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**ADDIS ABABA UNIVERSITY
SCHOOL OF GRADUATE STUDIES
COLLEGE OF BUSINESS AND ECONOMICS
DEPARTMENT OF MANAGEMENT**

**The Mediating Role of Organizational Culture in the relationship
between Professional Ethics and Organizational Performance in
selected Ethiopian Private Banks.**

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of Business Administration**

**A Thesis Submitted to Addis Ababa University Faculty of Business & Economics Department of
Management in Partial Fulfilment of the Requirement for the Award of Master of Science
Degree in Management specialization in Total Quality Management and Organizational
Excellence.**

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ADDIS ABABA, ETHIOPIA

Addis Ababa University

College of Business and Economics

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By: Roman Kebede

JUNE, 2021

DECLARATION

I, Roman Kebede hereby declare that this thesis entitled “**The Mediating Role of Organizational Culture in the relationship between Professional Ethics and Organizational Performance in selected Ethiopian private banks**” submitted in partial fulfilment of the requirement of the Award of Master of Science Degree in Management specialization in Total Quality Management and Organizational Excellence, Addis Ababa University, College of Business and Economics, Department of management is my original work and has not been presented to the award of any degree in any university. All sorts of materials used for this thesis have been dully acknowledged.

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Approved by Board of Examiner

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Advisor	Signature	Date

STATEMENT OF CERTIFICATE

This is to certify that the thesis entitled “**The Mediating Role of Organizational Culture in the relationship between Professional Ethics and Organizational Performance in selected Ethiopian private banks**”, which is submitted in partial fulfillment of the requirements of the degree of Masters of social science in Management (MSCM), to Addis Ababa University, College of Business and Economics, Department of Management, done by Ms. Roman Kebedeis an authentic work carried out by her under my guidance.

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Table of Contents

CHAPTER ONE	11
INTRODCUTION	11
1.1 Background of the Study.....	11
1.1.1 History of Banks in Ethiopia.....	12
1.2 Statement of the Problem.....	15
1.2.1 Research Questions.....	17
1.3 Objectives of the Study.....	17
1.3.1 General Objective.....	17
1.3.2 Specific Objectives.....	17
1.4 Significant of the Study.....	17
1.5 Scope of the Study.....	18
1.6 Limitation of the study.....	18
1.7 Definition of the key terms.....	19
1.8 Organization of the study.....	19
CHAPTER TWO	20
LITRATURE REVIEW	20
2.1 Concept and Definition of Ethics.....	20
2.1.1 Concept and Definition of Professional Ethics.....	22
2.1.2 Business Ethics in Banking.....	23
2.1.3 The Basic Ethical Principles in Banking Business.....	24
2.2 Theoretical Framework.....	25
2.2.1 Definition and concept of organizational culture.....	27
2.2.2 Types of organization culture.....	28
2.2.3 Denison’s model of Organizational Culture.....	29
2.2.3.1 Mission.....	30
2.2.3.2 Consistency.....	31
2.2.3.3 Adaptability.....	31
2.2.3.4 Involvement.....	31
2.3 Organizational Performance.....	32
2.3.1 Measurement of Organizational performance.....	33
2.4 Organizational Culture and Performance.....	34

2.5 Hypothesis of the study	36
CHAPTER THREE	37
RESEARCH METHODOLOGY	37
3.1 Design of the study.....	37
3.2 Study Site and Population	37
3.3 Sample and Sampling Procedures	37
3.4 Sample Size Determination.....	38
3.5 Data Collection Instrument	39
3.6 Data Collection Procedure	39
3.7 Methods of Data Analysis	39
3.8 Ethical Consideration	40
CHAPTER FOUR	41
DATA ANALYSIS, RESULTS AND DISCUSSION	41
4.1 Non-response bias and response rate of respondents	41
4.2 Data Analysis.....	43
4.2.1 Assessing the Sample Size	43
4.2.2 Assessing Common Method Bias	43
4.2.3 Assessing Missing Data	45
4.2.4 Assessing outliers	45
4.2.5 Assessing Linearity Assumption	45
4.2.6 Assessing Multi-collinearity Assumption	46
4.2.7 Assessing Normality Assumption	46
4.3 Factor analysis	47
4.3.1 Exploratory Factor Analysis (EFA).....	47
4.4 Factor Extraction	48
4.5 Communality	49
4.6 Total Variance Explained	51
4.7 Factor Rotation	51
4.8 Confirmatory Factor Analysis (CFA).....	52
4.9 Measurement model	53
4.9.1 Construct validity	53
4.9.2 Convergent Validity	54

4.9.3 Discriminant validity	54
4.9.4 Nomological validity	54
4.10 Goodness of fit.....	54
4.11 Final reliability	61
STRUCTURAL MODEL	62
4.6.1 Proposed model without mediating variable	62
4.7 Hypothesis Testing and discussion of empirical findings.....	65
CHAPTER FIVE	70
SUMMARY, CONCLUSION AND RECOMMENDATION.....	70
5.1. Summary of findings	70
5.2 Conclusions	71
5.3 Recommendation	72
5.4 Suggestions for Further Research.....	73
Reference	75
APPENDIX	80

List of Figures

<i>Figure Number</i>	<i>Figure Title</i>	<i>Page Number</i>
<i>Figure 2.1</i>	<i>Competing Values Framework</i>	<i>18</i>
<i>Figure 2.2</i>	<i>Denison's Organizational culture Model</i>	<i>20</i>
<i>Figure 2.3</i>	<i>Conceptual Framework of the Research</i>	<i>25</i>
<i>Figure 4.1</i>	<i>the complete CFA model</i>	<i>49</i>
<i>Figure 4.2</i>	<i>proposed model without mediating variables</i>	<i>54</i>
<i>Figure 4.3</i>	<i>proposed model with mediating variables</i>	<i>56</i>

List of Tables

<i>Table No.</i>	<i>Table Title</i>	<i>Page NO.</i>
<i>Table-3.1</i>	<i>Sample size Determination</i>	<i>4</i>
<i>Table-3.2</i>	<i>Computation of Sample size for each private bank</i>	<i>28</i>
<i>Table 4.1</i>	<i>Demographic characteristics of respondents</i>	<i>32</i>
<i>Table 4.2</i>	<i>Total variance</i>	<i>35</i>
<i>Table 4.3</i>	<i>collinearity statistics</i>	<i>37</i>
<i>Table 4.4</i>	<i>Normality Test Skewness and Kurtosis</i>	<i>38</i>
<i>Table 4.5</i>	<i>KMO and Bartlett's Test</i>	<i>39</i>
<i>Table 4.6</i>	<i>rotated component matrix</i>	<i>44</i>
<i>Table 4.7</i>	<i>Demographic characteristics of respondents</i>	<i>47</i>
<i>Table 4.8</i>	<i>Proposed latent variables and indicators</i>	<i>48</i>
<i>Table 4.9</i>	<i>goodness of fit</i>	<i>50</i>
<i>Table 4.10</i>	<i>Chronbach alpha value of each variable</i>	<i>53</i>

ACRONYMS

<i>ADIB</i>	<i>Addis International Bank</i>
<i>AIBF</i>	<i>Australian institute of Banking and Finance</i>
<i>CBE</i>	<i>Commercial Bank of Ethiopia</i>
<i>CBO</i>	<i>Cooperative Bank of Oromia</i>
<i>DBE</i>	<i>Development of Ethiopia</i>
<i>DGB</i>	<i>Debut Global Bank</i>
<i>IBF</i>	<i>Irish Banker's Federation</i>
<i>LIB</i>	<i>Lion International Bank</i>
<i>MFI's</i>	<i>Micro Finance institutions</i>
<i>NBE</i>	<i>National Bank of Ethiopia</i>
<i>OIB</i>	<i>Oromia International Bank</i>
<i>SPSS</i>	<i>Statistical Package for social Science</i>

Abstract

This study examines The Mediating Role of Organizational Culture in the relationship between Professional Ethics and Organizational Performance in selected Ethiopian private banks. The researcher uses a non-experimental design; i.e. a descriptive survey to measure the study. Questionnaire was used as data collection instrument. The study employed exploratory factor analysis (EFA) through principal component analysis and structural equation modeling (SEM) to validate the results. Selected branches of 16 currently operating private banks were chosen purposively to represent the banking industries; a proportional stratified sampling was used and respondents of 293 were selected randomly. 280 usable responses were collected. The result revealed that there is a significant correlation between professional ethics, organizational culture and operational performance. The mediation analysis result of the study also shows that organizational culture partially (competitively) mediates the relationship between professional Ethics and operational performance. Therefore, regulatory bodies' i.e. NBE, the banks officials and managers of the bank should give emphasis on development of strong organizational culture while implementing professional Ethics practice so that the banks operational performance would be assured.

Key words: Ethics, Professional Ethics, Organizational Culture, Organizational Performance, NBE and banking.

CHAPTER ONE

INTRODCUTION

This chapter deals with background of the study, history of banks in Ethiopia, statement of the problem, research questions, objectives of the study, significance of the study, Scope of the research, limitation of the study, definition of key terms and organization of the study.

1.1 Background of the Study

Bhalla and Ramu (2006) stated that ethical behavior builds trust, trust builds confidence and confidence builds profitable business relationships with customers, suppliers, employees and the general public. Personal ethics has an unlimited effect on an individual's professional life. An individual has his/her own code of personal ethics which is eventually developed at home, school, religious places and lately which can be influenced by media and the profession he/she may engaged. An individual who has very strong sense of personal ethics is quite unlikely that he will deviate from it and indulge into unethical activities. In over-all, professional ethics is not separate from personal ethic (Hiill& Jain, 2010). Hurst (2004) also strongly stated that the rising questionable behavior of the employees and the executives imposes crucial questions as to how the corporate ethics can be improved to eliminate such misconduct from a business house.

Once a person or an employee join the bank and gives his/her acceptance to the job offer, he/she then has to mandatorily abide by the bank's code of conduct and professionalism. Failure on the part of the newly appointed employee to act accordingly will invite strict action or even penalize. The bank should regularly carry out surveys, appraisals and mystery shopping to test good and bad behavior, to make sure employees understand what is expected of them and to understand what drives customer loyalty. Firms should be able to provide evidence for how ethics and values are trained and reinforced, such as rewarding those whom strengthen its concerns. Good employee behavior also helps in generating business for bank. A satisfied customer in terms of bank services, as well as, cordial behavior from the banker remains loyal to the organization even if they have to pay more in comparison to other banks. A customer may even shift his bank account if he encounters any negative experience with the banker. Technology has undoubtedly helped in raising the level of customer satisfaction but ultimately it is the employee's commitment towards their service and better professional behavior which helps for building up a congenial relationship with the customers (Hill and Jain, 2010).

As a mediator, banks mobilize funds from the surplus fund holding companies or individuals at a cost for on-lending to the shortfall companies or individuals at a price. In addition, they provide an efficient payments mechanism in the economy; to resolve the business, individual's transactions and worldwide commitment of their customers. However, banks must operate within certain guidelines, either as defined by law, public policy, practice, or convention (Ali, 2005). In the current banking industries, the code of ethics and professionalism serves as the basis upon which banks must make decisions based on honesty, integrity, confidence and trust (Sanusi, 2010).

An official code of ethics provides banks information of what is expected from them in terms of responsibilities, accountability and behavior. A code of ethics reflects the standards and established a realistic mode of behavior that applies to everyone in the bank, from the board of directors to the lowest level of workers. The status of a bank and its activities shows the ethical behavior and professionalism that affects its accomplishment for profit and growth. Whether high level of bank employees or low-level staffs should be aware of bank rules and regulations regarding ethics in order to make the right decisions in their day to day activities while they are facing challenging business situations, to know how and when to seek help when faced with ethical problems, and also to know to whom to report possible unethical conduct. Adequate regulations have been legislated to control banking services and to confirm a fair and healthy competitive environment. But setting procedures, rules, regulations and penalties alone are not warranting to ensure discipline in operations. In a general banking system, the banks are not just the brokers of capital for investment but also the final arbiters on investment and the alternative options for investment capital as well as on the creditworthiness of their customers in the credit market. They are not only mediate among parties but regularly assess risk and creditworthiness. Therefore, high ethical standards are expected to guide operations in the banking industry (Peter, 2010).

1.1.1 Background of the Banking Sector in Ethiopia

As stated by Richard Pankhurst Ethiopian banking history, in its modern sense, began towards the end of the regime of Emperor Menelik. The first bank was established in 1905 in Ethiopia namely Bank of Abyssinia. The National bank of Egypt, which is owned by British, owned and managed Bank of Abyssinia. Following that three other banks were established within 10 years. In 1931, the Bank of Abyssinia was substituted by the Bank of Ethiopia which was fully owned by government and members of the Ethiopian aristocracy, becoming the first 100% African-owned bank on the continent. It worked for only a few years, being closed after the Italian invasion.

During the Italian business, numerous Italian banks opened branches in Ethiopia. After the end of the Italian Occupation in 1942, the State Bank of Ethiopia was established. It became operational in 1943. Two decades later, in 1963, a new banking law split the functions of the State Bank of Ethiopia into central and commercial banking as the National Bank of Ethiopia and the Commercial Bank of Ethiopia respectively. Both were government owned. The 1963 banking law permitted for other commercial banks to work. This included foreign banks provided they were 51% owned by Ethiopians. The major of these was the Addis Ababa Bank. The owner of 40% was Grindlays Bank (British owned) and had 26 branches by 1975. In addition, there were two foreign commercial banks: The Banco di Roma and the Banco di Napoli, which had eight branches and one branch respectively in 1975. In addition to the commercial banks, the government established two development banks, both of which were 100% state owned. The Agricultural and Industrial Development Bank (AIDB) was set up in 1970, taking over two earlier development banks: The Development Bank of Ethiopia and the Ethiopian Investment Corporation which had been founded in 1963 as the Investment Bank of Ethiopia. AIDB was 100% government owned, and grant short, medium and long-term loans to the agricultural and industrial sectors. The Housing and Savings Bank was created in 1975 out of a merger between two earlier housing finance institutions created in 1962 and 1965, one of them with a grant from the United States government. (Charles H.).

Now a days banking is a rapidly growing industry in Ethiopia; despite strict government regulations through lending quota, bond buying, windfall tax and increased capital requirements, banks are reporting strong profit and paying high dividends. Currently there are 2 state owned and 16 private commercial banks in the industry, after the merging of state owned bank CBB to CBE.

Table: 1.1 *List of Licensed Commercial Banks In Ethiopia*
Archived 2011-07-14 at the Wayback Machine.

No.	Name of Bank	Establishment Year
1	Commercial Bank of Ethiopia	1963
2	Development Bank of Ethiopia	1901
3	Awash International Bank	1994
4	Dashen Bank	1995
5	Bank of Abyssinia	1996
6	Wegagen Bank	1997
7	United Bank	1998
8	Nib International Bank	1999
9	Cooprative Bank of Oromia	2004
10	Lion International Bank	2006
11	Oromia International Bank	2008
12	Zemen Bank	2008
13	Buna International Bank	2009
14	Birhan Bank	2009
15	Abay Bank	2010
16	Addis International Bank	2011
17	Debub Global Bank	2012
18	Enat Bank	2012

1.2 Statement of the Problem

A bank that is supposed to be honest, have integrity, be socially responsible, accountable and deliver as promised. Banks are to form the green area of ethics and with immense pressure that can be harm reputation and may cause financial loss. When a banker receives bribes to process loans, lending to individuals or organizations that are highly linked or cheating customers is unethical to banking industry. In banking industry currently, ethical principles and values are not fully engrained and followed. One of the major problem that bank industry facing are bribes and corruptions as such decency and clarity is essential in banking. The banking sector is turning challenged and currently there is a thin line between what is genuine and unlawful. Being perceived as trustworthy is critical for the survival of a bank but a bank that make professional ethics in its operations enjoy high level of consideration more that those conventional financial institutions (Chiami&Fullenkamp, 2002; Solaiman, et.al, 2007)

Sullivan (2009) stated that for a decade's public institutions, writers and business leaders and owners have had several issues about ethics and professionalism. A major concern now for banking community and other business societies is how to find a foundation or standard that can ensure an ethics code, devoid of national culture or national issues. The fight against unethical conduct problems is painstaking and long-time taking which need changing attitudes, creating transparent procedures, carrying out regular trainings and holding employees accountable, support the controlling system, and facilitating the active participation of employees. Hence, identifying the multifaceted economic, social, political and environmental hazards of unethical employee in the financial sectors, the Ethiopian government and National Bank has implemented statewide strategies to halt the dangers of critical ethics tribulations. When an organization grow, it tend to face more challenges. These challenges, therefore, create the need to change the organizations culture to be more supportive to achieve the goal. Barney (1986) and others argues that organizational culture must be valuable, rare, inimitable and not substitutable so as to serve as abasis of sustained competitive advantage. Pfeiffer (1994) notes that many of the earlier sources of competitive advantage such as economies of scale, technological innovation, financial resources etc. have condensed significantly as a result of de-regulation, shorter product life cycles and need of flexibility in production as an outcome of more disjointed markets. Adding to that, the financial performance management have many limitations that has given rise the non-financial management. For instance, abstract factors namely market shares, product service quality,

employee satisfactions are repeatedly overlooked in traditional financial measurements like return on investment or net earnings (Kaplan and Norton, 1996; Otley, 1999).

