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Ignoring Personal Moral Compass: Factors Shaping Bankers' Decisions

INTRODUCTION

Corporate governance plays a crucial role in the direction businesses take as well as the ways in which they operate and are controlled. Through its principles, it seeks to guard against conflict of interest, misuse of assets, and protects the interests of shareholders as well as those of other stakeholders. In order to achieve this goal, the board of directors counts among its remit setting the long-term strategy, purpose, and vision of the company; formulating and implementing a governance structure, system of accountability, and control procedures; ensuring the legal and regulatory standards are met; and setting operational standards and values – including ethical and corporate social standards. The failure to set up an effective corporate governance system often leads to great consequences including agency costs for significant loss of trust and reputation due for example to the presence of anomie and ethical failures.

Anomie is a phenomenon that is consistently observed in environments that experience ethical failures (Mansfield, 2004). It is defined as the absence or disregard of moral value in a social setting (that creates a moral vacuum, causing people to be disconnected from society and its moral principles during decision making (Tсахуриду, 2006). Anomie in the corporate environment is linked to the deterioration of moral standards in an organisation where employees are strongly incentivised or pressured to replace societal values with financial value as their decision making compass (Himmelfarb, 1996; Lindholm, 1997).

Considering the incentives and pressures to perform at work, the importance of this study is to provide an understanding of the factors leading to anomie in order to prevent or minimise the anomie risk in the firm and support directors in their roles when formulating an adequate corporate governance system. Such knowledge will provide an opportunity to strengthen governance policies in organisations and provide better guidance for future regulatory changes.

Furthermore, despite the growing number of publications on anomie at work, not many studies use an industry-specific approach. Considering that industries differ in characteristics, in structure, and in terms of factors influencing their dynamics, as well as their exposure levels, applying an industry-specific approach to the study of anomie would result in an output that is more relevant for decision-makers and regulators in the industry concerned.

While providing a reminder of the ethical challenges in the banking industry, the recent decade has reinforced the perception that anomie is entrenched in the industry and that the corporate governance systems implemented by banks are not adequate. Considering the significant influence of the banking industry on our economies and the great pressure it is under to perform economically, it is important that normative controls are kept in place and respected in order to avoid crises caused by industry-wide anomie. However, despite the public indignation following the economic crisis and its ethical scandals, and despite the fines that are repeatedly issued in the industry, the governance systems and control procedures in the banking industry have still not been successful in their purpose of ensuring firm-wide adoption of the values and standards publicised in their respective annual reports and codes of ethics. As a consequence, 10 years after the banking failures, evidence in the fines issued by the FCA over the years show that governance policies have not been conducive to ethical business practices in the industry.

In this paper, the relationships in the UK banking industry between anomie and each of the factors – strategic aggressiveness, competitor orientation, competitive intensity, long-term orientation, and client vulnerability – are examined. The study builds on different previous studies on anomie in the workplace as four of the factors studied are derived from the literature. These four factors are: strategic aggressiveness, competitor orientation, competitive intensity, and long-term orientation. This research applied in the banking industry, therefore, also allows for a comparison to be made with Johnson et al.'s (2011) findings to determine whether the factors influencing anomie in organisations differ from industry to industry, as well as whether the magnitude of influence of the factors Johnson et al. (2011) considered also differ when they are observed in a different industry.

LITERATURE REVIEW

In the United Kingdom, the financial industry plays a major role in the economy. Not only does it facilitate transactions and the transfer of wealth, it consistently makes one of the biggest contribution to the country's GDP since it has moved to a service based economy. In addition, it is globally considered as a highly competitive and key financial centre. In 2007, the year of the financial crisis, the industry output of £118.3 billion represented 8.6% of the total economic output. However, in the midst of the recession in 2009, the industry had seen an increase to 9.0% in its share of the total economic output accompany an industry output of £125.9 billion. Since 2009, the proportion of the industry's contribution to the economy has been falling every year to reach 6.5% in 2017 (Rhodes, 2018). In the eight-year period, the embattled UK banking sector, has experienced a loss of public trust, tougher regulations, sanctions following investigations in malpractices, and finally, bailouts that resulted in the government stepping into what was a private industry and taking control of ailing banks. According to Andrews (2016) of the Financial Conduct Authority (FCA) - the UK banking regulator -, the deficient UK banking culture played a "significant part in the financial crisis" and "is a root cause of many failings at firms".

Indeed, in previous decades, ethics has been one of the biggest challenges for the UK financial industry, and banks in particular. Paradoxically, the banking industry is regulated by strict standards and, as history shows, its success is built on a set of traditional values reflecting the importance of trust and security in financial transactions. According to Dobson (1997) and contrary to common belief, rather than constraining the profitability of a firm, moral standards are "rational mechanisms" that provide a platform to maintain and strengthen relationships between parties. These relationships ensure a stream of revenue for the financial institution that would be lost if the firm acted illegitimately to reach higher short-term profit. The board of directors' task of establishing values and standards is of significant and strategic importance as the chances of achieving long-term and sustainable financial success are greater when the values and standards endorsed are implemented throughout the business, along with the long-term vision and strategy formulated at board level.

Noticeably, the banking industry has been subject to changes over the last few decades. These include the appearance of a bonus culture, which rewards employees reaching commercial targets regardless of the means; the increased pressure due to the higher performance expected year to year; and the loosening of moral supervision due to deregulation (Koslowski, 2011). These changes, as well as the "too big to fail" status, are blamed for the decline in ethical standards and the abandonment of traditional banking values (Buckley, 2011). Additionally, Cohn et al. (2014) found in their study evidence of dishonesty being increased by a rise in materialistic values. In concurrence with these ideas, Mansfield (2004) argued that employees under pressure or those who are highly incentivised to perform in an organisation can be led to adopt illegitimate means to reach goals they could not reach within the ethical and regulatory boundaries. His arguments are confirmed by recent ethical issues such as the Libor-gate and reported improper sales practices, which indicate

that deviant actions are performed at a considerable scale in a banking industry that is highly incentivised and where targets are raised yearly, from previous performance levels, regardless of market economics. This signals the presence of anomie.

