

Conference Paper

An Empirical View of Business Ethics on Private College in Kuantan: A Case Study

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Abstract

Private institutions in Malaysia are bound to the Private Higher Institution Act 1996, normally relies on corporate investment to sustain their operations. Data from Department of statistic Malaysia show that there is a significant incensement of gross output value in the education sector in Malaysia from RM 17.6 billion in 2017 compared to RM 15.2 billion in 2015 which reflect the business competencies in private institution (Ministry of Education Malaysia, 2015). In this research, a case study will be conducted at one of the private colleges in Kuantan, Pahang. The aim of this research is to analyze the ethical issue regarding business ethics using a semi-structured interview method with college staff and students. The interviews were recorded and transcribed. Each case would be analyzed, discussed and the cases would be related to the business ethics concept and ethical principle. This study aims to create good moral value and business ethics that can be practiced in the private education sector in Malaysia.

Keywords: business ethics, private institution, ethical principle.

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Received: 5 August 2019

Accepted: 14 August 2019

Published: 18 August 2019

Publishing services provided by
Knowledge E

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Selection and Peer-review under the responsibility of the FGIC2019 Conference Committee.

1. Introduction

Higher Education Institutions (HEI) in Malaysia can be divided into two major categories which are Public higher education institution and private higher education institution. Public Higher Education Institutions refer to public universities and colleges that are funded by the government- which is considered to be under the Ministry of Education. Institutions such as this help provide quality education to Malaysian students and are categorized into three major groups; Research Universities, Focused Universities and Comprehensive Universities (Ministry of Education Malaysia, 2015). Private Higher Education Institutions refers to universities and colleges that are privately owned and rely on corporate investment, alumni and student funding under the Private Higher Educational Institutions Act 1996 to help sustain their operations (Laws of Malaysia, 2015). Some of these institutions' establishment work together with legitimate remote colleges to mutually grant degree capabilities.

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All private-subsidized advanced education organizations go under the locale of the Ministry of Education and include Private Universities which grant their own degree capabilities, recognitions and establishment thinks about, Private University-Colleges which grant their very own degree capabilities, confirmations and establishment examines, Foreign University Branch Campuses which grant their very own degree capabilities, confirmations and establishment studies and Private Colleges which grant their very own capabilities at recognition and authentication levels just as 3+0 degrees, split-degrees and instructional exercise support for expert capabilities (Wan, Sirat, & Razak, 2018).

This case study will review ethical values, moralism and integrity of a private college located in Kuantan based on the ethical principles. The evaluation conducted was based on semi structured interview conduct toward college staffs and students. The college has around 294 academic and support staff and run a various program from diploma to master program.

There are three objectives for the case study:

1. To study the ethical behavior and cases in four different ethical component setups;
2. To understand and related the ethical cases with ethical principle;
3. To analyses the implication of ethical action toward their organization.

2. Literature Review

2.1. Basic Principle of Ethics and Business

Ethics is the study of morality which is defined as a rule that an individual or a group of people has about what is good or evil, or right or wrong. In the business perspective, ethics has been seen as a moral standard that measures a business, institution and organization's behavior (Trevino & Weaver, 2013).

There are three types of ethical issues that are normally concerned in a business, which is systemic, corporate and individual. Within where a business organization operates, the systemic ethical issue normally will question an organization's economic system, legal, politic and social. The corporate ethical issue will question a particular organization's actions, impact, climate, culture and policies. Apart from that, the individual ethical issue will raise a question about a specific personnel character, behavior and decision (Trevino & Weaver, 2013).

2.2. Utilitarian Principle

Utilitarianism promotes any policies or actions to be judged based on the cost and benefits of the actions towards society. From the list of the utility alternative in any situation, the greatest utility will be considered as the only moral right action. Some of the famous utilitarian theorists are Jeremy Bentham; Bentham's Theory of Legislation (1932) and John Stuart Mill; Utilitarianism (1863) (Byars, Stanberry, & OpenStax College, 2018).

There are also some critics on the utilitarian principle which states that not all values can be measured as utilitarians consider monetary and common sense can measure everything. There also critics that said right and justice will not merge with utilitarianism principle.

2.3. Kant and Moral Right Principle

The concept of right can be defined as an individual's consent to do something. A right concept can be divided into two types which are legal right and moral right. A legal right is a consent from a legal system that empowers a person to act in a specific way towards others and vice versa. Another one is moral right where right that been accepted in the society which follows the norm of the virtue of human beings (Byars et al., 2018).

Kant and moral right principle refer to an individual's interest in general which cannot be halt and should be left equally free. The interest should be a right and the interest needs to stay rational and free.

