

Volume 219 • 31 May 2016

ISSN 1877-0428

Procedia

Social and Behavioral Sciences

**3rd Global Conference on Business and Social Sciences
(GCBSS-2016) on “Contemporary Issues in
Management and Social Sciences Research”,
Kuala Lumpur, Malaysia**

Editors:

Kashan Pirzada

Danture Wickramasinghe

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3rd Global Conference on Business and Social Sciences (GCBSS-2016) on “Contemporary Issues in Management and Social Sciences Research”, Kuala Lumpur, Malaysia

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3rd Global Conference on Business and Social Sciences (GCBSS-2015), 16-17 December 2015, Kuala Lumpur, Malaysia on Contemporary Issues in Management & Social Sciences Research.

Preface



Kashan Pirzada^{a*}, Danture Wickramasinghe^b, Gabriël A Moens^c, Kamran Ahmed^d

^a*Global Academy of Training & Research (GATR), Malaysia, Pakistan*

^b*Adam Smith Business School, University of Glasgow, United Kingdom*

^c*School of Law, Curtin University, Perth, Australia*

^d*Department of Accounting, La Trobe Business School, Melbourne, Australia*

It is a great honour to edit the special issue of *Procedia - Social and Behavioral Sciences Journal*. The papers included in this special issue are based on oral presentations made at the 3rd Global Conference on Business and Social Sciences, which took place in Kuala Lumpur, Malaysia, on 16-17 December, 2015.

The Global Academy of Training & Research (GATR) in collaboration with the National and International Universities and Publishers such as Elsevier (UK), Inderscience (Switzerland), UPM Press (Malaysia), Kalasalingam University, (India) and University of Brawijaya (Indonesia) has organized the 3rd Global Conference on Business and Social Sciences (GCBSS). The aim of the GCBSS Series is to provide a collegial environment for scholars, researchers, academics and practitioners to discuss and present their research and to advance the areas, covered by the conference, through dissemination of research. The GCBSS series have been organized since 2013 and they continue to be offered in several countries such as Malaysia, Indonesia, Sri Lanka, and UAE. Future conferences will be held in Australia, the United Kingdom, Thailand and other countries. The organizational structure of GCBSS has attracted strong support

* Corresponding editor: Kashan Pirzada. Tel.: +60322011665.

E-mail address: kashan@gatrenterprise.com, kashan_pirzada@yahoo.com

from various academics with high requisite expertise in different disciplines of Business, Accounting, Law and Social Sciences.

The theme of the 3rd Global Conference on Business and Social Sciences, namely Contemporary Issues in Management & Social Sciences Research, attracted considerable interest: 369 intellectually stimulating papers from several countries worldwide were presented. These papers concerned accounting, banking, finance, law, management, marketing, economics, education, law, psychology, political science, communication and culture, leadership, tourism & hospitality, public & government services and societal issues in general. After reasonable care, the committee selected 117 high quality papers for inclusion in the Elsevier Journal that disseminates scholars' research outcomes. These papers were written by scholars coming from the United States, the United Kingdom, Australia, Russia, Japan, Czech Republic, France, Finland, Poland, Malaysia, Iran, India, Indonesia, Nigeria, Thailand, Pakistan, Sri Lanka, Vietnam, and the United Arab Emirates.

The Conference also provided an opportunity to welcome our prominent plenary speakers: Professor Dr. Danture Wickramasinghe, University of Glasgow, United Kingdom; Professor Dr. Gabriël A Moens, Curtin University, Australia; and Professor Dr. Kamran Ahmed, La Trobe Business School, Australia. We are grateful to them for their invaluable contribution.

We also extend our special thanks to all the reviewers, to the members of the GCBSS International Scientific Committee and to the members of the Organizing Committee. We would like to thank all those who made their contributions to ensure the success of the Conference.

Dr. Kashan Pirzada,

Chair & Founder, Global Conference on Business & Social Sciences Series.
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Edited by Kashan Pirzada, Danture Wickramasinghe, Gabriël A Moens, Kamran Ahmed

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3rd Global Conference on Business and Social Science-2015, GCBSS-2015, 16-17 December
2015, Kuala Lumpur, Malaysia

Code implementation and code embeddedness: perceptions of employees by ethical ideologies

Martinus Parnawa Putranta*

Universitas Atma Jaya Yogyakarta. Jl. Babarsari No. 43, Yogyakarta, Indonesia, 55281

Abstract

The purpose of this research is to investigate relationships between perceived code embeddedness and perceived code implementation with employees' ethical ideologies, namely idealism and relativism, in a denominational higher education institution in Indonesia. A sample of 103 employees involved in the research. Findings of the research indicate that the promotion of a code of ethics is somewhat problematic when the ethical ideologies of employees are taken into account. As such, this research has a number of limitations. Some recommendations for further research in this area are also discussed.