Additionally, Fromm (1942, in Tsahuridu 2006) suggested that the rise of neo-classical economics also has contributed to the deterioration of ethics in business, and Bernburg (2002) noted Durkheim's assertion that anomie may develop due to a normative regression caused by industrial and economic activity. In an industry where a policy of deregulation is being implemented, the "normative framework" provided by society's moral values remains the only regulator of employee desires. A regression of this normative framework will therefore leave unregulated the self-centred desires of employees. This idea echoes Lindholm's (1997) argument that capitalism encourages an "endless accumulative frenzy", and highlights Durkheim's (1951) claim that under anomic conditions, people perpetually seek more and more self-oriented gains. Fittingly, Himmelfarb (1996) observes that it is when economic value is given priority over moral values and virtues that anomie develops. As the operations of a firm should reflect and be influenced by its corporate governance system, an anomic environment can therefore only occur in two scenarios. Either the corporate governance system is not effective enough, therefore meaning that the board of directors has failed in its role of providing a robust system; or, in practice, and in contradiction to official communication, the boards of directors tacitly prioritise economic value, at the expense of their duty of enforcing and controlling the moral standards within the business.

The idea that capitalism and economic activity are related to anomie reappears in Johnson et al.'s (2011) study in the US manufacturing industry. This study focuses on the relationship between anomie and competitive intensity, competitor orientation, strategic aggressiveness, long-term orientation, and client vulnerability.

Proposition 1: Competitive intensity

Competitive intensity relates to the severity of the rivalry among firms in a given industry. Competitive intense industries, are distinguished by companies that are capable of neutralising or very rapidly equalling any competitive advantage their rival has, which causes the relative advantage between firms to not last long (Zhou et al., 2005) and product life cycles to shorten due to a faster product development pace. Jaworski and Kohli (1993) suggest that competitive intense industries are characterised by constant price or promotional wars, short-lasting competitive advantages, or constant pressures to formulate and implement new competitive strategies in order to gain, maintain or cancel an advantage. This constant pressure to beat or match the competitor was found by Johnson et al. (2011) to have an impact on behaviours.

Furthermore, the rise of anomie in the industry may be exacerbated by the gradual development of implicit collusion among competitors similar to the 2012 UK Libor manipulation case. Menezes and Quiggin (2012) suggest that the impatience to swiftly close the gap can indeed lead companies to collusion, especially where the number of competing firms is low. In cases where the industry-leading firm implements operating methods that disregard moral principles without an adequate deterrent, trailing firms in competitive intense industries will be highly likely to adopt the same operating methods, which will cause anomie at a single firm's level to evolve into a systemic problem that leaves a whole industry vulnerable. Such operating methods adopted by banks in the run up to the banking crisis included the abandonment of traditional banking values at board level, the introduction of the bonus culture, the higher performance expected year on year and limited tolerance towards the failure to achieve those even when they are unreasonable, and finally the lack of desire to sanction rogue employees that perform well in reaching their targets.

The Cooperative Bank and Standard Chartered in the United Kingdom, both branded as ethical banks, represent the perfect illustrations of how banks with strong perceived ethical intent can succumb to the pressures of intense competition, and abandon their values by respectively being involved in the Payment Protection Insurance scandal and by failing to comply with the anti-money laundering legislations. In each of these

failures, as well as that of the Libor rate manipulation, other banks were also found to be involved, therefore evidencing that these were not isolated nor contained within one firm only.

Proposition 1: Intense competition in the banking industry is related positively to anomie in banks.

Proposition 2: Competitor orientation

Competitor-oriented strategies are formulated around the actions, as well as the strengths and weaknesses, of competitors. Short and medium term strategies formulated by the board of directors and incorporated in the governance system may lead the firm to a state of anarchy (Day and Nedungadi, 1994; Johnson et al., 2011). This is particularly true if they are formulated with a great emphasis on the characteristics of competitors rather than a focus on the firm's long-term strategies. The risk firms face in such scenario is primarily the potential lack of continuity and complementarity that would result from strategies being implemented without prior in-depth analysis of how they fit together and how they lead the company to meet the long-term goals set by the board of directors.

Firms that implement competitor-oriented strategies invest greater time and effort in gathering knowledge about the strengths and weaknesses of their competitors (Day and Nedungadi, 1994) than firms that are not competitor-oriented. To adopt such strategies, firms need their employees to provide intelligence on the competitor's actions in the marketplace (Narver and Slater, 1990). According to Narver and Slater (1990), the speed of the reaction is paramount to these firms, as their constant eagerness to respond rapidly to competitors' actions reflects. Finally, firms that are competitor-oriented are recognisable by the strategic emphasis their top management puts on gaining awareness of the strengths of rivals and regularly discussing them (Narver and Slater, 1990). To implement such strategies, a constant monitoring of the competitor is required.

However, the reactive approach of firms implementing competitor-oriented strategies may often lead them to either imitate the policies of the competitors targeted or to make insignificant improvements to the competitor's blueprint in order to create an advantage. According to Johnson et al. (2011), the directions and decisions of firms employing competitive-oriented strategies are in fact "dictated" by the competition instead of the vision clearly defined and targeted by the firm's board of directors.

Gaps may therefore appear between the strategies implemented in the day-to-day running of the business and the long-term strategies decided upon at board level. Overtime, companies using similar strategies find themselves with a collection of incoherent and paradoxical strategies being executed, for example, by different departments at the same time. The possible results of a competitor-orientated strategy are uncertainty and confusion, which may increase the likelihood of anomie (Johnson et al., 2011).

Proposition 2: A competitor-orientated culture relates positively to anomie in banks.

Proposition 3: Strategic aggressiveness

Strategic aggressiveness is a characteristic exhibited by companies that are vying to become industrial leaders (Johnson and Sohi, 2001). Aggressive strategies are described as a strategy reflecting high ambition and drive to employ potentially risky measures in an attempt to meet high-reaching goals. The aggressiveness of a firm can be used as an indicator of the resolve of a company to reach its objectives. The more uncompromising a company is towards reaching its goals, the more aggressive it is. While seeking dominance, strategically aggressive companies may also seek to cause as much damage as possible to the competition. Firms that implement aggressive strategies are therefore recognisable through their relentless pursuit and maintenance of competitive ascendancy, their tenacity and motivation to become market leaders, their obsession for high targets and goals that test their own limits, the efforts and commitment of their staff, or their constant preoccupation with the creation of competitive advantage (Johnson and Sohi, 2001). Additionally, the management of these

firms often engrains among their staff a winning attitude, success as a core value, and an emphasis on results and performance orientation (Campbell and Goritz, 2014). According to Andrevski, et al.'s (2011) findings, companies that adopt such measures tend to constantly out-perform their rivals.

However, although the economic tendency for these companies is positive, they are also more at risk of setting unattainable goals, which results in pressure on employees and increases the risks of unethical behaviour and anomie (Johnson et al., 2011). According to the CFA Institute (2017), when valuing companies, analysts need to be wary and cautious when dealing with companies displaying certain risk factors that “indicate that the firm may be using deceptive accounting practices to obscure the firm’s actual current or future performance”. Among the risk factors analysts need to be sensitive to are: “pressure to make earnings targets, especially when combined with an aggressive management”, and the firm’s history of previous violation of regulatory/reporting issues, as firms with past violations may be likely to do it again.