The NBE hence, the regulatory body has been working aggressively to the level that corruption cannot be an impediment for development, good governance and democracy in the country. Thus, many preventive measures involving administrative, legal, social, economic and educative measures have been put in place to eliminate the threat of fraud. Despite all the actions put in place, however, unethical behaviors and corruption are still major challenges in the financial sectors eroding public trust on the bank. Employees are frequently seen indulging in unethical practices and corruption offenses.

The National Bank of Ethiopia rules, regulation and directive govern all financial institutions. However some are violets the rules and regulation. In the current situation of banking industry, the root of unethical practice increases from time to time. Now a day's most of the banks have either been distressed or acquired by other banks as in the most of which were traced to unethical practices. Therefore, to study the role of professional ethics on organizational performance that is mediated by organizational culture has helped to sanitize the banking industry and ensure stability of the banking industry. There are several studies regarding professional ethics, organizational culture and performance under the bank industry. Some of them are Kefyalew S. (2016) "Analysis of Workplace Ethics at Dashen Bank"; Amita M. (2018) "The Impact of Business Ethics in the Banking Sector"; Haregeweyn L. (2019) "The Practices and Problems of Professional Integrity and Ethics in Private Banks: in the case of Bunna International Bank", Addisalem Z.(June, 2019), "The Effect of Organizational Culture on Organizational Performance: The Case of BOA", and so on. To the best of my knowledge there is no current study regarding The Mediating Role of Organizational Culture in the relationship between Professional Ethics and Organizational Performance in selected Ethiopian private banks. It is obvious that based on recent annual financial report of private banks in Ethiopia all banks are profitable, but this may not guarantee to continue profitably for the future because of the existence of high competition among the existing as well as the newcomers. Thus, maintaining professional ethics and organizational culture may increase bank's sustainable performance either financially or operationally and become competent to each other, especially if foreign banks will join this business in Ethiopia.

Therefore, to fill this gap the researcher is interested to study "The Mediating Role of Organizational Culture in the relationship between Professional Ethics and Organizational

Performance in selected Ethiopian private banks”, for banks continuity and sustainability in Ethiopian banking industry.

1.2.1 Research Questions

1. What is the relationship between professional ethic and organizational performance of private banks?
2. Does organizational culture mediate the relationship between professional ethics and banks organizational performance?
3. Do elements of profession ethics make up latent variable?

1.3 Objectives of the Study

1.3.1 General Objective

- To assess the mediating effects of organizational culture in the relationship between professional ethics and organizational performance of private banks.

1.3.2 Specific Objectives

- a. To assess the relationship between professional ethic and organizational performance of private banks?
- b. To assess organizational culture, mediate the relationship between professional ethics and banks organizational performance?
- c. To assess elements of profession ethics, make up latent variable¹?

1.4 Significant of the Study

The findings of this study have the following significant:

- i. It gives timely information to private banks management about the mediating role of organizational culture between professional ethics and their organizational performance and then formulate strategies that allows their employees to adhere to ethical and

¹ "In statistics, latent variables (from Latin: present participle of lateo (“lie hidden”), as opposed to observable variables) are variables that are not directly observed but are rather inferred (through a mathematical model) from other variables that are observed (directly measured). Mathematical models that aim to explain observed variables in terms of latent variables are called latent variable models." (“Latent variable” n.d.).

professional code of conducts, which advocate as an essential mechanism to ensure their performance in today's competitive business.

- ii. It would give direction to banks to provide a better attention to its organizational culture and non-financial performance; further to decide which culture shall be improved, managed and which one shall be removed for a better performance.
- iii. In the same fashion the finding of this study serve as a reference to the National Bank of Ethiopia to understand and appreciate The Mediating Role of Organizational Culture in the relationship between Professional Ethics and Organizational Performance in selected Ethiopian private banks to be successful in the area, as well as, used to fight against bribes and corruptions in bank industry in Ethiopia.
- iv. This study also serves as a secondary data for those who want to conduct further study in this area.

1.5 Scope of the Study

It was obvious that studding the Mediating Role of Organizational Culture in the relationship between Professional Ethics and Organizational Performance in all governmental banks and private banks that exists in Ethiopia increased the reliability of the study, but this was difficult to the researcher because of time, financial, and other resource constraints. Based on this assumption, the scope of this study was delimited to private banks that exist in Addis Ababa. These was select as a study site of this study primarily because of the fact that Addis Ababa was the researcher's place of living, and hence easily access to data and communication with the employees of all private banks.

1.6 Limitation of the study

In carrying out the study, time and budget limitation encountered, and limited the researcher from doing an in-depth study. With these factors the researcher was unable to include all private bank branches in Addis Ababa rather obliged to conduct the research on selected branches around the researcher area only. In addition to this, there was limitation in obtaining information due to there was no documented, accessible and extractable data in there web page.

This research highly depended on the perception of employees under the study which was very limited in number. Furthermore, due to the banks financial year end closing approaching, while the questioner distributes most of the employees was busy and unwilling to cooperate. Whereas;

within this tough time and situation some of the respondents were very cooperative and respond the questionnaire timely, hence it was possible to undertake the study.

1.7 Definition of the key terms

- **Ethics:** - that a branch of philosophy dealing with values relating to human conduct, with respect to the rightness and wrongness of certain actions and to the goodness and badness of the motives and ends of such actions.
- **Professionalism:** -Professionalism most commonly means the state or practice of doing one's job with skill, competence, ethics, and courtesy.
- **Professional ethics:** -are standards set by professional organizations for the behavior and values of people working within a specific field. Codes of professional ethics are established in order to provide guidance to professionals, usually to not abuse client relationships and preserve the integrity and reputation of the applicable profession.
- **Organizational culture** is defined as the underlying beliefs, assumptions, values and ways of interacting that contribute to the unique social and psychological environment of an organization.
- **Operational Performance:**-The performance of the company against prescribed standards, such as compliance with regulations, waste reduction, productivity, etc.
- **Banking:** -can be defined as the business activity of accepting and safeguarding money owned by other individuals and entities and then lending out this money in order to earn a profit.

1.8 Organization of the study

The study is arranged in five chapters. The first chapter contained introduction which includes background of the study, statement of the problem, research questions, objective of the study, significance of the study, scope of the study, limitation of the study, and structure of the study. Chapter two contained related literatures reviewed. Chapter three discussed about the research design and methodology that was used in the study. In the fourth chapter the research analysis i.e. finding, interpretations and discussion were presented. Finally, chapter five discussed about summary, conclusion and recommendation of the study

CHAPTER TWO

LITRATURE REVIEW

A literature review focuses on the details and the evaluation of the already-published information. In this study, the researcher evaluated the literature, which focuses on The Mediating Role of Organizational Culture in the relationship between Professional Ethics and Organizational Performance in selected Ethiopian private banks. A literature review was therefore considered very important and significant in the sense that it determined whether the information obtained by the researcher was able to add value to the existing knowledge about the topic.

2.1 Concept and Definition of Ethics

Ethics and Professional Ethics are further accepted as there was no standards about good/bad, or right/wrong actions in the societies, but there was consensus on the existence of universally accepted ethical standards. Based on this context any profession, including banks, have their own ethical values and principles that guided their operational performances and members of a given profession operates in line with this values and principles to achieve the desired goals. This discipline known as “Ethics” in western language and is a sub-branch of Philosophy has been referred to as the study of morality or moral science in our context until quite recently (Bedük and Öz, 2005). Another argument about the concepts of Ethics, which is consistent with the above definition, also says that it is a supplementary feature used to decide between good and bad, or right and wrong generating behaviors, is the set, of values that indicates what should and should not do, and have various criterion developed for praising or reviling the behavior of individuals. Professional ethics mentions the control and responsibilities inside individuals generally used as a synonym of morals and including all principles of moral is the set of principles and rules but the principles of moral may differ among societies, professions and ethical provisions (Erturhan&Filizöz, 2011).

Ethics also define as “the integrity measure that evaluate the values, norms and rules that constitute the base for individual and social relationships, from a moral perspective”. It is concerned with the code of values and principles that enables a person to choose between right and wrong. Thus, ethics is the art of human sense of duty; the structure of procedures of duty selected from this discipline,

a specific structure of values and rules regarding duty, whether they are true or false; rule of practice in respect to a single class of human actions; as political or social ethics; medical ethics or others. The study of ethics focuses on issues of practical decision making, including the nature of ultimate values, and standards by which a human action can be judged as right/wrong or good/bad (Nnadi, 2006; Erondu et.al, 2004).

The concept of Ethics is a general term used to refer both moral beliefs and ethical theory on human conduct. The issue of business ethics is the result of the communal nature of morality and the response outcome of business ethics on business environment. Thus, business ethics helps us to identify benefits and problems associated ethical issues within the firm and is important as it gives us a new light into present and traditional view of ethics (Beauchamp and Bowie, 2001; Jelena, 2007; Crane & Matten, 2007). Another concept of ethics, which is related with the above ethical concept, is that ethics and business not only can, but must go together, for to do business without concern to ethics is the surest way to fail or attest to the necessity of ethics in business communities and practices. Therefore, business ethics is about how the nature of business is understood as a morally compelling domain of human activity. Given that business activity, like banking play major roles in any society, people within a society expect that organizations and firms (business) will accept their roles as “Citizens” and that these businesses will behave as good citizens, i.e. they will behave ethically. It is also defined as a form of applied ethics that examines rules and principles within a commercial context; the various moral or ethical problems that can arise in a business setting; and any special duties or obligations that apply to persons who are engaged in commerce (Bowie, 2001, Egels-Zandén et al, 2010).

Technically, philosophers would divide ethics into branches that is i) Meta-ethics is a branch of analytic philosophy that deals about explores the status, foundations and scope of moral values, properties and words. It focuses on what morality itself is. Its positions may be divided according to the way we respond to questions such as, what exactly are people doing when they use moral words such as “good” and “right”?. This division of ethics tries to put on moral philosophies to “actual conditions”. It is sub categorized into professional ethics, which generally deals about applied ethics that focuses on the actions of people within a certain profession; ii) Normative ethics is the other branch of ethics concerned about the issues which largely have to do with the notion of moral obligations.

2.1.1 Concept and Definition of Professional Ethics

A profession can be defined as occupation that is based on systematic knowledge and skills developed through certain education aimed at produce goods for the benefit of humanity, to serve and intern to make money under certain rules determined and people conducting this occupation are specified as profession experts or professionals. Therefore, professional ethics is the ethical norms, values and principles that guide a profession and the ethics of decisions made with the profession. Occupation yields reputation, prestige and privileges to those professionals conducting the occupation. Those people more skilled to other colleagues find more approval. The most complained issues in an occupational group are the existence of non-expert individuals in the group, the shortage of qualified personal and besides those individuals shorn of professional ethics. According to Lisa (2019) professional ethics can also be defined as to take legal actions, to produce reliable information taking the value judgment of society into account and to maintain the relation with customers, members of other professions and occupational organizations under certain rules during the conduct of actions by the members of the profession or during the periods no professional activities are conducted.

In this process, standards of professional ethics are being developed today due to the corruptions experienced. The rules and standards established should be both in harmony with existing regulations and public moral principles and encouraging that would continuously take the level of ethics expectations of the members of the profession one step further. Viewed from this aspect, if there is a contribution of the occupation to the image and social status of individuals, as said, nobody would desire to be called as corrupt or called with unethical behaviors because of his or her occupation. After all it is seen that a negative situation or behavior of a member of any occupation shown in movies is used by the chamber of the profession. The corruption in ethical process resulted with the contagion of the discussion of ethics into many fields and institutions. Today, the establishment of ethical rules is the result of science ethics, scientific ethics, public administration and ethics accounting ethics, banking and the rules of ethics, breach of ethical rules and the increase in these breaches (Lisa, 2019).

Professional ethics refers to the moral standards, principles & regulations that guide the course of professional behavior (Ali, 2005). Professional ethics are both personal and organizational in nature and it might be learned during the course of study of the profession. It drives to state that a

professional try to surpass the level of excellence needed by law or business welfares. Professional business isn't just about creation of cash and exciting individuals or companies. It contains ultimate values of honesty, commitment and admiration for oneself and to the broader public. Professional ethics are the moral standards, principles and regulations that guide the course of professional behavior (Idolor, 2010).

Sanusi (2003) stated that the professional character has at least two components, which are to master and practice the expertise of the profession to the highest level of competence the individual can manage. The core values of a professional aspire to the maximum potential level of capability and a commitment to use these highest stages of capability to help others. One can aspire to professional position, but achieving it depends on recognition and admittance by others. This public acceptance proceeds over a sequence of stages that embraces, being admitted to a professional college, passing the courses, which indicates that sufficient capability in numerous "kinds and stages" of practical know-how has been achieved, passing the national qualifications examination. Being licensed and locating or establishing a position of employment or service within the profession (McDowell, 2000).

2.1.2 Business Ethics in Banking

In business context, ethics refers to a business transaction that conducts a business application. It involves the application of moral standards that helps to provide services to customers or clients.. The bank sector as a financial institution serves as an intermediary between those who are the depositors and the creditor which is a sensitive relationship. When ethics are complete in a business industry, thus a bank is said to have reputation of honesty, integrity, social responsibility, accountability and compliance. Financial institution have to make choices in the parts of ethics and in high level of burden that may destructed, reputation and may cause financial loss (Brickley et.at, 2003; Solaiman et.at. 2007).

Professionalism is often defined as the strict adherence to courtesy, honesty and responsibility when dealing with persons or other organizations in the business environment. This trait often contains the highest level of excellence going above and outside basic necessities. Work ethic is typically focus on the personal values established by business person or innovator and imparted in the company's employees. The respectable job ethic may contain implementing tasks within the given time with the uppermost quality possible and attractive pride in finished tasks.

