: 12.5%	**Percent Not Concurring: 7.5%**

Bold indicates categories (Disagree & Strongly Disagree) representative of lower ethics levels. All proportions are significantly greater than zero at 5% significance.

A PRELIMINARY BIVARIATE ANALYSIS

Ethics Code Enforcement and Managerial/Organizational Ethics, Corporate Social Responsibility and Individual Ethics

A preliminary look into some of the bivariate relationships present in the survey data was done through the construction of cross-tabulation tables and calculation of correlation coefficients. Based on the findings of our previous research, one would hypothesize that the culture of an organization is associated with the degree to which it enforces its ethics codes, which would also be related to the perceived level of organizational and managerial ethics. Our recent research with two different professional groups (two of the authors' names omitted, 2008) found significant relationships between ethics code enforcement and organizational value systems as independent variables and employee ethics as a dependent variable. In our current study, we want to determine if there are meaningful relationships between ethics code enforcement and organizational/managerial ethics. We hypothesized that there is a positive relationship between the two, and analyzed the data using cross-tabs tables and correlation analysis. Correlation coefficients were computed for the item measuring degree of ethics code enforcement and each of the 15 items from the organizational/managerial ethics category, directly addressing respondents' perceptions of the ethics of their organizations and managers. The results support our hypothesis, suggesting that a significant positive relationship exists between the degree of ethics code enforcement and organizational and managerial ethics. This positive relationship is present in the finance survey data for almost all of the items in this category, with a higher level of code enforcement being associated with a higher level of ethics. Correlation coefficients have the expected signs and ρ-values of zero for all 15 items. Chi Square tests were also run on the data with significant results, but yield less information about the specific nature of the relationship. Exhibit 1 presents the cross-tabs table for the first question in the organizational/managerial ethics category along with the statistical results, and the statistical results only for selected additional survey items in that category.

EXHIBIT 1
ETHICS CODE ENFORCEMENT AND MANAGERIAL/ORGANIZATIONAL ETHICS: SELECTED SURVEY ITEMS

Hypothesis: Organizations that Strictly Enforce Ethics Codes Report Higher Levels of Ethics

Ethics Code Enforcement Scale: 1=Very strictly Enforced 5=Very Loosely Enforced
Organizational Ethics Items Scale: 1=Strongly Agree 5=Strongly Disagree

Category Item #1: Top management in my company has let it be known in no uncertain terms that unethical behaviors will not be tolerated

DEGREE OF ETHICS CODE ENFORCEMENT **Column Percents**

RESPONSE TO ITEM #1	Very Strictly Enforced	Strictly Enforced	Neither Strictly nor Loosely Enforced	Loosely Enforced	Very Loosely Enforced
Strongly Agree	**70.3%**	34.8%	16.4%	0.0%	0.0%
Agree	25.1%	**48.5%**	34.2%	25.0%	33.3%
Neutral	0.9%	11.1%	**35.6%**	**50.0%**	0.0%
Disagree	1.4%	3.0%	11.0%	25.0%	0.0%
Strongly Disagree	2.3%	2.5%	2.7%	0.0%	**66.7%**

χ^2 ρ-value = 0.000 Pearson's Correlation = .4395 Spearman's rho = .4693 Kendall's tau_b = .4302
ρ=.0000 for all

Category Item	**χ^2 p-value**	**Pearson's Correlation**	**Spearman's rho**	**Kendall's tau_b**
#2 Managers in my company often engage in behaviors that I consider to be unethical	.0000	-0.3561	-0.3100	-0.2805
#3 Successful managers in my company withhold information that is detrimental to their self-interest	.0000	-0.2836	-0.2689	-0.2805
#4 There are many opportunities for managers in my company to engage in unethical behavior	.0000	-0.2212	-0.2297	-0.2010
#5 Successful managers in my company are generally more unethical than unsuccessful managers	.0000	-0.3220	-0.3071	-0.2731
#6 Successful managers in my company look for a "scapegoat" when they feel they may be associated with failure	.0000	-0.2467	-0.2633	-0.2300
#7 Successful managers in my company take credit for the ideas and accomplishments of others	.0000	-0.2667	-0.2710	-0.2389

ρ = .0000 unless otherwise noted above

Our previous research (two of the author's names omitted, 2008) also suggests that the level of ethics code enforcement will be related to the level of social responsibility and individual ethics, with higher levels of enforcement associated with higher levels of corporate social responsibility and individual ethics. The same analysis was done between the level of code enforcement and items from the social responsibility and individual ethics categories that most directly assess respondent perceptions in these areas. Selected results are presented in Exhibits 2 and 3, showing the cross-tabs table and statistical results for the first items in each category, and the statistical results only for selected additional survey items in each category. Eight out of the 11 (73%) individual ethics items and seven out of the nine (78%) social responsibility items are significantly correlated with the level of ethics code enforcement. The level of ethics code enforcement appears to be most strongly correlated with the responses to the organizational and managerial ethics items, with an average correlation coefficient value of .2973, and most weakly correlated with the responses to the individual ethics items, with an average coefficient value of .1516. The average of the correlation coefficients for the social responsibility items and ethics code enforcement is .1843.

