DYFUNCTIONAL PERFORMANCE MEASUREMENT SYSTEM
BEHAVIOUR: ITS ETHICAL ANTECEDENTS AND INFLUENCE ON
ORGANIZATIONAL CITIZENSHIP BEHAVIOUR

By
NOOR LIZA BINTI ADNAN

Thesis Submitted to
Othman Yeop Graduate School of Business, Universiti Utara Malaysia
in Fulfilment of the Requirement for the
Degree of Doctor of Philosophy
PERMISSION TO USE

In presenting this thesis in fulfilment of the requirements for a post graduate degree from Universiti Utara Malaysia, I agree that the University Library may make it freely available for inspection. I further agree that permission for copying of this thesis in any manner, in whole or in part, for scholarly purposes may be granted by my supervisor or in her absence, by the Dean of the graduate school. It is understood that any copying or publication or use of this thesis or parts thereof for financial gain shall not be allowed without my written permission. It is also understood that due recognition shall be given to me and to Universiti Utara Malaysia for any scholarly use which may be made of any material from my thesis.

Request for permission to copy or to make other use of materials in this thesis, in whole or in part, should be addressed to:

Dean,
Postgraduate Studies,
College of Business,
Universiti Utara Malaysia,
06010 Sintok, Kedah Darulaman.
ABSTRACT

The importance of the performance measurement system (PMS) in enhancing a firm’s profitability and sustainability has certainly been admitted by many but it has also been associated with certain dysfunctional behaviours (DBE), like information or measures manipulation. Though some research has been conducted regarding DBE, the impact of ethics on such behaviours has been left unstudied. Hence this study attempts to investigate how ethical antecedents might affect DBE, specifically information manipulation, and if such practices may influence their tendency to display the citizenship behaviour of the organization. Based on the social learning theory, this study employed eight constructs in the formulation of its framework, namely dysfunctional PMS behaviour (DBE, the dependent construct) which is expected to be explained by the independent constructs of ethical attitude (EAT), ethical ideology (measured in two dimensions of Relativism and Idealism), code of ethics (COE), ethical work climate (measured in three dimensions of Egoism, Benevolence and Principled), and perceived ethical leadership (PEL). The influence of DBE on citizenship behaviour (OCB) as moderated by psychological collectivism (PCO) was also examined. This survey study was conducted on a sample of branch bank managers employed in the local commercial banks in Malaysia who were selected using stratified random sampling. Data were analyzed and interpreted using PLS-SEM and the SPSS software. The results demonstrated that EAT and PEL exhibited negative relationships with DBE as expected. However, contrary to the initial hypotheses, Relativism was negatively related to DBE, while Idealism and Principled climates were positively related. In contrast, Egoism and Benevolence climates, and COE were not associated with DBE. DBE also negatively affected OCB targeted at organizational members, but not those targeted at the organization itself. PCO did not moderate the DBE-OCB relationship. These findings provide some important insights to both academicians and practitioners and create a more inclusive global picture of the antecedents and influence of employees’ DBE, especially in non-western countries.