Professionalism and the business ethics proven by persons in the business area may be constructed around a core moral method or code of ethics. Morality and ethics generally represent the personal views people's demonstration when working in the industry. Common traits often include transparency, honesty and integrity. These individual traits regularly display themselves publicly when individuals respond to various business situations. A professional ethic may be seen as somebody "walking the walk" regarding their individual ethics and beliefs. As Asikhia (2016) stated, bank or financial organizations which are expected to execute their functions in a way that it increases confidence and stability. Banks bring borrowers and lenders together. The banks are primarily funded by depositors and their prime responsibility is to ensure to maintain the trust placed by the depositors and to minimize every possible risk in their investment. Banks must performance in a way to promote public trust, confidence and a good reputation by pervading values such as integrity, trust, responsibilities, accountabilities, respect, and fairness in all its dealings. Though, current banking disasters and failures pin in another route. These scandals and crises have led to a growing view that there is something fundamentally wrong with the banking industry but the problem is that banking business is becoming more complex and the difference between what is legitimate and illegitimate becomes more blurred. It has been understood that ethical and professional values are still not officially embedded and monitored in the banking system. Many banks are linked with accepting bribes in return for loans, lending to influential parties and cheating customers. Dishonest financial activities appear to be a part of their customs that believes in bending the guidelines for personal gain. The main important functions of the banking service include mobilization of financial resources from where they are least needed to where they are most needed. If these roles are professionally carried out the economy would be able to mobilized significant level of savings and ensure that these funds are efficiently and effectively directed towards some viable project. Therefore, it is obvious that bank plays a great role in the economic sector to by mobilizing savings and channeling it to the different units, especially private enterprises for the purpose of expansion and development.

2.1.3 The Basic Ethical Principles in Banking Business

Amith (2016) states seven basic ethical principles in bank. Thus, the fundamental of ethical concerns includes:-Mutualtrust principles: has a major importance in order to ensure a proper operation or running of the business structure. The telephone is sometimes used to conduct

important and cherished deals, without the presence of third party, while the two parties' relationship will subject to the firm principle of mutual trust

- ❖ Principle of mutual benefit and interest: refers to no party to a business should in any way be cheated.
- ❖ Principle of good intentions: it is an instrumental part of a business. It improves good business ethics and also solid moral behavior. This principle presupposes that there must know any prepared mind to treat any partner in the business in an immoral manner.
- ❖ Principle of business compromise and business tolerance: there must be a strategy to peacefully co-exist all conflicting parties in a business process.
- ❖ Principle of ethical improvement of business behavior: this principle state the preparedness of an entity to readily accept his mistakes in his dealings with other parties.
- ❖ Principle of DE monopolization of one's own position: state that monopolistic behavior on the market/business doesn't contain any ethical market value and
- ❖ Principle of conflict between one's own interests: refers to the inability to relate common to personal interests, with simultaneous adherence to the same ethical values.

This principle explains why not possible to compare anything common in the behavior of an individual with simultaneous adherence to the same ethical values. Ethics in the banking sector is normally breached when lenders tend to take too much risk, by looking for shortfalls in the banking regulations to attract more loans. Proper adherence to regulations and financial instruments in the financial sector enables bankers to fairly approve loans to all deserving parties without bias. Thus, the bank must abstain from given loans to one industrial branch or sector unless in the case of special enterprises that practices this to the core; customers who come to bank for loan must be made to reserve a certain amount of money in his/her account as a condition for loan. The approval of loan must strictly follow approve a procedure which include a purpose, source, price, terms and the method of payment; in order to grant a loan to a customer, the bank must take cognizance with the previous year's financial report of the debtor.

2.2 Theoretical Framework

Shareholder theory: states that an individual is acting ethically if they act in a way to maximize profit for their shareholders. The shareholders are just anybody who owns a portion of the firm and thus get profits on the business gaining income. There are certain benefits to trust in

shareholder theory. A worthy outcome of shareholder theory is that, it inclines to exploit output. The only thing that is anxious about is making income, then the business inclines to find the utmost and well-organized way to utilize funds to make the highest level of income possible (Nilsson and Westerberg, 1997). This efficiency can be deemed important because there is little wasteful spending and wasted resources which are important as they are limited on this earth. The major problem is it doesn't take people like customers, the environment, or employees into account so it could potentially hurt them. If a company decides to extremely increase profits, randomly fire employees, sell substandard products to customers, and pollute the environment, they may be considered ethically good as long as resources are being used efficiently. If they are committing "off-balance-sheet" transactions that are measured within the dominions of the law in order to maximize profit, then they might seem ethical under shareholders theory.

Stakeholder's theory: ethical behaviors in business practices lead to business success, and a stable financial system. This theory attempts to address the question "what the purpose of the corporation is and in whose interest should it be run?" According to Freeman; this philosophy is commonly held in professional ethics circle that arose as an alternate theory to the out-of-date idea of the purpose of business that stressed shareholders only. However, the over-all ideas of the stakeholder theory predate his statement (Jones et.al. 2001). Ponder (2006) also refer to Freeman's position and state that by this theory companies are seen as involved in the social system and forced to enter into a new social contract. This fresh social agreement offerings a mix of reciprocal prospects of the role and responsibilities of each of the involved parties in a business and social environment. This contact also demands that companies perform social, ethical and environmental responsibilities. Jones et al. (2001) criticize the traditional notion of the firm put forward by the Nobel Prize winner Milton Friedman that the ethical obligation of business managers is to seek profit for the stakeholders only, a single set of stakeholders. For them this traditional notion of the firm or organization is myopic as it places too much emphasis on shareholders to the exclusion of other stakeholders. As such, they hold the position that company managers must go beyond a basic and narrow perspective of the purposes of the company to include other stakeholders other than the shareholders. Performing morally here would thus need professional managers accomplishing duties to the firm and its wide array of stakeholders. This theory requires of anyone managing or affecting corporate policies to possess, as a key management attribute, the simultaneous attention to the legitimate interests of all appropriate stakeholders, both in the founding of organizational

structures and over-all strategies and in case-by-case judgment (Donaldson and Preston, 1995). Thus, the central arguments of this theory is based on the premises of to perform well, business organizations and their managers need to pay attention to a wide array of stakeholders, and managers have obligations to stakeholders which extended beyond shareholders (Jones et.al., 2001)

System theory: the regulator in a financial system must first be ethical in character and action in order to exercise its mandate as a banking ombudsman. This approach is closely related to stakeholder's theory of business ethics. As an ethical theory, system theory also attempts to connect business and ethics (Nilsson and Westerberg, 1997). Based on this theory, social phenomena cannot be fully understood in isolation. Rather they must be viewed as part of the larger system within which they interact with other elements of the system, which means the optimization of the goals of an individual component (subsystem goals) is to be pursued only to the extent compatible with the pursuit of overall system goals. Ethical judgment should be based not on rules that are to be applied to the outcomes of decisions or end product, but to the decision-making process involving stakeholders (Ackoff, 1987). His postulation smacks of idealism, a point which he admits his point hold true when we consider the intervention that arose out of the misconduct of some management personnel at some deposit. The action of a part of the system could have consequences on the rest of the system, as such the system in its essence or in search of its ultimate aim will continuously seek to balance itself or retain equilibrium. Thus, this theory give emphasis on maintaining balance of the overall system and that subsystem interests are subordinate to the overall system interests.

2.2.1 Definition and concept of organizational culture

Organizational or corporate culture is the outline of values, norms, beliefs, attitudes and assumptions that might not have been articulated but shape the ways in which people in organizations perform and things get done. 'Values' denotes that to what is believed to be important about how people and organizations act. 'Norms' are the unrecorded rules of behavior. The definition stresses that organizational culture is concerned with the subjective aspect of what goes on in organizations. It discusses to thoughts such as values and norms that pervade the entire or portion of a business, which might not be defined, discussed or even noticed. Though, culture

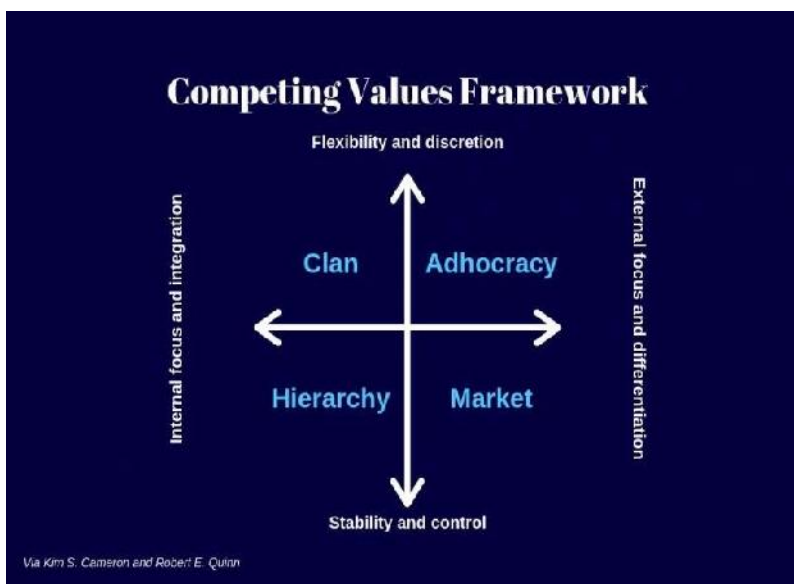
can have a significant effect on people’s behavior. The under mentioned are some other definitions of organizational culture:

- The culture of an organization refers to the unique configuration of norms, values, beliefs and ways of behaving that characterize the manner in which groups and individuals combine to get things done. Eldridge and Crombie (1974)
- Culture is a system of informal rules that spells out how people are to behave most of the time. Deal and Kennedy (1982)
- A pattern of basic assumptions – invented, discovered or developed by a given group as it learns to cope with the problems of external adaptation and internal integration – that has worked well enough to be measured valid and, therefore, to be taught to new members as the correct way to recognize, think and feel in relation to these problems. Schein (198
- Culture is the commonly held beliefs, attitudes and values that exist in an organization. To put it more simply, culture is ‘the way we do things everywhere’. Furnham and Gunter (1993)

2.2.2 Types of organization culture

According to Robert E. Quinn and Kim S. Cameron at the University of Michigan at Ann Arbor, there are four kinds of organizational culture: Clan, Adhocracy, Market, and Hierarchy.

Figure 2.1 Competing values Framework



- ❖ Clan oriented cultures are family-like, with a focus on mentoring, nurturing, and “doing things together.”
- ❖ Adhocracy oriented cultures are dynamic and entrepreneurial, with a focus on risk-taking, innovation, and “doing things first.”
- ❖ Market oriented cultures are results oriented, with a focus on competition, achievement, and “getting the job done.”
- ❖ Hierarchy oriented cultures are structured and controlled, with a focus on efficiency, stability and “doing things right.”

The most compelling, clear and comprehend model of organizational culture was presented by Denial Denison in 1990. He found mission, consistency, Adaptability and, involvement as four cultural traits that create positive impact on organizational performance.

2.2.3 Denison’s model of Organizational Culture

The Denison model was developed by prof. Danial R. Denison when he was officially affiliated with school of business at university of Michigan and lately, he is professor of organization and management at IMD school of business in Lausanne Switzerland. The Denison model provides a basic valuation of an organizational performance constructed on four different cultural qualities which are mission, consistency, adaptability and involvement. The first two points were used for profitability effectiveness whereas last two were referred for innovation. This attitude identifies strength and weaknesses of any organization and delivers solutions for successful organizational performance where culture may influence its effectiveness. The four cultural marks proposed by Denison for a productive, profitable and innovative organization are presented in detail as followed. Denison presents 4 traits of organizational culture and each contains three sub-dimensions as depicted.

- ❖ Clan oriented cultures are family-like, with a focus on mentoring, nurturing, and “doing things together.”
- ❖ Adhocracy oriented cultures are dynamic and entrepreneurial, with a focus on risk-taking, innovation, and “doing things first.”

- ❖ Market oriented cultures are results oriented, with a focus on competition, achievement, and “getting the job done.”
- ❖ Hierarchy oriented cultures are structured and controlled, with a focus on efficiency, stability and “doing things right.”

The most compelling, clear and comprehend model of organizational culture was presented by Denial Denison in 1990. He found mission, consistency, Adaptability and, involvement as four cultural traits that create positive impact on organizational performance.

Denison describes the common effect of the four cultural factors upon the organization’s efficiency: mission and consistency, adaptability and involvement:

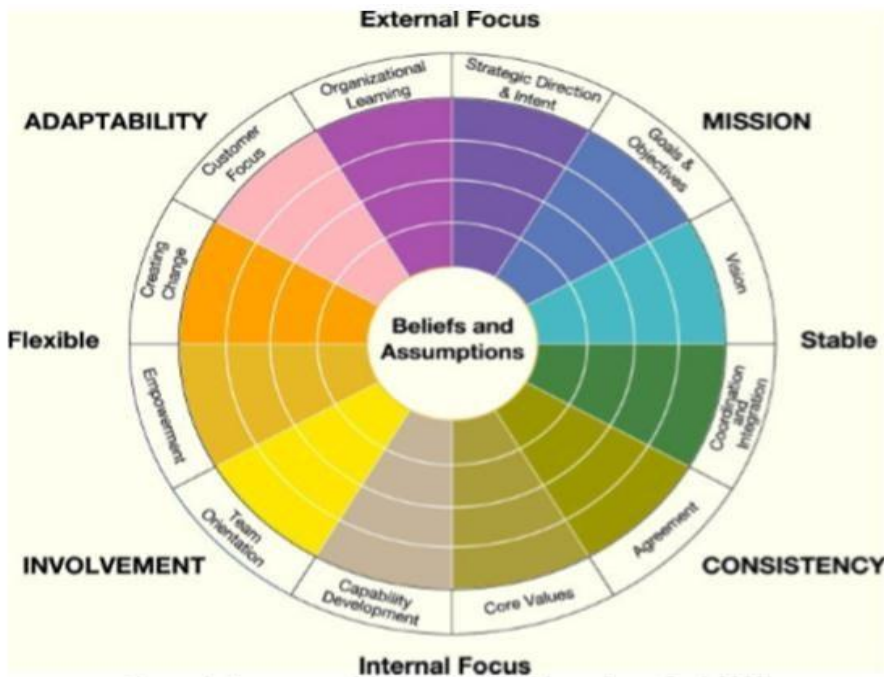


Figure 2.2 Denison’s Organizational culture Model

2.2.3.1 Mission

It describes the main working boundaries of an organization with defined objectives and goals that are clearly specified in terms of future perspectives and a vision. In successful organizations, any changes in mission involve changes in their cultural traits.

2.2.3.2 Consistency

The success of an organization is powerfully correlated with this feature that shows the strength of a culture which is extremely consistent. There are no communication breaches between leaders and followers and they are well qualified in adopting commonalities with even having diverse points of view and ignoring differences. Ethical dimensions of strong cultures are well defined and a set of core values are well coordinated and well-integrated which bring stability and well correspondence in diverse groups to work at same platforms.

2.2.3.3 Adaptability

This attribute is linked to the extremely dynamic and customer focused or customer-oriented organizations that needs implementation of new ideas and change depending on the interests of the stakeholders. Commonly, it is the hardest phase for the well-organized organization as new changes necessary both internal and external adaptability factors. All organizations having this attribute do not hesitate to all risks challenges that are expected with new changes. All leaders and followers acquire from earlier mistakes and stayed alerts throughout new strategic plans implementation. These new system conversion outcome in improving the organization and providing high values to their customers.

2.2.3.4 Involvement

The objectives and goals of an organization are highly affected with the involvement of their employees whether contributing individually or working in a team. Effective organizations put a lot of efforts to improve communication skills by developing human competencies and empowering them at all stages as well as in decision making strategic plans. As a result, every employee shows commitment and works diligently to make the organization more effective. Also, the benefits of the organization become their benefits with the feelings that they own a part of the organization.

Each of the four organizational culture factors has three variables – indices. Thus, involvement is characterized by such indices as empowerment, team orientation, capability development; consistency – by core values, coordination and integration, agreement; adaptability – by organizational learning, emphasis on the customer, making change; mission – by vision, goals and objectives, and strategy.

Based on the reviewed literature the researcher has selected the Denison's Organizational Culture model in the research for the following reasons:

1. It provides organizations with an easy-to-interpret, business-friendly approach to performance improvement based on sound research principles.
2. It links organizational culture to organizational performance metrics such as Sales Growth, Return on Equity (ROE), Return on Investment (ROI), Customer Satisfaction, Innovation, Employee Satisfaction, Quality and more.

