

EFFECT OF ETHICS TRAINING ON RESILIENCE OF NON-GOVERNMENTAL ORGANIZATIONS

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ABSTRACT: *Ethics training is an important factor that enables organizational members to sort out complex ethical dilemmas and prevent organizations from facing any criminal suit and involve in any unlawful activity and therefore, considered as vital component of organizations to ensure sustainable operational continuity and achieving high organizations' performance levels during external social crisis conditions through development of organizational resilience. The paper explores the effect of ethics training on organizational resilience. The underlying study is an empirical investigation involving collection of survey data from managerial level employees working in NGOs of Lahore, Pakistan. The results of the study opposed to the findings of the previous literature studies and led to conclude that ethics training in community development organizations has insignificant effect on development of organizational resilience. Therefore, during occurrence of critical environmental situations characterized by intense ethical dilemmas, ethics training does not play any contribution for enhancing the response and recovery efforts of the organizations in order to resolve complicated social or workplace decisional predicaments. NGOs need to emphasize and develop effective ethics training programs for ethical and moral development of individuals which ultimately leads to improved organizational performance reputation and sustainability.*

Key Words: Ethics Training, Organizational Resilience

INTRODUCTION

There had been varying trends in crises majorly man-made failures and natural calamities with consistently increasing rate as compared to previous decades. This rise in crises have been attributed to the complicatedness and integration of technological, economic and social systems [1]. Changing environmental conditions have put organizations under major pressures and tensions due to which they have preferred to fulfill their most essential target of performing best under all critical situations and attaining business as usual situations [2]. In support of this argument, [3] also attributed crises as more complicated and problematic in nature and occur due to trans-bound activities and inter-relationships of the interacting organizations. Organizational resilience enables organizations to become highly reliable and adaptive and manage disruptions effectively and efficiently [4;5]. It has been described as an organization's ability to survive and possibly thrive while managing challenges and facing extreme disasters. The notion of organizational resilience is significant for in two aspects i.e. in complex situations, organizational and community resilience are dependent on each other [6] and resilience is a major source of competitive advantage for organizations [7]. Societies and communities are reliant upon the services provided by the organizations to respond to and recover from catastrophes and facilitate them by providing relief, support, energy and resources [8]. According to [9], organizations' greater reliance and dependency on technology and other service providers being more integrated and interconnected make them more exposed to external vulnerabilities and misfortunes. Resilient organizations play an important role in speeding up the process of recovery of communities when hit by crucial events especially when their own processes and structures are adaptive and function well [10]. Following this argument, [11] reflected his support by analyzing organizational resilience as an important aspect of social resilience. According to Moreover, the decision makers and strategists should be able to provide solutions and alternatives not only during crisis periods but also be prepared for any potential

incidents by anticipating future appropriately. In order to make communities more strong and resilient to meet mishaps effectively, organizations must be capable enough to avoid crises having various alternatives or options for response and recovery and to ensure maintenance of operations and services provided to the communities. This is essential for relief providing, community development or non-profit organizations as they are majorly responsible for providing services to help them recover from calamity as soon as possible.

While observing the frequency of occurrence and cost of corporate crises, [12], defined it as "any trouble or disruption that lead to activation of stakeholders' negative responses or reactions that eventually cause intense public examination or inquiry". As a result when a crisis occurs, organization reflect upon and realize about managing radical or even drastic changes [13]. A resilient or robust organization plans strategies that are coherent to the long term organization's vision, operations, structure, governance, management systems and decision support systems and develop capabilities in order to effectively recover from failure and gain estimation of any future uncertainty. By building robust capabilities, organizations are able to reveal new changes in the external environment and adapt themselves to continuously changing conditions and emerging risks, thereby, managing and limiting the effects of troubles at the very primary stages of occurrence. This enables them to gain a competitive advantage over competitive rivals [14]. According to them organizational resilience is one of the major sources of gaining and sustaining long term competitive benefit [15].

Organizations in highly volatile and competitive environments keep an up-to-date information on their strengths to minimize their weaknesses, whereas, they identify threats and convert them in to opportunities by being more flexible and adaptive during disastrous conditions [16]. Organizational resilience help organizations to become more capable and competitive while executing their standard functional operations and activities [17]. Organizations need

to make certain investments in organizational resilience and such processes involve more than gaining insurance of infrastructure, equipment or human resources [18]. In several studies crises have been discussed in terms of political, financial or organizational crises. Changing situations, uncertainties and critical events impact organizations in various ways leaving effects at different scales i.e. crises, emergencies, disasters or calamities [19].

Communities of less developed areas such as Pakistan, are characterized by miserable conditions due to their increased vulnerabilities. Whereas, NGOs can only support people when their operations are continuous and sustained. The continuity of these organizations is based on the ethical behaviors and practices within the organizations, developed through ethics training. The research paper aims to determine whether ethics training is significant in developing resilient organizations. As none of the studies have been based on effect of ethics training on organizational resilience, therefore a quantitative exploration intends to provide key contribution to the literature on organizations resilience.