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Peer-review under responsibility of the Organizing Committee of the 3rd GCBSS-2015

Keywords: codes of ethics; denominational higher education institution; idealism; relativism; Indonesia

1. Introduction

In 2003 Indonesian education reform entered a new era. It was in that year that the Indonesian government introduced the Higher Education Long-Term Strategy 2003-2010 (HELTS). The HELTS is aimed at improving the national competitiveness, the autonomy of higher education institutions and the internal health of the institutions. A healthy institution provides its members with the tools to adapt to complex and difficult situation (Nizam & Nurdin, 2014). A code of ethics, among others, is the tool that may facilitate to meet that purpose, especially when the members of the institution are involved in cases of misconduct or in the face of pressures and uncertainties (Alahmad, 2013, Bray, Molina & Swecker, 2012). The reform, hence, also sends a call to all Indonesian higher education institutions to devise or reassess, if any, their codes of ethics. Codes of ethics in higher education institutions in Indonesia are now

* Corresponding author. Tel.: +62 274 487 711; fax: +62 274 487 748.

E-mail address: parnawa@staff.uajy.ac.id

also required by law (Decree of the Minister of Education of Indonesia, 2000).

The presence of a code of ethics is clearly important if an organisation is concerned about ethical conduct (Alahmad, 2013; Couch & Dodd, 2005; Fleischmann, 2006.). However, the mere existence of the code is not a reflection of actual ethical practices of the organisation because institutionalising ethics requires behavioural influence and even behavioural change in people in the organisation (Weber, 1993). To be effective, several factors need to be taken into account in the implementation of a code of ethics (Couch & Dodd, 2005, Moore, 2006). Furthermore, Trevino, Butterfield & McCabe (1998) believe that the effectiveness of codes is influenced by a combination of personal and organisational factors. Although from a practical perspective contextual factors are more controllable, an understanding of employee personal characteristics cannot be overlooked since different characteristics may lead to the employees to have different views (Robbins & Judge, 2015) of ethical practices.

With this in mind, this research aims to examine possible relationships between personal-characteristics related factor called ethical ideology and the effectiveness of a code of ethics. This research is part of a wider study investigating ethics in denominational higher education institutions in Indonesia. The initial intent of the research was to include nine denominational higher education institutions in seven cities on the island of Java, Indonesia. By the time the research was conducted, however, only one of the institutions had a code of ethics. Therefore, the scope of this research was limited to this institution.

Recent studies have addressed various issues on codes of ethics in higher education settings (see, for example, Couch & Dodd, 2005; De Angelis, W., 2014; Dix, Emery & Le, 2010; Ely, Henderson & Wachsman, 2013; McKay, Kidwell & Kling, 2007). While these studies have contributed significantly to the important issues on the implementation of codes of ethics in higher educational contexts, none specifically tapped the roles of personal characteristics in such implementation. Furthermore, little is known as to whether the studies have relevance in the Indonesian higher education context. This research is aimed at fulfilling the gap. In particular, the main purpose of this research is to examine whether there are any relationships between employees' ethical ideologies with their perceptions towards the embeddedness and the implementation strength of their institutional code of ethics in an Indonesian denominational higher education institution. Thus, this research imparts the leaders of the institution with the understandings of how employees' personal ethics may impact on the implementation of the code.

2. Theory and hypothesis

A code of ethics has been defined in several ways. It is a written, distinct, and formal document, which consists of moral standards used to guide employee or corporate behaviour (Schwartz, 2001). Weber (1993) defines a code of ethics as a written expression of organisational values and beliefs whereas Cleek & Leonard (1998) describe it as a formal document that states an organisation's primary values and the ethical rules it expects its employees to follow. The various definitions point to certain common characteristics that a code of ethics must be clear, concerned with expected and prohibited behaviour, be enforceable, and contain specific descriptions of punishment regarding violations of the code (Nijhoff, Cludts, Fisscher, & Laan, 2003; Rayborn & Payne 1990; Rezaee, Elmore & Szendi, 2001; Wood & Rimmer, 2003).