EXHIBIT 2
ETHICS CODE ENFORCEMENT AND SOCIAL RESPONSIBILITY:
SELECTED SURVEY ITEMS

<u>Hypothesis</u>: Organizations that Strictly Enforce Ethics Codes Report Higher Levels of Corporate Social Responsibility (CSR)

<u>Ethics Code Enforcement Scale</u>: 1=Very strictly Enforced 5=Very Loosely Enforced
<u>Organizational Ethics Items Scale</u>: 1=Strongly Agree 5=Strongly Disagree

<u>Category Item #1</u>: As long as corporations generate acceptable shareholder returns, managers have a social responsibility beyond the interests of shareholders

DEGREE OF ETHICS CODE ENFORCEMENT Column Percents

RESPONSE TO ITEM #1	Very Strictly Enforced	Strictly Enforced	Neither Strictly nor Loosely Enforced	Loosely Enforced	Very Loosely Enforced
Strongly Agree	19.4%	7.2%	12.8%	25.0%	0.0%
Agree	**45.0%**	**49.7%**	**46.2%**	25.0%	100%
Neutral	27.0%	30.8%	29.5%	0.0%	0.0%
Disagree	7.6%	11.8%	10.3%	**50.0%**	0.0%
Strongly Disagree	1.0%	.5%	1.3%	0.0%	0.0%

χ^2 ρ-value = .0477 Pearson's Correlation = .0757 Spearman's rho = .0910 Kendall's tau_b = .0800
ρ= .0697 ρ = .0430 ρ = .0430

Survey Category Item	χ^2 p-value	Pearson's Correlation	Spearman's rho	Kendall's tau_b
#2 My organization encourages employees to participate in community service projects and activities	.0000	0.3177	0.2950	0.2670
#3 Top managers in my organization support common basic values such as compassion and helping others in need	.0000	0.2993	0.2910	0.2630
#4 My organization has a strong commitment to social responsibility beyond the interests of its shareholders	.0000	0.2804	0.2700	0.2410
#5 The fact that corporations have great economic power in our society means they have a social responsibility responsibility beyond the interests	.0000	0.0743 ρ = .1126	0.0890 ρ= .0470	0.0800 ρ = .0460

ρ = .0000 unless otherwise noted above

EXHIBIT 3
LEVEL OF ETHICS CODE ENFORCEMENT AND INDIVIDUAL ETHICS: SELECTED SURVEY ITEMS

Hypothesis: Organizations that Strictly Enforce Ethics Codes Report Higher Levels of Individual Ethics

Ethics Code Enforcement Scale: 1=Very strictly Enforced 5=Very Loosely Enforced
Organizational Ethics Items Scale: 1=Strongly Agree 5=Strongly Disagree

Category Item #1: It is acceptable to make adjustments to financial data resulting in more favorable results if the adjustments will not have an adverse effect on the organization or others

DEGREE OF ETHICS CODE ENFORCEMENT Column Percents

RESPONSE TO ITEM #1	Very Strictly Enforced	Strictly Enforced	Neither Strictly nor Loosely Enforced	Loosely Enforced	Very Loosely Enforced
Strongly Agree	.5%	1.0%	0.0%	0.0%	0.0%
Agree	2.9 %	2.6%	3.9%	0.0%	0.0%
Neutral	5.3 %	9.4%	18.0%	25.0%	20.0%
Disagree	26.4%	37.0%	36.0%	0.0%	20.0%
Strongly Disagree	64.9%	50.0%	42.1%	75.0%	60.0%

χ^2 ρ-value = .0562 Pearson's Correlation = -0.1506 Spearman's rho = -0.1810 Kendall's tau_b = -0.1650
ρ= 0.0023 ρ=.0000 ρ=.0000