Some critics towards Kant principle are that they are imperative and unclear. When we talk about right, their definition of right is subjective which can bring to conflict and Kant's principle cannot address such conflict. Besides that, Kant's principle can easily entail in moral judgment that is mistaken.

2.4. Libertarian Principle

Libertarian philosophy asserted that freedom is necessarily good when it contacts with human constraint and all constraint placed by others are necessarily evil except when needed to prevent intrusion from larger human constraint. Robert Nozick in 1974 said that the only moral right is the negative right to freedom and the right to freedom require social welfare program that needs to be found by eliminating taxes, freedom of contract, free market and private property (Trundle, 2012).

Justice can be divided into three categories which are distributive justice, retributive justice and compensatory justice. Distributive justice requires the just distribution of burden and benefit. Retributive justice required the just imposition of punishment and penalties. Lastly compensatory justice requires just compensation for wrong and justice.

2.5. Ethics of Care

Ethics of care emphasize that ethics should not be impartial and must be nurturing and preserving the concrete value of the relationship. The ethics of care falls under the normative ethical theory which states that moral action centers on interpersonal relationships and views the act of care or compassion as a virtue. Ethics of care is one of a cluster of normative ethical theories that were developed by feminists in the second half of the twentieth century.

There are some critics on ethic of care which it can degenerate into favoritism. Besides that, it will lead to “burnout” which will acknowledge the need for a caregiver to care (Jeurissen & Rijst, 2007).

2.6. Moral Virtue Principle

Aristotle in his book *Nicomachean Ethics* in 1566 said that virtue is a habit that enables a person to respond by habitually choosing the mean between extremes in emotion and action. Aquinas in his writing of *Summa Theologica* in 1217 in general said virtues are a habit that enables a person to live reasonably in this world and be united with God in the next. MacIntyre in his book *After Virtue* in 1981 define virtue as a disposition that enables a person to achieve the good at which human “practice” aim. Lastly Pincoffs in 1971 said that virtue is dispositions we use when choosing between persons or potential future selves (Byars et al., 2018; Salehi, Saeidinia, & Aghaei, 2012).

Some critics toward virtue theories are inconsistent with psychology which showed that behavior is determined by the external situation, not moral character.

3. Methodology

Business ethics is a study of moral right and wrong that focuses on an organization. When describing what to be covered within an organization in studying business ethics, there many issues that can be covered. Usually, business ethics studies will be divided into three main categories which are a systematic issue, corporate issue and individual

issue. On the other hand, for this study, the issue will be selected according to four different categories based on moral and legal right or wrong.

The informal interview was held to gather experience and perspective of the college staff toward ethics, morality and integrity from college staff and student and all case study was recorded. The case study was then classified into four different dimensions as shown in Figure 1. The best-case study from each dimension then will be selected and discussed from a theoretical point of view.

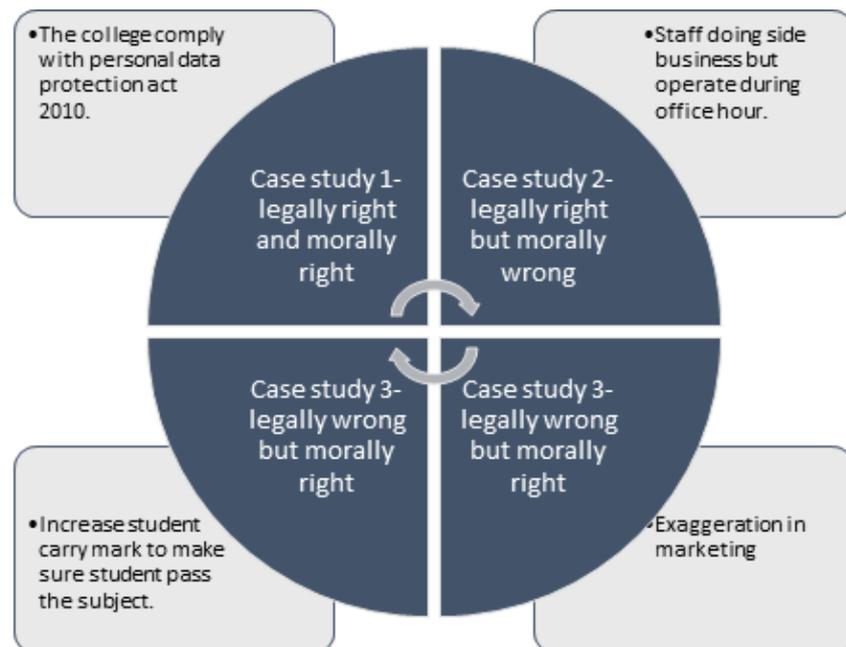


Figure 1: Case Study Component (Source: Authors' own work).