There are several reasons for organisations to adopt codes of ethics. McDonald (2008), classifies the reasons into seven main categories, namely, (1) ensuring legal compliance and other statutory requirements; (2) providing a guide for behaviour and formalised expectations; (3) protecting and enhancing organisational reputation; (4) ensuring employee, management and supplier compliance and minimising risk; (5) ensuring consistency across global networks; (6) creating and maintaining trust and confidence with stakeholders; and (7) communicating principles and commitments to stakeholders.

Research into the effectiveness of codes of ethics in promoting desired or ethical behaviour have been conducted, however, the results of the research are inconsistent. Dix et al., (2014) showed that satisfaction with the honour code significantly predict student and employee commitment. McCabe et al., (1996) found that students who attend a university that has an established honour code become more honest employees. However, McKay et al., (2007) demonstrated that the presence of a code of ethics is helpful in creating greater awareness of the implications of behaviour but does not impact on the frequency of such behaviour. Or, it impacts on perception then on behaviour. Furthermore, Doost (1997) reported that the existence of a code will not lead employees to become moral persons. These findings indicate an understanding the determinants of code effectiveness is important.

McCabe et al., (1996) point the cultural embeddedness of the codes as the key to their effectiveness. Nijhof, et al., (2003) note that a code should be embedded in the web of organizational processes and routines in order to make it

effective. Dix et al., (2014) believe that injunctive norms and investment (effort put toward the relationship) can serve as the antecedent of embeddedness. Furthermore, Bray et al., (2012) argue that codes will be less embedded if they are not explored on a personalised basis and role modelled by organisational leaders. In a similar vein, Singh (2008) demonstrates five factors, namely, code purpose, code implementation, internal code communication/enforcement, currency of and external code communication and recency of code utility that significantly influence the code effectiveness. He also notes that code implementation captures various elements of the way the code is introduced and supported in the organization (e.g. provision of training on the contents of the code).

These two aspects of institutional codes (i.e. their embeddedness and strength of implementation) are examined in this research by way of linking them with the ethical ideologies of employees. The examination is based on the ground that different personal ethical values may lead to the employees to have different views of ethical practices.

Ethical ideology is “a system of ethics used to make moral judgements, which often offers guidelines for judging and resolving behaviour that may be ethically questionable” (Henle, Giacalone & Jurkiewicz, 2005, p. 219). Scholars have put their efforts to tap individual moral philosophy or ethical ideology. These efforts share a common purpose that is to find whether differences in moral thought exist when individuals are viewing situation as right or wrong (e.g. Reidenbach & Robin, 1988; Shultz & Illan, 2004). Of the various efforts, the work of Forsyth (1980) has been regarded as being more parsimonious and is widely used by many researchers (Douglas, Davidson & Schwartz, 2001).

According to Schlenker & Forsyth (1977) individuals may be different in their ways to make moral judgment. Schlenker & Forsyth classify these ways into two main categories, namely: (1) relativism, and (2) idealism. Relativism concerns the extent to which the individuals refuse to adhere to universal moral values. Highly relativistic individuals consider moral actions are contextual and dependent upon the individuals involved. In other words, they are not reliant on universal moral rules in dealing with moral problems (Forsyth, 1980; Forsyth, 1992). Idealism on the other hand refers to the extent to which the individuals believe that moral actions will lead to desirable outcomes. Highly idealistic individuals tend to emphasise the inherent goodness of universal moral values as well as the aversion to any harm even in urgent situations (Tansey, Brown, Hyman & Dawson, 1994).

Forsyth (1980) dichotomise the two dimensions into high and low category and then develops four distinct ethical ideologies, namely, situationists, subjectivists, absolutists and exceptionists. However, a large number of studies on ethical ideology have focussed only on the two main dimensions – relativism and idealism – underlying the ethical ideology construct, including those studies validating the construct (Davis, Anderson & Curtis, 2001; Redfern & Crawford, 2004). This conceptual grounding was adopted in this research.

Ethical standards are important for higher education institutions to convince public that the institutions are operating within the laws and are perceived as ethical institutions (Weegar, 2007). Since codes of ethics provide specific information about unacceptable conducts within the institutions and how the conduct will be penalised (Alahmad, 2013) they are very instrumental in this regard. Codes, however, do not operate in a vacuum. Other factors such as the environment, organisational culture and leadership are also important (Bray et al., 2012). This is to say that to make them effective codes need to be embedded in the organisations. Embedding the code can contribute to the emergence not only of responsible behaviour but also of a responsible organisation (Nijhof et al., 2003). In addition, Singh (2011) points out the importance of a systematic implementation to make codes effective. These are in line with the findings of McCabe, et al., (1996) that the more a code is embedded and the stronger its implementation the less likely unethical behaviours occur in organisation.