The identification of aggressive companies as prone to act unethically by an esteemed institute in the banking environment, and the strong recommendation to consider these risk factors during the valuation process not only substantiate the belief that unethical practice, bad reputation and the suspicion of these negatively impact the values of a firm – which the board of directors should guard against – but also, validate the previously expressed idea that aggressively managed firms with unattainable goals and pressure on employees to make earnings targets are likely to experience an increase of unethical behaviour and anomie.

Proposition 3: A strategically aggressive culture relates positively to anomie in banks.

Proposition 4: Long-term orientation

Long-term orientated companies are companies that implement strategies that have visions and objectives set by the board and are scheduled to be met further into the future. They favour stability, consistency, durability, and sustainability. For a company to be long-term oriented, it must foster “virtues oriented towards future rewards, in particular perseverance and thrift” (Hofstede, 2001). A particularity of long-term oriented companies, that sets them apart from other organisations, is their enduring fixation on long-term survival and long-term competitiveness instead of giving prominence to quarterly results. They define success as the achievement of long-term goals instead of the achievement of short-term profit. These are organisations in which employees and management are convinced that long-term success is more important (Johnson et al., 2011).

The focus on the long-term means that strategies implemented by long-term oriented firms are not measurable using short-term metrics. This is why, the focus of businesses implementing these strategies is on building a more robust business in the long term rather than the maximisation of short-term revenues (Pesämaa and Hair, 2007). Long-term strategies therefore take the pressure off employees for the short-term while emphasising the strict compliance with regulation. In contrast, short-term strategies emphasise short-term results, which increases pressure on employees to meet targets even when these are too ambitious considering the size and the growth prospects of the industry (Tellis et al., 2009; Johnson et al., 2011). The consequence of the latter perspective is that employees may find no alternative but to reach their targets and protect their career by any means.

Proposition 4: A long-term oriented culture negatively relates to anomie in banks.

Proposition 5: Client vulnerability

When considering buying a product or service, clients’ decisions to buy or not often hinge on whether they trust the firm behind the product or service to deliver on its promises. Trust is considered crucial in any transaction, especially financial ones. Yet, the reliance on this fragile trust may put clients in a vulnerable position, particularly if they are unable to independently assess the real and comparative value of the products they

buy, and therefore have to rely on the guidance and expertise of the salesforce. Indeed, Langenderfer and Shimp (2001) suggest that such trust may lead clients to gullibility, which in turn makes them vulnerable to mis-sales. Clients that cannot independently value a product, or that are not familiar with it, are therefore more “risk-blind” than are other clients during the buying process. In contrast, according to Huston (2010), individuals familiar with the product and its components, when given a choice, will have a particular behaviour and make expected choices, which shows familiarity, and in the end, creates satisfaction after the purchase.

In addition to familiarity with the product being bought, clients can be considered vulnerable when they have no idea what standard of service to expect, or when they cannot consult any independent source for information about the product or service they are looking to acquire, with the aim of verifying the claims of a salesperson.

Regardless of how vulnerable clients are, protecting and preventing unethical behaviour that would result in damages for customer falls within the remit of corporate governance. The protective function of a corporate governance system is even more crucial to the board of directors considering the consequences ethical scandals have on corporate reputation and share price. This is also relevant to the financial industry, where the lack of financial literacy among clients was pointed out as a vulnerability during the 2007 crisis.

Proposition 5: Client vulnerability in the banking industry is related positively to anomie in the banking industry.

Proposition 6: Investment banking vs commercial banking

In the late 1990s, a wave of deregulation in the financial industry saw the repeal of the Glass-Steagall Act, a legislation introduced in 1933 in the United States following the Great Depression that separated investment banks activities and commercial bank activities (von Beschwitz and Foos, 2016). A decade later, following the banking crisis, many experts, including Sir John Vickers who led the UK independent Commission on Banking (2011), were of the opinion that the commercial banks’ involvement in investment banking activities and the greater appetite for risky loans have contributed greatly to the financial crash. This led to proposals for ‘ring-fencing’ commercial banking from investment banking activities in the UK; therefore, reapplying a version of the Glass-Steagall act.

The renewed call for this separation is due to the strong perception that investment banking operations are even more unethical compared to traditional commercial activities. This prompted the public to refer to investment banking as ‘casino banking’ due to the perceived unreasonable amount of risk, akin to gambling, they take. This viewpoint was later reinforced by the fact that the only banking professionals who received a prison sentence were involved in investment banking operation.

Proposition 6: The interactions of the variables with the type of bank as a moderating factor have an effect such that:

- a. The positive influence of competitive intensity on anomie is greater for investment banks
- b. The positive influence of competitor orientation on anomie is greater for investment banks
- c. The positive influence of strategic aggressiveness on anomie is greater for investment banks
- d. The negative influence of long-term orientation on anomie is greater for investment banks
- e. The positive influence of client vulnerability on anomie is greater for investment banks

METHODOLOGY

Sample data and questionnaire design

The research was conducted in 2014 within the settings provided by the United Kingdom's Banking Industry. One of the most important financial centres in the world. At the time of the research, the banking industry and regulators were still in the middle of a process of investigations in order to: fully understand the underlying causes of the 2007 crisis, probe the unethical and illegal activities, and inform the the formulation of new regulations.

Despite the collective efforts of central banks and regulators which has led to results such as sanctions in the form of fines for banking corporations as well as regulatory changes targeting their capital structure, and although in 2018 the enforcement in Europe of new regulations introduced with the Markets in Financial Instrument Directive (MiFID II) as well as the Markets in Financial Instrument Regulation (MiFIR) seeks to change the way the sector operates and foster transparency, these efforts fail to identify the internal and external pressures that lead employees and financial firms to ignore professional ethical principles. Although sanctions are supposed to ensure the regulations are adhered to, the regulatory system in the financial industry has clearly failed; since, despite fines banks keep being served with, regulatory and unethical scandals are still very frequent and regular. The regularity with which the regulations are ignored possibly has two implications. The first implication is that sanctions are nowhere near being tough enough to act as a deterrent to defend the integrity of the regulatory system and that banks can comfortably absorb those fines. The second implication, which this study focuses on, is that the forces that influence bankers to disregard regulations are not fully understood by regulators and therefore not addressed. This research could therefore be key to understanding the motives behind ethically questionable operations by firms in the banking industry, and decisions by employees.

