

ROLE OF ETHICS IN BANKING SOE PERFORMANCE

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Abstract

Ethics is very necessary in every profession. Ethics is part of governance. The purpose of this study is to study the influence of deontology ethics, virtue ethics, utilitarian ethics, and egoism ethics on the performance of banking SOEs. This research uses quantitative methods. The population is state-owned banking stakeholders. The sample is a former auditor and user of BUMN banking services. The sample was taken purposively.

The results showed that deontology ethics did not significantly influence the performance of banking SOEs, virtue ethics did not significantly influence the performance of banking SOEs, utilitarian ethics did not significantly influence the performance of banking SOEs, and egoism ethics had a significant effect on the performance of banking SOEs.

Key Words: Deontology ethics, virtue ethics, utilitarian ethics, egoism ethics, banking performance.

1. PRELIMINARY

With the aim of providing economic services and civil rights to every citizen of the nation as a whole, a governmental organization is established by a group of people to achieve business profits. Agency theory (agency theory) is a theory that says there is a need to separate responsibility between the principal and the agent. Principals act to hire the management (agent) of the owner to provide the right incentives and then the management will make an optimal decision. This contractual relationship between shareholders and managers forms the basis of agency theory. In essence, the relationship between the two parties is difficult to be created because of the interests of each other's conflicting parties (Conflict of Interest).

To measure organizational performance not only rely on financial performance, because remembering the elements that are not real also have a role in achieving achievement. Likewise the banking industry in Indonesia, the banking business became anticlimactic in mid-1997, the banking industry finally collapsed as a result of the monetary crisis and economic crisis that hit the Indonesian economy Yulistria (2012). In recent years the

banking industry has experienced major changes. The banking industry is competitive due to deregulated regulations. Bank is a business entity in the community to collect funds in the form of deposits and distribute in the form of assets and passive positions with the aim of improving the standard of living for the people.

In the national economic system in addition to cooperatives and private businesses, State-Owned Enterprises (SOEs) are one of the economic actors whose most or all of their capital comes from separated state assets. According to Arta (2017) BUMN is one of the tangible manifestations of Article 33 of the 1945 Constitution (1945 Constitution) which has a strategic position for improving people's welfare. In order for the government to run well, the state established SOEs to exploit the natural wealth for the prosperity of the people.

According to Yulistira (2012) Company performance is not only based on an assessment of the level of benefits it gets, but the process of how those benefits are obtained. In an article published by Asean Business in May 1996 (Prawirosentono 2008; 196), there are 7 standards of company performance, namely product quality, service quality, management quality, the role of the company for the benefit of the local (local) economy in which the company is located, a record of reputation as an employer to employees, the company's potential to grow and develop in the future, ethics and honesty. Of the 7 performance standards of the company, there is one point, namely ethics and honesty. Yosephus (2010: 127), argues that "in the context of business,

In organizational life, both public and private ethics play an important role. In line with the development of ethical organizations grow and develop. Ethics are also defined as an organizational code which conveys consistent values and conveys integrity to the community. The bank has the main task of operating on active credit by providing credit by the bank and passively by accepting deposits in the form of savings, deposits, current accounts and others entrusted by the public. The existence of the main task of the bank can strengthen the trust of the customer which is the main support for the smooth operation of the bank Likewise this right constitutes banking ethics in relation to other parties.

Business ethics bears the moral factors of human behavior who have professions in the fields of management and business. Thus, business ethics can be seen as an effort to apply and formulate ethical principles in the field of economic relations between people. In detail, In Yulistira (2012) Richard T.de George (2010) mentions that business ethics involves 4 activities as follows:

1. Application of general principles in business practices. Based on the principles of business ethics, we can highlight and judge whether a decision or action taken in the

business world is morally justified or not. Thus business ethics helps business people to find ways to prevent actions that are considered unethical.

2. Business ethics not only involves the application of ethical principles in the business world, but also metaethics. In this connection, business ethics examines whether behaviors that are considered ethical in individuals can also apply to business organizations or companies. Furthermore, business ethics highlights whether companies have social responsibilities or not.

