

**THE RELATIONSHIP BETWEEN
MUSIC ENGAGEMENT AND
ETHICAL DECISION-MAKING AMONG
THE OWNER MANAGER IN SERVICE SECTOR**

by

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**KAJIAN BERKENAAN HUBUNGAN ANTARA PENGLIBATAN MUZIK
DAN ETIKA MEMBUAT KEPUTUSAN DI KALANGAN PEMILIK DALAM
SEKTOR PERKHIDMATAN**

ABSTRAK

Etika membuat keputusan adalah penting kerana ia akan memberi kesan terhadap hasil keuntungan dalam sesuatu perniagaan. Kualiti keputusan sering dipengaruhi oleh beberapa faktor seperti penglibatan muzik, kawalan lokus, etika peribadi, kepercayaan rohani peribadi dan etika membuat keputusan. Masalah etika dilaporkan di Negara ini ialah 37% dan ini telah memacu momentum dalam penyelidikan lebih lanjut dalam etika perniagaan di Malaysia. Malah, terdapat juga kekurangan kajian empirikal dalam keputusan etika. Dalam tujuan kajian ini adalah mengkaji hubungan antara penglibatan muzik, kepercayaan rohani peribadi, etika peribadi, kawalan lokus dan etika membuat keputusan. Hubungan langsung di antara i) penglibatan muzik dan etika membuat keputusan, ii) kepercayaan rohani peribadi dan etika membuat keputusan, dan iii) etika peribadi dan etika membuat keputusan telah dikaji. Seterusnya, hubungan tidak langsung iaitu; i) etika peribadi yang ditengahi penglibatan muzik dan kepercayaan rohani peribadi dengan etika membuat keputusan. Kawalan lokus digunakan untuk menyederhanakan hubungan antara etika peribadi dan etika membuat keputusan. Rangka Rest (1986) dan teori etika telah digunakan untuk menyokong rangka penyelidikan ini. Unit analisis dalam kajian ini adalah pemilik dalam sektor servis SMEs. Persampelan rawak berstrata telah digunakan dalam proses pengambilan data. Sebanyak 273 sampel telah dikutipkan. Kaedah *Partial Least Square Structural Equation Modeling (PLS-SEM)* telah digunakan untuk menganalisis data. Hasil kajian ini telah mencadangkan

bahawa terdapat tiga dari lima hubungan langsung adalah signifikan. Tambahan pula, terdapat kesan pengantaraan dalam perhubungan penglibatan muzik dengan etika membuat keputusan dan kepercayaan rohani peribadi dengan etika membuat keputusan. Dalam hasil kajian ini, sumbangan teoretikal dan praktikal telah diartikulasikan. Kajian masa depan dan cadangan telah dibincangkan pada akhir tesis ini.

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ABSTRACT

Ethical decisions are crucial in business or any profit-making organizations as these decisions affect the income. The quality of decisions is often affected by several factors such as music engagement, locus of control, personal spiritual belief, and personal ethics. The ethical problems were reported at 37% in Nation and this motivated a momentum in more research in business ethics in Malaysia. There was also lack of empirical studies done in ethical decision-making. The purposes of this study aims to examine the interrelationship between music engagement, personal spiritual belief, personal ethics, locus of control and ethical decision-making. The direct relationships of; i) music engagement and ethical decision-making, ii) personal spiritual belief and ethical decision-making, and iii) personal ethics and ethical decision-making were examined. The indirect relationships of personal ethics as the mediator on the relationships between music engagement and ethical decision-making as well as personal spiritual belief and ethical decision-making were examined. Besides, the locus of control was tested as a moderator on the relationships between personal ethics and ethical decision-making. Rest (1986) model and ethical theories were used to support the whole research framework. The unit of analysis in this study was owner manager in service sector of SMEs. The purposive sampling technique was employed in the data collections. A total of 273 samples were collected throughout this research. The Partial Least Square Structural

Equation Modeling (PLS-SEM) approach was then used in the data analysis. The finding revealed that three out of five direct relationships are significant. Additionally, there was a mediation effect on the relationships between music engagement and ethical decision-making as well as personal spiritual belief and ethical decision-making. Guided by the outcome of this study, the theoretical and practical contributions were articulated. Future research and possible suggestions and limitations of the study were discussed in the end of the thesis.

CHAPTER 1

INTRODUCTION

1.1 Introduction

This first chapter introduced the overview of the study and discussed the background of the study. First and foremost, a background to the study is provided leading to the statement of the research problems. Secondly, the research questions are explained and the main research objectives are introduced; this is followed by the discussion on the significance of the study, the scope of the research and its limitations. Finally, the definitions of some key terms applied in this research are provided and the organizations of the whole research of the thesis.