For the purpose of the research, bankers with professional membership in financial chartered institutes were targeted as participants for the survey. During the design of the questionnaire, a qualitative approach was adopted in the form of consultations with two executive level managers in the UK banking industry, as well as experienced academics. All of the respondents involved at this stage were informed about the aim and objectives of the research, as well as the methodology that would be applied. The questions they were asked were related to the factors identified in the literature as influencing anomie and to specific factors that pertain to the banking industry and that are suspected to have an influence on anomie.

The data gathered from the senior executive managers brought forth particularities of the banking industry that make it so different from other industries, and also allowed the survey questions, constructs, and proposed model for the measurement anomie in the banking industry to be fine-tuned in order to reflect the realities and characteristics of the banking industry and its operations. The experienced academics were subsequently consulted following the involvement of the senior executives in order to maximise the questionnaire's reliability. Finally, a pilot study of the questionnaire was performed. Fifty-four bankers, representing different seniority levels, were identified as respondents in the pilot.

To conduct the quantitative research, we gained access to the membership list of banking and financial chartered institutions. The total size of the initial membership was 48,638. We eliminated members employed in the banking industry who occupied support positions, such as legal, consulting or accounting; we therefore targeted members who perform core operational banking activities. As a result, our total population was 24,826 cases for our survey. We subsequently applied a stratified random sampling technique based on the years of experience of the members. We estimated that a sample size of 379 was more than sufficient based on Krejcie and Morgan (1970), and to arrive at this number of respondents, we invited 1206 members within our sampling frame to take part in the internet-mediated survey. The survey was run for 4 months and reminders

were sent every month. A total of 34 questions measuring the different variables were asked to the respondents. These questions were randomised in order to minimise question order bias. To ascertain that the participants were appropriate for the survey, professional profile questions were included in the questionnaire.

Furthermore, we applied in our model two individual characteristics as control variables. These are age and gender. Carol Gilligan’s (2016) moral development theory has suggested that male and female think and solve ethical dilemmas differently. Her theory posits that in the case of female individuals, ethical problems generally arise from “conflicting responsibilities” whereas for their male counterparts, the moral problem generally arises from “competing rights”. In addition, female and male are also different in the ways they approach resolution of these ethical dilemmas. Indeed, the ethical problems that emanates from conflicting responsibilities require a contextual and narrative problem solving approach, which is generally applied by female individuals. Conversely, to resolve ethical problems emanating from competing rights, male individuals generally apply an approach said to be formal and abstract. Therefore, we consider gender as one of our control variables. Gender was measured as a dummy variable with female (21.4% of respondents) coded as 1 and male (78.6% of respondents) coded as 0.

Similarly, the literature shows that attitudes to ethics may differ depending on age. Indeed, according to the Institute of Business Ethics (2015), different generations have different ethical attitudes. This is seen in the generational differences in the level of acceptability of different behaviours. Consequently, we believe age should be include as control variable in our model. During the measurements for age, we used five age groups which are: 18-24 (4.3% of respondents), 25-34 (71.8% of respondents), 35-44 (8.5% of respondents), 45-55 (11.1% of respondents), and 55+ (4.3% of respondents). These age groups were coded from 1 to 5 with 1 representing the youngest age group and 5 the eldest.

Responses and Preliminary Analysis

In all, 351 usable responses were obtained at the end of the data collection period. A 29% response rate was therefore reached, which represents a higher rate compared to other similar studies, such as Johnson et al.’s (2011). Table 1 provides the percentage of participants belonging to each experience group.

----- TABLE 1-----
Participant Representation Based on Number of Years of Experience

| Experience | 0–4 | 5–9 | 10–14 | 15–19 | 20–24 | 25–29 | 30–34 | 35+ |
|--------------------------------------------------|------------|------------|--------------|--------------|--------------|--------------|--------------|------------|
| Initial membership list (n= 48,638) | 29% | 36% | 11% | 8% | 7% | 5% | 2% | 2% |
| Population of interest (n=24,826) | 32% | 38% | 10% | 8% | 3% | 4% | 2% | 3% |
| Members invited in questionnaire (n=1206) | 32% | 38% | 10% | 8% | 3% | 4% | 2% | 3% |
| Respondents (n=351) | 33.9% | 40.5% | 10.8% | 6% | 0.9% | 3.1% | 1.7% | 3.4% |

The conceptualisation of the new construct started with the interviews of professionals in the industry and the consultation of social scientists in the field of finance and governance. The final questionnaire combined new and modified constructs that were based on previous research (Appendix 1).

As part of the development of the scales, all constructs were tested for reliability and validity.

We designed all of the scales included in this study in the form of a five-point Likert type questionnaire, in order to simplify the task of the respondents while answering the questionnaire. In our survey a score of 1 represented strongly disagree and 5 strongly agree. Finally, reverse-coding was applied for the construct measuring Long-Term orientation.

Following the screening process for the data gathered for our study, we started our analysis with an Exploratory Factor Analysis (EFA) and extracted factors with Eigenvalues superior or equal to 1.0 as per Kaiser's (1960) recommendation. The Kaiser-Meyer-Olkin test (KMO see Appendix 2), which measures the adequacy of our sample, was also performed and yielded a value of 0.844 considered as very good (Hutcheson & Sofroniou, 1999).

In the pattern matrix (Appendix 3) that resulted from the EFA, we decided to keep factors that have a loading superior or equal to 0.3 and then built our Confirmatory Factor Analysis (CFA) model using the matrix. We proceeded by testing the CFA model; first, for convergent and for discriminant validity following Hair et al. (2010)'s recommendations; and then, for common method bias by introducing a common latent factor to it as suggested by Podsakoff et al. (2003).

For the common method bias test, a common method variance analysis involving the introduction of a common latent factor was therefore performed during the confirmatory factor analysis (CFA). The insertion of the single common method factor resulted in a better fit as model fit improved from a χ^2 value of 868.345 with d.f.= 632 to $\chi^2=765.931$ with d.f.= 594. These improvements were accompanied with differences in the standardised regression weights of the model (Appendix 5). The improved model fit, and the difference in the standardised regression weights resulting from the test therefore provides evidence of common method bias. The common latent factor was consequently maintained for the remainder of the analysis, and prior to imputing the composites of each of our variables (e.g. competitive intensity...) from the different latent factors measuring them, in order to account for this bias.

This resulted in common method bias adjusted values for the variables. These values were finally tested for multivariate normality before engaging with the output of the OLS regression and gathering the CFA final model fit indices (Appendix 6).