3. The field of business ethics studies involves views about business. In this case, business ethics examines the morality of the economic system in general and the public economic system in particular, for example issues of social justice, property rights, and competition.

4. Business ethics also touches on very macro fields, such as the operations of multinational companies, international conglomerate networks, and others.

The company's competition strategy when viewed from its suitability between banks and third parties is correct and permanent. Deviation of business ethics occurs a lot in fund raising, regardless of whether the product is suitable for investors or not. Performing obligations and respecting rights is an absolute must for banks. In the event of bribery in order to obtain a business license, or use of the wrong credit purpose, as well as the accumulation of funds that should be financed by the bank, then business ethics can be violated by third parties. In this case banks and third parties must regulate corporate governance and must uphold business ethics.

The results of research conducted by Yulistria (2012) on the Effect of Business Ethics and Corporate Social Responsibility on Organizational Performance shows that the business ethics of PT. Bank Rakyat Indonesia (Persero) Tbk Cianjur Branch Office is in the high category while for corporate social responsibility and organizational performance levels of PT. Bank Rakyat Indonesia (Persero) Tbk Cianjur Branch Office is in the sufficient category so that this research can provide benefits in the form of improved organizational performance at PT. Bank Rakyat Indonesia (Persero) Tbk Cianjur Branch Office henceforth is used as a basis in analyzing the level of organizational performance. The results of research conducted by Sitorus and Wijaya (2015) on the Effect of Professionalism and Professional Ethics on Auditor Performance with Audit Structure as Moderating The results of the study show that professionalism has a significant effect on auditor performance, whereas professional ethics does not significantly influence auditor performance. Audit structure has no significant effect on auditor performance. Moderation of the audit structure has a significant effect and is to strengthen the influence of professionalism and the influence of professional ethics on auditor performance.

The results of research conducted by Nugraha and Ramantha (2015) on the Effects of Professionalism, Professional Ethics and Auditor Training on Auditor Performance in Public Accountants in Bali The results of the study showed the conclusion that the variables of professionalism, professional ethics and auditor training had a positive effect on auditor performance. The results of research conducted by Ningsih (2017) on Exploration Studies of the Implementation of Business Ethics in Sharia Banking in Indonesia, the results of the study show that first, Islamic bankers have been able to be friendship with consumers and stakeholders. Second, bankers already have good personal morality but are less responsible for complex problems, especially when there is a change in regulation from the parent bank. Third, bankers lack individual interest (self interest) in themselves.

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2. LITERATURE REVIEW

2.1 Agency Theory

The theory tested in this study is agency theory. Agency theory regulates the relationship of the owner as the principal and the manager as the agent of the company. The owner as an agent of the company wishes to profit and the value of the company as high as possible, while the manager as an agent of the company wants the highest compensation possible. The owner has a lot of capital but does not have the expertise and time, the manager has the expertise needed but does not have the funds. The gap between the desires of the owner and the manager is an agency problem.

Agency theory shows that there are opportunities in conflicts of interest between company management who have been given the mandate to run the company and the mandate, namely the shareholders of the company Hamidah (2019). Agency problems arise due to the behavior of the company's management as the recipient of the mandate to operate the company, then to prioritize meeting personal goals rather than company goals.

2.2 Performance

In an organization performance is the result of work that can be achieved by a person or group of people who are in accordance with their respective authorities and responsibilities by not violating the law, in accordance with ethics and morals and achieving the objectives of the organization in question. Performance can be defined as the appearance of the work itself or in an organization. Appearance of personnel who have functional or structural positions are the work of all personnel in the organization.

Based on several opinions about performance it can be concluded that the notion of performance contains the main contents of the work achieved by someone. Thus, that performance is a picture of the results achieved by individuals and groups of people (Sitorus and Wijaya, 2016).

Individual performance (individual performance) and corporate performance (corporate performance) there is a close relationship. In the case of good employee performance, the level of company performance also increases.