1.2 Background of the Research

Decision-making can be described as the process of making choices among possible alternatives. Dumler and Skinner (2008) identify that decision-making process from a slightly different angle by stating that it involved making a selection from a set of potential alternatives and achieving the chosen option. Later Gray, Esenduran, Rungtusanatham, and Skowronski (2017) argued that decision-making often involved problem-solving and decision-making skill is important for business and life in general. For example, an entrepreneur or management team needs to make ethical decisions that will ensure business growth and sustainability (Crane & Matten, 2016). Thus, ethical decisions are crucial in business or any profit-making organizations as these decisions affect the income, expenditure, and ultimately the survival of the business organization in the long term.

The importance of decision-making is often affected by many factors that involve the individual decision-maker such as music personal interest (Hampton, 2009; Greenberg, Baron-Cohen, Stillwell, Kosinski, & Rentfrow, 2015), locus of

control (Littunen, 2000; Forte, 2005; April, Dharani, & Peters, 2012), personal spiritual belief (Davis, 2008; Walker, Smither, & DeBode, 2012), and Personal Ethical Attitudes (Kum-lung, 2010; Nejati, Amran, & Shahbudin, 2011; Price & van der Walt, 2013).

In addition, the importance of decisions is also affected by the decision-making process such as conscious and human process, involving both individual and social phenomena, based upon factual and value premises. This includes a choice of one behavioral activity from among one or more alternatives with the intention of moving toward some desired state of affairs (Feurer, Schuhmacher, & Kuester, 2018). Based on individual decision-making, people make decisions based on their own values and principles of right or wrong (Brown & Treviño, 2006). Generally the values and principles came from the socialization process with family members, social groups and religion, and in their formal educations. Therefore, personal good values have been found to decrease unethical practices and to increase positive behavior (Ferrell & Fraedrich, 2012).

Obviously, the values of individuals can be taken from the moral philosophies in order to apply into daily decisions. However, the values are subjective and vary a great deal across different cultures (Hofstede, 2001). For example, one individual might place a greater importance on keeping one's promises and commitments than another would. The value could relate to the negative rationalizations, such as "Everyone does it," or "We have to do what it takes to get the business" (Suar & Khuntia, 2010). According to Elango, Paul, Kundu, and Paudel (2010) social forces have overcome a person's individual values when it comes to taking appropriate action. On this occasion, an individual's attitudes as well as social norms will help create a behavioral intention that will shape his or her decision-making process. In

brief, the factors of an individual decision-making that affect ethical awareness are judgment, intent, and behavior include gender, education, work experience, nationality, age, and locus of control (Loe, Ferrell, & Mansfield, 2013).

Critical in any business organizations, good decision-making are made when ethics is incorporated in the process of decision-making. People generally identify ethics as giving a standpoint from which to decide what is right and what is wrong and what we ought to do or ought not to do. According to Rowson (2006), ethics is not the only guidance to judge whether the behavior is to be acceptable or unacceptable but also to consider from the perspective of law, social convention, professional codes of conducts, religious belief, politics and practically. Basically, ethics embrace the philosophy of human conduct, with the emphasis on the right and wrong conduct (Davis, Frederick, & Blomstrom, 1984).

In the context of the business organization, ethical decision-making in the 21st century is a transforming field of study, focusing on ethical issues in business activities in the perspective of law, philosophy, theology, or social science, by seeking solutions for specific managerial problems (Ferrell & Fraedrich, 2012). According to Ferrell and Fraedrich (2012), ethical decision-making in sales particularly in organization has been explored using diversity of approaches. In a review of personal selling and sales management literature disclose that research has mainly focused on individual and organizational factors that influence the ethical decision-making (McClaren, 2000).

Ethical business in overall related studies include macro environmental issues (Singh & Carasco, 1996); human rights principle (Cragg, 2000); industry-specific practices (Lamb, 1999); organizational philosophy (Hunt, Wood, & Chonko, 1989); and individual conducts (Kantor & Weisberg, 2002; Lund, 2000).

Alderson (1965) suggested that in making ethical decision the decision maker “is faced with the responsibility for weighing values and reaching a judgment.” The emphasis here is placed on the decision-maker’s values when the decision is being made. Further on, Pearson, Crosby, and Shim (1997) believe that professional development requires not only technical growth, but also the development of the individual’s (or decision-maker’s) ethical standards. In support of this, ethical decisions should be a part of everyday life for those who work in organizations (Ferrell & Fraedrich, 2012; Kamil, 2014).

In practice, contemporary works on ethical business include ethical climate, ethical leadership, individual differences, and nature of the ethical issue on the decision makers’ ethical reasoning and subsequent decisions (Guimarães-Costa, Pina e Cunha, & Rego, 2014). There are a variety of dimensions that can impact the ethical decisions and actions of entrepreneurs. Subsequently, ethical business decisions are easily overlooked because other business concerns take priority such as business plans, strategies, operational issues, and financial matters. However, ethical decisions have a more powerful influence on the existence of business operations than most people think (Scott, Erin Baca, & Troy, 2000).