2.3 Organizational Performance

Organizational performance discusses to degree or extent of accomplishments of a certain aim or objective. Achievement can dimension such as economic, efficiency attainment and effectiveness of a particular plan or action or a goal (Abu-Jarad et al, 2010). Various researchers' defined performance with a particular understanding such as (Dess and Robinson, 1984) defined performance as success. For them, performance was successfully staying by the organization in the competition. Similarly, (Sun et al., 2007) define organizational performance as employee and customer satisfaction. Their definition has customer perspective. The two terms performance and productivity are mixed or tangled but in fact these two terms are different as productivity is about the percentage showing the quantity of work done in the given time of frame. On the other hand performance has broader scope; it contains quality, coherence, regularity as well as production (Han et al., 1998). As per literature, financial profitability is taken as the most common and general performance measures. Profitability is the best proper indicator of organizational performance. Organizational success and performance can be viewed and judged by seeing its profitability and financial growth. The objective measures such as profitability ratios ROA & ROE are the most common and valid source for depicting the organizational performance as usually all the organizations ultimate goal is profitability and growth. Norms and beliefs of the employees create good or bad attitude towards their organization. This attitude of employees constitutes an organizational culture. These norms and beliefs are not visible but have a significant influence on employee's attitude and behaviors, which results in organizational culture (Cascio, 2006). When there is a belief that change is not acceptable, employees are not allowed and dared to involve in organizational decisions. These beliefs depicts in employees attitudes and organizational culture. In contrast, when there is belief and norm to appreciate and encourage the input of

Each and every member. These beliefs and norms create employees attitude and behaviors that make up the organizational culture. This ultimately improves organizational profitability as well as overall organizational achievements (Abu-Jarad et al, 2010).

Each and every member of these beliefs and norms create employees attitude and behaviors that make up the organizational culture. This ultimately improves organizational profitability as well as overall organizational achievements (Abu-Jarad et al, 2010).

2.3.1 Measurement of Organizational performance

Organizational performance has several dimensions to measure that studied by different scholars to measure them, but in this study take some indicators that addressed in the studied areas that are as follows:

Customer base: this section focuses on increasing customer number with their satisfaction and the overall goal of retaining current customers. Some possible activities to be addressed are increasing the measurement of customer encounters; developing a customer satisfaction index; and tracking product features that customers find valuable (Wade & Recardo, 2001). so customer base is important indicators of organizational performance that develop the products with their own income level, ages, sex, working environment that being competitor in the mass market. According to current banking industry, customer base strategy indicate to increase the number of existing and new customers coming in to the bank through creating awareness about the product, service, create strong public image with good will and integrity.

Service and product Quality: the product or service meets customer expectations on the degree of quality they require by delivering what was promised (Armstong, 2009).

Employee satisfaction: employee training and professional growth distinguish the employees as valuable organizational resources and recognize the employees for their achievements.

Deposit growth: According to the Keynesian theory of demand for money, there are three main motives why people hold money that is transactions, precautionary and investment motives (Cited by Hambissa, 2014). So such motives, offer three categories of deposit facilities that are

demand, savings and time deposits. This indicated that completion for deposits is really a completion for profits. Commercial banks, who successful in deposits become profitable and that supply funds to the public so, the financial growth is profitable the banks does not need other expenses to gain and retain cash (Davinaga, 2010).

Deposit or resource mobilization remain the most important priority of the bank in order to enhance the role of supporting the national development priorities, the economy has a potential to sustainably development in the upcoming period and offers a chance to mobilize additional public saving.

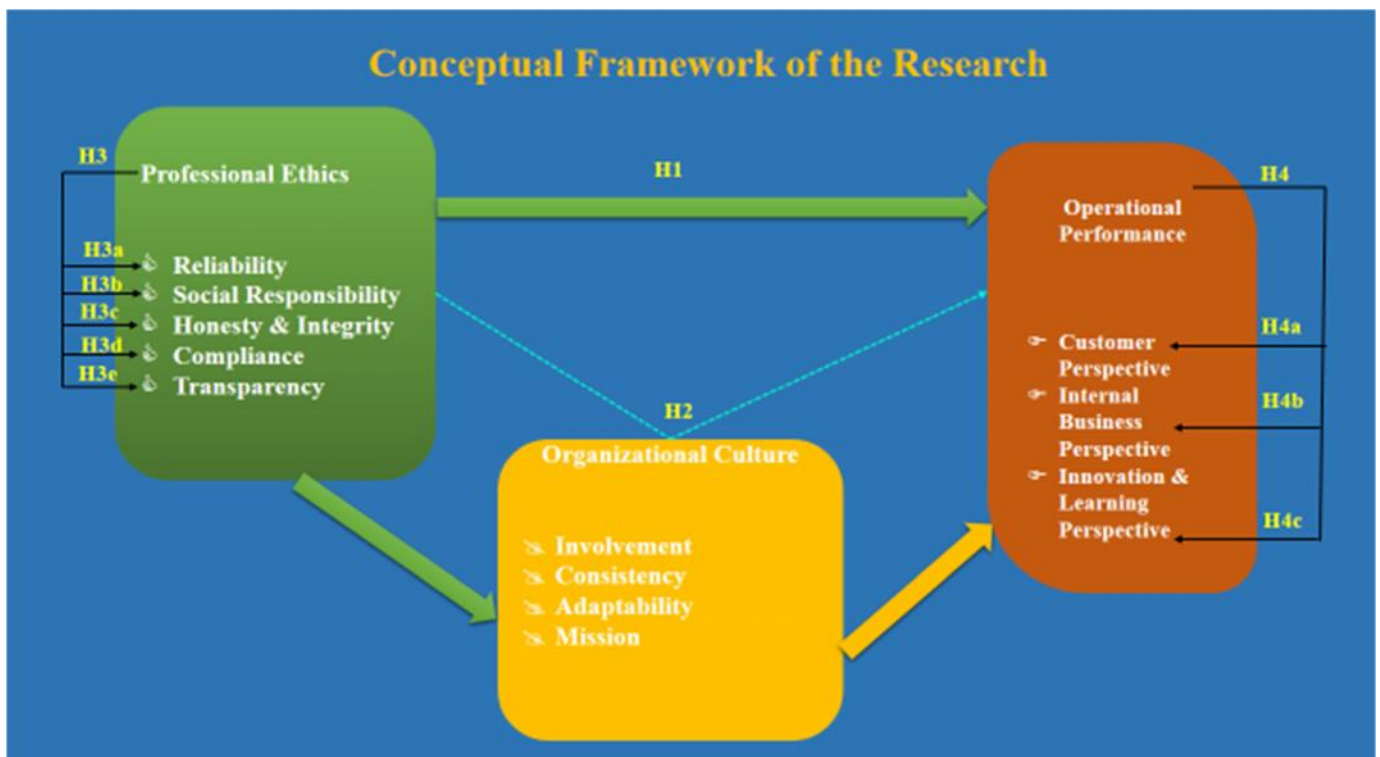
2.4 Organizational Culture and Performance

Various researchers in past including Denison and Mishra (1995) worked on correlating organizational culture elements with the financial performance of companies. Their findings support two realities such as; firstly, that culture is directly linked to performance and secondly, each cultural element can also be linked to organizational performance. If we say that past three decades were the decades of cultural performance studies, we can't be wrong. Subsequently, Fey and Denison (2003) have worked on carrying out organizational culture studies to evaluating organizational performance and went further to testing Denison Model in Russian context. The theory they build on USA based firms have now applied on Russian firms. The results demonstrate the same influence of organizational culture on performance in USA and Russia. However, in Russian firms, the degree of involvement found lesser then as compared to USA based firms. Russian firms focus on the development of employee's capabilities more as compared to USA firms due to bureaucratic controls. Denison et al (2003) have supported the framework and theory they developed earlier and determined the culture as a measurable construct and the results showed a strong correlation among four cultural traits and organizational performance in subjective terms in Australia, Brazil, Canada, South Africa and United States. Denison and Mishra (1995) assert that there is still no general theory that supports the way organizational culture impacts organizational performance. They assimilate different attributions into comprehend theory and check empirically that how organizational culture impacts organizational performance. The consistency hypothesis explains that the stronger culture provides impetus to achievement orientation and resultantly, strongly shared framework of values and beliefs help an organization to react in an unprecedented situation in a predictable and controlled manner (Denison and Mishra, 1989). For the existence, expansion and progression of an organization, the prevailing culture must

support the ability of an organization to acquire, clarify and transform the message from external environment to the internal integrated systems. Successful organizations modify their internal structures and process to enhance their scope of survival (Denison et al., 2003). Culture of an organization acts as a useful predictor of its performance, both the internal and external customers can create influence on performance by effecting through organizational prevailing culture (Xiaojuan, 2009).

Organizational culture: this association causes employees to work hard and give more input. Organizational culture is the ultimate source to bring encouragement and enthusiasm in employees, which leads to enhanced organizational performance (Chi et al., 2008). When a new employee joins the organization, he tries to adjust with the prevailing culture; this adjustment brings efficiency in his work, which ultimately causes improved organizational profits (Shahzad et al., 2012). The intensity of culture acts as a predictor for short term performance (Denison, 1990). Gordon and DiTomaso (1992) further worked on this idea and found that the strong culture had a significant impact on short term performance of an organization. But when we look for longer perspective; adoptability become a predictor for organization performance. Employee’s values, attitude, norms and beliefs become significant in cultural-performance relationship (Aluko, 2003).

Fig 2.3 Conceptual Framework of the Research



2.5 Hypothesis of the study

Based on literature review, the hypotheses that were tested in the study are as follows:

H1: There is a positive and significant relationship between Professional Ethics and performance of private banking industries.

H2: Organizational Culture does significantly mediate the relationship between Professional Ethics and organizational performance of private banking industries.

H3: Professional Ethics is a second order factor of five elements.

H3a: Professional Ethics has positive and significant influence on Reliability (ETRr)

H3b: Professional Ethics has positive and significant influence on Social responsibility (ETSs).

H3c: Professional Ethics has positive and significant influence on Honesty and Integrity (ETHh).

H3d: Professional Ethics has positive and significant influence on Compliance (ETCc)

H3e: Professional Ethics has positive and significant influence on Transparency (ITH_T).

H4: Performance is a second order factor of three elements.

H4a: Performance has positive and significant influence on Customer Perspective (PERF1).

H4b: Performance has positive and significant influence on Internal Business (PERF2).

H4c: Performance has positive and significant influence on Innovation and Learning (PERF3)

CHAPTER THREE

RESEARCH METHODOLOGY

Under this chapter, issues such as design of the study, study site and population, sample and sampling and procedures, data collection instrument, pilot study, data collection procedure, data analysis procedure, and ethical consideration was treated.

3.1 Design of the study

In this study the researcher was designed to use a non-experimental design, i.e. a descriptive survey to measure The Mediating Role of Organizational Culture in the relationship between Professional Ethics and Organizational Performance in selected Ethiopian private banks. A descriptive survey required determining respondents' perceptions or know-how on a stated topic in a pre-arranged organized way. This design is suitable for this study since all the elements were examined at the similar point of time.

3.2 Study Site and Population

Addis Ababa city was selected as the study site because the head quarter of the private banks located in the city, and most of all private bank's branches was here in Addis. Furthermore, the branches here in Addis are more resourceful, profitable and serve many customers in number than the outline branches. And hence easily access to data and communication with the employees of all private banks and customers. In addition to this, in this city there are relatively high financial transactions and all private banks have a branch, which was a representative sample for this study. Thus, the researcher thought that employees of this city relatively have high awareness in theoretical as well as practical experience in the role of professional ethics in private banks operational performance. It helps the researcher to get appropriate information and achieve the objective of this study. The population of this study will be employees of all private banks in Addis Ababa.

3.3 Sample and Sampling Procedures

Currently, there are eighteen banks in Ethiopia out of which two of them are governmental banks and the rest sixteen are private banks. Commercial Bank of Ethiopia (CBE) was considered as an outlier and Development Bank of Ethiopia (DBE) is the government funded bank which focus on huge projects and investments, both are excluded from this research. Therefore, the research was focus only on private banks, located in Addis Ababa city.

3.4 Sample Size Determination

A method developed by Carvalho (1984) has been used to determine the sample size of this study. This sampling technique has been used while determining sample size of Private Banks. The researcher used the bank’s January 2020 report to obtain the total branches in Addis Ababa districts and accordingly as of this date there were 1350 employees that works in 16 private banks in Addis Ababa.

Table-3.1 Sample size Determination

N	51-90	91-150	151-280	281-500	501-1200	1201-3200	3201-10000	10001-35000	35001-150000
Small	5	8	13	20	32	50	80	125	200
Medium	13	20	32	50	80	125	200	315	500
Large	20	32	50	80	125	200	315	500	800

Therefore, based on Carvalho (1984) sample size determination method the researcher was selected the medium sample size for this study. Since the number of employees in each private bank was different, the researcher used proportional computation to the size of each private bank. Accordingly, the numbers of participants from each private bank have been computed as follows.

Table-3.2 Computation of Sample size for each private bank

S.No.	Name of the bank	Number of Employees	Sample size		Returned questionnaires	
			Number	percentage	Number	percentage
1	Awash Bank	10,130	50	17.1%	48	98%
2	Dashen Bank	6,116	30	10%	29	99%
3	Abyssinia Bank	6,701	33	11.3%	33	100%
4	Wegagen Bank	1,907	10	3.4%	9	99%
5	Nib Bank	5,934	29	10%	27	98%
6	United Bank	4,460	22	7.5%	22	100%
7	CBO	4,245	21	7.2%	20	99%
8	OIB	4,070	20	6.8%	20	100%
9	LIB	2,820	14	4.8%	14	100%

10	Zemen Bank	998	5	1.7%	5	100%
11	Buna Bank	2,043	10	3.4%	9	99%
12	Birhan Bank	4,572	23	7.9%	22	99%
13	Abbay Bank	1,964	10	3.4%	8	98%
14	ADIB	646	4	1.4%	4	100%
15	DGB	1,460	8	2.7%	6	98%
16	Enat Bank	653	4	1.4%	4	100%
		58,719	293	100%	280	95.56%

3.5 Data Collection Instrument

The main source of data for this study was self-report questionnaires that contain demographic data, practice of business ethics, dimensions of the practice of business ethics (i.e. reliability, social responsibility, honesty & integrity, compliance, and transparency) and performance measures items used to measure the role of professional ethics in private banks operational performance in Ethiopia. Thus, to measure the role of professional ethics in private banks operational performance in Ethiopia, a three-point nominal scale with the end points “yes (1) to no (3)”, a five-point Likert-type scale with the end points “strongly disagree (1) through strongly agree (5)” and much worth (1) through much better (5)”.

3.6 Data Collection Procedure

Data was collected via written surveys, which was designed to deal with The Mediating Role of Organizational Culture in the relationship between Professional Ethics and Organizational Performance, in sixteen selected branches of private banks in Addis Ababa. Then, the final version of the instrument was administered to 293 employees of private banks with the help of assistance at each branch and was collect accordingly. But out of 293 participants 13 of them are not respond, thus 280 participants are involved in this study and the response rate was 95.56 %.

3.7 Methods of Data Analysis

The analysis and summary of data collected were done using descriptive and different inferential statistics and Statistical Package for the Social Sciences (SPSS V26) and IBM AMOS 24 software tools were used for such purpose.

Descriptive statistics for instance frequencies, percentage were used to analyze the demographic information of the study sample. Different tables were included to make ease of understanding and facilitate easy comparison of the result.

The researcher used inferential statistics to show the concurrent relationship that may be existed among Professional Ethics, organizational culture and Organizational Performance also used AMOS 26 Regression weight output to test hypothesis. Furthermore, structural Equation Model (SEM) factor analysis called exploratory factor analysis was applied to condense not producing useful factors. Structural Equation Model (SEM) a familiar method to analyze a survey data. It is a statistical methodology that takes a confirmatory approach to the analysis of a structural theory bearing on some phenomenon (Byrne, 2001) and a comprehensive statistical approach to testing hypotheses about relations among observed and latent variables (Hoyle, 1996).