Another notion of performance was stated by Payaman Simanjuntak (2005: 1) who stated that performance was the level of results of the implementation of the tasks achieved in (Sitorus and Wijaya, 2016). The company's performance is not only based on an assessment of the level of benefits it gets, but the process of how those benefits are obtained.

2.3 Philosophy

Etymological philosophy comes from the Greek *Philosophia*, *Philos* means love, love or tendency to something, while *Sophia* means wisdom. Thus simply philosophy can be interpreted as love or tendency to wisdom. The word philosophy was first used by Pythagoras. The term philosophy in Indonesian has the words of philosophy from Arabic, philosophy from English, *philosophia* from Latin and *philosophie* from German, Dutch and French. All of the terms are derived from the Greek term *philosophia*, namely *philein* means love, while *philos* means friend. Furthermore, the term *sophos* means wise, while *sophia* means wisdom.

Philosophy is a field of study that studies the way to think deeply into the nature of things. Philosophy is the mother of various sciences. Because there is one branch of philosophy, one of which is epistemology. According to Tamrin (2019) there are 3 types of knowledge:

- 1). Ordinary knowledge, which is the experience or activities resulting from the experience of daily life.
- 2). Knowledge compiled by a systematic method that has been established and the conditions that have been determined are called science derived from science (science).
- 3). Knowledge that can be understood and compiled in the philosophy of science.

2.4 Ethics

According to the Big Indonesian Dictionary, the term ethics has several meanings, one of which is an assessment of behavior regarding right or wrong held in a group of people or society. Saitri and Suryandari (2017) in Christmastuti and Purnamasari (2004) stated that in order for life to work properly ethics is needed so that in society life runs properly.

Professional ethics includes several attitude factors for an expert that is designed both practical and idealistic. So even though professional ethics is designed to foster an ideal attitude, it must also be real and applicable. So professional ethics must exceed the law but lower than idealism (Christmastuti and Purnamasari, 2004). Ethics must consist of broader ethical ideas, and those narrower than Chan's (2017) notion of obligation (Parsons, 2016, p. 129).

Work ethics in an activity is the behavior most often seen in an organization or company because it leads to the habits, actions or behavior of a person or group in doing something. Ethics comes from the word *ethos* namely guidelines, morals, and behavior, also known as etiquette which means polite manner (Jufrizen, 2016) in (Djakfar, 2012).

Ethics are defined as the moral values of a person or group of people who guide their behavior. Human moral values guide people to do good right and obedient (Jufrizen, 2016) greetings (Salim, 2000).

According to (Jufrizen, 2016) in (Rusyan, 1989). Some conclusions about the role in work ethics, which functions as:

- 1). Drivers of actions;
- 2). Enthusiastic in activities;
- 3). Activator, like an engine for a car the size of motivation will determine the speed of action.

2.5 Hypothesis Development

2.5.1 Effects of Ethical Deontology on Banking Performance

Deontology ethics is one of the basics of ethical decision making. Deontology comes from the word deon, meaning obligation. The obligations of banking employees are stated in the work contract between the bank and its employees. The obligation is written and signed by both parties. Obligations must be carried out by the parties who signed the agreement. If there are violations by the parties, there will be sanctions. Because there are sanctions for any liability violations, Bank employees will tend to carry out their obligations.

The results of research conducted by Triyanthi and Budiarta (2015) From the results of the analysis, it is known that professionalism, professional ethics, independence and work motivation have a positive effect on auditor performance at Yamaha dealers in the city of Denpasar. The variables of professionalism, professional ethics, independence and work motivation contributed as much as 93.6 percent to the auditor's internal performance. The results of research conducted by Nugraha and Ramantha (2015) Based on the results of the analysis it can be concluded that the variables of professionalism, professional ethics and auditor training have a positive effect on auditor performance. The results of research conducted by Sitorus and Wijaya (2016) show that professionalism has a significant effect on auditor performance, whereas professional ethics has no significant effect on auditor performance. Audit structure does not significantly influence auditor performance. Moderation of the audit structure has a significant influence and strengthens the influence of professionalism on auditor performance. Moderation of the audit structure has a significant influence and strengthens the influence of professional ethics on auditor performance. The results of research conducted by Hunt (2018) show that providing a brief discussion of the nature of branding, identifying the main arguments supporting the view that branding is