Survey Category Item	χ^2 p-value	Pearson's Correlation	Spearman's rho	Kendall's tau_b
#2 It is acceptable to copy proprietary materials for evaluation purposes	.0002	-0.2094	-0.2530	-0.2270
#3 It is fair to use a company's resources for personal benefit if it has no adverse effect on others	.0000	-0.3118	-0.3210	-0.2920
#4 It is acceptable for a client, after paying a consultant, to use the consultant's work without his/her knowledge for another company	.1390	-0.0704	-0.1150	-0.1010
#5 It is acceptable to examine other people's files if they do not take adequate password protection and access is relatively easy	.1652	-0.1394 ρ = .0054	-0.1830	-0.1670

ρ = .0000 unless otherwise noted above

Function of Financial Professionals and Managerial/Organizational Ethics, Corporate Social Responsibility, and Individual Ethics

Since much of human activities involved in the recent financial crisis seemed to be associated with financial products and services, we thought it might be interesting to delve into possible differences between finance professionals who are corporate practitioners and those who sell or manage financial products and services. One of the survey items allowed us to differentiate between respondents who are primarily engaged in corporate finance and those who are primarily engaged in sales of financial services and products. We were therefore able to formulate the hypothesis that there is no difference in the reported managerial/organizational ethics levels between these two professional groups. Our data analysis was based on cross-tabs tables for the type of the work done by the respondents and selected items in the organizational and managerial ethics, social responsibility, and individual ethics categories. Chi Square tests indicate that a number of the relationships are significant; however, again, the exact nature of the relationships is not evident from the tables. We then tested for a difference in the proportion of responses in the two categories associated with a higher level of ethics between the two job categories. The two categories associated with higher ethics levels were either Strongly Agree and Agree, or Disagree and Strongly Disagree, depending on the question. This approach revealed greater insight into some potential differences between the two professional groups. The results are shown in Exhibit 4 and do not support the hypothesis. For the 15 survey items in the Organizational and Managerial Ethics category focusing more directly on ethics perceptions, respondents engaged in the sales of financial services and products consistently have a higher percentage of their responses in the categories associated with a higher level of ethics than the corporate managing practitioners do. Eight of the 15 items (53%) show a significant difference between the two groups at a 20% significance level; four (27%) are significant at 5%.

EXHIBIT 4
RELATIONSHIP BETWEEN TYPE OF WORK AND MANAGERIAL AND ORGANIZATIONAL ETHICS: SELECTED SURVEY ITEMS

Hypothesis: There is no difference in the reported managerial/organizational ethics levels between finance professionals who are corporate practitioners and those who sell/manage financial products/services.

Category Item #1: Top management in my company has let it be known in no uncertain terms that unethical behaviors will not be tolerated

Type of Work/Response	Strongly Agree Agree	Neutral	Disagree Strongly Disagree	Z	p-value
Corporate Practitioner	78.6%	13.0%	8.4%	-2.49	.0129
Sales/Mgt of Financial Products/Services	87.0%	7.8%	5.1%		

Row percents Test is for difference between proportions Agreeing/Strongly Agreeing

Category Item #2: Successful managers in my company withhold information that is detrimental to their self-interests

Type of Work/Response	Strongly Agree Agree	Neutral	Disagree Strongly Disagree	Z	p-value
Corporate Practitioner	12.37%	31.60%	56.03%	-1.56	.1177
Sales/Mgt of Financial Products/Services	9.77%	27.44%	62.79%		

Row percents Test is for difference between proportions Disagreeing/Strongly Disagreeing

Category Item #3: There are many opportunities for managers in my company to engage in unethical behaviors

Type of Work/Response	Strongly Agree Agree	Neutral	Disagree Strongly Disagree	Z	p-value
Corporate Practitioner	22.72%	23.05%	54.5%	1.07	.2827
Sales/Mgt of Financial Products/Services	22.52%	27.7%	49.8%		

Row percents Test is for difference between proportions Disagreeing/Strongly Disagreeing

Category Item #4: My organization adequately communicates the code of ethics to employees

Type of Work/Response	Strongly Agree Agree	Neutral	Disagree Strongly Disagree	Z	p-value
Corporate Practitioner	76.7%	14.24%	9.06%	-2.26	.0237
Sales/Mgt of Financial Products/Services	84.72%	8.8%	6.48%		

Row percents Test is for difference between proportions Agreeing/Strongly Agreeing

Category Item #5: Successful managers in my company look for a "scapegoat" when they feel they may be associated with failure

Type of Work/Response	Strongly Agree Agree	Neutral	Disagree Strongly Disagree	Z	p-value
Corporate Practitioner	19.68%	27.74%	52.58%	-2.20	.0278
Sales/Mgt of Financial Products/Services	15.42%	21.96%	62.61%		