FINDINGS AND DISCUSSION

Construct validation:

We also validated the constructs that were measuring our variables during the confirmatory factor analysis (CFA). In order to be validated, the constructs needed to satisfy the conditions for convergent validity and discriminant validity based on four metrics: construct reliability (CR), average variance extracted (AVE), maximum shared variance (MSV) and average shared square variance (ASV). Convergent validity conditions are satisfied when $CR > AVE$ and $AVE > 0.5$. Discriminant validity conditions are satisfied when $AVE > MSV$ and $AVE > ASV$ and the square root of the AVE are greater than the inter construct correlation (Hair et al., 2010). As displayed in Table 2, all of our constructs satisfied both the convergent and discriminant validity conditions.

----- TABLE 2 -----

Convergent Validity and Discriminant Validity Tests

| Factor | CR ¹ | AVE ² | MVS ³ | ASV ⁴ | Convergent Validity ⁵ | Discriminant Validity ⁶ |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|------------------|------------------|------------------|----------------------------------|------------------------------------|
| Anomie | 0.898 | 0.528 | 0.433 | 0.131 | YES | YES |
| Strategic aggressiveness | 0.893 | 0.550 | 0.058 | 0.024 | YES | YES |
| Competitor Orientation | 0.757 | 0.510 | 0.166 | 0.063 | YES | YES |
| Competitive Intensity | 0.912 | 0.675 | 0.259 | 0.124 | YES | YES |
| Long-term Orientation | 0.831 | 0.621 | 0.433 | 0.136 | YES | YES |
| Client vulnerability | 0.897 | 0.595 | 0.259 | 0.097 | YES | YES |
| <ol style="list-style-type: none"> 1. Construct Reliability 2. Average Variance Extracted 3. Maximum Shared Variance 4. Average Shared Square Variance 5. Convergent validity is satisfied when CR>AVE and AVE>0.5 6. Discriminant validity is MSV<AVE and ASV<AVE | | | | | | |

Additionally, during the CFA, we tested each variable for multivariate and univariate normality (Table 3). Considering the model's multivariate kurtosis value of 1.948 and a critical value for multivariate kurtosis of 1.178, which is well below the ceiling of acceptability of 1.96, we are satisfied that the model does not suffer from multivariate non-normality. Similarly the univariate test reveals that all the composites have skewness and kurtosis values within the +/-2.0 benchmark (Bolt, 1999).

----- TABLE 3 -----

Multivariate Normality

| Variable | minimum | maximum | skewness | Critical ratio | kurtosis | Critical ratio |
|---------------------------------|---------|---------|----------|----------------|----------|----------------|
| Strategic aggressiveness | 2.694 | 4.938 | -.816 | -6.239 | -.428 | -1.636 |
| Client vulnerability | 1.566 | 5.096 | .236 | 1.805 | -.374 | -1.432 |
| Competitive intensity | .555 | 4.016 | -.329 | -2.516 | .026 | .098 |
| Competitor Orientation | 1.479 | 4.247 | -.082 | -.628 | -.619 | -2.367 |
| Long-term | .832 | 3.374 | .443 | 3.385 | .597 | 2.284 |
| Age | 1.000 | 5.000 | 1.499 | 11.464 | 1.507 | 5.763 |
| Gender | 1.000 | 2.000 | -1.397 | -10.685 | -.048 | -.185 |
| Anomie | 1.226 | 3.671 | -.563 | -4.303 | .422 | 1.614 |
| Multivariate | | | | | 1.948 | 1.178 |

OLS Moderated Regression

The tests performed provided results that are featured in Table 4. Our analysis sought to test the proposed relationship between different environmental factors and the dependant variable of our study, which is anomie. The model yielded an adjusted r-squared of 0.242. Competitive Intensity had a significant positive relationship with anomie ($\beta= 0.088$, $p<0.05$), consequently supporting Proposition 1. This corresponds to Johnson et al.'s (2011) findings.

----- TABLE 4 -----

Ordinary Least Squares Regression Results

| Dependent Variable | | | Explanatory variable | β | Standard error | t-value | p |
|---------------------------------|--------|---|---------------------------------|---------|----------------|---------|-----|
| Anomie | P1(+) | ← | Competitive Intensity | .088 | .038 | 2.292 | ** |
| Anomie | P2(+) | ← | Competitor Orientation | -.051 | .041 | -1.250 | |
| Anomie | P3(+) | ← | Strategic aggressiveness | .062 | .035 | 1.795 | * |
| Anomie | P4(-) | ← | Long-term Orientation | -.488 | .055 | -8.79 | *** |
| Anomie | P5(+) | ← | Client vulnerability | .002 | .038 | .054 | |
| Current Bank Interaction | | | | | | | |
| Anomie | | ← | Investment vs Commercial Bank | -.056 | .041 | -1.364 | |
| Anomie | P6a(+) | ← | Competitive Intensity x Bank | -.020 | .024 | -.841 | |
| Anomie | P6b(+) | ← | Competitor Orientation x Bank | .012 | .024 | .505 | |
| Anomie | P6c(+) | ← | Strategic aggressiveness x Bank | .004 | .021 | .165 | |
| Anomie | P6d(-) | ← | Long-term Orientation x Bank | .001 | .023 | .051 | |
| Anomie | P6e(+) | ← | Client vulnerability x Bank | -.026 | .025 | -1.037 | |
| Controls | | | | | | | |
| Anomie | | ← | Gender | -.038 | .050 | -.762 | |
| Anomie | | ← | Age | -.028 | .023 | -1.229 | |
| *** p-value < 0.01; | | | | | | | |
| ** p-value < 0.05; | | | | | | | |
| * p-value < 0.10; | | | | | | | |

Competitor Orientation had no significant influence on anomie, thus failing to support Proposition 2. Furthermore, unlike in Johnson et al. (2011), the results of Proposition 2 suggested a negative relationship between competitor orientation and anomie ($\beta= -0.051$). However, similar to the results in our study, Johnson et al.'s (2011) study did not find a significant relationship between the two variables.

In Proposition 3, we posited that strategic aggressiveness positively impacts anomie in banks. This position was supported as our tests resulted in a β value of 0.062 for P3, which indicates a positive relationship. However, this relationship was significant only at $p<0.10$. This contrasts with Johnson et al. (2011), who found a negative relationship between strategic aggressiveness and anomie ($\beta= -0.26$) at a $p<0.05$ significance level.

Long-term orientation had a very strong and significant negative effect on anomie ($\beta= -0.488$, $p<0.01$), therefore supporting Proposition 4. Long-term orientation by far registered the strongest relationship with anomie among the variables. The strength of the relationship was almost double that found by Johnson et al. (2011) ($\beta= -0.28$, $p<0.01$) in their study of the manufacturing industry.