morally wrong, reviewing HV theory of marketing ethics, explaining the H framework "personal moral code" theory V, and showing how the framework provides a starting point for those who seek to understand, evaluate, and investigate the ethics of branding. Moderation of the audit structure has a significant influence and strengthens the influence of professionalism on auditor performance. Moderation of the audit structure has a significant influence and strengthens the influence of professional ethics on auditor performance. The results of research conducted by Hunt (2018) show that providing a brief discussion of the nature of branding, identifying the main arguments supporting the view that branding is morally wrong, reviewing HV theory of marketing ethics, explaining the H framework "personal moral code" theory V, and showing how the framework provides a starting point for those who seek to understand, evaluate, and investigate the ethics of branding. Moderation of the audit structure has a significant influence and strengthens the influence of professionalism on auditor performance. Moderation of the audit structure has a significant influence and strengthens the influence of professional ethics on auditor performance. The results of research conducted by Hunt (2018) show that providing a brief discussion of the nature of branding, identifying the main arguments supporting the view that branding is morally wrong, reviewing HV theory of marketing ethics, explaining the H framework "personal moral code" theory V, and showing how the framework provides a starting point for those who seek to understand, evaluate, and investigate the ethics of branding. Moderation of the audit structure has a significant influence and strengthens the influence of professionalism on auditor performance. The results of research conducted by Hunt (2018) show that giving a brief discussion about the nature of branding, identifying the main arguments supporting the view that branding is morally wrong, reviewing HV theory of marketing ethics, explaining the H framework "personal moral code" theory V, and showing how the framework provides a starting point for those who seek to understand, evaluate, and investigate the ethics of branding. Moderation of the audit structure has a significant influence and strengthens the influence of professional ethics on auditor performance. The results of research conducted by Hunt (2018) show that providing a brief discussion of the nature of branding, identifying the main arguments supporting the view that branding is morally wrong, reviewing HV theory of marketing ethics, explaining the H framework "personal moral code" theory V, and showing how the framework provides a starting point for those who seek to understand, evaluate, and investigate the ethics of branding.

The results of research conducted by Ferrelle et al., (2018) show that customer-brand research related to business ethics and social responsibility and conduct studies to evaluate customer attitudes. Four scenarios offer variations in corporate behavior related to positive and negative behaviors of customer social responsibility and business ethics. The study findings from a panel of 351 respondents provided new insights related to

customer expectations and perceptions of company CSR and business ethics behavior. We conclude that although CSR attitudes are important, customers value business ethics as a critical behavior in their perception of brand attitude.

Based on the discussion above, the hypothesis is as follows:

H1 : Deontology ethics has a significant positive effect on the performance of state-owned banks.

2.5.2 Effect of Priority Ethics on Banking Performance

Ethical virtue is one of the basic ethical decision making. The basis of virtue ethics is moral. Moral is the basis of doing or not doing an action. If decision making is not based on morals, the resulting decisions become immoral. Immoral acts have consequences for punishment. Therefore bank employees will tend to carry out their obligations.

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The results of research conducted by Musa (2019) show that accounting ethics is measured by professional independence and professional competence, while the quality of financial reporting is measured using qualitative attributes of reliability and understanding. Square Ordinary Least is used to develop theoretical equation models to test hypotheses that are formulated. It can be understood significantly at the 5% level in dealing with each competency and independence. Reliability was found to be significant at the 5% level, only with independence. On the basis of these findings, therefore, it is recommended that corporate bodies should establish an ethics compliance department to improve the enforcement of ethical compliance in various economic institutions. The results of research conducted by Haghghattalaba et al., (2019) show that technical ethics can provide the necessary instructions to engineers to avoid the possibility of accidents

arising from their decisions and actions. In addition, case studies of the Challenger and Columbia space shuttles which show the role of engineering ethics in accident prevention and occurrence are discussed.