However, enforcing codes of ethics might restrict relativistic individuals who believe that there is no absolute moral rules to guide their behaviours consider moral actions since these individuals believe that moral actions are contextual. On the contrary, idealistic individuals believe moral actions result in desirable outcomes and consider the inherent goodness of universal moral values. Hence, strong code enforcement will be perceived as their beliefs are supported by the organisations

Previous studies have also shown that perceived code usefulness and code awareness are positively related to idealism and negatively associated with the relativism of the organisation members (Chonko et al., 2003). This finding is congruent with that of Karande et al., (2000) that shows a positive relationship between the idealism of managers with their corporate ethical values meanwhile a negative correlation is found with regard to the relativism of the managers. With these studies specifically in mind the following hypotheses are made:

H1a: Perceived code embeddedness is positively related to idealism

H1b: Perceived code implementation is positively related to idealism

H2a: Perceived code embeddedness is negatively related to relativism

H2b: Perceived code implementation is negatively related to relativism

3. Method

3.1. Sample

Respondents of this research comprised academic and administrative staff from a denominational higher education in central Java, Indonesia. A purposive sampling was used to identify and invite respondent participation. A total of 200 questionnaires were distributed of which 103 were usable, representing the overall response rate of 50%. The sample consisted of 57 (55.3%) male and 46 (44.7%) female staff. The respondents were equal in occupations, with 51 (49.5%) academics and 52 (50.5%) non-academics. In terms of marital status, the majority of the respondents (81.6%) were married while the rest 18.4% were recorded as unmarried.

3.2. Measures

A measure originated by McCabe et al., (1996) was used to measure perceived code embeddedness and perceived code implementation. The measure is comprised of 13 items with 2 sub-scales representing perceptions of code embeddedness (8 items) and strength of code implementation (5 items). The response format was a 5-point Likert scale. The perceived code embeddedness scale has a coefficient alpha of 0.83 while the code implementation strength scale has a coefficient alpha of 0.73. Of the 13 items, only 10 were finally used (six items for code embeddedness and four items for code implementation)

Forsyth's (1980) Ethics Position Questionnaire (EPQ) was utilised to tap ethical ideology. The scale consists of 20-item questionnaire with a 9-point scale response ranging from completely disagree (1) to completely agree (9). The first 10 items target the idealism scale while the other 10 target relativism. The idealism scale has a coefficient alpha of 0.86 while the relativism scale has a coefficient alpha of 0.87. Of the 20 items, only 14 were finally used (seven items for idealism and seven items for relativism).

A back translation process, as recommended by Brislin (1970), was utilised. The process involved the translation of the original (English) questionnaire by two Indonesian bilinguals into the target language (Indonesian). Then, another two bilingual Indonesians translated the Indonesian version back into English. The first and the second group of bilinguals worked separately and independently. Finally, an editor from an English speaking country examined the equivalence of the two English versions. Prior to the real survey, the Indonesian version of the questionnaire was pre-tested to 48 staff of the prospective host institutions. Convenience sampling was used for this purpose. Once all feedbacks were obtained, modifications were made accordingly.

3.3. Data collection procedures

A cross-sectional survey was employed as the primary method to collect the data. After permission was obtained from the institution, an appointment with the contact person/s from the institution was made to arrange the distribution of the research instrument. A consent form was attached to the research instrument explaining a brief description as well as the benefits of the research, warning of a possible uneasiness due to personal questions asked in the research, and giving an assurance of confidentiality and the voluntary nature of participation

4. Research findings

4.1. Exploratory factor analysis

A series of EFA with principal components and varimax rotation were performed on the two scales to the whole sample ($N = 103$). Results of EFA suggest that three items of code embeddedness and code implementation and six items of the Ethics Position Questionnaire scales were eliminated for psychometric considerations. The remaining 10 items of code embeddedness and code implementation scale yield a two-factor solution with six items loaded on factor 1 (code embeddedness), and four items on factor 2 (code implementation). Altogether, these two factors explained 53.84% of total variance in the data. The remaining 14 items of ethics position questionnaire result in a two-factor

solution with seven items loaded on factor 1 (idealism), and another seven on factor 2 (relativism). The factors of idealism and relativism explain 54.48% of total variance in the data. The summary EFA results are reported in Table 1.