The current issues of business ethics have received a prominent status in the study of business ethics in recent years. Thus, there is a growing body of literature concerning the ethical issues particularly in conflicts and dilemmas in the self and organization context as a well as their impacts on managerial ethical decision-making (Ahmad, Ansari, & Aafaqi, 2005; Barnett, Bass, & Brown, 1994; Anderson & Davies, 2000). Nevertheless, till to date the majority of studies on business ethics have only been conducted in United States of America and Australia business environment. Hence, this has raised concerns when generalizing the findings in terms

of Malaysian context (Ahmad, 2009). Thus, this has gain a motivation in research on business ethics in Malaysia (Abidin, Sadique, & Alias, 2011; Sarfraz, 2014). Similar findings were reported by Khalid et al. (2012), it is important to include more variables other than age and gender among servicing industry particular in ethical decision-making. Therefore, this shows that unethical practices are based on individual business owners, managers and executives' ethical decision-making hewed by them (Khalid, Agil, Omar, & Khalid, 2012; Khalid, Azmi, Omar, Jani, & Anuar, 2015).

Meanwhile SMEs are an important fundamental of the country's economic development and offer major contributions to the Malaysia Economic life. According to Abdullah (1999), Malaysia SME are seen as a mechanism to improve the sharing of income, stimulation of economic growth, and reshaping an economic structure, which has been supported and depended highly by the large firms activities.

Today, despite the increasingly challenges of the economic environment, SMEs remain a priority to the Government. In 2015, 150 SME development programs were implemented with a total funding of RM5 billion that reached out to more than 580,000 SMEs and its employees, (SME Corp., 2016). As a result of the growing of SMEs in Malaysia, this contributes to the higher employment growth of SMEs. The percentage of total employment increased from 57.5% in 2013 to 65.5% in 2015. The higher employment share was contributed mainly in the servicing sector 62.6%, followed by the manufacturing sector 15.8%, construction 11.8%, agriculture 9.6% and mining and quarrying 0.2%, as shown in Table 1.1, (SME Corp., 2016).

Table 1.1 Percentage of Sector in SME

Sector	Percentage (%)
Servicing	62.6
Manufacturing	15.8
Construction	11.8
Agriculture	9.6
Mining and Quarrying	0.2

(SME Corp, 2016)

Since the SMEs do plays a crucial role in the country's economic nation, there is no omission in the developing economy like Malaysia, Thailand, Indonesia and so on. Thought SMEs do contribute the growth of Malaysia economy but unfortunately there is a high unethical problems among SME entrepreneurs' (Yeoh & June, 2016).

Focusing in Malaysia, micro, small and medium-sized enterprises (SMEs), the growth number of operation SMEs in Malaysia brings about increasing volume of operations and activities which leads to a greater impacts on society and environment. Therefore, it is vital to have a closer look and attention towards the issue of ethical decision-making among Malaysian SMEs

Despite the importance of ethical decision-making in SMEs, there is a growing need for organizations to have professionals who possess and demonstrate higher-level moral development. These professionals should therefore be focused on and committed to making ethical decisions (Maccoby, 2005). Needless to say that unethical conduct should be avoided especially if it is deemed a criminal act; or if the company/employer decides to file a legal action against the unethical decision-maker; or if the actions negatively affect the image of the business organization (Broni, 2010). Ethical business conduct can create a positive image of a business that boosts the growth and sales by increasing consumer trust. On the other hand,

unethical conduct could create serious damage to a company (Zahra, 1994).

In the process of making ethical business decisions, entrepreneurs are often challenged with varying forms of business dilemma or a situation where a difficult choice has to be made between two or more alternatives. According to Kohlberg's theory of moral development, the moral reasoning or the basis of ethical behavior being categories into six identifiable developmental stages which was used as the moral dilemmas in Moral Psychology (Kohlberg, 1963). On the other hand, moral dilemmas were first introduced by Greene, Sommerville, Nystrom, Darley, and Cohen (2001) as a way to develop a paradigm for experimental induced "cognitive conflict". According to Christensen and Gomila (2012), concluded that a moral dilemma should be understood as an experimental stimulus with a clear structure composed of a series of design parameters – independent variables – that have to be identified and then carefully controlled for in all empirical studies of moral judgment.

It is well established in the literature that entrepreneurial organizations face unique challenges (Boyd & Gumpert, 1983); depending on the industry setting and the specific nature of the business, new ventures often experience constant change and limited financial resources (Boyd & Gumpert, 1983). These pressures can have a profound effect upon ethical decision-making processes (Chau & Siu, 2000). In such conditions, scarcity of resources as well as other sources of personal strain can impact the ethical standards of entrepreneurs (De Clercq & Dakhli, 2009; Harris, Sapienza, & Bowie, 2009). In addition, specific ethical dilemmas arise with respect to the division of profits within the organization, high risk associated with newness, and the trade-off between impression management, legitimation, and honesty (Dees & Starr, 1990). Furthermore, entrepreneurs tend to face ethical dilemmas involving

their own values, organizational culture, employee well being, customer satisfaction, and external accountability (Payne & Joyner, 2006).