Keywords: dysfunctional behaviour, performance measurement system, ethical attitude, relativism, idealism, ethical work climate, psychological collectivism, citizenship behaviour
Kepentingan sistem pengukuran prestasi (PMS) dalam mengukuhkan keberuntungan dan kemapahan sesebuah perniagaan telah diakui oleh banyak pihak, namun ia juga telah dikaitkan dengan beberapa salahlaku, seperti manipulasi maklumat. Walaupun beberapa kajian telah dijalankan berkenaan dengan salahlaku PMS ini, namun pengaruh nilai etika ke atas salahlaku hampir tidak langsung diberikan penekanan. Atas dasar berkenaan, kajian ini dijalankan untuk menyelidik bagaimana latar belakang etika mempengaruhi kejadian salahlaku PMS, khususnya manipulasi maklumat, dan juga jika amalan tersebut turut mempengaruhi kecenderungan untuk mempamerkan tingkah laku kewarganegaraan organisasi. Berdasarkan kepada teori pembelajaran sosial, kajian ini telah menggunakan lapan pemboleh ubah untuk membentuk rangka kerjanya, iaitu gelagat salahlaku PMS (DBE, sebagai pembolehurah bersandar) yang dijangkakan akan dipengaruhi oleh pembolehurah-pembolehurah bebas, iaitu sikap etika (EAT), ideologi etika (yang diukur dalam dua dimensi, iaitu Relativisme dan Idealisme), kod etika (COE), iklim etika kerja (yang diukur dalam tiga dimensi, iaitu iklim Egoisme, Kebajikan dan Berprinsip), dan akhirnya persepsi kepimpinan beretika (PEL). Sementara itu, pengaruh DBE ke atas tingkah laku kewarganegaraan organisasi (OCB) juga dikaji dengan mengambilkira kesan psikologi kolektivisme (PCO). Kajian ini telah mengambilke atas pengurusan cawangan bank-bank perdagangan tempatan di Malaysia yang telah dipilih secara rawak berlapis. Data dianalisis dan ditafsirkan menggunakan PLS-SEM dan juga perisian SPSS. Keputusan menunjukkan bahawa EAT dan PEL mempamerkan hubungan negatif dengan DBE sebagaimana dijangkakan. Namun, bertentangan dengan hipotesis awal, Relativisme menunjukkan hubungan negatif dengan DBE, manakala Idealisme dan iklim Berprinsip menunjukkan hubungan positif. Sebaliknya, iklim Egoisme dan Kebajikan, dan COE didapati tidak berkaitan dengan DBE. DBE juga memberikan kesan negatif ke atas OCB yang disasarkan kepada ahli organisasi, tetapi tidak kepada organisasi itu sendiri. PCO pula didapati tidak mempengaruhi hubungan DBE-OCB. Penemuan ini memberikan maklumat penting kepada ahli akademik dan pengamal industri dan mewujudkan gambaran global yang lebih inklusif tentang latarbelakang dan pengaruh DBE, terutama di negara-negara bukan barat.

Kata kunci: gelagat salahlaku, sistem pengukuran prestasi, sikap etika, relativisme, idealisme, iklim etika kerja, psikologi kolektivisme, tingkah laku kewarganegaraan organisasi
ACKNOWLEDGEMENT

In the name of Allah, the Most Gracious and Most Merciful.

First of all, I would like to express my humble gratitude to almighty Allah (swt), Lord of Universe. Peace and Blessings be upon Muhammad, His servant and messenger.

I have been dreaming about this moment from the first day I started my PhD – the moment when I would write the acknowledgment, as that would indicate the end of my PhD journey, but of course, the beginning of a new role that I have to play. As such, I would have totally wasted my four years of life if this journey cannot transform me into a better person, both in terms of my relationship with God the Almighty, as well as my relationship with fellow humans. So much have happened in these meaningful four years – I have lost my dearest mother; I learned to totally depend on Allah and myself; I learned to persevere - to not giving up and keep trying; I learned to believe in myself and in my ability; I learned that the busier you get, the more you should allocate time for others; I learned that our children and age factor are not the barrier to success in study. I have learned so much, but above all, I learned that Allah loves us so much – all we need to do is ask, and He’ll answer us even though for things that we consider as impossible...

Of course this PhD journey would not be possible without constant help and guidance from my dear two supervisors - Associate Professor Dr Che Zuriana Muhammad Jamil and Associate Professor Dr Nor Azila Mohd Noor. I could not wish for better supervisors and my warmest heartfelt thanks go to them. Then of course, I owe my most special thanks and gratitude to my dearest husband, Morad, for the love, support, patience and understanding, besides providing all facilities needed to conduct my study. Also, for my six children - Syamir, Dhaniah, Haziq, Mu’az, Sarah and Adam – for the inspiration and the entertaining acts that keep the stress away. They also act as reminder that work should not be a priority. My heartfelt thanks also goes to my parents who have instilled in me the importance of education. However, sadly, Mak is not here to witness my success. May Allah grant her a place in Jannah… Not to forget, my dearest brothers, sisters-in-law, nieces and nephews and relatives for constant encouragement.