Internal consistency measure such as Cronbach alpha reliability, composite reliability, discriminant validity, convergence validity, collinearity diagnostic, model fit and indices have sufficiently deal to increase the reliability instruments. When analyzing the data, Professional Ethics is considered as independent variables, organizational culture is considered as the mediating variables whereas Operation performance is the dependent variable. This study followed the assumption proposed by Baron and Kenny, (1986) to assess the mediation effect of a mediator on the relationship between the independent and dependent variables.

3.8 Ethical Consideration

Voluntary participants and informed consent was insured by the written invitation containing information on the instrument about the purpose of this study. The participation was emphasizing on voluntary, i.e. all informants confirmed having received and read the invitation and then gave their willingness to fill the questionnaire. No need to write name of the participants at any place on the questionnaire also help to insure the principle of anonymity that protects the privacy of participants.

CHAPTER FOUR

DATA ANALYSIS, RESULTS AND DISCUSSION

The purpose of this thesis is to examine “The Mediating Role of Organizational Culture in the relationship between Professional Ethics and Organizational Performance in selected Ethiopian private banks.” In this chapter, data collected using questionnaires, is presented, analyzed & interpreted to address the research questions and objectives. SPSS 23 and AMOS 23 software were used for analysis purpose. Detailed discussion on research hypothesis and similarity and differences of the findings with previous studies is also presented.

4.1 Non-response bias and response rate of respondents

Researcher’s fault, when estimating the population property based on a sample of survey data, in which, certain types of respondents are under-represented, due to non-response, is said to be non-response bias. When either of the two non-responses, namely Item non-response or unit non-response occurs it is said that bias occurred. Item non-responders might leave an item on a questionnaire blank, Whereas, Unit non-response is a complete non-participation on the part in which the survey intend to include.

Though there was no item non-response in the collected data, unit non-responses were observed due to different reasons. For this research a total of 293 questionnaires were prepared and distributed and 280 was returned (95.5%) and used for quantitative analysis and discussion.

Items		F	%
Gender	Male	192	68.6
	Female	88	31.4
	Total	280	100.0
Age category	18 - 30 years	39	13.9
	31 - 40 years	140	50.0
	41 - 50 years	90	32.1
	Above 50 years	11	3.9
	Total	280	100.0
Marital status	Single	67	23.9
	Married	206	73.6
	Divorced	7	2.5
	Total	280	100.0
Educational level	Diploma	8	2.9
	First degree	210	75.0
	Second degree	60	21.4
	Others	2	.7
	Total	280	100.0
Work experience (years)	Less than 1 year	8	2.9
	1 - 5 years	37	13.2
	6 - 10 years	157	56.1
	11 years and above	78	27.9
	Total	280	100.0
Work position	Top manager	18	6.4
	Middle manager	61	21.8
	Lower manager	121	43.2
	Non-manager	80	28.6
	Total	280	100.0
Job activity/category	Management	58	20.7
	Accounting	22	7.9
	Marketing	22	7.9
	Branch/operation unit	178	63.6
	Total	280	100.0

Table 4.1 Demographic characteristics of respondents

Source: analysis of survey data using SPSS 23

The analyzed data indicates that 192 (68.6 %) were males, while the remaining, 88 (31.4 %) were females. Thus, there is still male dominance over female among these respondents in the study. In the Ethiopian private banks, there is a gender disparity among the employees.

Half of the respondents in those private banks are older adults whose ages are found in the age category of 31 - 40 years. Thus, a total of 140 (50%) of them accounted for this claim of this study. This is further considered as a great opportunity for the respective private bank to ethically perform tasks better and to give due attention for observing the stipulated business ethics in the banking industry.

From the collected data, it can be seen that most respondents hold first degree and above. Therefore, the researcher believes that the research questions are responded appropriately.

4.2 Data Analysis

4.2.1 Assessing the Sample Size

Determining adequate sample size is vital to certify an acceptable likelihood of obtaining needed empirical results, especially, parameter precision, and statistical power. What is sufficient depends on several issues. What is important is not the proportion of the research population that gets sampled, but the complete size of the sample selected relation to the complexity of the population, the aims of the researcher and the kinds of statistical manipulation that will be used in data analysis (Bandalos, 2014). Researchers must obtain matching parameters that are as close to the population as possible; because, quantitative research findings are extrapolated from samples to the entire population (Knile, 2005). According to Loehlin (2004), sample size For SEM should be at least 100 to 200. The sample size used for this study was 293 which are sufficient for performing the factor analysis and structural model.

4.2.2 Assessing Common Method Bias

The presence of common method bias in any measure produces hypothetically ambiguous results by inflating the correlation (Carlson et al 2000). To be free of CMB, the first factor of un-rotated factor analysis should be less than 50% (Podsakoff et al., 2003). Different scholars use questionnaire survey for the purpose of data collection. The information obtained from the survey is used to measure the independent and dependent variables in the data analysis. In doing this the estimated impact of one variable on other variable is at risk of being biased due to CMB. Common Method Bias (CMB) is the systematic variance shared among the variables (Podsakoff and Mackenzie, 2012). The un rotated factor analysis of this thesis showed that the first factor accounted for 25.67% of the total variance; therefore, the results suggested that there were no common variable.

Total Variance Explained									
Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.675	25.673	25.673	6.675	25.673	25.673	3.067	11.796	11.796
2	3.756	14.445	40.117	3.756	14.445	40.117	3.017	11.603	23.398
3	2.610	10.039	50.156	2.610	10.039	50.156	3.009	11.572	34.970
4	1.965	7.560	57.716	1.965	7.560	57.716	2.808	10.799	45.769
5	1.377	5.297	63.013	1.377	5.297	63.013	2.698	10.375	56.144
6	1.375	5.287	68.300	1.375	5.287	68.300	2.568	9.878	66.023
7	1.040	3.999	72.299	1.040	3.999	72.299	1.632	6.276	72.299
8	.747	2.874	75.172						
9	.696	2.678	77.851						
10	.666	2.561	80.412						
11	.552	2.125	82.537						
12	.518	1.992	84.528						
13	.474	1.824	86.352						
14	.442	1.699	88.051						
15	.427	1.643	89.695						
16	.382	1.470	91.165						
17	.324	1.247	92.412						
18	.318	1.222	93.633						
19	.295	1.136	94.769						
20	.252	.969	95.739						
21	.225	.864	96.602						
22	.212	.814	97.416						
23	.202	.778	98.194						
24	.194	.748	98.941						
25	.158	.608	99.550						
26	.117	.450	100.000						
Extraction Method: Principal Component Analysis.									

Table 4.2 Total variance

4.2.3 Assessing Missing Data

Missing statistics data are a serious problem in quantitative research. Missing data leads to biased estimates, will produce decreased statistical power with an increased standard error, and weakened generalizability of findings. Enders (2004) stated that a missing rate of 15% to 20% was common in educational and psychological studies but variable with more than 50% of missing data should be omitted. Missing data issues might produce bias estimate and reduced model fit and weaken generalizability of findings if it is >10%. Since there were no missing data, the researcher continued with the 280 usable questionnaires for the factor analysis.

4.2.4 Assessing outliers

Outliers occurred when much smaller or much larger observations or measures presented in the responses. Such extremes do not reflect the exact outcome of the analysis. Outliers occurred due to different reasons; inappropriate scale of data's, data entry problem, and complexities among variables which were not expected (Tabachnick and Fidell, 2000). The presence of outliers will impact the analysis and possibly the understanding of empirical findings (Kline, 2005).

The researcher used the frequency distributions of z scores In order to find univariate outliers (cases with unusual value for only one variable), According to Tinsley and Brown (2000), Z score of absolute value above 3.29 with p value less than .001, shows the presence of a univariate outlier. However, based on the above value, no univariate outlier was observed in this thesis. The multivariate outlier's analysis was done by using the criterion that the D2 (Mahalanobis distance) value should be $p < 0.005$ and all the data were above 0.005.

4.2.5 Assessing Linearity Assumption

In linear regression the relationship between the independent and dependent variables is linear. If the relationship between the independent and dependent variables is linear the standard multiple regression accurately estimates their relationship. If their relation is not linear then the results of the regression analysis will under-estimate the true relationship and inaccurate statistical result will occur (Jensen and Ramirez, 2013). For all the relationship in the model, curve estimation was conducted and found to be sufficiently linear to be tested using a covariance-based SEM algorithm.

4.2.6 Assessing Multi-collinearity Assumption

The correlation between the response and predictors is expected nonetheless correlation among predictors is displeasing. When predictors are correlated with other predictors it is called multicollinearity in regression. Multicollinearity occurs when some factors occurred redundantly. It reduces the ability to assess the individual importance of each independent variable. A problem in Multi-collinearity results in high correlations among independent variables. (Jensen and Ramirez, 2013).

Dormann et al. (2013), suggested that a tolerance value less than 0.1 almost certainly indicates a serious Collinearity problem and Liu (2010), also suggests that a VIF value greater than 10 means more severe Multi-collinearity. multi-collinearity problem was checked using this and it was found to be in the acceptable range, as shown below.

Collinearity Statistics		
	Tolerance	VIF
OC	.676	1.478
ETC	.714	1.400
ETS	.828	1.207
ETH	.734	1.362
ETR	.839	1.192
ETHT	.662	1.511

Dependent variable: OPERATIONAL PERF

Table 4.3 collinearity statistics

Source: analysis of survey data using SPSS 23

4.2.7 Assessing Normality Assumption

Normality test is used to determine whether the sample data has been drawn from the data normally distributed. Similarly it shows if the data set is well demonstrated by a normal distribution and to compute how likely it is for a random variable underlying the data set to be normally distributed (Brown, 2016).

For the data to be normally distributed, the skewness and kurtosis should be fall within the range of -2 and 2. Therefore, the analysis for all the variables, as can be seen below, is normally distributed (Hair et al, 2006).

	Skewness		Kurtosis	
	Statistic	Std. Error	Statistic	Std. Error
OC	-.187	.146	.426	.290
PERF	-.659	.146	-.220	.290
ETC	-.137	.146	-1.080	.290
ETS	-.674	.146	.054	.290
ETH	-.431	.146	-.759	.290
ETR	-.846	.146	-.132	.290

Table 4.4 Normality Test Skewness and Kurtosis

Source: analysis of survey data using SPSS 23

4.3 Factor analysis

It is used to eliminate redundancy from set of correlated variables. Factor analysis minimizes number of correlated variables by representing correlated variables with derived variables. It is also valuable for testing significance of the results of a research. Factor analysis removes redundancy from set of correlated variables and it reduces number of correlated variables by representing them with derived variables. Factor analysis assumes that the fundamental dimensions of factors, rather than the entire factors, can be used to explain complex phenomena. (Stevens, 2002).

4.3.1 Exploratory Factor Analysis (EFA)

Exploratory Factor Analysis assists researchers in condensing data into a smaller set of summary variables in order to investigate the fundamental theoretical structure of the phenomenon. It aids in determining the structure of the variable's relationship with the respondents.

EFA is a variable reduction technique which identifies the number of latent constructs and the underlying factor structure of a set of variables. EFA hypothesizes an underlying construct, a variable not measured directly and estimates factors which influence responses on observed variables. EFA has three main Objectives such as; to determine the number of latent constructs underlying a set of items (variables), to provide a means of explaining variation among variables (items) using a few newly created variables (factors), and to define the content or meaning of factors (Field, 2009).

4.4 Factor Extraction

In FA the technique used as extracting factors is to take out as much common variance as possible in the first factor. According to Pallant (2003), Factor extraction is concerned with identifying the fewest number of factors that can be used to best represent the interrelationships among a set of variables. It pursues to discover common factors.

This thesis used principal component method to extract factors from the results of univariate analysis and it used Variamax rotation to carry out factor interpretation. By using SPSS 23 Kaiser-Meyer-Olkin (KMO), which tests weather the partial correlations among variables are small and Bartlett's test of Sphericity were also done to measure sample adequacy and appropriateness.

The cutoff points for Kaiser-Meyer-Olkin (KMO) measures are: a measure of >0.9 is marvelous, >0.8 is meritorious, >0.7 is middling, >0.6 is mediocre, >0.5 is miserable and <0.5 is unacceptable. (Kaiser, 1974).

Bartlett’s test of sphericity, *measures* weather the correlation matrix is an identical. This condition means that the variables are completely independent of each other and thus the factor model is inappropriate. Identify matrix of p-value test of less than 0.005 results in ruling out (Tobias & Carlson, 1969).

KMO and Bartlett's Test		
KMO Measure of Sampling Adequacy		0.63
Bartlett's test of Sphericity	Approx. Chi-Square	389.399
	df	21
	Sig.	.000

Table 4.5 KMO and Bartlett's Test

Source: analysis of survey data using SPSS 23

The KMO value of 0.63 is considered acceptable, insuring that factor analysis is useful with our data. In addition to this, Small values of Bartlett's Test of Sphericity (< 0.05) suggests that factor analysis could be useful with our data. As shown above in the table we have a value of 0. (Kaiser, 1974).

4.5 Communalities

It is the measurement of the percentage of variables variation which is described by the factors. It is the measure of the percentage of variables variation that is explained by the factors is. It is the amount of variance an original variable share with all other variables included in the analysis. If a variable has much in common with other variables take as a group then there is high communality (Islam and Mamun, 2005). Communality is the variance amount, the prior variable share with all the other variables which are included in the analysis. The presence of variance is explained by all the factors jointly and measured by Communality. It estimates a part of the variance in a variable and might be interpreted as reliability of indicators. A communality value of below 0.5 will face omission (Thompson, 2004).

After extraction, the communalities represented the amount of variance in each variable that could be explained by the retained factors. All the variables in the data indicated high communality, >0.5.

Communalities		
	Initial	Extraction
PERF1	1.000	.685
PERF2	1.000	.770
PERF3	1.000	.716
PERF4	1.000	.763
ETC1	1.000	.796
ETC2	1.000	.876
ETC3	1.000	.797
ETS1	1.000	.762
ETS2	1.000	.800
ETS3	1.000	.771
ETS4	1.000	.712
ETH1	1.000	.796
ETH2	1.000	.782
ETH3	1.000	.688
ETH4	1.000	.720
ETR1	1.000	.641
ETR2	1.000	.657
ETR3	1.000	.700
ETR4	1.000	.664

ETHT1	1.000	.628
ETHT2	1.000	.684
ETHT3	1.000	.669
OCM1	1.000	.630
OCM2	1.000	.670
OCM3	1.000	.651
OCM4	1.000	.723
OCM5	1.000	.685
OCM6	1.000	.661
OCM7	1.000	.611
OCM8	1.000	.702
OCM9	1.000	.684
OCA1	1.000	.579
OCA2	1.000	.574
OCA3	1.000	.730
OCA4	1.000	.643
OCA5	1.000	.705
OCA6	1.000	.595
OCA7	1.000	.612
OCA8	1.000	.705
OCA9	1.000	.815
OCC1	1.000	.675
OCC2	1.000	.770
OCC3	1.000	.769
OCC4	1.000	.730
OCC5	1.000	.599
OCC6	1.000	.546
OCC7	1.000	.605
OCC8	1.000	.735
OCC9	1.000	.819
OCI1	1.000	.574
OCI2	1.000	.459
OCI3	1.000	.674
OCI4	1.000	.711
OCI5	1.000	.743
OCI6	1.000	.591
OCI7	1.000	.675
OCI8	1.000	.636

OCI9	1.000	.695
OCM	1.000	.965
OCI	1.000	.975
OCA	1.000	.931
OCC	1.000	.967
Extraction Method: Principal Component Analysis.		

Table 4.5 Demographic characteristics of respondents

Table: Communality

Source SPSS 23

4.6 Total Variance Explained

Total variance which is set out by using Eigen values aims in determining the number of factors which explain most variances in the data (Kim and Mueller, 1978). It is used to determine the variance in all variables that are explained by a single factor. A factor with low Eigen value is considered as a redundant when compared to the more important factors and contribute small in explanation of the variance in the variables (Kaiser, 1958).