On the other hand, recent developments by author Chin, Coutinho, Scherer, and Rickard (2018) on the impact of music engagement on cognitive and emotional functioning is increasingly of interest to researchers and practitioners. It is widely accepted that the effects of music are moderated by an individual's musical background and their level of engagement with music. Several questionnaires have been developed which are designed to assess specific aspects of music engagement, such as music preferences (Rentfrow, Goldberg, & Levitin, 2011; Rentfrow & Gosling, 2006) and use of music for mood regulation (Saarikallio, 2008). A comprehensive, and psychometrically validated, instrument to assess the multidimensional nature of music engagement would however be helpful to fully acknowledge this construct in the future research.

As a conclusion, businesses today are realized to be prone to ethical misconduct, which can be very costly for the organization and the society in a whole (Abiodun & Oyeniyi, 2011). Furthermore, today's customers have become increasingly mindful of the reputation of the businesses they patronize. Consequently, small and medium-sized enterprises (SMEs) have become the worst affected since they lack the funds, strategic information and relevant alliances (Ononogbo & Joel, 2016) to implement ethical decision-making.

1.3 Problem Statement

The Malaysian economic has been facing slowdown as GDP of Malaysia has drop from USD 340 billion in year 2014 to USD 298 billion in year 2015 (Focus Economics, 2016) and emergence of a knowledge-based and new movements in society have challenged the traditional ways of managing in business ethics (Trevino

& Nelson, 2016). In the year 2011 the SMEs in Malaysia comprised of 99.2% of all businesses formation and contributed about 32% of the gross domestic product (GDP) and also 59% of employment in the country (SMIDEC, 2011). Later in year 2015, SMEs contributed 36.3% to gross domestic product (GDP) from slightly above 4.3% in the 2011, (SME Corp., 2016). Therefore, the view of the important role played by the SMEs, the Malaysian government continues to stand committed towards the development of a robust and competitive SME sector and considering a wellbeing key national development strategy (Ramayah, Ling, Taghizadeh, & Rahman, 2016). Since SMEs contributed a lot in Malaysia GDP, our Prime Minister, Datuk Seri Najib Tun Razak has assisted and announced an allocation of RM7.34 billion to implement 152 SMEs program development in the 2017 budget to help Malaysian SMEs (SME Masterplan, 2016). Comparing to the previous year 2015, a total of RM 4.1 billion has been allocated implementing 29 programs to promote access to financing which expected to benefit some 422,840 SMEs (SME Masterplan, 2015). From here, there is a need to have a good ethical decision by Malaysian SMEs in order to make sure the fund is fully utilized and avoid wastage. This is also to encourage SMEs to increase the productivity and to create domestic, regional and global competitors, key measures have been introduced to reduce regulatory costs, promote capacity and capabilities, foster an entrepreneurial culture, and enhance financing and support systems for SMEs (Haron, Ismail, & Oda, 2015).

According to the report of Surveys and Trends, St. James Ethics Center in year 2009, one out of four individuals experienced people behaving unethically towards one another in an organization (Longstaff, 2009). Based on the Global Business Ethics Survey 2016, 23% of the top managers around the world committed into bribery involvement management in every private sector especially in SMEs.

In the context of Malaysia, based on the latest report from Suruhanjaya Pencegahan Rasuah Malaysia (SPRM) or Malaysian Anti-Corruption Commission in year 2013, 37% are reported to be unethical problems among SMEs, 21% are reported to be dishonest report, 25% on power abuse and lastly 17% on corruptions. The SMEs owners needed to observe the importance of trust and ethics in business when on the “receiving end” of unethical business practice (Muhammad, Yusof, Amin, & Chowdhury, 2012).

Moreover, the 2013 Fraud Survey Report of Klynveld Peat Marwick Goerdeler (KPMG) Malaysia alerted on the rising trend in financial reporting fraud. This increasing number of cases reported on fraud and scandals have made ethics a target of attention by various stakeholders and researchers’, and has motivated a worthwhile momentum in research on business ethics in Malaysia (Abidin et al., 2011; Sarfraz, 2014). In addition, authors Samat, Ishak, and Nasurdin (2016) reviewed that the ethical standards and integrity in Malaysia are diminishing, this daunting information seems to indicate the need for government and other relevant authorities to seriously address this issue of ethics and ethical decision-making in Malaysia.