LITERATURE REVIEW

Merely HRD cannot perfectly provide outstanding training and development for successful implementation of change programs, coaches must also develop training education for improving individuals' ability to make ethical decision in times of urgencies and represent legitimacy of the organization [20]. Work place ethics developed through ethical training lead to implementation of lawful practices within the organizations and are considered to be an important source of building resilient organizations [21]. The notion is most critical in context of non-profit sector where the resilience of NGOs is greatly based on socio-political legitimacy where managers need to look for and analyze the effect of their choices and decisions on environment and society [22]. Ethical issues emerge as a surprise at all levels within an organization hence it becomes essentially important to advise managers to critically undertake institutionalizing ethics throughout the organization with the help of ethics training of managers and employees [23].

Ethics enhancement strategies are essential component of ethics training and development, which likely to have positive influence on organizational accountability and resilience. Accountability prevents organizations from stepping up into any legal suit or ceased organizational operations. Researches on ethical training suggest that development of ethical behaviors and external evaluation lead to prevention from practicing unethical activities and ensure long term functionality of organizations; processes [24]. It has been suggested that individuals working in team must be provided with periodic ethics training that help them to learn for effective management of crisis situations without using any shortcuts. They become able to make ethical decisions under greater pressure and challenges due to external uncertainties. By undertaking ethics training individuals realize that they should efficiently utilize and mobilize existing organizational resources and capacity in the best interests of organizations. Ethics trainings need to be conducted after intervals so that organizational values remain intact with the organizations' success [25].

Corporate ethical identity developed through appropriate ethics training have been reported to have positive effect on employee satisfaction [26]. Ethics training increases the effectiveness of corporate ethical identity as an individuals' strategic resource that greatly increase employee satisfaction levels [27]. There has been found to have strong association between ethics training, employee satisfaction and corporate responsibility. When employees ethical expectation fulfill the requirements of ethics standards due to effective ethics training, as a result organizational performance and effectiveness increases even during changes in external environment [28]. Therefore, ethics training is positively linked to organizational performance and resilience in long term. Social pressures from external organizational environment, necessitate the incorporation and practice of ethics training and development programs. Under social challenges, organizations undertake greater number of ethics education sessions in order to put greater emphasis on organizations' fulfilment of corporate responsibility [29]; [30]. Greater investments in organizations' ethics training programs are reflected through increased organizational abilities for accomplishing corporate responsibility under complex social changes. Ethics training helps organizations to respond to and recover from uncertainty in social environment of the organizations, thereby, developing organizational resilience [31].

One of the effective approaches for increasing positive perceptions of employees' ethical decision making and ethical behaviors is ethics training [32]. Moreover, it is also an important source for creating ethical organizational climate, thus ethics training lead organizational members to follow organizational values that lead to long term effectiveness and sustainability. Ethics training improves ethical behaviors of employees and prevent them from involving in any wrong activity that can adversely affect the organizational legitimacy in future [33]. In current era of uncertain environment, human resource development practitioners are facing challenges of practice ethical behaviors and practices in organizations, while integrating ethics within every aspect of the organization [34]. Ethics development and training has been considered essential for opposing unethical practices and decision making and improving organizational reputations, legitimacy and institutionalization that are also important components of organizational effectiveness and resilience in long run [35]. Training and development processes on ethics reflect organizational psychology of inclination towards more investment in ethics training practices and give value to ethics. Employees are trained in order to become competitive in making ethical decisions that are supported by ethical standards, statements and code of conduct. Employees' ethical development is consistent with organizational objectives, goals, effectiveness, performance and ultimately resilience [36]. One the basis previous studies it can be hypothesized that:

H₁: Ethics training helps individuals to adhere to moral principles which lead to organizational resilience

METHODOLOGY

The underlying exploratory study comprised of the determining the relationships between ethics training and organizational resilience. Data was collected from total of randomly selected 200 managerial level employees working in NGOs of Lahore in Pakistan. The sample of 20 NGOs was randomly selected from overall population of 106 organizations by averaging the proportions of the populations, equivalent to 19.08%, in previous researchers including 18% and 20% [37;38]. The data was collected by having three visits in each organization. The response rate for the survey was 60.06%.

Questionnaire Instruments

Demographic Measures: Respondents work at different levels and perform different jobs, therefore, it is important to obtain their demographic profile. The demographic items consist of gender, marital status, religion, language, age, education, nature of job contract and length of service.

Ethics Training: Ethics training and Development Questionnaire was taken from [39]. The anchors of 7-point scale ranged from (1) “strongly disagree” to (7) “strongly agree”.