I am also feeling thankful to those great people who never hesitate to offer helping hands whenever I got stuck during the course of my study. Even though I have never known or met some of them, but they gave me faith, advices and strength. To those who are still struggling with their PhD, always remember that help is only a ‘keyboard away’. Your moment will come, Insyaa Allah…
TABLE OF CONTENTS

PERMISSION TO USE........................................................................................................ iv

ABSTRACT.............................................................................................................................. v

ABSTRAK............................................................................................................................... vi

ACKNOWLEDGEMENT .......................................................................................................... vii

TABLE OF CONTENTS......................................................................................................... viii

LIST OF TABLES .................................................................................................................... xv

LIST OF TABLES (continued) ............................................................................................... xvi

LIST OF FIGURES .................................................................................................................. xvii

ABBREVIATION ...................................................................................................................... xviii

CHAPTER ONE: INTRODUCTION .......................................................................................... 1

1.0 Background of the Study ................................................................................................. 1

1.2 Problem Statement ......................................................................................................... 3

1.3 Research Questions ....................................................................................................... 8

1.4 Research Objectives ...................................................................................................... 9

1.5 Definition of Key Terms ............................................................................................... 10

1.6 Significance of the Research ......................................................................................... 13

1.7 Scope of the Study ........................................................................................................ 16

1.7 Organization of the Study ............................................................................................ 17
CHAPTER TWO: LITERATURE REVIEW

2.0 Introduction

2.1 Banking Industry in Malaysia
   2.1.1 Banking Industry and Its Contribution to Malaysian Economy
   2.1.2 The Changing Landscape of Banking Operation

2.2 Dysfunctional Behaviour: Definitions and Concepts
   2.2.1 Types of Dysfunctional Behaviour
   2.2.2 Antecedents of Dysfunctional Behaviour

2.3 Performance Measurement System (PMS): A Brief Glance

2.4 Ethical Antecedents
   2.4.1 Ethics: Definitions and Concepts
   2.4.2 Individual Ethical Antecedents
      2.4.2.1 Ethical Attitude (EAT)
      2.4.2.2 Ethical Ideology or Ethical Orientation (EID)
   2.4.3 Organizational Ethical Antecedents
      2.4.3.1 Code of Ethics (COE)
      2.4.3.2 Ethical Work Climate (EWC)
      2.4.3.3 Perceptions of Ethical Leadership (PEL)

2.5 The Influence of Dysfunctional PMS Behaviour
   2.5.1 Organizational Citizenship Behaviour (OCB)

2.6 Moderating Variable: Psychological Collectivism

2.7 Empirical Related Studies
   2.7.1 Ethical Attitude (EAT) and Dysfunctional PMS Behaviour (DBE)
   2.7.2 Ethical Ideology (EID) and Dysfunctional PMS Behaviour (DBE)
   2.7.3 Code of Ethics (COE) and Dysfunctional PMS Behaviour (DBE)
   2.7.4 Ethical Work Climate (EWC) and Dysfunctional PMS Behaviour (DBE)
2.7.5 Perceptions of Ethical Leadership (PEL) and Dysfunctional PMS Behaviour.................................................................109

2.7.6 Dysfunctional PMS Behaviour (DBE) and Citizenship Behaviour (OCB).115

2.7.7 The Direct and Moderating Effects of Psychological Collectivism (PCO) 119

2.8 Summary..............................................................................................................................................................................124

2.9 Underpinning Theories and Theoretical Framework..........................................................125

2.9.1 Social Learning Theory (SLT)...............................................................................................125

2.9.2 Ethical Theories or Philosophies ......................................................................................127

2.9.3 The Formulation of Theoretical Framework.................................................................130

2.10 Hypotheses Development ........................................................................................................133