Initially 65 variables were extracted in this thesis. Then 36 variables which represent Organizational culture were reduced to 4 variables by taking average of the variables and help to increase loadings and finally 26 variables were remained which explained 72.29 % variance using Varimax rotation.

4.7 Factor Rotation

Factor rotation is a technique for testing and improving the interpretability of factors. Rotation is used to maximize each variable's loading on one of the extracted factors while minimizing the loading on all other factors. varimax method is the most popular and is often used to make factor analysis FA.

According to Hair et al. (2006), the higher the loading, the better the item's representation on the factor. Varimax rotation is used in accordance with the guideline, and items with factor loadings of less than 0.4 are discarded in order to obtain more representatives for their respective factor. The out puts of EFA were used as inputs for CFA.

The rotated component matrix divided the factors into seven. The analysis was carried out iteratively until the factor extraction rules were met.

Rotated Component Matrix ^a							
	Component						
	1	2	3	4	5	6	7
PERF3	.904						
PERF2	.885						
PERF1	.848						
ETS2		.899					
ETS1		.873					
ETS3		.822					
ETS4		.739					
ETC3			.931				
ETC2			.930				
ETC1			.915				
ETH1				.855			
ETH4				.823			
ETH2				.819			
ETH3				.798			
OCA					.934		
OCC					.913		
OCM					.831		
OCI					.837		
ETR2						.805	
ETR1						.755	
ETR4						.749	
ETR3						.747	
ETHT3							.817
ETHT2							.759
ETHT1							.698

Table 4.6 rotated component matrix

Source: researchers SPSS output

4.8 Confirmatory Factor Analysis (CFA)

After determining the underlying structure with exploratory factor analysis and a principal component analysis method, confirmatory factor analysis (CFA), that bridges factor analysis with Structural

Equation Modelling (SEM), was used to measure construct validity through model fit indices (Tabachnick and Fidell, 2007).

CFA is used to determine whether or not a defined factor model fits a set of observed data. It is also used to determine the validity of a single factor model and compares the validation capability of two different models for the same set of data; it investigates the significance and the relationship between two or more factor loadings; it determines whether a set of factors is correlated or uncorrelated, and it evaluates the convergent and discriminant validity of a set of measures (Brown, 2015). CFA is closely related to Structural Equation Modeling.

The statistical method called Structural equation modeling (SEM) tests the relationships between latent and observed variables.

SEM is a statistical framework that is multivariate in nature. It simulates complex relationships between variables that are directly and indirectly observed (latent). It is a multi-step process that involves the solution of systems of linear equations as well as the incorporation of systems and techniques. (Barrett, 2007).

4.9 Measurement model

Paschke, (2009), the measurement model produces the most parsimonious, well-fitting, and valid model. It is used to assess construct validity based on convergent and discriminant validity. If the measurement model is based on theory and well-defined constructs, the full structural model will be valid and reliable, resulting in a solid theoretical foundation for the subsequent structural model.

4.9.1 Construct validity

Two construct validity assessments, convergent and discriminant validities were tested. The tests were carried out for the entire measurement model (Sounders et al, 2009). This section provides an overview of convergent and discriminant validity as well as results of measurement model construct validity.

As said by Hair et al. (2010), construct validity, which focuses on the measurement of individual constructs, is the extent to which a test measures what it was designed to measure. It determines how well a set of measured items reflects the underlying factor model in which those items are designed to measure. It is the appropriateness of the inferences made on the basis of observations or measurements which measure the intended design of the test.

4.9.2 Convergent Validity

The relationship between the observed and latent variable is measured using convergent validity.

Convergent validity is achieved when the critical ratios are outside the -1.96 to +1.96 z-value range and the p-values ($p < 0.05$), according to Holmes-Smith (2007), which indicates that factor loadings are significantly different from zero is fulfilled. This test of significant factor loading is the most important criterion in determining factor validity. Convergent validity is assessed with a standard regression loading > 0.5 , significant p value at 95% confidence interval and critical ratios outside -1.96 to +1.96 z-range. Hair et al. (2006), Squared multiple correlation value above 0.5 is accepted and below 0.4 are considered not to hold convergent validity.

4.9.3 Discriminant validity

Discriminant Validity assesses how much latent variables differ from one another. It is a measure between variables and in this study it compares AVE and squared correlation. The model does not violate the discriminant validity assumption, as shown below, the AVEs are greater than the values of the Squared Correlation. (Zai & Berteau, 2011; Holmes-Smith 2007).

4.9.4 Nomological validity

Nomological validity is a form of construct validity. It assesses the overall model validity. A nomological validity checks relationship between structures (latent variables), and features to the variables (indicators). It is useful for factor analysis. The degree to which the summated scale accurately predicts other concepts in a theoretically based model is referred to as nomological validity (Cronbach & Meehl, 1955). The researcher assumes that the model does not contradict theoretically findings and principles from prior research.

4.10 Goodness of fit

Validity of measurement model depends on goodness of fit indices (GOF) The validity of a measurement model is determined by goodness of fit (GOF) indices, which indicate how well the model reflects the data (Hair et al., 2006). Despite the fact that there are numerous GOF indicators, only a few of them are usually reported. Absolute measures, incremental measures, and parsimonious fit measures are the three types of GOF indicators. Multiple GOF indices are used to ensure consistency in the empirical assessment (Kline, 2005).

Measure	GOF indices	Description	Cut off for good fit
Chi-Square (X^2)	Chi-Square (X^2)	Assess overall fit and the discrepancy between the sample and fitted covariance matrices. Sensitive to sample size.	p-value > 0.05
	Degrees of freedom	Covariance in the observed matrix less the number of estimated coefficients	
	Probability statistic (p-value)	Probability that the observed and estimated covariance matrices are actually equal	
(A)GFI	(Adjusted) Goodness of Fit	GFI is the proportion of variance accounted for by the estimated population covariance. Analogous to R^2 . AGFI favors parsimony.	GFI \geq 0.90 AGFI \geq 0.90
(N)NFI TLI	(Non) Normed Fit Index and Tucker Lewis Index	An NFI of .95 indicates the model of interest improves the fit by 95% relative to the null model. NNFI is preferable for smaller samples. Sometimes the NNFI is called the Tucker Lewis index (TLI)	NFI \geq 0.90 NNFI \geq 0.95
CFI	Comparative Fit Index	A revised form of NFI. Not very sensitive to sample size. Compares the fit of a target model to the fit of an independent, or null, model.	CFI \geq .90
RMSEA	Root Mean Square Error of Approximation	A parsimony-adjusted index. Values closer to 0 represent a good fit.	RMSEA < 0.08
(S)RMR	(Standardized) Root Mean Square Residual	The square-root of the difference between the residuals of the sample covariance matrix and the hypothesized model. If items vary in range (i.e. some items are 1-5, others 1-7) then RMR is hard to interpret, better to use	SRMR < 0.08

Table 4.7 Demographic characteristics of respondents

Table Summarized cut points for GOF

Source : Source: Cornell University, Cornell Statistical Consulting Unit

The CFA measurement model is built from the EFA output, which includes both latent and observed variables (indicators). The SPSS rotated component matrix was used as an input for the AMOS.

List of the variables that will be used in CFA

No.	Latent variables	Indicators (observed variables)
1	PERF	PERF1, PERF2, PERF3
2	ETC	ETC1, ETC2, ETC3
3	ETS	ETS1, ETS2, ETS3, ETS4
4	ETH	ETH1, ETH2, ETH3, ETH4
5	OC	OCA, OCC,OCM,OCI
6	ETR	ETR1, ETR2, ETR3, ETR4
7	ETHT	ETHT1, ETHT2, ETHT3, ETHT4

Table 4.8 Proposed latent variables and indicators

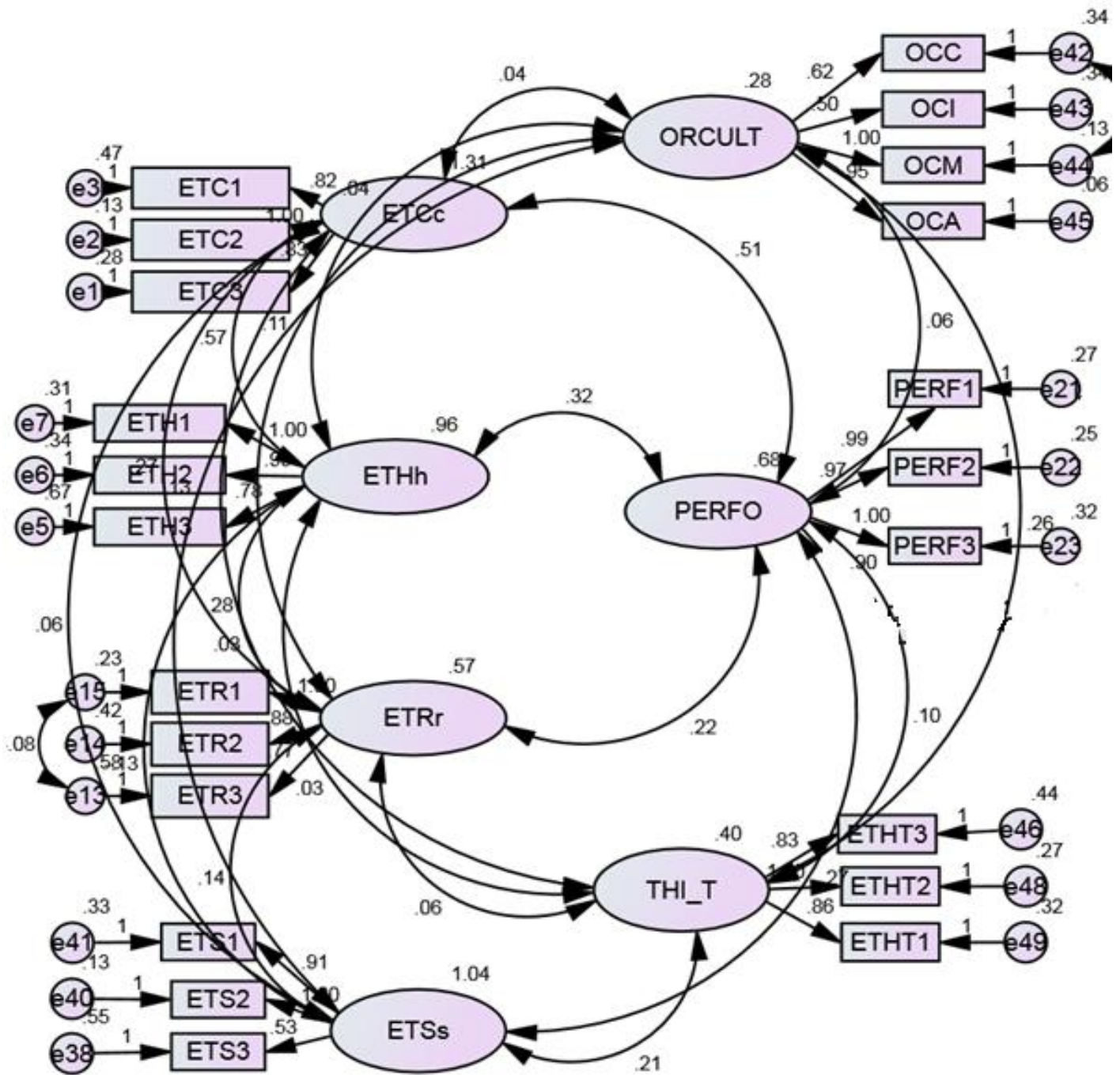


Fig 4.1 the complete CFA model

Source: researcher's AMOS output

Result of CFA measurement model for convergent validity

<i>Chi square</i>		<i>Absolut Fit Indices</i>		<i>Incremental Fit Indices</i>		<i>Parsimony fit test</i>	
X ²	439.5	RMSEA	0.069	CFI	0.92	PCFI	0.75
(P value)	P VALUE (0.000)						
Df	207	RMR	0.04	IFI	0.90	PNFI	0.71
X ² /df	2.01	CMIN/DF	2.01	TLI	0.92	GFI	0.81
<i>Factor Loadings ***=p<0.001, **=p<0.01, *=p<0.05</i>							

Table 4.9 goodness of fit

Source: Researcher’s AMOS output

The incremental fitness indices had a value above 0.9 for CFI, IFI and TLI. These values are acceptable range of ≥ 0.9 . The parsimony fit indices had values of 0.75, 0.71 and 0.81 for PCFI, PNFI and GFI respectively. The acceptable range for these indices is >0.5 . At P value of less than 0.001, all standardized regression weights (estimates) are significant. Squared multiple correlations (SMC) are not expected to be less than 0.4 in order for convergent validity to be satisfied and the result of the model showed that the SMC values are all in the acceptable cut value of above 0.4. This shows that there is no problem of item reliability and convergent validity

Regression Weights: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P	Label	SMC	
ETC3	<---	ETCc	.830	.038	22.103	***	significant t	0.689	Convergent validity holds
ETC1	<---	ETCc	.818	.043	18.897	***	significant t	0.669	Convergent validity holds
ETH3	<---	ETHh	.781	.064	12.216	***	significant t	0.610	Convergent validity holds
ETH2	<---	ETHh	.987	.064	15.446	***	significant t	0.972	Convergent validity holds
ETR3	<---	ETRr	.765	.095	8.045	***	significant t	0.585	Convergent validity holds
ETR2	<---	ETRr	.883	.121	7.300	***	significant t	0.779	Convergent validity holds
PERF1	<---	PERF	.990	.063	15.689	***	significant t	0.980	Convergent validity holds
PERF2	<---	PERF	.969	.059	16.380	***	significant t	0.938	Convergent validity holds
PERF3	<---	PERF	.901	.066	13.655	***	significant t	0.811	Convergent validity holds
ETS3	<---	ETSs	.691	.051	10.381	***	significant t	0.477	Convergent validity holds
ETS1	<---	ETSs	.906	.057	15.813	***	significant t	0.820	Convergent validity holds
OCC	<---	ORCU	.671	.085	7.217	***	significant t	0.450	Convergent validity holds
OCI	<---	ORCU	.498	.074	6.744	***	significant t	0.248	Convergent validity holds

OCA	<---	ORCU	.953	.064	15.02	***	significan t	0.908	Convergent validity holds
ETHHT3	<---	THI_T	.832	.090	9.255	***	significan t	0.692	Convergent validity holds
ETHHT1	<---	THI_T	.864	.085	10.211	***	significan t	0.746	Convergent validity holds

The researcher uses the correlations of each latent variable to test the discriminant validity of each item. All of the latent variables' correlations are less than the acceptable value of 0.8, indicating the presence of discriminant validity within the latent variables.

Covariances: (Group number 1 - Default model)

			Estimate	STATUS
ETCc	<-->	ETHh	.572	Discriminant validity holds
ETCc	<-->	ETRr	.270	Discriminant validity holds
ETCc	<-->	PERFO	.513	Discriminant validity holds
ETCc	<-->	ETSs	.063	Discriminant validity holds
ETCc	<-->	ORCULT	.038	Discriminant validity holds
ETCc	<-->	THI_T	.028	Discriminant validity holds
ETHh	<-->	ETRr	.276	Discriminant validity holds
ETHh	<-->	PERFO	.318	Discriminant validity holds
ETHh	<-->	ETSs	-.126	Discriminant validity holds
ETHh	<-->	ORCULT	.041	Discriminant validity holds
ETHh	<-->	THI_T	.026	Discriminant validity holds
ETRr	<-->	PERFO	.225	Discriminant validity holds
ETRr	<-->	ETSs	.136	Discriminant validity holds
ETRr	<-->	ORCULT	.106	Discriminant validity holds
ETRr	<-->	THI_T	.060	Discriminant validity holds
PERFO	<-->	ETSs	.270	Discriminant validity holds
PERFO	<-->	ORCULT	.059	Discriminant validity holds
PERFO	<-->	THI_T	.100	Discriminant validity holds
ETSs	<-->	ORCULT	.130	Discriminant validity holds
ETSs	<-->	THI_T	.211	Discriminant validity holds
ORCULT	<-->	THI_T	.256	Discriminant validity holds

4.11 Final reliability

After validating all of the measurement factors underlying the research construct, the instrument was tested for reliability before proceeding with the structural model. The coefficient of internal consistency, Cronbach’s Alpha, which is a common statistic for evaluating reliability was used. All of the instruments passed the minimum recommended acceptable value of 0.7 (Hair et al., 2010). Thus, the measurement instrument is reliable. The above table shows the reliability estimates for each variable.