Proposition 5 was not supported due to the predicted positive relationship between client vulnerability and anomie ($\beta= 0.002$) being non-significant.

Finally, proposition 6 was also not supported as the variables' interaction with the type of bank did not yield significant results.

DISCUSSION

Our tests for P1 found that a positive relationship exists between anomie in the banking industry and competitive intensity. Despite the implementation of a 5 points Likert scale in our study compared to a 7 point Likert scale in Johnson et al.'s (2011), our findings on the relationship between anomie and competitive intensity in the UK banking industry do confirm the results of their tests in the US manufacturing industry as they resulted in a positive relationship between the dependant variable and the independent variable. This means that an increase in the intensity of the competition relates to an increase in anomie in both industries and their respective countries. However, the β (0.088, $p < 0.05$) for the relationship we found is smaller than that found by Johnson et al. (2011) ($\beta = 0.21$, $p < 0.05$). The contrast in strength between these two studies conducted in different years, industries, and countries suggests that the strength of the relationship between anomie and the factors influencing it may differ either depending on the industry, the country, or both. The established relationship of competitive intensity suggests that although economic theories teach that competition is good for prosperity in markets, a certain degree of competitive intensity¹ is unhealthy for an industry. It leads to misbehaviours from employees in companies looking to beat the competition at all costs and earn revenues at a level beyond those possible when respecting the regulations in force and the ethical codes of society. The fact that competition becomes unhealthy only after it reaches a certain level of intensity could therefore explain the lower β we found in our test of P1 compared to the β we found in P4 ($\beta = -0.488$, $p < 0.01$).

The failure to find a significant relationship between anomie and competitor orientation, as proposed in P2 ($\beta = -0.051$, $p > 0.10$), as well as with the proven presence of these two variables in the banking industry, could indicate that competitor orientation is "part and parcel" of strategy formulation in the banking industry's operations. In order to fulfil their operational goals and provide services to customers, it is necessary for banks to monitor other banks' activities. Yet this does not necessarily translate into a rise of anomie. This could therefore be evidence that in an industry as competitive as the UK financial industry, the actions of competitors in the market have a direct influence on the operations of other firms. Indeed, one of the main operations of banks relates to investments, be it in the form of loans or equity. Yet, while considering an investment, the investor, in this case a bank, tends to look at the performance of the wider market it is considering entering by making the investment. Considering that the market includes investors and competitors, and given that share price performance is an important factor to consider in investments – one that is influenced by market confidence and buy or sell orders made by players in the market – by considering the market statistics in their analysis, banks inextricably consider the activities and positions of the competitors within the market, thus exhibiting signs of competitor orientation. Market orientation here implicate competitor orientation.

Consequently, in such instances, being competitor-oriented could be a necessary part of the natural functions of the bank, rather than a strategic option. This contrasts with the relationship found between the dependant variable and competitive intensity. Although competition is naturally to be expected in any industry, it is the intensity level that makes the difference. Whereas, as we suggested, an employee cannot avoid being competitor-oriented due to the fact that market orientation may be necessary for many banking operations, the same cannot be said for a destructive level of competition. Despite the differences in the year the studies have been conducted, as well as differences in the countries, in the methodology applied to the Likert scales, and in the industries, Johnson et al. (2011) also did not find a significant relationship between anomie and competitor orientation in their industry of focus.

¹ Competitive intensity and anomie were tested for the possibility of a U shaped relationship. Based on the curve estimation performed, the relationship between the variables has a more linear function than a quadratic function.

Similar to P1, the comparison of the results of our tests for proposition 3 ($\beta = 0.062$, $p < 0.10$) and Johnson et al.'s (2011) ($\beta = -0.26$, $p < 0.05$) both found a relationship between strategic aggressiveness and anomie (P3). However, in this particular case, these results not only indicate that the strength of relationships between anomie and its determinants can be different depending on the industry, the time, or the country; but they also suggest that there can also be differences in the nature of relationships. In this case, the positive relationship that resulted from the tests performed during this study contrast with the negative relationship in Johnson et al.'s (2011) results. Similarly, the significance levels between the two results differ.

The results for long-term orientation (P4) ($\beta = -0.488$, $p < 0.01$) could indicate that anomie in the UK banking industry is much more timeframe-sensitive compared to in the US manufacturing industry, which was the target of Johnson et al.'s (2011) study ($\beta = -0.28$, $p < 0.01$). In other words, the timeframe embedded within the strategies - i.e short-termism or long-termism - has a greater influence on the behaviour of employees in the UK banking industry than in the US manufacturing industry, especially considering the importance of the quarterly results on share prices in our particular industry and country of interest.

The failure to find a significant relationship between client vulnerability and anomie (P5) and the low beta resulting from our analysis ($\beta = 0.002$, $p > 0.10$) indicate that the vulnerability of clients, including low financial literacy and lack of access to independent information, does not necessarily represent a trigger for bankers to behave in ways that are not in the interest of their clients. This could be because of the difficulty a banking professional may have in accurately gauging the level of financial literacy of a client within one meeting prior to providing misleading advice.

Finally, the failure to find statistically significant evidence supporting proposition 6 could indicate that contrary to public perception, and at the time of this study, investment banks are not more prone to anomie than commercial banks. This could be explained by the fact that at the time of the study, 'ring-fencing' had not been introduced in the industry.

CONCLUSION

Although the study has reached its objectives, it also has potential limitations. The first limitation is that non-response bias was not tested for. Instead, the questionnaire was designed with precautions to minimise the possibility of non-response bias. The second a potential limitation relates to the results of the multivariate normality test for anomie which yielded a maximum of 3.6. This, considering the negative perception of the banking culture, is lower than expected, and could indicate socially acceptable answers. Overall, our study provides strong evidence that the nature and strength of relationships between anomie and the factors that influence it differ from industry to industry. Also, it presents evidence that bankers' ethical performance is more influenced by the pressure to perform at work, as well as organisational and industrial culture, than by aspects related to clients, such as familiarity with financial products, financial literacy, or availability of independent sources of information.