2.10.1 Hypotheses Relating Personal and Organizational Ethics to DBE..............134

2.10.1.1 Hypothesis Relating EAT to DBE ...........................................................................135

2.10.1.2 Hypotheses Relating EID to DBE........................................................................137

2.10.1.3 Hypothesis Relating COE to DBE ........................................................................139

2.10.1.4 Hypotheses Relating EWC to DBE........................................................................141

2.10.1.5 Hypothesis Relating PEL to DBE ........................................................................143

2.10.2 Hypotheses Relating the Influence of DBE on OCB.................................146

2.10.3 Hypotheses Relating to PCO as a Moderator in the DBE-OCB

Relationship .................................................................................................................................................................147

2.11 Chapter Conclusion..........................................................................................................................................................151

CHAPTER 3: METHODOLOGY ..........................................................................................................................153

3.1 Introduction.................................................................................................................................................................153

3.2 Research Design............................................................................................................................................................153

3.3 Research Population....................................................................................................................................................156

3.4 Research Sample and Sampling Procedure..................................................................................160

3.5 Questionnaire Development.........................................................................................................................163
4.4 Common Method Bias .................................................................................. 204
4.5 The Respondents’ Background Statistics................................................... 207
4.6 Goodness of Measures ............................................................................... 208
   4.6.1 Internal Consistency Reliability........................................................... 210
   4.6.2 Convergent Validity............................................................................. 210
   4.6.3 Discriminant Validity.......................................................................... 214
4.7 Descriptive Statistics of Constructs ............................................................ 220
4.8 The Level of Dysfunctional PMS Behaviour.............................................. 223
4.9 Assessing Structural Model Results............................................................ 228
   4.9.1 Collinearity Assessment....................................................................... 230
   4.9.2 Structural Model Path Coefficients for Hypotheses Testing and
        Coefficient of Determination ($R^2$ Value)........................................... 231
        4.9.2.1 The Ethical Antecedents of DBE................................................. 231
        4.9.2.2 The Influence of DBE................................................................. 234
        4.9.2.3 The Moderating Effects of PCO.................................................. 236
   4.9.3 Predictive Relevance ($Q^2$).................................................................. 238
   4.9.4 Effect Size ($F^2$) and ($Q^2$)................................................................. 239
4.10 The Additional Analyses........................................................................... 241
   4.10.1 The REL/IDEAL-DBE Relationships............................................... 241
   4.10.2 The PRINC-DBE Relationship............................................................ 244
   4.10.3 The Moderating Effect of PCO........................................................... 246
4.11 Summary of Hypotheses Testing............................................................... 248
4.12 Chapter Summary ..................................................................................... 249

CHAPTER 5: DISCUSSION, IMPLICATIONS AND CONCLUSION...................... 251
5.1 Introduction................................................................................................ 251
5.2 Recapitulation of the Study Findings ................................................................. 251

5.3 Discussion of the Findings ............................................................................. 255

5.3.1 The Level of Dysfunctional PMS Behaviour among the Malaysian Bankers .......................................................... 255

5.3.2 The Effect of Ethical Antecedents on Dysfunctional PMS Behaviour ...... 261

5.3.2.1 The Effect of Personal Ethics on Dysfunctional PMS Behaviour........ 265

5.3.2.2 The Effect of Organizational Ethics on Dysfunctional PMS Behaviour. 284

5.3.3 Personal Ethics Vs Organizational Ethics .................................................... 300

5.3.4 Outcomes of Dysfunctional PMS Behaviour and the Moderating Effect of Psychological Collectivism ................................................................. 304