Instrument Reliability

CONSTRUCT	NUMBER OF ITEMS	CHRONBACH’S ALPHA
PERF	4	0.885
ETC	3	0.91
ETS	3	0.84
ETH	3	0.85
OC	4	0.73
ETR	3	0.90
ETHT	3	0.73

Table 4.10chronbach alpha value of each variable

STRUCTURAL MODEL

4.6.1 Proposed model without mediating variable

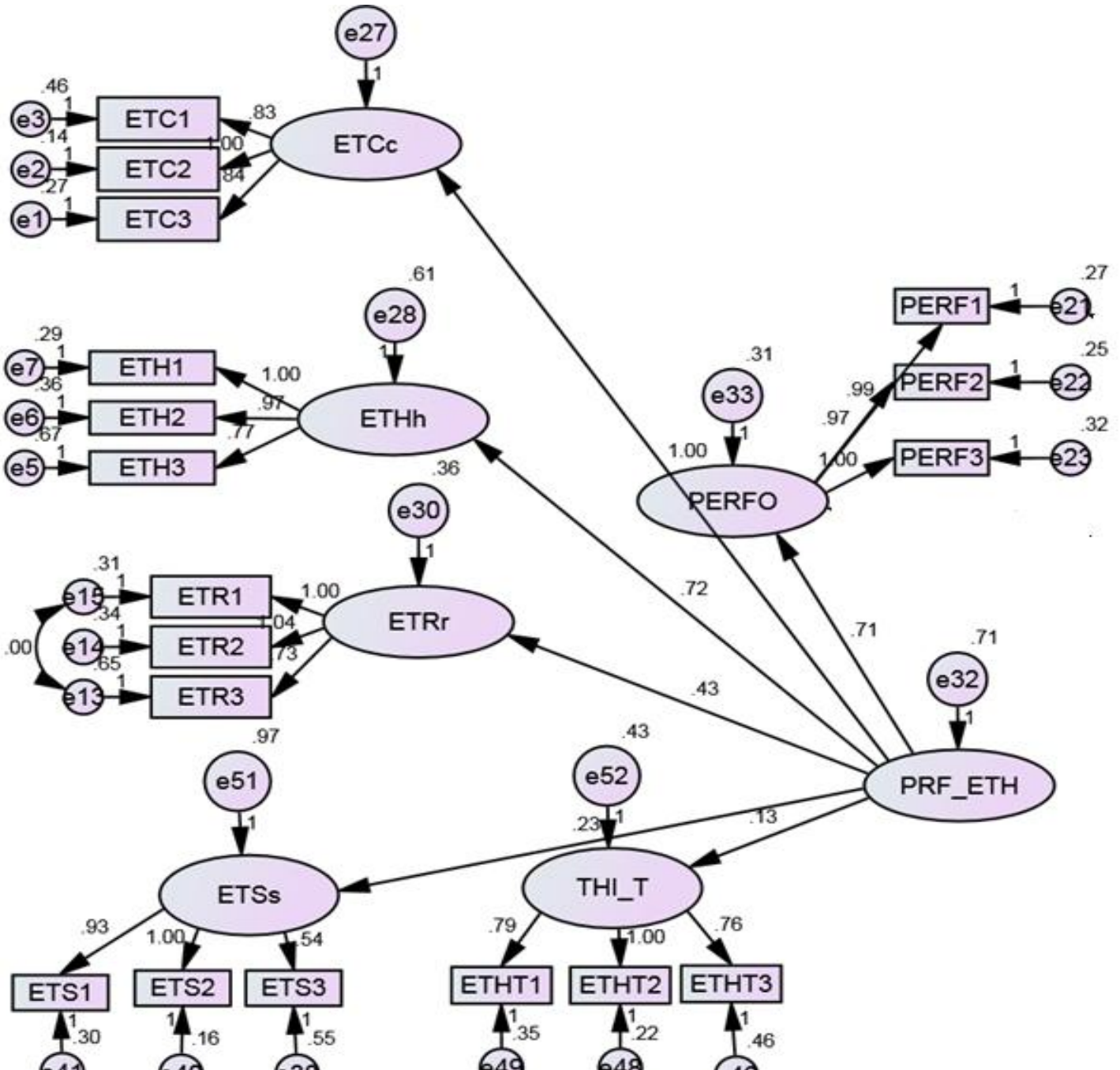


Fig4.2 proposed model without mediating variables

Source: researcher's AMOS output

Assessing the model fit for the model with mediating variable

<i>Chi square</i>		<i>Absolut Fit Indices</i>		<i>Incremental Fit Indices</i>		<i>Parsimony fit test</i>	
X ²	410.6	RMSEA	0.069	CFI	0.91	PCFI	0.76
(P value)	P VALUE (0.000)						
Df	144	RMR	0.04	IFI	0.89	PNFI	0.73
X ² /df	2.85	CMIN/DF	2.19	TLI	0.90	GFI	0.84
<i>Factor Loadings ***=p<0.001, **=p<0.01, *=p<0.05</i>							

Regression Weights: (Group number 1 - Default model)

			Estimate	S.E.	C.R.	P	Label
ETCc	<---	PRF_ETH	1.000				Significant
ETHh	<---	PRF_ETH	.719	.102	7.074	***	Significant
ETRr	<---	PRF_ETH	.431	.076	5.642	***	Significant
ETSs	<---	PRF_ETH	.233	.088	2.636	.008	Significant
THI_T	<---	PRF_ETH	.135	.063	2.134	.033	Significant
PERFO	<---	PRF_ETH	.715	.095	7.498	***	Significant
ETC3	<---	ETCc	.841	.038	22.122	***	Significant
ETC1	<---	ETCc	.826	.044	18.831	***	Significant
ETH3	<---	ETHh	.774	.064	12.149	***	Significant
ETH2	<---	ETHh	.967	.065	14.968	***	Significant
ETR3	<---	ETRr	.734	.097	7.598	***	Significant
ETR2	<---	ETRr	1.037	.153	6.775	***	Significant
PERF1	<---	PERFO	.985	.063	15.564	***	Significant
PERF2	<---	PERFO	.967	.059	16.368	***	Significant
PERF3	<---	PERFO	.902	.066	13.661	***	Significant
ETS3	<---	ETSs	.541	.053	10.234	***	Significant
ETS1	<---	ETSs	.931	.065	14.223	***	Significant
ETHT3	<---	THI_T	.763	.103	7.389	***	Significant
ETHT1	<---	THI_T	.791	.104	7.612	***	Significant

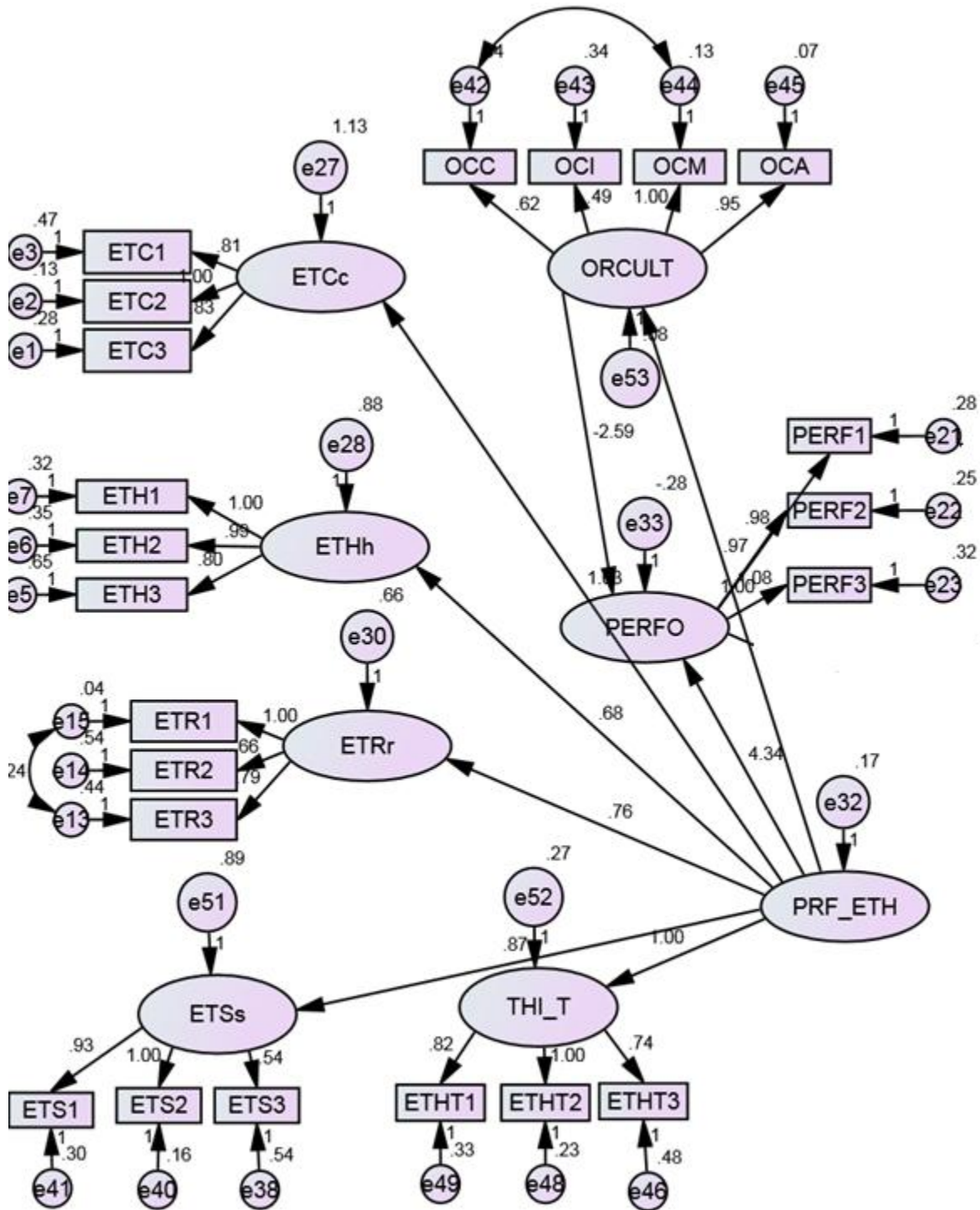


Fig4.3 proposed model with mediating variables

4.7 Hypothesis Testing and discussion of empirical findings

HYPOTHESIS 1									
HYP				Estimate	S.E.	C.R.	P	lable	
Ha 1	PERFO	<--	PRF_ETH	0.89	0.159	3.701	***	significant	
HYPOTHESIS 2									
				Estimate	S.E	C.R	P	label	
HYP 2	OC	<---	PRO_ETH	0.787	0.102	7.695	***	significa nt	
	PERF	<---	OC	0.314	0.163	1.923	0.05	significa nt	
	PERFO	<---	PRF_ETH	0.89	0.159	3.701	***	significa nt	

In this section the outcome and effect of the independent variable, professional ethics and the mediation effect of organizational culture on organizational performance of private banks will be discussed analyzed and contrasted with the previous findings.

Ha1: professional ethics has positive and significant effect on organizational Performance

The researcher accepts hypothesis 1 that states that professional ethics has positive and significant impact on organizational performance of the private banks in Ethiopia. Possible reason for this could be as the banking industry is based on trust, transparency and good faith between banks and customers; so ethical practices are all the more significant for banks. It is observed that banks which are ethical in their dealings have satisfied customers. It is also observed that ethical banking keeps improves confidence of people and motivates employees. So banks must adopt ethical practices to improve their profitability, sustainability and improved customer satisfaction

Ha2: organizational culture mediates the relationship between professional ethics and organizational performance of private banks in Ethiopia

The mediating role of organizational culture was studied.

According to Baron and Kenny's (1986), four steps need to be fulfilled to mediate.

1. In the absence of mediator, independent variable significantly affects dependent variable.
2. Mediator is significantly affected by independent variable.
3. The mediator has significant and unique effect on the dependent variable, and
4. The effect of independent variable on dependent variable has to shrink when mediator is added to the model.

According to Baron and Kenny (1986),

1. Complementary mediation: Mediated or indirect effect ($a \times b$) and direct effect (c) both exist (significant) and point at the same direction. (Partial Mediation)
2. Competitive mediation: Mediated or indirect effect ($a \times b$) and direct effect (c) both exist (significant) and point in opposite directions. (Partial Mediation)
3. Indirect-only mediation: Mediated or indirect effect ($a \times b$) occurs, but do not have direct effect. (Full Mediation)
4. Direct-only non-mediation: Direct effect (c) exists (significant), but no indirect effect.
5. No-effect non-mediation: Neither direct effect nor indirect effect exists. It occurs when both direct and indirect effects are insignificant. Complementary mediation categorized as partial mediation; indirect

As indicated in above Table, the estimate value ($\beta = .787, p=0.000$) shows that there is a positive and significant relationship between Professional Ethics and Organizational Culture, the estimate value ($\beta = .642, p=0.000$) shows that there is a positive and significant relationship between Professional Ethics and Operational Performance and the estimate value ($\beta = .314, p<0.05$) shows that there is a positive and significant relationship between Organizational Culture and Operational performance. Therefore, all the Baron and Kenney (1986) assumptions were fulfilled.

The table also shows the coefficient of the independent, the mediating and the dependent variables. Path $\beta = 0.89$ indicates the coefficient of the independent variable (Prof Ethics) to the dependent variable (Opr Perf).

' =0.642 indicates the coefficient of the independent variable (Profession Ethics) to the dependent variable (Oper Perform) after controlling for the mediator (OC). The influence of the independent variable on the dependent variable reduced upon the addition of the mediator to the model. Therefore, according to Baron and Kenney (1986) assumption, this implies organizational culture has partial (complementary) mediation role on the relationship between Professional Ethics and Operational performance of private banks. Therefore, the researcher has accepted the hypothesis ‘Organizational Culture does significantly mediate the relationship between Professional Ethics and Operational Performance of private banks

H3: Professional Ethics is a second order factor of five elements.

H3a: Professional Ethics has positive and significant influence on Reliability (ETRr)

H3b: Professional Ethics has positive and significant influence on Social Responsibility (ETSs).

H3c: Professional Ethics has positive and significant influence on Honesty and Integrity (ETHh).

H3d: Professional Ethics has positive and significant influence on Compliance (ETCc)

H3e: Professional Ethics has positive and significant influence on Transparency (THI_T).

			Estimate	S.E.	C.R.	P	Comment
ETCc	<---	PRF_ETH	1.000				Default
ETHh	<---	PRF_ETH	.719	.102	7.074	***	Significant
ETRr	<---	PRF_ETH	.431	.076	5.642	***	Significant
ETSs	<---	PRF_ETH	.233	.088	2.636	.008	Significant
THI_T	<---	PRF_ETH	.135	.063	2.134	.033	Significant

Based on table above Professional Ethics (PRF_ETH) is second order factor with coefficient of Honesty and Integrity (ETHh) is 0.719 its P value is 0.000 (Positive and significant), Social Responsibility (ETSs) is 0.233 and its P value 0.000, the Coefficient of Reliability (ETRr) 0.431 and p value is 0.000 and Transparency (THI_T) with coefficient of 0.893 and its P value is .000 (Positive and significant)

respectively. Compliance (ETCc) is not explained by AMOS but positive and significant when the default is changed. Hence, H3a, H3b, H3c, H3d and H3e are accepted.

H4: Performance is a second order factor of three elements.