Table 1
Summary of exploratory factor analysis results

Construct	Number of items	Loadings (range)	Communalities (range)	Eigenvalue	Alpha coefficient
Code embeddedness	6	0.63 - 0.78	0.48 - 0.63	4.41	0.83
Code implementation	4	0.65 - 0.79	0.43 - 0.65	1.27	0.73
Idealism	7	0.62 - 0.81	0.45 - 0.76	4.81	0.86
Relativism	7	0.57 - 0.88	0.48 - 0.79	3.42	0.87

4.2. Reliability and validity

As shown in Table 1, values Cronbach's alpha for all four constructs are greater than the recommended value of 0.70, indicating that the reliability of all constructs used in this research are assured. The content validity of the constructs used in this research was achieved by employing the pre-existing measurements that have been previously used by many researchers. All individual constructs have eigenvalues exceeding 1.00 indicating that the convergent validity of each construct is assured (Hair et al., 1998). As depicted in table 2 individual alpha coefficients are higher than the correlation coefficients across all constructs, suggesting the discriminant validity of the measurement models is assured (Sharma & Patterson, 1999).

Table 2
The inter-correlation coefficients of the final constructs used in the research

Construct	Mean	SD	Minimum	Maximum	1	2	3	4
Code Embeddedness (1)	3.10	0.33	2.33	5.00	<i>(0.83)</i>			
Code Implementation (2)	3.47	0.64	2.00	4.75	0.55*	<i>(0.73)</i>		
Idealism (3)	7.43	0.72	5.71	9.00	0.29*	0.36*	<i>(0.86)</i>	
Relativism (4)	6.50	0.98	2.86	8.71	-0.09	-0.28*	-0.14	<i>(0.87)</i>

The bold, italic numbers in the diagonal indicate the alpha coefficients for individual constructs. The numbers under the diagonal denote the coefficient correlation between the individual constructs.

*Correlation is significant at the 0.01 level (2-tailed)

Bivariate relationship between each construct is shown by the Pearson correlation coefficient provided in Table 2. As the coefficients suggest, code embeddedness is positively correlated with idealism. A similar correlation is found between code implementation and idealism. Conversely, a negative association exists between code embeddedness and relativism whereas there is no significant correlation between relativism and code implementation. Thus, of the four hypotheses proposed in this research only one hypothesis (Hypothesis 2b) is not supported.

5. Discussions

This research aims to examine possible relationships between employees' perceptions towards the embeddedness and the implementation of their institutional code of ethics with their individual ethical orientation, namely, idealism and relativism. With the exception of hypothesis 2b, results of this research are in line with those of Chonko et al., (2003) and Karande et al., (2000) that relativistic and idealistic individuals have different perceptions towards codes of ethics. There was no correlation between perceived code implementation with relativism

Differences in these perceptions are perhaps due to different characteristics inherent in the two groups of people.

Since relativists are basically not reliant on universal moral values when facing moral dilemmas (Forsyth, 1980; Forsyth, 1992), they will consider the embeddedness as well as the implementation of a code as restriction on their flexible behaviours. This is perhaps also a possible explanation for the inexistence of correlation between relativism and perceived code implementation as revealed in the results of this research. Or, they believe that they already knew what was right and wrong behaviour (Moore, 2006) hence in their viewpoints the implementation of code do little or nothing in promoting moral behaviour.

Idealists, on the other hand, are basically people who embrace moral principles when making moral decisions. Hence, when their institutional codes of ethics are strongly embedded and implemented they will perceive that their adherence to moral values is supported then their idealistic orientations would be strengthened. This will lead to their personal ethical values fit those of the organisations.

A well-implemented code of ethics is indeed beneficial not only for an organisation but also for its stakeholders. However, given differences in perceptions towards the implementation of codes of ethics between relativistic and idealistic people a question of whether it is possible to develop a code that is acceptable within an organisation may arise. As Chonko et al., (2003) note, idealists are often accused of being divorced from practice while the inherent characteristics (creative, flexible, and tolerant) of relativists are sometimes necessary for organisational success, however, it would be unfair to place idealists in a position of having to adjust as stereotypical characteristics of idealists do not necessarily imply that they are lacking in creativity, flexibility or tolerance. It would be unwise, however, to dismiss the characteristics of people who embrace a philosophy of relativism since these are sometimes required for, or desirable in, organisational or institutional success. While these problematic issues will not override the importance of codes of ethics care must be taken in implementing the code.