Row percents Test is for difference between proportions Disagreeing/Strongly Disagreeing

As we did in the preceding section, we also hypothesized that there is no difference in the reported corporate social responsibility levels between the two finance professional groups. The data analysis results, reported in Exhibit 5, do not uphold the hypothesis. Of the nine items in the Social Responsibility category that again are directly associated with the respondents' views on social responsibility, eight (89%) show a significant difference between the two groups in the proportions selecting the categories associated with higher ethics levels, with the respondents engaged in sales of financial services and products again consistently having higher percentages of their responses in these categories than corporate practicing managers.

EXHIBIT 5
RELATIONSHIP BETWEEN TYPE OF WORK AND CORPORATE SOCIAL RESPONSIBILITY: SELECTED SURVEY ITEMS

Hypothesis: There is no difference in the reported corporate social responsibility levels between finance professionals who are corporate practitioners and those who sell/manage financial products/services.

Category Item #1: The fact that corporations have great economic power in our society means that they have a social responsibility beyond the interests of the shareholders

Type of Work/Response	Strongly Agree Agree	Neutral	Disagree Strongly Disagree	Z	p-value
Corporate Practitioner	77.29%	17.29%	5.42%	-1.99	.0463
Sales/Mgt of Financial Products/Services	84.62%	12.31%	3.07%		

Row percents — Test is for difference between proportions Agreeing/Strongly Agreeing

Category Item #2: I think it is important for an organization to encourage employees to participate in community service projects and activities

Type of Work/Response	Strongly Agree Agree	Neutral	Disagree Strongly Disagree	Z	p-value
Corporate Practitioner	85.91%	11.74%	2.35%	-2.96	.0030
Sales/Mgt of Financial Products/Services	94.36%	3.59%	2.05%		

Row percents — Test is for difference between proportions Agreeing/Strongly Agreeing

Category Item #3: Top managers in my organization support common basic values such as compassion and helping others in need

Type of Work/Response	Strongly Agree Agree	Neutral	Disagree Strongly Disagree	Z	p-value
Corporate Practitioner	75.84%	18.46%	5.71%	-2.65	.0081
Sales/Mgt of Financial Products/Services	85.64%	10.77%	3.59%		

Row percents — Test is for difference between proportions Agreeing/Strongly Agreeing

<u>Category Item #4</u>: Finance professionals should support social responsibilities and community service goals beyond their professional obligations to their organizations

Type of Work/Response	Strongly Agree Agree	Neutral	Disagree Strongly Disagree	Z	p-value
Corporate Practitioner	78.19%	16.44%	5.37%	-1.74	.0831
Sales/Mgt of Financial Products/Services	85.64%	11.86%	3.61%		

Row percents Test is for difference between proportions Agreeing/Strongly Agreeing

<u>Category Item #5</u>: My organization has a strong commitment to a social responsibility beyond the interests of shareholders

Type of Work/Response	Strongly Agree Agree	Neutral	Disagree Strongly Disagree	Z	p-value
Corporate Practitioner	65.32%	23.91%	10.77%	-3.06	.0022
Sales/Mgt of Financial Products/Services	78.24%	15.54%	6.22%		

Row percents Test is for difference between proportions Agreeing/Strongly Agreeing

Lastly, we hypothesized that there is no difference in the reported individual ethics levels between finance professionals who are corporate practitioners and those who sell/manage financial products/services. The results seem partially to support the hypothesis. Responses to the 11 items in the individual ethics focusing more directly on individuals' perceptions of their own ethics, do not appear to differ by type of job. This is reflected in the selected data categories in Exhibit 6. Only one item (9%) shows a statistically significant difference between the two groups. However, in 9 out of the 11 questions, the responses of financial professionals engaged in financial services reflect a slightly higher level of ethics, including the one item that shows a significant difference.

EXHIBIT 6
RELATIONSHIP BETWEEN TYPE OF WORK AND INDIVIDUAL ETHICS: SELECTED SURVEY ITEMS

<u>Hypothesis</u>: There is no difference in the reported individual ethics levels between finance professionals who are corporate practitioners and those who sell/manage financial products/services.