5.3.4.1 Dysfunctional Behaviour and Organizational Citizenship Behaviour ... 305

5.3.4.2 The Moderating Effect of Psychological Collectivism ....................... 311

5.4 Significant Implications of the Research ....................................................... 316

5.4.1 Theoretical Implications ........................................................................... 316

5.4.2 Methodological Implications ................................................................... 321

5.4.3 Managerial Implications ......................................................................... 324

5.5 Limitation and Future Research .................................................................. 328

5.6 Conclusion ..................................................................................................... 334

5.7 Summary of the Research Study .................................................................. 338

REFERENCES ..................................................................................................... 342

APPENDIX A: QUESTIONNAIRE .................................................................... 374

APPENDIX B: SEMI-STRUCTURED INTERVIEW QUESTIONS ...................... 388

APPENDIX C: INTERVIEWEES’ PROFILES .................................................... 390

APPENDIX D: HARMAN’S ONE-FACTOR TEST .......................................... 391

APPENDIX E: INDEPENDENT SAMPLE T-TEST ........................................... 393
<table>
<thead>
<tr>
<th>Tables</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 2.1</td>
<td>Malaysian GDP by Sector, 1980-2005</td>
<td>21</td>
</tr>
<tr>
<td>Table 2.2</td>
<td>Malaysia Employment by Sector, 1980-2005</td>
<td>22</td>
</tr>
<tr>
<td>Table 2.3</td>
<td>A List of Hypotheses Proposed in the Study</td>
<td>150</td>
</tr>
<tr>
<td>Table 3.1</td>
<td>List of Member Banks of The Association of Banks in Malaysia and Branches Distribution by State as at 30 June 2012</td>
<td>157</td>
</tr>
<tr>
<td>Table 3.2</td>
<td>Distribution of Selected Samples After Stratification by (i) Banks and (ii) States</td>
<td>162</td>
</tr>
<tr>
<td>Table 3.3</td>
<td>Items to Measure Dysfunctional PMS Behaviour</td>
<td>169</td>
</tr>
<tr>
<td>Table 3.4</td>
<td>Items to Measure Ethical Attitude (EAT)</td>
<td>171</td>
</tr>
<tr>
<td>Table 3.5</td>
<td>Items to Measure Ethical Ideology (EID) via two Dimensions of Idealism and Relativism</td>
<td>174</td>
</tr>
<tr>
<td>Table 3.6</td>
<td>Items to Measure Code of Ethics (COE)</td>
<td>176</td>
</tr>
<tr>
<td>Table 3.7</td>
<td>Items to Measure Ethical Work Climate (EWC) via Three Dimensions of Egoism, Benevolence And Principled Climates</td>
<td>178</td>
</tr>
<tr>
<td>Table 3.8</td>
<td>Items to Measure Perceived Ethical Leadership (PEL)</td>
<td>181</td>
</tr>
<tr>
<td>Table 3.9</td>
<td>Items to Measure Organizational Citizenship Behaviour (OCB) via Two Dimensions of OCBI and OCBO</td>
<td>182</td>
</tr>
<tr>
<td>Table 3.10</td>