Yet, despite the recent crisis and the proven influence of some of these factors in anomie, not much has changed. More alarmingly, the measures that have been taken to solve the crisis target mainly the capital structure of the banks in order to make the system strong enough to withstand future crises that could be caused by the same factors as those that caused the 2007 crisis. Therefore, these measures are more geared towards immunising the system from the fallout from factors such as anomie, greed, and practices like the concept of securitisation and repackaging. This represents a loose end in the wake of the crisis, as practices such as asset repackaging are expanding. Indeed, a new breed of financial institutions is proposing more and more businesses to sell them the invoices they issue to clients – invoice factoring. Considering that the past crisis has shown us that when banks are able to repackage loans, they are no longer interested in knowing whether

the loans can be repaid, global economics is facing an even bigger crisis due to the fact that economies are now based on private sectors, and businesses in every sector can now compete in issuing as many invoices as possible regardless of whether these will end up becoming bad debts, in the same way that banks were competing in issuing loans regardless of whether these would be repaid. This invoice securitisation could lead to a crisis that cripples not only the banking system but also every sector in which businesses make extensive use of this service, which means a widespread crisis in times when government coffers are no longer robust.

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----- APPENDIX 1 -----

Measures

| Anomie measures (Menard, 1995 and Johnson et al., 2011) | | | |
|--------------------------------------------------------------------------------------------------------------|------------------|----------------------------------------------|------------|
| Reliability Statistics | Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
| | | .894 | .898 |
| 1. In our firm, there is pressure to meet organizational objectives by any means possible | | | |
| 2. For the most part at work, there is no right or wrong way to achieve the firm's goals. | | | |
| 3. At work it is considered okay to play dirty to win. | | | |
| 4. The attitude in our firm is that sometimes it is necessary to lie to others in order to keep their trust. | | | |
| 5. In our firm, the rules can be broken in order to achieve organizational goals. | | | |
| 6. The prevailing attitude in our firm is that "nice guys finish last." | | | |
| 7. In our firm the feeling is that the ends justify the means. | | | |
| 8. In our firm you have to be willing to break some rules if that is what it takes to get the job done. | | | |
| Competitive intensity measures (Jaworski and Kohli, 1993) | | | |
| Reliability Statistics | Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
| | | .909 | .911 |
| 1. Competition in our industry is cutthroat. | | | |
| 2. There are many promotion wars in our industry. | | | |
| 3. Anything that one competitor can offer, others can match readily. | | | |
| 4. Service competition is a hallmark of our industry. | | | |
| 5. One hears of a new competitive move almost every day. | | | |
| Competitor orientation measures (Narver and Slater, 1990) | | | |
| Reliability Statistics | Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
| | | .793 | .796 |
| 1. Salespeople should regularly share information within the business concerning competitors' strategies. | | | |
| 2. Firms should rapidly respond to competitive actions that threaten them. | | | |
| 3. Top management should regularly discuss competitors' strengths and strategies. | | | |
| 4. Firms should target where they have an opportunity for competitive advantage. | | | |
| Long-term orientation measures (Johnson et al., 2011) | | | |
| Reliability Statistics | Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
| | | .829 | .829 |
| 1. Strategies are planned with a focus on long-term success. | | | |
| 2. Long-term goals are prioritized over short-term gains. | | | |
| 3. It is generally believed that it is the long-term success that matters more. | | | |

Table 5

Measures (cont.)

| Strategic Aggressiveness measures (Johnson and Sohi, 2001) | | | |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|----------------------------------------------|------------|
| Reliability Statistics | Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
| | | .900 | .900 |
| 1. Is strategically aggressive | | | |
| 2. Seeks competitive dominance | | | |
| 3. Systematically builds competitive advantage | | | |
| 4. Seeks market leadership | | | |
| 5. Is focused on strategic targets and goals | | | |
| 6. Stretches or reconfigures resources into new competitive advantage | | | |
| 7. Focuses everyone's attention on the essence of winning in the marketplace | | | |
| 8. Sets targets that require everyone's effort and commitment | | | |
| Client Vulnerability measures | | | |
| Reliability Statistics | Cronbach's Alpha | Cronbach's Alpha Based on Standardized Items | N of Items |
| | .909 | .908 | 6 |
| 1. Customers and investors who already know the standard of sale to expect from the industry are much harder to mislead | | | |
| 2. Customers need to understand financial products before they buy them | | | |
| 3. Understanding of financial product prior to contacting a bank could prevent mis-sales and misleading claims. | | | |
| 4. Often, customers are mis-sold products because they did not understand them before signing for them. | | | |
| 5. The regulator could do a much better job to provide a source of information to customers so they can understand the product they go for | | | |
| 6. There are no independent sources of information that inform customers about the particularities of the services available in the financial industry. | | | |

Exploratory Factor Analysis (EFA)

----- APPENDIX 2 -----

KMO and Bartlett's Test

| | | |
|---------------------------------------------------------|--------------------|-------------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. | | .844 |
| Bartlett's Test of Sphericity | Approx. Chi-Square | 10577.442 |
| | df | 1485 |
| | Sig. | .000 |

----- APPENDIX 3 -----

Pattern Matrix

| | Factor | | | | | |
|--------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|------------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 1 Anomie | 2 Strategic Aggressiveness | 3 Client vulnerability | 4 Competitive Intensity | 5 Competitor orientation | 6 Long Term Orientation |
| Anom3 | .928 | | | | | |
| Anom4 | .757 | | | | | |
| Anom5 | .746 | | | | | |
| Anom2 | .712 | | | | | |
| Anom7 | .641 | | | | | |
| Anom1 | .606 | | | | | |
| Anom6 | .567 | | | | | |
| Anom8 | .464 | | | | | |
| SA4 | | .864 | | | | |
| SA3 | | .835 | | | | |
| SA2 | | .794 | | | | |
| SA8 | | .726 | | | | |
| SA5 | | .717 | | | | |
| SA1 | | .649 | | | | |
| SA7 | | .526 | | | | |
| CV1 | | | .869 | | | |
| CV7 | | | .846 | | | |
| CV3 | | | .829 | | | |
| CV4 | | | .696 | | | |
| CV6 | | | .681 | | | |
| CV5 | | | .594 | | | |
| CI2 | | | | .866 | | |
| CI4 | | | | .862 | | |
| CI3 | | | | .810 | | |
| CI5 | | | | .750 | | |
| CI1 | | | | .668 | | |
| CO3 | | | | | .696 | |
| CO1 | | | | | .689 | |
| CO2 | | | | | .688 | |
| CO4 | | | | | .671 | |
| LTO2 | | | | | | .728 |
| LTO1 | | | | | | .683 |
| LTO3 | | | | | | .570 |
| | Extraction Method: Maximum Likelihood. Rotation Method: Oblimin with Kaiser Normalization. | | | | | |
| | a. Rotation converged in 9 iterations. | | | | | |
| | In order to achieve measure purification, reach a clean pattern matrix, and an acceptable Cronbach's alpha for each subscale, LTO4, LTO5, were removed | | | | | |