Organizational Resilience: An organizational resilience measurement instrument was taken from [40]. The responses were measured on 7-point Likert Scale ranging from (1) “never” to (7) “every time”.

RESULTS AND ANALYSIS

The section of results and analysis includes the discussion of demographic profiles of respondents, results of EFA, CFA and regression analysis through SEM.

Demographics

A total of 200 respondents participated for survey. The percentage of male respondents was 83.3%, whereas, 17% was female. The percentage of married respondents was 65.5% and that of single respondents was 34.5%. The results revealed that 96.5% respondents belonged to religion Islam, 2% belonged to Hinduism and 1.5% respondents belonged to the Christianity. The results showed that official language of 41% of individuals was Urdu, 10.5% of respondents understood English, whereas, 48.5% of respondents used to understand both Urdu and English languages. 4.5% of respondents lied within age group of 26-30 years, 50% of respondents lied within age group of 31-35 years and 45.5% of the respondents were between the ages of 36-40 years. 7.5% had completed their Bachelor’s 14 years education, 2.5% individuals had got their Bachelor’s 16 years education, 43% had their Master’s 16 years education and 47% had Master’s 18 years education, whereas none of the respondents had PhD degree. 84.5% of the individuals were working on Permanent jobs and 15.5% of managerial employees were working on contractual basis. 6.5% individuals had 2-5 years of service, 44% individuals had 6-10 years of service experience, 38.5% had 11-15 years of experience, 8.5% had experience of 16-20 years and 2.5% individuals had worked for 20-25 years, whereas none of the respondent had length of service beyond 25 years.

Exploratory Factor Analysis (EFA)

The validity of EFA was confirmed through significant value of data adequacy measure while measuring the convergent validity [41]. Using Promax Rotation method, EFA adequacy results revealed that KMO value of survey was 0.929, indicating good adequacy measure. The Bartlett Test of Sphericity had a Chi-square value of 6315.366 with a p-value less than 0.05 i.e. $p = 0.00$, revealed a very good inter-correlation and validity of EFA. All the extraction values were greater than the value 0.3, which led to conclude validity of EFA adequacy. The total variance explained identified two factors, providing the cumulative percentage of 79.861%, explaining the total variance within the data set. The higher value of Chi-Square i.e. 1108.625 with $p < 0.05$ validated the goodness of fit test. The items of survey with loadings above 0.5 were identified in first two factors of the pattern matrix table. 8-items of ethics training scale were loaded on factor 2, having loadings greater than 0.5 and 12-items of organizational resilience scale were loaded on factor 1 with loadings greater than 0.5. The results confirmed the EFA validity.

Reliability and Validity of the items identified after performing EFA: The first factor of organizational resilience had Cronbach’s Alpha value of 0.983, shows a very high inter-item consistency. The KMO value was $0.942 > 0.5$, indicated good sampling adequacy measure. The Chi-square value of 4298.454, $p < 0.05$ revealed high inter-correlation among the items. The second factor ethics training had Cronbach’s Alpha value of 0.964 i.e. high internal consistency of the items and the KMO value of 0.931 indicated good sampling adequacy measure. The Chi-square value of 1967.558 with $p\text{-value} = 0.00$, showed a good inter-item correlation.

Measurement Model through Confirmatory Factor Analysis (CFA)

The hypothesized relationships of observed variables with the latent variable obtained through CFA were obtained using pattern matrix created through EFA.

Estimation and Correlations among Latent Variables: The structural model exhibited that observed variables ET1, ET2, ET3, ET5, ET7, ET8, ET9 and ET10 were proved to be strong predictors of *ethics training* as their regression weights were 1.25, 1.20, 1.23, 0.91, 1.24, 1.10, 1.18 and 1.00 respectively whereas, the observed variables OR1, OR2, OR3, OR4, OR5, OR6, OR7, OR10, OR11, OR13, OR14 and OR16 were strong predictors of *organizational resilience* with regression weights of 1.02, 0.89, 0.88, 0.98, 0.89, 1.00, 0.90, 1.01, 0.87, 0.91, 0.91 and 1.00 respectively.

Correlation

The correlation of the relationship between *ethics training* and organizational resilience was found to be negative exhibiting a value of -0.02. Table 1 shows the correlation among the two variables.

Table 1: Correlation among Latent Variables

Variables	ET	OR
ET	1	
OR	-0.02	1

Model Fit: The model fit measure was assessed through certain cut-off levels that must conform to generate absolute model fit. The CMIN/DF with cut-off level ≤ 5 [42]; [43] 2.203 which fulfilled the criteria. RMR with cut-off level ≤ 0.05 [44] exhibited value less than 0.05 i.e. 0.04, adhered to the absolute measure fit and lastly GFI with cut-off level ≥ 0.9 [45] had value of $0.966 > 0.9$. The values of absolute fit measures lied within ranges of respective cut-off levels and that indicated the absolute model fit for the underlying study.