<u>Category Item #1</u>: It is fair to use a company's resources for personal benefit if it has no adverse impact on others

Type of Work/Response	Strongly Agree Agree	Neutral	Disagree Strongly Disagree	Z	p-value
Corporate Practitioner	2.8%	16.5%	80.70%	-1.23	.2178
Sales/Mgt of Financial Products/Services	4.3%	10.6%	85.10%		

Row percents Test is for difference between proportions Disagreeing/Strongly Disagreeing

Category Item #2: It is acceptable to copy proprietary materials for evaluation purposes

Type of Work/Response	Strongly Agree Agree	Neutral	Disagree Strongly Disagree	Z	p-value
Corporate Practitioner	5.61%	18.6%	75.8%	-.74	.4584
Sales/Mgt of Financial Products/Services	4.25%	17.0%	78.7%		

Row percents Test is for difference between proportions Disagreeing/Strongly Disagreeing

Category Item #3: It is acceptable to make adjustments to financial data resulting in more favorable results, if the adjustments will not have an adverse effect on others

Type of Work/Response	Strongly Agree Agree	Neutral	Disagree Strongly Disagree	Z	p-value
Corporate Practitioner	4.8%	8.0%	87.1%	-.58	.5611
Sales/Mgt of Financial Products/Services	2.2%	8.9%	88.9%		

Row percents Test is for difference between proportions Disagreeing/Strongly Disagreeing

Category Item #4: It is acceptable for a client, after paying a consultant, to use the consultant's work without his/her knowledge, for another company

Type of Work/Response	Strongly Agree Agree	Neutral	Disagree Strongly Disagree	Z	p-value
Corporate Practitioner	8.7%	19.3%	71.9%	-.06	.9504
Sales/Mgt of Financial Products/Services	10.1%	17.7%	72.2%		

Row percents Test is for difference between proportions Disagreeing/Strongly Disagreeing

Category Item #5: It is acceptable to examine other people's files if they do not take Adequate password protection and access is relatively easy

Type of Work/Response	Strongly Agree Agree	Neutral	Disagree Strongly Disagree	Z	p-value
Corporate Practitioner	3.4%	7.2%	89.4%	-2.71	.0067
Sales/Mgt of Financial Products/Services	.5%	3.2%	96.2%		

Row percents Test is for difference between proportions Disagreeing/Strongly Disagreeing

Type of Firm Employing Financial Professionals, and Managerial/Organizational Ethics, Corporate Social Responsibility, and Individual Ethics

We also looked for some indication of differences in ethics between financial professionals employed by private firms and those employed by publicly owned firms. There is a significant difference in the proportion of firms having written ethics codes, with 95% of the respondents employed by publicly owned firms and 78% of those employed by privately owned firms confirming the existence of a written code. Tests for differences in the proportions of each group reporting higher ethics levels are generally not significant in the Organizational and Managerial Ethics and Social Responsibility categories. Five out of the 11 items in the Individual Ethics category show a significant difference, with respondents employed by publicly owned organizations consistently reporting higher ethics levels.

CONCLUSION

This paper has presented the results of our preliminary univariate and bivariate analyses of the very rich survey data that we collected from a sample of the national membership of a large finance professionals association in the fall of 2009. The survey was designed to provide insights into the perceptions of financial professionals on four major constructs, i.e., the core values held by an organization, managerial and individual ethics, corporate social responsibility (CSR), and organizational performance outcomes. While we caution against drawing any definite conclusions based on the data we present here, the analysis completed to date seems to suggest the direction that more extensive multivariate analyses may take. A large majority of the financial professionals indicate that their organizations have formal ethics codes and that they are strongly enforced. Smaller majorities of respondents perceive their organizations and managers as behaving in an ethical manner, support a socially responsible role for their organizations, and perceive themselves personally as holding high ethical standards. However, small but statistically significant response percentages are associated with loosely enforced ethics codes, unfavorable perceptions of organizational and managerial ethics, lack of support for a socially responsible role for their organizations, and lower standards for respondents' personal ethics. The survey responses also reveal a significant positive relationship between the degree of ethics code enforcement and the perceived level of organizational and managerial ethics. These preliminary results are consistent with our earlier findings for IT and marketing professionals and suggest that more extensive multivariate analysis of the data will further enlighten and verify our previous results.

Our analysis of perceptions held by finance professionals engaged in the sales of financial services and products compared to those engaged in corporate financial management finds those engaged in sales and services generally had a significantly higher percentage of their responses in categories associated with a higher level of ethics. Our brief cross-tab analysis of data on the private firms and the publicly-owned firms suggests that there were noticeable differences between the two with respect to some of our research constructs. These findings suggest potential directions for further analyses of our rich finance professionals' database and areas of future research that may reveal new insights into the ethics and corporate social responsibility of the finance industry.

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