In the previous studies indicated that although entrepreneur in Malaysia SMEs are interested to observed a good business practices, due to the realities in life that may forces the entrepreneurs to make compromises and felt constrained to make unethical adjustment in business ethical decision-making (Yeoh & June, 2016). Among the unethical practices, the most common practices usually happened in SMEs are dealing with the manufactured product qualities issues where the owner reluctant to inform the customer regarding some faulty detected in the product before shipment (Abiodun & Oyeniya, 2011). In addition Abiodun and Oyeniya (2011)

mentioned that some SMEs owners have lowered down their employee's wages and benefits to the minimum in order to increase their profit margins. Moreover, Turyakira (2018) mentioned that owner SMEs do not intent to spent extra cost to dispose the chemical or toxic waste properly but illegally disposed the waste directly to the nature. This has concluded that some of the SMEs owners are unethical in their decision-making just for their own benefits.

As more and more businesses are being created, it is important to identify the entrepreneurs' commitment of styles to train and to enhance ethical decision-making in their workplace. The right ethical approach is a necessity for a company's success and positive image. Many businessmen often obligate ethics in business nowadays because the business people are only looking for money making and may cause harm to people or the environment (Broni, 2010). Broni (2010) quoted that not likely that all philosophers will educate everyone to be ethical but the impact of being ethical came from one's early social environment.

Due to the financial impact in this segment has on the national economy, medium businesses should not ignored when it comes to developing business practices for ethical development in decision-making. Just like other larger corporations, medium or smaller businesses are prone to face daily ethical dilemmas. Ethical dilemmas are faced from time to time operations of a business. It has been suggested that working individuals often encounter such predicaments in their interactions with regulators, suppliers, competitors, customers, subordinates, and superiors (Schermerhorn, Hunt, & Osborn, 2003). As within the larger business world, medium businesses should be aware of the impact that improper responses to these dilemmas present on the business. Thus, an improper response can result in an unethical decision being made which ultimately result in the demise of the business.

The extend literature on ethical decision-making has a number of deficiencies, which require urgent attention. There are few studies, which have demonstrated the link between music engagement and decision-making by individuals (e.g., Day et al., 2009; Greenberd et al., 2015; Hampton, 2009). In addition, the music engagement will bring positives effects in the individual's emotions and cognitions thus, if the owner manager in the SMEs can allocate some times engaging into music this will help them in making more ethical decisions in their business (Hollebeek et al., 2016). Therefore, there has been a call for further research to investigate the association between music engagement in cognitive and emotional regulations and decision-making. Thus, this is to be identified as the first gap of the research.

The second gap, linking in decision-making and spirituality belief as according researchers Walker, Smither, and DeBode (2012), where there are evidence that religiosity or spiritual belief was indeed related to ethical judgments. This idea also supported by Davis (2008), that the link of religious and ethics are still in a 'grey' zone. Thus, the research will explore further about spiritual belief effects ethical decision-making, spiritual belief that affects attitude towards business ethics in this research.

Choe (2010) defined that there is a significant relationship between religious and attitude towards business ethics. Furthermore, Choe (2010) added that there is also significant relationship between genders in male and female in terms of attitude towards business ethics. In addition, the investigation of cross-cultural differences in attitude towards business ethics in Iran and Malaysia have significantly different attitude towards business ethics (Nejati, Amran, & Shahbudin, 2011). Based on the researcher's observations, personal ethics tends to be more transactional in ethical

decision-making. Choosing the appropriate personal ethics when dealing with personal spiritual belief will reflect positively on the outcome, therefore, the researcher will use personal ethics as a mediator. Furthermore, the researcher has found no studies, which investigated whether personal ethical was a mediator between, personal spiritual belief, music engagement, and ethical decision-making. This is considered by the researcher to be the third gap in the relevant literature

In general, the past studies have not systematically investigated the determinants of ethical decision-making of individual entrepreneurs to make ethical decision notably incorporating music engagement, personal spiritual belief and mediating effect of personal ethics. In addition, emphasizing on good business decision (generally) and good ethical decision (particularly), can influence customer's attitude towards the business and develop trust and loyalty (Carrigan & Attala, 2001).

Not surprisingly, the locus of control on the other hand, was indeed the most studied control-variable particularly in moderating variable in reflecting the effect of personality and entrepreneurs (Karabay, Akyüz, & Elçi, 2016). Meanwhile, research done by Hsiao, Lee, and Chen (2016) . Hsiao, Lee and Chen (2016) suggested that there is a need of longitudinal studies to further investigates the moderating effect of Locus of Control.

Based on the mentioned above, there is an obvious lack of research and many gaps on ethical decision-making. Therefore, this study intends to investigate the relationships between the music engagement, personal spiritual belief, mediating effect of personal ethics, moderating effect of locus of control and the Ethical Decision-making among individuals in Malaysia.

As a conclusion, based on the above narrative and research gaps highlighted in research background, it is crucial to investigate the relationships between the music engagement, personal spiritual belief, mediating effect of personal ethics, moderating effect of locus of control and the Ethical Decision-making among individuals in Malaysia as it is quite serious ethical decision-making issues in globally as well as in Malaysia.