Regression through Structural Equation Model (SEM)

The regression analysis performed through SEM led to obtain beta coefficients, p-values and ranges of confidence interval have been interpreted below.

Effect of Ethics Training on Organizational Resilience

The results regression analysis obtained by performing SEM in AMOS were analyzed to determine variation in organizational resilience explained by its linear relationship with ethics training. The results of statistical analysis obtained by using Linear Regression Model suggested that ethics training was negatively related to organizational resilience (standardized $\beta = -0.114$). The effect of ethics training on organizational resilience was insignificant as p-value = 0.562 i.e. $p > 0.05$. The variation in organizational resilience (Y) was explained by its linear relationship with ethics training (X). The regression model tested the alternative hypothesis [H_1] based on the direct effect of ethics training on organizational resilience. The proposition generated after literature review is:

***H₁:** Ethics training helps individuals to adhere to moral principles which lead to organizational resilience*

The results of the analysis exhibited in Figure 1 showed that for an increase in the value of ethics training, the organizational resilience decreased by 0.114, keeping other factors constant. P-value of ethics training was greater than 0.05 therefore the results did not reject the null hypothesis and concluded that ethics training had an insignificant effect on organizational resilience of non-governmental organizations operating in Lahore, Pakistan. The 95% confidence interval (C.I) range for the effect of ethics training on organizational resilience was -0.105 and 0.198. The C.I. included the value zero which indicated that ethics training was an insignificant factor for predicting the resilience community development organizations. Moreover, lack of ethics training and development programs in non-profit organizations does not lead to the development of resilient non-governmental sector. Table 2 shows the results of regression analysis through SEM.

CONCLUSION

The study concludes that ethics training in non-governmental organizations has no impact on the managers’ moral and ethical awareness and does not help them comply with the moral principles to prevent from indulging in any unethical behavior or activity. Unethical behaviors of individuals due to the absence of ethics training deteriorate the development of resilient non-profit organizations in Pakistan and make them unprotected from involving in any scandal. As a result NGOs discontinue to operate their functions effectively and consistently. Effectiveness of employees’ competencies is increase when ethics education is incorporated into

management development programs, thus, contributing to overall organizational performance.

Table 2: Regression analysis for Predictor Variable Ethics Training (N=200)

DV	IV	β	P	CI 95%		Result
				LB	UB	
OR	ET	.114	.562	-.105	.198	Reject

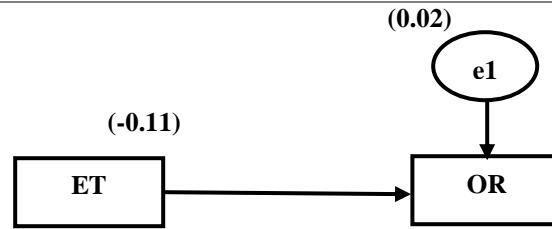


Figure 1: Regression through SEM

The performance of organizations is evaluated in terms of organizations’ and employees practice of congruent norms, values and objectives. The skills and abilities developed by ethics training contribute to increased employees’ and organizational performance as well as effectiveness, as members realize appreciation of their ethical behaviors and skills, but such recognition is absent within non-profit sector in Pakistan. Lack of ethics education does not promote employees; cognitive, moral, affective, interpersonal and self-awareness skills that to NGOs’ ineffectiveness. Researchers lay importance on greater involvement of HRD through ethics development and training in incorporating ethics in organizational climate and support NGOs’ sustainability during critical social changes in external environment.

However, the results of this study oppose to the conclusions made by literature studies. The significance of ethics training may be important in for-profit sector but in non-profit sector of Pakistan, there is no or very less emphasis on organizations of the ethics training programs. The lack of focus on ethics training may be an important factor that needs to be addressed for improving resilience of NGOs.

RECOMMENDATIONS AND FUTURE DIRECTIONS

Recommendations

Non-governmental organizations need to reflect upon and identify their deficiencies in aspects of ethical behaviors and moral development of the organizational members. By focusing on conducting ethics training manager can not only improve their employees’ ethical behaviors and reduce ethical dilemmas but also ensure their organizations’ sustainability and long-term operational continuity even when they are face with highly turbulent social environments.

Future directions

The behaviors of non-governmental organizations operating in rural areas can be analyzed by determining the extent of their practicing ethics through implementing ethics training programs and their effects on organizational success and adaptability to uncertain social challenges. As none of the quantitative explorations have been made on empirically testing the effect of ethics training on organizational

resilience, therefore, similar investigation can be conducted for for-profit organizational sector in order to get understanding of how ethics training helps organizations to resolve ethical dilemmas and lead to achieve resilience when situations are critical.

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