H4a: Performance has positive and significant influence on Customer Perspective (PERF1).

H4b: Performance has positive and significant influence on Internal Business (PERF2).

H4c: Performance has positive and significant influence on Innovation and Learning (PERF3)

			Estimate	S.E.	C.R.	P	Comment
PERF1	<---	PERF	.990	.063	15.689	***	significant
PERF2	<---	PERF	.969	.059	16.380	***	significant
PERF3	<---	PERF	.901	.066	13.655	***	significant

Based on table above organizational Performance (PRFO) is second order factor with coefficient of Customer Perspective (PERF1)) is 0.755 and its P value is 0.000 (Positive and significant), Internal Business (PERF2) is 0.969 and its P value is 0.000 (Positive and significant), Learning and Innovation (PERF3) with coefficient of .893 and its P value is .000 (Positive and significant) respectively. Hence, H4a , H4band H4c are accepted.

Table 4.24: Summary of Hypothesis test

No.	Hypothesis	Decision
1.	H1: There is a positive and significant relationship between Professional Ethics and Organizational performance in Private Banks	Accepted
2.	H2: Organizational Culture does significantly mediate the relationship between Ethics and organizational performance in Private Banks.	Accepted
3	H3: Professional Ethics (PRF-ETH) is a second order factor of five elements.	Accepted
	H3a: Professional Ethics (PRF-ETH) has positive and significant influence on Reliability (ETRr).	Accepted
	H3b: Professional Ethics (PRF-ETH) has positive and significant influence on Social Responsibility (ETSs)	Accepted
	H3c: Professional Ethics(PRf-ETH) has positive and significant influence on Honesty and Integrity (ETHh)	Accepted
	H3d: Professional Ethics(PRf-ETH) has positive and significant influence on Compliance (ETCc)	Accepted
	H3e: Professional Ethics (PRF-ETH) has positive and significant influence on Transparency (THI_T).	Accepted
4	H4: Organizational Performance (PRFO) is a second order factor of three elements.	Accepted
	H4a: Organizational Performance (PRFO) has positive and significant influence on Customer Perspective (PERF1)	Accepted
	H4b: Organizational Performance (PRFO)) has positive and significant influence Internal Business Perspective (PERF2)	Not Tested
	H4c: Organizational Performance (PRFO) has positive and significant influence on Innovative and Learning (PERF3).	Accepted

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

The main objective of this thesis was to examine “The Mediating Role of Organizational Culture in the relationship between Professional Ethics and Organizational Performance in selected Ethiopian private banks.” The following summary, conclusion and recommendation are made based on the analysis and interpretation done in chapter four.

5.1. Summary of findings

This study attempted to answer the following specific research questions:

1. What is the relationship between professional ethic and Organizational performance of private banks?
2. Does organizational culture mediate the relationship between professional ethics and banks Organizational performance?
3. Do elements of profession ethics make up latent variable?

The analyzed data indicated that 192 (68.6 %) were males, while the remaining, 88 (31.4 %) were females. This shows that, there is male dominance over female in private banks. In the Ethiopian private banks, there is a gender disparity among the employees. Half of the respondents in those private banks are older adults whose ages are found in the age category of 31 - 40 years. This is further considered as a great opportunity for the respective private bank to ethically perform tasks better and to give due attention for observing the stipulated business ethics in the banking industry. From the collected data, it can be seen that most respondents hold first degree and above. Therefore the researcher believes that the research questions are responded appropriately.

To assess the reliability of the instrument a pilot study was conduct by collecting data from some branches of private banks in Addis Ababa, which are not included in sample of the study. After the data was collected from 30 participants of the pilot study, using SPSS version 23, the reliability of the instrument was assessed by Cronbach’s Alpha.

A total of 293 questionnaires were distributed for private banks and above 95% of usable responses were returned. The study was completed using Structural Equation Modeling (SEM). SPSS 23 and AMOS 23 software were used. Internal consistency measures such as Cronbach alpha, reliability, discriminant and convergent validity, composite reliability and model fit issues were adequately

evaluated. Most composite reliability values and AVE calculated in this study met the suggested threshold values. Then Hypothesis testing was done.

The research finding indicated professional ethics to have positive and significant relation with organizational performance of banks. Researches by Chiami & Fullenkamp, (2002) and Solaiman, et.al, (2007) concluded that Being perceived as honest and reliable is crucial and it also bring high profit operations enjoy high level of attention more that those conventional financial institutions

5.2 Conclusions

The study was intended to address three researcher questions. To assess the relationship between professional ethic and organizational performance of private banks. To assess organizational culture, mediate the relationship between professional ethics and banks Organizational performance. To assess elements of profession ethics, make up latent variable.

- The response for the first question there is a positive and significant relationship between Professional Ethics and Organizational performance. Therefore, the relationship between Professional Ethics and organizational performance is significantly high.
- The response for second question is as the research yields organizational culture partial (competitive) mediate the relationship between professional ethics and banks organizational performance. There is significant and positive relationship between Professional Ethics and performance, Professional ethics and Organizational Culture and Organizational culture and performance. Hence, there is concurrent relationship among them.
- For the third question, from the findings the researcher has concluded that elements of professional ethics make up latent variable.

And finally

- Gender of the employees in those private banks could be potential contributory factor for the presence of significant difference in those four of the items designed to assess their awareness level regarding the actual practice of ethical business behavior. These items include: a written code of ethics, a set of values, mangers' practice of generally set good example of ethical business behavior, and the practical demonstration of high ethical standards on the part of top managers and CEO of those banks.

- There is a mixed study finding regarding the business ethical dimensions (reliability, social responsibility, honesty & integrity, compliance, and transparency) in the sample private banks. Based on the computed means and standard deviation values, it is possible to deduce that there are no noticeable variations among the attitude of the sample employees towards the actual practice of those dimensions of business ethics in the private banks. Even so, these banks have practiced the reliability dimension of the business ethics in the banking industry of Ethiopia. Generally, the private banks are found to be narrow in their practice of business ethics as the sample employees in such financial institutions have clearly recognized only the reliability dimension.

5.3 Recommendation

- ❖ It is recommended that the private banks had better continue focusing on the areas in which they are doing well and improve on those areas of weakness. Thus,
 - Professional Ethics secondary factor analysis shows that elements Professional Ethics (Reliability, Social Responsibility, Honesty and Integrity, Compliance and Transparency) are correctly selected as dimension of Professional Ethics. Therefore, banks can apply these Professional Ethic dimensions to maintain their Operation performance.
 - Operation Performance secondary factor analysis shows that elements Operation Performance (Customer perspective, Internal Business perspective a Innovation and Learning and general performance are correctly selected as dimension of Operation performance. Therefore, banks can apply these dimensions to measure their Operation performance.
- ❖ Banks should implement the balanced combination of Denison's four organizational culture traits (Involvement, Consistency, Adaptability and Mission) in order to bring superior operational performance, because of the following reasons:
 - ✓ It provides organizations with an easy-to-interpret, business-friendly approach to performance improvement based on sound research principles.
 - ✓ It links organizational culture to organizational performance metrics such as Sales Growth, Return on Equity (ROE), Return on Investment (ROI), Customer Satisfaction, Innovation, Employee Satisfaction, Quality and more.

- ❖ Private Banks should give emphasis on maintaining Professional Ethics which fasten the development of strong organizational culture so that their performance would be grown.
- ❖ According to Baron and Kenny three step segmentation analysis organizational culture partially mediate the relationship between Professional Ethics and Operation performance, the banks firms shall focus on strengthen organizational culture. Hence, they can significantly increase their operational performance.
- ❖ In the Ethiopian private banks, there is a gender disparity among the employees. Therefore, private bank managers and/or the concerned body would work to reduce this gender disparities in private banks, in Ethiopia.
- ❖ In the Ethiopian private banks, female employees are more aware of business ethics than males in those private banks. Therefore, private bank managers and/or the concerned body would work to create business ethics awareness among male employees in private banks.
- ❖ Private Banks in Ethiopia have not performed their operations in the light of the stipulated business ethics in the Ethiopian banking industry. Therefore, even though they are profitable, to be competent in the industry for the future bank managers and/or the concerned body would insist their employees to perform in light of the stipulated business ethics.
- ❖ The private banks are found to be narrow in their practice of business ethics as the sample employees in such financial institutions have clearly recognized only the reliability dimension. Thus, bank managers and/or the concerned body would work to maintain the dimensions of the practice of business ethics, such as social responsibility, honesty & integrity, compliance, and transparency

5.4 Suggestions for Further Research.

The researcher suggests the undermentioned points to consider by the future studies.

Denison's Model on organizational culture was used for this study whereas; further research on the same industry better to be done using a different model of organizational culture (if any) to bring depth understanding on the mediating role of culture in the relationship between ethics and organizational performance.

This study focusses on the "The Mediating Role of Organizational Culture in the relationship between Professional Ethics and Organizational Performance in selected Ethiopian private banks;" whereas it is

suggested that future research to be done on the mediating role of organizational culture directly to the financial performance which is very visible and an interest of all stake holders.

It is suggested that the study to be conducted in the future with the same or related topic is better to be use large sample size that means the whole industry including the governmental banks. Therefore, the result will be the more accurate and complete.

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APPENDIX

Addis Ababa University
College of Business and Economics
Department of Management

Questionnaire for Employee's who are working in Private Banks. The purpose of this questionnaire is to get some information about **The mediating role of Organizational Culture in the relationship between Professional Ethics and Performance in Private Banks** for the fulfillments of MSc Degree in Management.

Dear participants, the information you provide is valuable for successful completion of this study. Therefore, the researcher kindly requests you to be honest and objective while filling the questionnaire. The researcher is sure that the information you give will be used only for academic purpose and will be kept confidential. Thus you are not required to write your name in the questionnaire. The questionnaire has four parts. The first part is about background information of the respondents, the second part contains items about Professional ethics, which has five alternatives and the third part contains Organization Culture, the fourth Part and the last but not the least is Performance measures.

Thank you in advance for your cooperation and genuine responses.

Regards,

If you have any queries don't hesitate to contact me with the following address.

Roman Kebede

Email:-romikebs@yahoo.com

PART I: Background

1. What is your Gender Male () Female ()
2. What is your Age (in years) 18-30 () 31-40 () 41-50 () 50 and above ()

3. Marital Status Single () Married () Divorced ()
4. Highest level of Education Diploma () First Degree () Second degree ()
- Others (specify).....
5. How long have you been working with the bank?
- Less than one year () 1-5 years () 6-10 years 10 years and above ()
6. Which of the following categories best describes your current employment status?
- Top Management () Middle Management () Lower Management ()
- Non-Management () Other ()
7. Which one of the following business activities best describes your job activity?
- Management () Accounting () Marketing () Branch /Operation ()
- Personnel /Human Resource () Information System Other ()

PART II: Dimensions of Professional ethics

Instructions: please respond to the following statements by putting an “X” in the block that most accurately represents your opinion.

1. Strongly Disagree		2. Disagree		3. Average		4. Agree		5. Strongly Agree	
SN	ITEM (Reliability)	1	2	3	4	5			
1	The bank does not disclose accounts information of the customers.								

2	The bank does not try to know the secret of customer's business.					
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SN	ITEM (Social Responsibility)	1	2	3	4	5
1	The bank takes part in social welfare activities.					
2	The bank finances in projects that have social attachment					

SN	ITEM (Honesty and Integrity)	1	2	3	4	5
1	The bank executives do not conceal facts.					
2	The bank executives do not take bribe					
3	The bank executives do not misreport and misrepresent.					
4	The bank does not violate NBE directives					
5	The bank does not encourage customers to conduct illegal transaction.					
6	The bank executives do not maintain unauthorized relationship with customers.					

SN	ITEM (Compliance)	1	2	3	4	5
1	The bank maintains conformity of service standard and rules as promised.					

2	The bank maintains conformity in charges as they promise.					
3	The bank maintains conformity as it promotes its products and services.					

SN	ITEM (Transparency)	1	2	3	4	5
1	The bank executives do not approve false financial statement.					
2	The banks do not over estimate project revenue.					

Part III: Organizational Culture

Please indicate the degree of your agreement/disagreement with the following statements associated with the four dimensions of organizational culture: **Involvement, Consistency, Adaptability and Mission** in your bank. Please read carefully and indicate the magnitude by putting a „ “ mark on the number that best describes your view.

Dimensions of Organizational Culture	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
I. INVOLVEMENT					
• Empowerment					
Decisions are made at the levels where right information is available.					
Employees believes that they can have a positive impact					

Information is widely shared so that employees can get the information they need					
<ul style="list-style-type: none"> Team Orientation 					
Cooperation across branches and Head office organs is actively encouraged					
Teamwork is used to get work done, rather than hierarchy					
Employees work like they are part of a team					
<ul style="list-style-type: none"> Capability Development 					
There is a continuous investment to develop the skills of employees					
The capabilities of employees are viewed as an important source of competitive advantage					
Authority is delegated so that employees act on higher positions by their own					
II. CONSISTENCY	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
<ul style="list-style-type: none"> Core Values 					
Managers "practice what they talk"					
There is a consistent set of values that govern the way the bank do its business.					
There is an ethical code that guides employees' behavior and tells right from wrong					
<ul style="list-style-type: none"> Agreement 					

When disagreements occur, employee work hard to achieve a "win-win" solutions					
It is easy to reach consensus, even on difficult issues					
There is a clear agreement regarding the right way and the wrong way to do things					
<ul style="list-style-type: none"> Coordination and Integration 					
Employees from different branch of the bank share a common perspective					
It is easy to coordinate product development across the bank.					
The approach to doing business is very consistent					
III. ADAPTABILITY	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
<ul style="list-style-type: none"> Creating Change 					
Improved ways to do work are continually adapted					
All bank branches and Head office cooperate to create change					
The bank respond to competitors actions and other changes in the business environment					
<ul style="list-style-type: none"> Customer Focus 					
Customers comment and recommendations lead to change					
Employees understand customers wants and needs					

Customers inputs directly influences firm's decisions					
<ul style="list-style-type: none"> Organizational Learning 					
Innovations are encouraged and rewarded					
Learning is an important objective in a day-to-day work of this firm					
The firm view failures as an opportunity for learning and improvement					
IV. MISSION	Strongly Disagree (1)	Disagree (2)	Neutral (3)	Agree (4)	Strongly Agree (5)
<ul style="list-style-type: none"> Strategic Direction and Intent 					
There is a clear mission that gives meaning and direction to work					
The Bank strategic direction is clear to me					
There is a long term purpose and direction					
<ul style="list-style-type: none"> Goals and Objectives 					
Leaders set goals that are ambitious, but realistic					
The Bank continuously track its progress against the stated goals					
There is widespread agreement about the goals of the company					
<ul style="list-style-type: none"> Vision 					
Employees have a shared vision of what the bank will look like in the future					
Leaders have a long-term viewpoint					

The bank vision creates excitement and motivation for employees					
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Part IV Performance

To what extent private banks achieves their Operational (Non-financial) Performance in the following perspectives, **Customer Perspective, Internal Business Perspective and Innovation and Learning Perspective?**

Please indicate,

• Customer Perspective	Very Little extent (1)	Little extent (2)	Some extent (3)	Considerable extent (4)	Very great extent (5)
1. Customers are satisfied with the Banks'' product/ service quality.					
2. The bank has a good relationship with customers relative to other competitor banks.					
3. The bank has recognizable image and favorable reputation by its customers.					
4. The Private bank's success in attracting customers/clients is high					
Internal Business Perspective					
5. Customers are served with in the standard delivery time (SDT) set by the bank.					
6. Private Banks has satisfactory products/services variety for its customers.					
7. Customers are happy by the bank's every day service.					
Innovation & Learning Perspective					
8 .Private banks employees are operationally efficient/competent.					

9. I believe that my service to the bank and the contributions that I have made are appreciated.					
10. Private bank's success in attracting and retaining qualified employees are better than others.					
11. The people with whom I work have the appropriate skill set to contribute to the Bank's success.					