<td>Items to Measure Psychological Collectivism (PCO)</td>
<td>185</td>
</tr>
<tr>
<td>Table 3.11</td>
<td>Summary of Items to Measure Each Variable or Dimension and its Source.</td>
<td>186</td>
</tr>
<tr>
<td>Table 3.12</td>
<td>Rules of Thumb for Model Evaluation (For Reflective Measures Only)</td>
<td>194</td>
</tr>
<tr>
<td>Table 4.1</td>
<td>Missing Values Analysis</td>
<td>200</td>
</tr>
<tr>
<td>Table 4.2</td>
<td>Analysis of Response Rate</td>
<td>202</td>
</tr>
<tr>
<td>Table 4.3</td>
<td>Non-Response Bias Test: Independent Sample T-Test of the Variables Employed</td>
<td>203</td>
</tr>
<tr>
<td>Table 4.4</td>
<td>Common Method Bias: Correlations of Latent Variables</td>
<td>206</td>
</tr>
<tr>
<td>Table 4.5</td>
<td>Respondents Background Statistics</td>
<td>209</td>
</tr>
<tr>
<td>Table 4.6</td>
<td>Results of Measurement Model</td>
<td>212</td>
</tr>
<tr>
<td>Tables</td>
<td>Title</td>
<td>Page</td>
</tr>
<tr>
<td>-------------</td>
<td>----------------------------------------------------------------------</td>
<td>------</td>
</tr>
<tr>
<td>Table 4.7</td>
<td>Loadings and cross loadings</td>
<td>216</td>
</tr>
<tr>
<td>Table 4.8</td>
<td>Fornell-Larcker Criterion</td>
<td>219</td>
</tr>
<tr>
<td>Table 4.9</td>
<td>Descriptive Statistics of Each Construct</td>
<td>222</td>
</tr>
<tr>
<td>Table 4.10</td>
<td>Classification of Respondents into Groups</td>
<td>223</td>
</tr>
<tr>
<td>Table 4.11</td>
<td>DBE Scale Items, Mean and Standard Deviation</td>
<td>224</td>
</tr>
<tr>
<td>Table 4.12</td>
<td>Level of Dysfunctional PMS Behaviour by Respondents Profile</td>
<td>226</td>
</tr>
<tr>
<td>Table 4.13</td>
<td>The List of Hypotheses Proposed in the Study</td>
<td>229</td>
</tr>
<tr>
<td>Table 4.14</td>
<td>Collinearity Assessment</td>
<td>230</td>
</tr>
<tr>
<td>Table 4.15</td>
<td>Path Coefficient and Hypotheses Testing</td>
<td>232</td>
</tr>
<tr>
<td>Table 4.16</td>
<td>Path Coefficient and Hypothesis Testing of the Moderation Effects Using Two-Stage Approach</td>
<td>237</td>
</tr>
<tr>
<td>Table 4.17</td>
<td>Results of $Q^2$ and $R^2$</td>
<td>239</td>
</tr>
<tr>
<td>Table 4.18</td>
<td>Summary of Results – Path Coefficients, $f^2$ and $q^2$</td>
<td>240</td>
</tr>
<tr>
<td>Table 4.19</td>
<td>Ethical Ideology by Taxonomy</td>
<td>242</td>
</tr>
<tr>
<td>Table 4.20</td>
<td>ANOVA for DBE by Different Ethical Taxonomy</td>
<td>243</td>
</tr>
<tr>
<td>Table 4.21</td>
<td>Idealism and Relativism by Psychological Collectivism</td>
<td>244</td>
</tr>
<tr>
<td>Table 4.22</td>
<td>DBE Scores by Rules and Cosmopolitan</td>
<td>245</td>
</tr>
<tr>
<td>Table 4.23</td>
<td>ANOVA for DBE Score by Different Reference Groups</td>
<td>246</td>
</tr>
<tr>
<td>Table 4.24</td>
<td>DBE Scores by PCO</td>
<td>247</td>
</tr>
<tr>
<td>Table 4.25</td>
<td>OCBI and OCBO Scores by PCO</td>
<td>248</td>
</tr>
<tr>
<td>Table 4.26</td>
<td>Hypotheses and Summary of Results</td>
<td>248</td>
</tr>
<tr>
<td>Table 5.1</td>
<td>Summary of the Study</td>
<td>338</td>
</tr>
</tbody>
</table>