The research is a qualitative research method which is based on the unquantifiable or non-numerical aspect for example opinion, or felling. Research design is based on exploratory case study research design. The aim of this study is to explore business ethics in a private university environment without an attempt to find a conclusive answer to research objectives. Unstructured interviews were conducted. The minimum 20 sample size is set as nature of study are based on the grounded theory where non-probability data sampling is used.

4. Finding and Discussion

4.1. Legal Right and Morally Right Case Study

Personal data is any information that relates to an identified or identifiable living individual. Different pieces of information, which are collected can lead to the identification

of a particular person and constitutes personal data. The purpose of personal data protection is to secure the essential rights and freedom of an individual that is identified with that information. On the other hand, securing individual information it is conceivable to guarantee that people's rights and freedom are not violated. For example, incorrect processing of personal data, might bring about a situation where an individual person is overlooked for a job opportunity or, even worse, loses his/her current job. Next, personal data guidelines are essential for guaranteeing and customer friendly toward the provision of service. Personal data protection can create a circumstance, where, for instance, personal data cannot be sold to any party and thus an individual has greater control over who makes him an offer and what kind of offer is being made.

According to the Personal Data Protection Act 2010, there are four main policies namely data collection, sharing and use of data, application of the privacy policy and changes/amendment. The college will not gather any customer identifiable personal information except for information given itself by the customer through message or email. When a customer provides personally identifiable information, the data will be shared when necessary, with the Malaysian government, government authorities, government agencies and other relevant authorities for a reason to serve the customer in the most competent and effective manner only. Other than that, the information also may be used by the college for the purpose of handling complaint, registration, internal audit, an audit by relevant authorities and other matter involving the college. The privacy policy is only applicable only on the college and there may a different and additional policy on different department or faculty. Customer is advised to check regularly as the college can make a change or amendment toward the policy.

Every individual should maintain their right regardless of their skin color, race and religion. The college should protect a student's personal data given to the college for academic purpose and the college has a moral obligation to use their student's data only for academic and internal purposes only. This case is related to the concept of right and duty. Right in general is an individual's entitlement to something and in this case, it is the student's right to know how their personal information that has been given to the college has been utilized. Specifically, this case can be related by contractual right and duties. This principle is also called special obligation or special right and duties. Contractual right and duties principle is defined as the limited right and correlative duties that arise when one person enters an agreement with another person. The student acquires a contractual right to whatever the college has promised, and college has a contractual duty to perform as what it has promised.

4.2. Legal Right and Morally Wrong Case Study

For this section, the selected case is staff doing side business but operate during office hour. First, we cross-check with the law either someone who already works with an organization can engage in other business or trade. Based on the Malaysia Bar council for example, section 12.01. (2) said that; 'An Advocate and Solicitor who is a legal assistant may engage on a part-time basis in a business or trade that is in the opinion of the Bar Council not incompatible with the dignity of the legal profession, provided that it does not infringe his/her full-time employment by an Advocate and Solicitor or a firm of Advocates and Solicitors in accordance with section 30(1)(b) of the Legal Profession Act 1976.' (The Malaysia Bar council, 2014). Based on that policy there is no restriction for a person to register and conduct a side business. It just a matter of how the personal responsibility toward their real job.

In this case some student reported during the academic section, there is some stuff promoting and sell their side business product during class. Morally, its wrong act because the staff should not mix their full time working with their business. Them should maintain their professionalism as academicians and smart to manage their time. It is not wrong to promote their side business product or service to co-worker and student but it morally wrong to do it during class section as they are being paid to teach not selling or do other things.

Next will be discussed is on the ethical principle point of view on staff doing side business but operate during office hour. It is not wrong to own a side business but it morally wrong when someone more focus on their side business plus worst when they promote or doing the business during main working hours. For this case we cannot assume that is wrong as there is an ethical principle that supports this behavior which is libertarianism principle on justice as freedom. There is no particular way of distributing goods can be said to be just or unjust apart from the free choices an individual make. Any distribution of benefits and burden is just if it is the result of individuals freely choosing to exchange with each other the goods each person already own. Related to the case, for what the staff chooses to do for example selling cookies, then the staff should be allowed to sell the cookies anywhere and anytime if the staff want to. This principle stress on every person has a right to freedom coercion that takes priority over all other values and rights.

4.3. Legal Wrong and Morally Right Case Study

For this section we will discuss on case study that both are legally and morally wrong. Based on interviews, most lecturer faces a dilemma related to students' grade. Most of them admit that they have added at least one mark to increase a student's carry mark to make sure that the student passes the subject they teach. This situation happens normally when some student received a marginal pass grade. It's always a question for the lecture; if one of your students got a marginal passing grade, would they let him/her pass?