1.4 Research Objectives

The primary objective of this research is to study the ethical decision-making among the owner manager in SMEs. The variables of music engagement, personal spiritual belief, personal ethics (Machiavellianism and Social Darwinism), locus of control on ethical decision-making were investigated by undertaking this research in attempt to fill in the research gaps identified in the literature reviews. The specific objectives of the current study are stated below:

- i. To examine the relationship between music engagement and ethical decision-making among owner manager in Malaysia.
- ii. To examine the relationship of personal spiritual belief and ethical decision-making among owner manager in Malaysia.
- iii. To examine the relationship of music engagement and personal ethics among owner manager in Malaysia.
- iv. To examine the relationship of personal spiritual belief and personal ethics among owner manager in Malaysia.
- v. To examine the relationship of personal ethics and ethical decision-making among owner manager in Malaysia.
- vi. To examine the mediating role of personal ethics in the relationship between music engagement and ethical decision-making among owner manager in

Malaysia.

vii.To determine the mediating role of personal ethics in the relationship between personal spiritual belief and ethical decision-making among owner manager in Malaysia.

viii.To determine the moderating role of locus of control on the relationship between personal ethics and ethical decision-making among owner manager in Malaysia.

1.5 Research Questions

To achieve the research objectives mentioned above, the following research questions are addressed as follows:

- i.What is the relationship between music engagement and ethical decision-making?
- ii.What is the relationship between personal spiritual belief and ethical decision-making?
- iii.What is the relationship between music engagement and personal ethics?
- iv.What is the relationship between personal spiritual belief and personal ethics?
- v.What is the relationship between personal ethics and ethical decision-making?
- vi.Does personal ethics mediate the relationship between music engagement and ethical decision-making?
- vii.Does personal ethics mediate the relationship between personal spiritual belief and ethical decision-making?
- viii.Does locus of control moderate the relationship between personal ethics and ethical decision-making?

1.6 Significance of the Study

This study specifically provides significant theoretical and practical contributions in the following areas:

1.6.1 Theoretical Contributions

Firstly, from the theoretical view, this study will make significant contributions to the knowledge related to Ethical Decision-Making, Music Engagement, Locus of Control, Personal Spiritual Belief and Personal Ethical. This study intends to validate the relationship between the music personal interest and ethical decision-making as suggested by Greenberg et al. (2015). Greenberg et al (2015) also suggested future research for music preference and decision-making. Another research shown that the effects of music tempo and task difficulty on the performance of multi-attribute decision-making and suggested a future research on different types of music that leads decision-making (Day et al, 2009). This implies that there is a relationship between music engagement and ethical decision-making.

Secondly, this study will also contribute to the body of knowledge in the areas of locus of control to ethical decision-making. This study intends to show that the relationship between the locus of control and ethical decision-making is valid. This was first suggested by Rotter (1966) theory, which defined that an individual of the locus of control can be seen as either internal or external. However, this has never been proven empirically in the research literature.

Thirdly, this study intends to show that the relationship between the personal spiritual belief and ethical decision-making. According to Walker, Smither, & DeBode (2012), there are evidence that religiosity or spiritual belief was indeed related to ethical judgments. Therefore Davis (2008), defined that the link of religious and ethics are still in a 'grey' zone. Thus, the research will explore further

about spiritual belief effects ethical decision-making.

Finally, this study proposes that personal ethics towards business ethics mediate the relationship between the music personal interest, locus of control, and personal spiritual belief and the ethical decision-making. Based on the researcher's own observations, the attitude towards business ethics tend to be more transactional during decision-making occurs in the past literatures (Alam, 1995; Bageac, Furrer, & Reynaud, 2011; Cox, Friedman, & Edwards, 2009; Grünbaum, 1997; Kum-lung, 2010; Moore & Radloff, 1996; Nejati et al., 2011; Peppas, 2002; Preble & Reichel, 1988; Price & van der Walt, 2013; Reichel & Neumann, 1988; R L Sims & Gegez, 2004; Small, 1992). However, the researcher has found no studies, which investigated whether Personal Ethical was a mediator between Personal Spiritual Belief, Music Engagement, and Ethical Decision-Making. According to Reckers and Samuelson (2016), there is a need of research in relatively high value of locus of control that complying to unethical decision-making. Hsiao et al., (2016) added that the essential of demand in research for relationships between variable that are not related to various background of the current study or current variables.

As a summary, new research framework, closing research gap, and two new independent variables in research framework into theoretical contribution towards ethical decision-making among owner manager in Malaysia.

1.6.2 Practical Contributions

Firstly, the results of this study could provide a greater insight of the Phenomenon of Ethical Decision-Making among owner manager in Malaysia. Besides that, the findings of this study could serve to facilitate greater understanding among business owners of these voluntary, discretionary and non-required contributions for the survey.