LIST OF TABLES (continued)
# LIST OF FIGURES

<table>
<thead>
<tr>
<th>Figures</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Figure 2.1</td>
<td>A Taxonomy of Ethical Ideology</td>
<td>63</td>
</tr>
<tr>
<td>Figure 2.2</td>
<td>Theoretical Ethical Climate Types</td>
<td>71</td>
</tr>
<tr>
<td>Figure 2.3</td>
<td>Dysfunctional PMS Behaviour: Its Ethical Antecedents and Influence on OCB as Moderated by PCO</td>
<td>132</td>
</tr>
<tr>
<td>Figure 3.1</td>
<td>Ruler-Option Scale</td>
<td>164</td>
</tr>
<tr>
<td>Figure 4.1</td>
<td>The Hypothesized Research Model</td>
<td>228</td>
</tr>
<tr>
<td>Figure 4.2</td>
<td>Results of the Path Analysis</td>
<td>235</td>
</tr>
<tr>
<td>Figure 4.3:</td>
<td>PCO as a Moderator in DBE-OCBI/OCBO Relationships Using Two-Stage Approach</td>
<td>237</td>
</tr>
<tr>
<td>ABBREVIATION</td>
<td>EXPLANATION</td>
<td></td>
</tr>
<tr>
<td>--------------</td>
<td>-------------</td>
<td></td>
</tr>
<tr>
<td>ABM</td>
<td>Association of Bank in Malaysia</td>
<td></td>
</tr>
<tr>
<td>BAFIA</td>
<td>Banking and Financial Institutions Act 1989</td>
<td></td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Products</td>
<td></td>
</tr>
<tr>
<td>BNM</td>
<td>Bank Negara Malaysia</td>
<td></td>
</tr>
<tr>
<td>PLS</td>
<td>Partial Least Square</td>
<td></td>
</tr>
<tr>
<td>SEM</td>
<td>Structural Equation Modelling</td>
<td></td>
</tr>
<tr>
<td>DBE</td>
<td>Dysfunctional Behaviour</td>
<td></td>
</tr>
<tr>
<td>EAT</td>
<td>Ethical Attitude</td>
<td></td>
</tr>
<tr>
<td>EID</td>
<td>Ethical Ideology</td>
<td></td>
</tr>
<tr>
<td>REL</td>
<td>Relativism</td>
<td></td>
</tr>
<tr>
<td>IDEAL</td>
<td>Idealism</td>
<td></td>
</tr>
<tr>
<td>EWC</td>
<td>Ethical Work Climate</td>
<td></td>
</tr>
<tr>
<td>OGOISM</td>
<td>Egoism ethical climate</td>
<td></td>
</tr>
<tr>
<td>BENEV</td>
<td>Benevolence ethical climate</td>
<td></td>
</tr>
<tr>
<td>PRINC</td>
<td>Principled ethical climate</td>
<td></td>
</tr>
<tr>
<td>PEL</td>
<td>Perceived ethical leadership</td>
<td></td>
</tr>
<tr>
<td>COE</td>
<td>Code of Ethics</td>
<td></td>
</tr>
<tr>
<td>OCBI</td>
<td>Organizational Citizenship Behaviour targeted at organizational members</td>
<td></td>
</tr>
<tr>
<td>OCBO</td>
<td>Organizational Citizenship Behaviour targeted at organization itself</td>
<td></td>
</tr>
<tr>
<td>PCO</td>
<td>Psychological Collectivism</td>
<td></td>
</tr>
<tr>
<td>RO Scale</td>
<td>Ruler Option Scale</td>
<td></td>
</tr>
<tr>
<td>EPQ</td>
<td>Ethics Position Questionnaire</td>
<td></td>
</tr>
<tr>
<td>EM</td>
<td>Expectation–maximization</td>
<td></td>
</tr>
</tbody>
</table>
CHAPTER ONE: INTRODUCTION

1.0 Background of the Study

Performance measurement system (hereafter, PMS) is part of the management accounting control tool used for various internal business processes in an organization that becomes indispensable in any manager’s everyday life. It is the back bone of an organization that determines the success or failure of all business units (Spitzer, 2007). Management needs measures and performance indicators on all critical success factors and PMS provides such information which sets the target, indicates if targets have been achieved and points out the problematic areas that need remedial actions. Hence, the information provided by PMS would facilitate effective and efficient operations and management that enables appropriate actions to be taken.

However, the information provided by PMS will only be effective and useful in decision making if it is reliable and not distorted by any kind of manipulation. Unfortunately, in the intense business competition nowadays, such a situation would prove hard to find. As argued by Argyris (1990), in its attempt to be objective and rigorous, ideals or targets set by the management accounting system (including PMS) are rarely fully achievable due to the failure of the system to account for the full complexity and uniqueness of a given context since it is formulated well ahead of time. Therefore, tension would arise in meeting the targets that would lead to embarrassment due to fear of failure, which would be seen as a threat to some (Argyris, 1990). As a result, employees will attempt to
The contents of the thesis is for internal user only
REFERENCES