----- APPENDIX 4 -----

Correlation Matrix

| | Factor | | | | | |
|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------|---------------------------|-------------------------------|--------------------------------|-------------------------------|
| | 1 Anomie | 2 Strategic Aggressiveness | 3 Client vulnerability | 4 Competitive Intensity | 5 Competitor orientation | 6 Long Term Orientation |
| 1 | 1.000 | .161 | -.259 | .396 | -.170 | -.454 |
| 2 | .161 | 1.000 | -.101 | .123 | -.085 | -.091 |
| 3 | -.259 | -.101 | 1.000 | -.442 | .299 | .180 |
| 4 | .396 | .123 | -.442 | 1.000 | -.263 | -.315 |
| 5 | -.170 | -.085 | .299 | -.263 | 1.000 | .147 |
| 6 | -.454 | -.091 | .180 | -.315 | .147 | 1.000 |
| | Extraction Method: Maximum Likelihood. | | | | | |
| | Rotation Method: Oblimin with Kaiser Normalization. | | | | | |
| | The independent variables were tested for multicollinearity using VIFs which were all below 2 therefore suggesting that there are no multicollinearity issues. | | | | | |

Confirmatory Factor Analysis (CFA)

----- APPENDIX 5 -----

Common Method Bias Results

| Standardized Regression Weights: (With CLF) | | | | Standardized Regression Weights: (Without CLF) | | | | |
|---------------------------------------------|----|--------------------------|----------|------------------------------------------------|----|--------------------------|----------|--------|
| | | | Estimate | | | | Estimate | Delta |
| Anom3 | <- | Anomie | 0.702 | Anom3 | <- | Anomie | 0.825 | 0.123 |
| Anom4 | <- | Anomie | 0.782 | Anom4 | <- | Anomie | 0.775 | -0.007 |
| Anom5 | <- | Anomie | 0.741 | Anom5 | <- | Anomie | 0.829 | 0.088 |
| Anom2 | <- | Anomie | 0.443 | Anom2 | <- | Anomie | 0.652 | 0.209 |
| Anom7 | <- | Anomie | 0.544 | Anom7 | <- | Anomie | 0.745 | 0.201 |
| Anom1 | <- | Anomie | 0.425 | Anom1 | <- | Anomie | 0.708 | 0.283 |
| Anom6 | <- | Anomie | 0.536 | Anom6 | <- | Anomie | 0.697 | 0.161 |
| Anom8 | <- | Anomie | 0.413 | Anom8 | <- | Anomie | 0.535 | 0.122 |
| SA4 | <- | Strategic aggressiveness | 0.848 | SA4 | <- | Strategic aggressiveness | 0.874 | 0.026 |
| SA3 | <- | Strategic aggressiveness | 0.854 | SA3 | <- | Strategic aggressiveness | 0.881 | 0.027 |
| SA2 | <- | Strategic aggressiveness | 0.772 | SA2 | <- | Strategic aggressiveness | 0.78 | 0.008 |
| SA8 | <- | Strategic aggressiveness | 0.708 | SA8 | <- | Strategic aggressiveness | 0.704 | -0.004 |
| SA5 | <- | Strategic aggressiveness | 0.764 | SA5 | <- | Strategic aggressiveness | 0.759 | -0.005 |
| SA1 | <- | Strategic aggressiveness | 0.629 | SA1 | <- | Strategic aggressiveness | 0.611 | -0.018 |
| SA7 | <- | Strategic aggressiveness | 0.51 | SA7 | <- | Strategic aggressiveness | 0.508 | -0.002 |
| CV1 | <- | Client vulnerability | 0.75 | CV1 | <- | Client vulnerability | 0.811 | 0.061 |
| CV7 | <- | Client vulnerability | 0.753 | CV7 | <- | Client vulnerability | 0.78 | 0.027 |
| CV3 | <- | Client vulnerability | 0.833 | CV3 | <- | Client vulnerability | 0.858 | 0.025 |
| CV4 | <- | Client vulnerability | 0.719 | CV4 | <- | Client vulnerability | 0.754 | 0.035 |
| CV6 | <- | Client vulnerability | 0.732 | CV6 | <- | Client vulnerability | 0.783 | 0.051 |
| CV5 | <- | Client vulnerability | 0.602 | CV5 | <- | Client vulnerability | 0.621 | 0.019 |
| CI2 | <- | Competitive int. | 0.797 | CI2 | <- | Competitive int. | 0.875 | 0.078 |
| CI4 | <- | Competitive int. | 0.782 | CI4 | <- | Competitive int. | 0.876 | 0.094 |
| CI3 | <- | Competitive int. | 0.73 | CI3 | <- | Competitive int. | 0.835 | 0.105 |
| CI5 | <- | Competitive int. | 0.675 | CI5 | <- | Competitive int. | 0.771 | 0.096 |
| CI1 | <- | Competitive int. | 0.601 | CI1 | <- | Competitive int. | 0.743 | 0.142 |
| CO3 | <- | Competitor Or. | 0.752 | CO3 | <- | Competitor Or. | 0.739 | -0.013 |
| CO2 | <- | Competitor Or. | 0.657 | CO2 | <- | Competitor Or. | 0.675 | 0.018 |
| CO4 | <- | Competitor Or. | 0.71 | CO4 | <- | Competitor Or. | 0.727 | 0.017 |
| LTO2 | <- | Long-term | 0.703 | LTO2 | <- | Long-term | 0.821 | 0.118 |
| LTO1 | <- | Long-term | 0.641 | LTO1 | <- | Long-term | 0.779 | 0.138 |
| LTO3 | <- | Long-term | 0.55 | LTO3 | <- | Long-term | 0.763 | 0.213 |

----- APPENDIX 6 -----

CFA Model Fit Indices (Final Structural Model)

| Indices | Critical values | Model value |
|----------------------------------------------|--------------------------------------|--------------------|
| χ^2/Df | Acceptable between values of 1 and 3 | 1.075 |
| RMSEA | <0.05 is regarded as a close fit | 0.015 |
| PCLOSE | >0.05 acceptable | 0.981 |
| NFI (Normed Fit Index) | >0.9 Good fit | 0.955 |
| RFI (Relative Fit Index) | Close to 1 very good | 0.787 |
| TLI (Tucker-Lewis Index) | >0.95 good fit | 0.981 |
| CFI (Comparative Fit Index) | >0.90 good fit | 0.996 |
| GFI (Goodness of Fit Index) | Close to 1 good fit | 0.990 |
| AGFI (Adjusted Goodness of Fit Index) | >0.8 | 0.947 |