The results of research conducted by Ramboarisata and Gendron (2019) show that the results of the research are aimed at understanding, from the point of view of English and English-speaking ECS experts, what is the meaning of non-utilitarian teaching and what is hindering its development and sustainability. The findings show that the barriers are numerous (multilevel and multi-actor) and interdependent with each other, and imply that the efforts of the only teacher who are morally right are not enough to appoint them. Actors at various levels (business scholars themselves, deans of business schools, business media and their ranking systems, major accreditation agencies, etc.) must reflect their practice. The results of research conducted by Horng, Hsub, and Tsai (2019) showed that students in the experimental group showed significant progress in morale, the EnCSR exam, and the EnCSR literacy transformation could be found. In addition, the EnCSR curriculum model is prepared that can contribute to the content of teaching and student learning progress that can help educators be well prepared for the course and can predict student progress. The results of research conducted by Durr (2019) show that first of all the main features of our research agenda are described, which we apply to case studies. then examines the urban study literature and shows how the relationship of urban life and ethics has been discussed so far: We include work on ethical anthropology, on morality in cities, and on social justice and ethics, and we show what is different from our approach. In the last section, we review two ways of looking at urban ethics that we find very promising - and challenging - for analysis because they highlight different aspects of ethical normativity: focus on moral economics, which mainly refers to the historical sedimentation of rights and responsibilities at a time when during a crisis, and focus on social creativity, which emphasizes imagination and the future.

Based on the description above, the hypothesis is as follows:

H2 : Virtue ethics has a significant positive effect on the performance of state-owned banks.

2.5.3 Effects of Utilitarian Ethics on Banking Performance

Utilitarian ethics is the basis of ethical decision making based on the benefits of something. So the decision to take or not take an action is based on the benefits of the action to be taken. Unfavorable actions will not be taken. Thus all actions taken will lead to the achievement of company goals.

The results of research conducted by Saitri and Suryandari (2017) show that machiavellian nature has long been described as an antisocial personality, which does

not consider conventional morality and has a low ideological commitment. In contrast to other businesses where Machiavellian is commonplace and tends to be accepted, but not in the accounting profession. Accountants who have high machiavellian nature will tend to accept ethical attitudes or actions. The results of research conducted by Chokprajakchat and Sumretphol (2017) show that the majority of civil servants recognize the provisions of the Code of Ethics. Other findings are that the knowledge of the Code is disseminated among civil servants, staff, and employees; Civil servants are encouraged to comply with the Code, that is, foster ethics in new civil servants and provide opportunities for civil servants to participate in activities. However, several problems in implementing the Code were found. In addition, among agents there are still violations of the Code. In institutions that do not have an assessment of the implementation of the Code, it is found that Code violations are higher. Whistle-blower actions must be enforced to improve the implementation of the Code. The results of research conducted by Albu, Mandru, and Suci (2020) show that many companies may go bankrupt due to lack of an established overall strategy, poor product quality, lack of innovation, focus on getting immediate profits etc. but it seems that current ethics greatly influences business success. Based on the discussion above, the hypothesis is as follows:

H3 : Utilitarian ethics have a significant positive effect on banking performance.

2.5.4 Effects of Selfish Ethics on Banking Performance

Selfish ethics is one of the basics of ethical decision making. Egoism implies that each individual must pay attention to his interests such as food, shelter, recognition, education, and position. Attention to self-interest will motivate employees to work better. Thus the basic ethical ethical decision making of egoism will drive bank performance.

The results of research conducted by Cremer and Dekerckhove (2017) show that in this article we discuss and review the importance and relevance of adopting also descriptive approaches. which is based on behavioral science (referred to as behavioral business ethics). This approach has the advantage of promoting our insight into how people can show good and bad behavior and why this happens. Behavioral business ethics is therefore an important research challenge for organizational researchers to pursue and engage more meaningfully with more prescriptive approaches.