Secondly, it also helps the SME-corps to understand and realize the significant contribution of Ethical decision-making among individuals and the effects it has on the businesses.

In addition, this study also attempts to highlight the importance of using higher level of ethical decision-making in individuals. Achieving the above objectives may help those running own business to sharpen their ethical awareness and always be conscious of their ethical decision-making when are faced with ethical dilemmas.

The findings of this study is also expected to add more information to the effect of the individual factors, such as the music personal interest, locus of control and personal spiritual belief on ethical decision-making. This could be helpful especially in understanding the values held by individuals as well as in providing a basis for altering behavior in a more ethical direction, if such change is deemed to be the best interest of the society and the moral standards.

In this situation, this study also adds in further understanding among different culture and race in ethical decision-making. Furthermore, the understanding of different genre of music and interest toward music that leads to different types of decision-making could be understood in this study.

Conducting this research is also considered an important step to nourish business ethics among business practitioners and helped to promote ethical decision-making regarding business issues. This, on the other hand, may encourage positive ethical decision in an individual, which may improve the effectiveness of the business itself. Hence, it is also considered as an effort to furnish a more ethical business environment, which is a prerequisite to a healthy working environment. Besides, it is also hope that the finding of this study is able to expand the existing body of knowledge on business ethics. Thus, is it also expected that the current

research would benefit the academic study of ethics as well as the individual entrepreneurs practice of ethics in business.

1.7 Definition of Key Terms

In order to facilitate common understanding of the elements of this study, the following operational definitions are used:

1.7.1 Ethical Decision-Making (EDM)

Ethical Decision-Making is defined as the ethical decision-making of an individual in making decision or choices when faced with an ethical dilemma. This is also a situation where no clear right or wrong answer. The level of ethicalness measured by the multidimensional ethical scales (Reidenbach & Robin, 1990). Reidenbach & Robin (1990) developed the scales from normative moral philosophy, which is called the multidimensional ethics scales to measure the level of ethical judgments and the inadequacies of business ethics. The multidimensional ethics scale in this study contains three sub dimensions of major normative ethical theories, namely, Justice, Relativism, Egoism, Utilitarianism, and Deontology.

1.7.2 Music Engagement

In this study, a survey instrument for music engagement reflects a combination of uses of music for cognitive and emotional self-regulatory purposes. The music engagement can therefore be conceptualized as an individual's level of active participation in music activities, measured by the frequency and regularity of participation, and the value assigned to the music activity (Chin, Coutinho, Scherer, & Rickard, 2018; Chin & Rickard, 2012)

1.7.3 Locus of Control

Locus of Control (Rotter, 1966) refers that the degree of an individuals with an internal locus of control believe that they control their action and outcomes, whereas individuals with an external locus of control believe that events are beyond their control and just a result of fate, or chance.

1.7.4 Personal Spiritual Belief

Following Goldberg et al (2006), Personal Spiritual Belief in this study refers to the level of own belief in religion affecting the individuals at work in decision-making.

1.7.5 Personal Ethics

In this study, Personal ethics referring to Attitude Towards Business Ethics Questionnaire refers to the “value clarification exercises” which contained statements that related to various business philosophies like Social Darwinism, Machiavellianism, Objectivism, and Ethical Relativism as defined by Reichel and Neumann (1987).

1.8 Organization of the chapters

This dissertation made up of 5 chapters. First chapter consisted of the background to the study, statement of the problem and research questions. These were followed by research objectives, significance of the research, the scope of study covered, definition of terms and how the study was organized.

Chapter 2 discussed the review of the related literature that includes ethical decision-making, personal ethics, music engagement, locus of control and personal spiritual belief. The chapter also presents the theoretical framework and a set of

hypotheses postulated for the study.

Chapter 3 focuses on the methodology used in this study with regards to the sample, unit of analysis, research instrument, data collection procedures, and the measurement tools for data analysis. Finally, pre and pilot test, non-response bias and techniques of data analysis were briefly discussed in this chapter.

Chapter 4 discussed the processes of data collection, survey response, data cleaning and the profile of the respondent that were examined. Descriptive statistics, structural equation modeling was studied by the use of Smart PLS 3.0 software.

Chapter 5 summarized and discussed the findings in chapter four according to the research objectives and finding on literature review. The implication of this study in term of practical and theoretical was highlighted. Limitation of this study, recommendations for future research and conclusions were presented at the end of this chapter.

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter reviews the relevant literature on the variables under this study. Firstly, Ethical Theory was reviewed and justified as the main underpinning theory that support the research framework of this dissertation. This chapter in section 2.2 contained a detailed review of the concept of ethical decision-making (dependent variable) with elaboration of the ethical decision-making models, ethical theories, connection to ethics theory and dimensions of ethical decision-making.

Section 2.4 discussed on the music engagement (first independent variable) and followed by a review of the types, relationships and dimension in measurement. Meanwhile, section 2.6 discussed on the personal spiritual belief (second independent variable) and followed by a review on the definition, development, and connection of personal spiritual belief with ethical decision-making.