There is a huge debate about this problem, and it depends on the situation at that time. But in general, this kind of act is legally wrong because to pass, the student should obtain marks more than the college's passing grade. It is also morally wrong if the lecturer passed the student because of favoritism or empathy, but the student should fail as the student has missed classes and do not submit their assignments.

For this case, depending on the course being lectured. For example, a language course, or a literature course is different from a Calculus course or Mathematics or Physics course. Calculus course is normally considered as difficult, and for this type of course, in the authors' opinion, marks can be added to students obtaining a marginal pass to assist them to pass the course. The attitude of students during the whole semester, his/her interest in learning in the class and the attention given to the professor on his/her lectures and practical classes during the semester should also be considered in assisting students with a marginal pass to pass the course.

It is related to the first factor that is the difficulty level of the course such as calculus. If the student has given full commitment during class thus its morally okay to help the student due to their effort. Lecture judgment also effected by the student result on partial tests carried out during the semester and the level accomplished of all of the students' duties and the number of times that the student disapproved other classes on the same or related subject. Lastly another factor that may affect lecture judgment are influenced such an act is the year where the student is. Is not the same if the student is in his or her first year of his or her career or the student is close to being graduated.

In business ethic point of view, the case was when the lecture increase student carry-marks to make sure student pass the subject. As elaborated earlier in the previous paragraph above we will view this case on student situation supposedly need to help. The most suitable principle related to the case is the ethic of care. Ethics of care need to be impartial, unlike conventional ethical principle which assumes ethic has to be impartial. This principle stress on someone should be care for those dependent on and

related to us. For a case study on certain situation the student mostly dependent on care from the lecture for example the student already on the final semester and to pass the paper is necessary which fail to do so the student need to extend their study time which related to their financial problem.

4.4. Legal Wrong and Morally Wrong Case Study

Advertisements should not be framed so as to abuse the trust of the consumer or exploit his lack of experience or knowledge, is one thing in code in The Malaysian Code of Advertising Practice by The Advertising Standards Authority Malaysia to avoid Exaggeration in marketing (Standards & Damansara, 2014). The Advertising Standards Authority Malaysia is the independent body responsible for ensuring that the self-regulatory system works in the public interest. The ASA's activities include investigating complaints, mediating and providing copy text advice on your advertising(advertisement).

As private university mostly relies on student's enrollment to sustain is operations, they should not take advantage to do an exaggeration in marketing to motivate students to join their college. This act is clearly legally and morally wrong. In most cases, the marketing team often give incomplete information about the program offered to student especially on the student loan and scholarship. The worst case is when some of the students have been approached to enter the program and there is a promise to offer student loan but all is done verbally. When the student does not obtain the loan, nothing can be done as the discussions are done verbally.

For the case of exaggeration in marketing in business ethic principle, this kind of activity is unacceptable but in ethic principle point of view there is some principle that supports this kind of activity. The most suitable principle to relate with this kind of case is Utilitarianism principle. Utilitarian promote actions should be evaluated on the basis of the benefit and cost they produced for everyone in society. The academic institution is the place to nature education to society. On the other hand the college hardly depends on the student enrollment to sustain the business. Thus, it may be considered okay for the college to a litter bit of exaggeration in their marketing as long their business can sustain and provide education services to all the student enroll.

5. Conclusion and Implications

In conclusion, ethical behavior and organization sustainability is related to one and another. From the four different cases of legally and morally different setup, there is

a related ethical principle that we can be related to that act. In business the practice ethical principle uses can justify some action that may be in general the society sees it as wrong, but justification can prove it differently. For example, the principle of utilitarian approached in some moral decision making in some makes it can neglect the morally wrong action as it considers will bring impact toward the cost of the organization if been abolished. For further research it is recommended that the case study is analyzed deeper using proper research design and statistical analysis. Other than that, integration between various approached needs to study toward moral evaluation.

The implication that may happen to college organization if they take action to improve their organization business ethic based on the cases disused are first the college employee will not feel okay to by-pass established protocols in order to be more efficient or effective at work. Besides that, the college will try to do business that will not deceive customers. The college employee will avoid conflicts of interest by not advancing their interests over those of the company. Next the college management will improve awareness and protection of the claims and rights of people in the community served. Other than that, the college management will provide training programs that effectively communicate ethical standards and policies. Lastly, the ethics committee or team that deals with ethical issues in the organization will be created and the code of ethics and SOP regarding the ethical issue will be created.

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