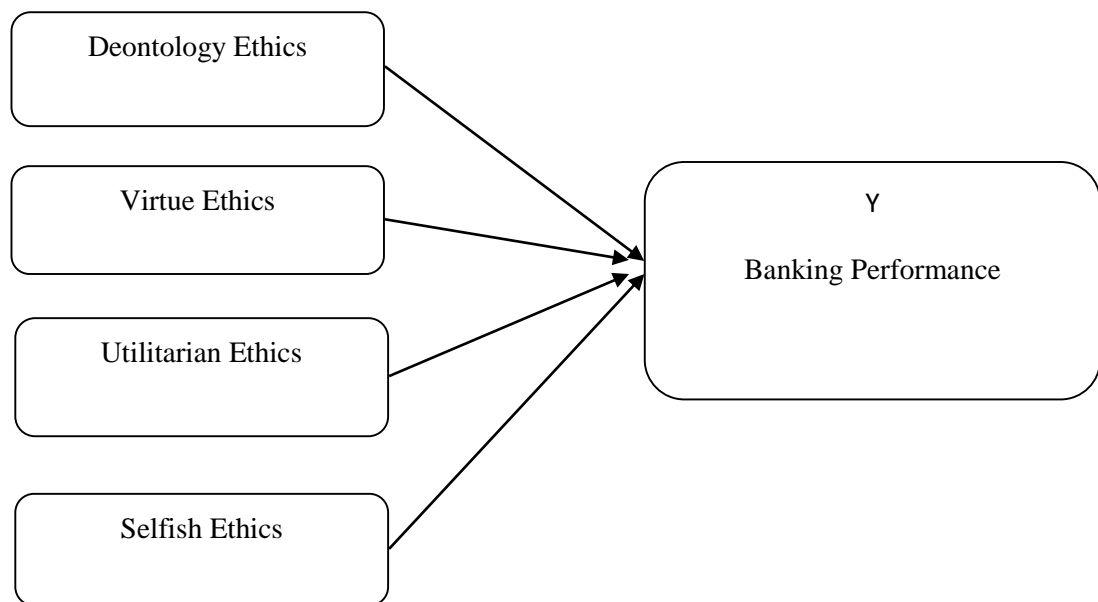
The results of research conducted by Maxwell (2017) show that education students do not leave colleges and universities with a clear understanding of what is expected of them by the community, their peers and the profession. The paper concludes with three suggestions on how to begin bringing ethics education to teachers more in line with teaching aspirations to professional status.

The results of research conducted by Chan (2017) show that Ethics is an integral part of design in many ways. But design ethics remains underdeveloped despite increasing relevance in the Anthropocene, when many new ethical problems and problems are expected to arise from artifacts and man-made systems. It thus suggests that it is important not to unleash the formative ethical potential for a design regardless of its complexity, or its practicality. The results of research conducted by Weijera and Taljaard (2019) show that first, van der Graaf et al. argued that patients who were only affected indirectly by study interventions should still be considered research participants. The results of research conducted by Key, Azab,

H4 : Selfish Ethics Have a Significant Effect on Banking Performance.

2.6 Research Framework

Based on the development of the hypothesis described above, the research framework can be described as follows:



3. RESEARCH METHODS

3.1 Research Design

This study aims to study the effect of ethics on the performance of state-owned banks. Ethics that will be examined are deontology ethics (obligation), virtue ethics (moral), utilitarian ethics (benefits), and egoism ethics (self development).

The research model is as follows:

$Y = a + b_1X_1 + b_2X_2 + b_3X_3 + b_4X_4 + \mu$, where:

X1 = Deontological Ethics;

X2 = Ethics of virtue;

X3 = Utilitarian ethics;

X4 = Ethics of egoism.

μ = error.

3.2 Population, Samples, and Data Collection Methods

Population is a generalization area consisting of objects or subjects that have certain quantities and characteristics determined by researchers to be studied and then Sugiyono draws conclusions (2019: 126). The population in this study is state-owned banking service stakeholders.

The sample is part of the number and characteristics possessed by the population Sugiyono (2019: 126). The sampling technique in this study used purposive sampling. The sample is a former auditor and user of BUMN banking services. Data collection was carried out using a questionnaire. The questionnaire used was an online questionnaire from Google forms. The question is as follows:

One of the basic ethical decision making of BUMN banking employees is obligation. Sources of obligation for BUMN banking employees to work not only from employee contracts with companies. BUMN banking employees understand their obligations in their duties.