Locus of control (moderator) was review in section 2.5 in this chapter. A thorough reviewed of the definition, development and dimensions in locus of control. Section 2.7 discussed on the personal ethics (mediator) and followed by a review of definition, development, previous studies, dimensions and personal ethics as a mediator.

Finally section 2.8 discussed about the research framework and section 2.9 discussed about development of the eight hypotheses in this study.

2.2 Ethical Decision-making Models

There are no limits to the number of decision-making models, which may be developed. Each mode can be “tailored” to fir a set of purposes and promote the model builder’s own discipline. Models, which have a solid foundation on chief assumptions, and comprise all the major ingredients and features, are very effective in understanding the intricate nature of the decision-making process. These characteristics enable such models to accurately reflect multidimensional as well as single-dimensional views on decision-making. They also consist of a typical medium through which they demonstrate the diverse and the interdisciplinary features involved in the process of decision-making by the individual. Despite the increased of attention towards ethics in organizations, theoretical and empirical examinations of ethical decision-making in organizations are in relatively short supply (Jones, 1991). Based on the past literatures, Rest (1986) presented a theory of individual ethical decision-making that can easily be generalized to organizational settings. Then, Trevino (1986) offered a general theoretical model whereas Ferrell and Gresham (1985), Hunt and Vitell (1986), and Dubinsky and Loken (1989) offered models that focus on marketing ethics. Among the empirical contributions to date are the works of Fritzsche and Becker (1983), Frederick (1987), Hegarty and Sims (1978, 1979), Laczniak and Inderrienden (1987), and Weber (1990). One reason for this relative insufficiency of theoretical and empirical work in ethics may be that few scholars are interested in both ethics and organizational behavior and decision-making (Jones, 1991). The models that have emerged are the products of scholars in psychology or psychology-based disciplines, including organizational behavior, marketing and also elements of moral philosophy and applied ethics (Craft, 2013).

Rest (1986) proposed a four-component model for individual ethical decision-making and behavior, whereby a moral agent must; i) recognize the moral issue, ii) make a moral judgment, iii) resolve to place moral concerns ahead of other concerns (establish moral intent), and iv) act on the moral concerns. Rest (1986) argued that each component in the process is conceptually distinct and that success in one stage does not imply success in any other stages. Later on, Rest (1979) developed an instrument for measuring moral development and action that can be administered in groups and score relatively easily, which probably accounts for the dozens of empirical studies involving the stages of the process.

Although Trevino (1986) did not directly address Rest's model, Trevino offered a completing model, which implicitly builds on it. Trevino's model begins with the existence of an ethical dilemma and proceeds to a cognitions stage. Moral judgments are made in the cognitions stage then moderated by individuals and situational factors. Individual factors include ego strength, field dependence, and locus of control.

Ferrell and Gresham (1985) proposed a contingency framework for ethical decision-making in marketing. In this model, an ethical issue or dilemma emerges from the social or cultural environment. The contingent factors that affect the decision maker are both individual (knowledge, values, attitudes, and intentions).

Hunt and Vitell (1986) suggested a general theory of marketing ethics that consists of several stages. A substantially simplified summary of this model is shown in Figure 2.1. Personal experiences affect perceptions of the existence of an ethical problem alternatives, and consequences. In turn, these perceptions, along with deontological norms and an evaluation of consequences, lead to both deontological and teleological evaluations, which, in turn, lead to ethical judgments. Judgment

affects intentions, which, along with situational constraints, affect behavior. A feedback loop leads from behavior to actual consequences and back to personal experiences.

Dubinsky and Loken (1989) suggested an ethical decision-making model based on the theory of reasoned action (Fishbein & Ajzen, 1975). Dubinsky and Loken model begins with behavioral belief, outcome evaluations, normative belief and motivation to comply. The first two of these variables affect subjective norms towards ethical or unethical behavior. Meanwhile, attitude and subjective norms lead to intentions to engage in ethical or unethical behavior, which, in turn, affect the actual behavior, ethical or unethical.

Bommer, Gratto, Gravander, and Tuttle (1987) claimed that a model of ethical decision-making, is actually being influenced by several variables factors namely; work environment, government/legal environment, social environment, professional environment, personal environment, and individual attributes.

After reviewing the relevant and existence literature on decision-making models, the researcher found that many models are in common used. A summary of these models is given in table 2.1. Since there are many related models, the researcher only reviewed the most frequently used and widely cited models and will expand the contingency model in decision-making by Rest (1984) as it was the more related to the study depending on ethical decision-making.

In this study, the researcher will adopt the ethical decision-making model from Rest 1986 as the main model and two complementary model from Trevino (1986) as to link the moderation of locus of control and model from Ferrell and Gresham (1985) as to link the mediation of personal ethics in this study.