6. Managerial implications

Given the roles they play to influence society values through the promotion of their educational values and virtues (Doost, 1997), having a code of ethics is undoubtedly necessary for higher education institutions. However, as shown from the findings of this research introducing a code of ethics in a higher education institution does not come without problems especially when the employees' ethical ideologies are taken into account. Idealistic and relativistic employees are different in their perceptions towards the embeddings and the implementation of their code of ethics. Unlike idealists, relativists are not fond of any adherence to any kind of moral principles including a code of ethics even though their inherent characteristics are sometimes required within organisations. Meanwhile, idealist possess more rigorous moral standards but they are often accused of being divorced from practice. With regards to these issues, the following are possible actions the leaders of the institution investigated in this research need to take.

First, behaviours that are permissible and not permissible have to be explicitly and clearly stated in the code of ethics so that they are easily understood and followed by employees (Nijhof et al., 2003). Above all, these behaviours have to be congruent with the core values of the institution. Consequences for violating the code also should be clearly defined (Bray et al., 2012). More importantly, the degree of discipline should be in accordance with the nature of violation. Also, there should be no preferential treatment to any employees irrespective of their position within the institution.

Then, to enhance the effectiveness of the code, the institutional leaders should continuously communicate, monitor and enforce the code to current, new and future employees so that the institutional values will be internalised in the values of the institution members and manifested in their day-to-day behaviours. This requires the institutional leaders to create a supporting culture. Therefore, their roles are very essential, especially they have to be able to serve as role models of ethical behaviours and instil proper ethical behaviour among employees in workplace (Bray et al., 2012).

It is also important to link internal human resource management practices with the institutional values manifested in the code. For example, valid and reliable recruitment and selection methods should be devised to assure the accepted candidates possess values that fit those of the institution. Then, values explicitly stated in the code should be continuously communicated to new employees during orientation and to existing employee in training. Behavioural aspects assessed in employee performance evaluation should be elaborated and derived from values stated in the code too. Finally, despite consequences for code violation, special attention needs to be paid to employees who comply with the code values. Rewards (not necessarily financial) need to be given to these employees so that they feel more valued and appreciated which in turn affect other employees to behave in a similar way.

A universally accepted code of ethics is indeed unlikely (Bray et al., 2012; Chonko et al., 2003). Values of the

institution members sometimes come into conflict with the institutional code which in turn creates dissonance within the institution (Bray et al., 2012). This is to say, when judgment is required to resolve certain issues in the institution it is very likely that personal values of relativistic employee within the institution contradict with those stated in the institutional code. In dealing with these issues, the institution need to create a mechanism addressing which value should take precedence. Setting up a media that enable the members of institution to communicate, discuss and resolve ethical issues is a possible option. In this regard, highest priority should be given to the institutional values.

7. Scholarly implications, limitations and future directions

To the best of the researcher's knowledge, there has been little research on codes of ethics in the Indonesian higher education institution contexts. Thus, this research provides empirical evidence of McCabe et al.,'s (1996) model of code embeddedness and code implementation as well as Forsyth's (1980) model of ethical ideology in a non-Western setting.

While is more manageable using a single institution is the main limitation of this research. Therefore, findings of this research might not be generalised to other denominational institutions in Indonesia. Since perceptions towards a code of ethics involve items or questions that deals with personally sensitive content social desirability bias might occur during data collection. Future research on this area can increase the sample size by surveying employees from other denominational and non-denominational higher education institutions so that the limitation of using single institution can be balanced.

8. Conclusions

In conclusion, this research investigates possible associations between two dimensions of ethical ideology, namely, idealism and relativism with perceived code embeddedness and perceived code implementation strength in a denominational higher education institution in Indonesia. Findings of the research suggest idealism positively related to perceived code embeddedness as well as to perceived code implementation. In contrast, relativism is found not to have any correlation with perceived code embeddedness whereas its relationship with perceived code implementation is negative. Although relativistic employees tend not to comply with any codes, their inherent characteristics are sometimes required within an institution. Therefore, avoiding these people in employment is unwise. The institution needs to devise a mechanism that helps resolve any conflict result from incongruence between values of relativistic employees and those of the institution. Priority should be given to the values of the institutional code.

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