Moral is an element of banking employee ethics. Moral is the main foundation for the implementation of BUMN banking employees' duties. BUMN banking employees are friendly to all their customers. There is ongoing moral guidance for BUMN Banking employees.

The principle of benefit is one of the considerations of employees and institutions in conducting SOE banking activities. The need for self-development is one element of ethics. BUMN Bank employees always develop themselves through training and internalization activities. BUMN Bank facilitates the self-development needs of its employees. SOE Bank profits are satisfying. The image of BUMN banking is satisfying.

3.3 Operationalization of Variables

The research variables in this study are divided into two, namely the dependent variable (dependent) and the independent variable (independent):

3.3.1 Dependent Variables (Bound)

The dependent variable is the dependent variable, is not free and affects every independent variable. The dependent variable in this study is banking performance (Y).

3.3.2 Independent Variables (Free)

There are four independent variables in this study, namely deontology ethics (X1), virtue ethics (X2), utilitarian ethics (X3), and egoism ethics (X4). These four variables are constructs. The data collection is done using a Likert scale 1 to 4.

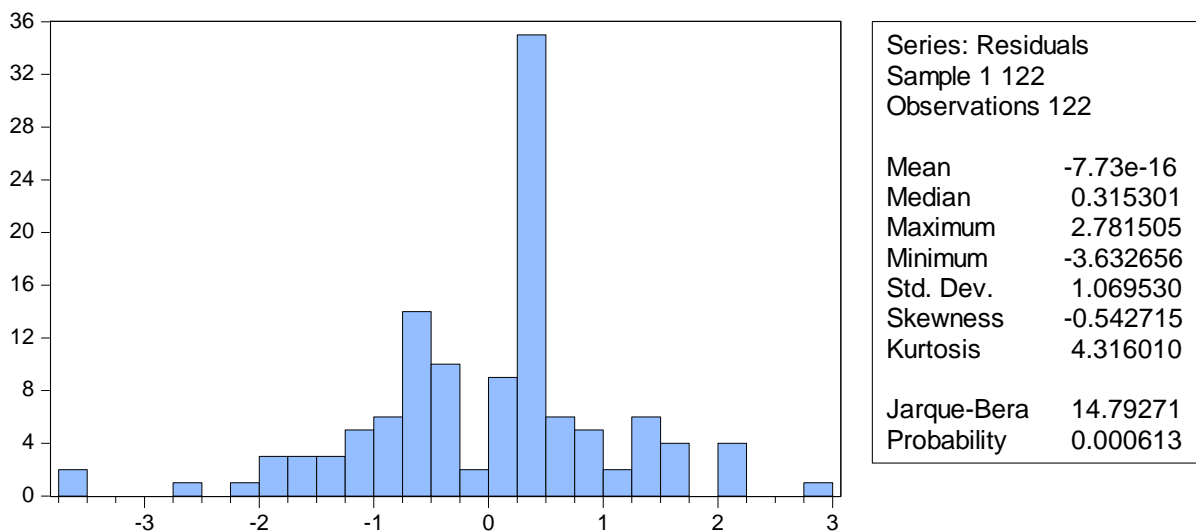
3.4 Data Analysis

The test will include a classic assumption test and a correlation test. Classic assumption tests include data normality test, heterogeneity test, multicollinearity test, and serial correlation test. The correlation test includes the goodness of fit test, the F test, and the individual t test.

4. RESULTS AND DISCUSSION

4.1 Results

Data normality test shows the following results:



The Jarqua Berra indicator shows the results of 14.79. It means that the research data is relatively normal.

Multicollinearity test shows the results as below.

Variance Inflation Factors

Date: 01/31/20 Time: 20:39

Sample: 1 122

Included observations: 122

Variable	Coefficient Variance	Uncentered VIF	Centered VIF
C	0.950726	98.04590	NA
X1	0.009106	88.81789	1.415085
X2	0.005004	96.64498	1.564373
X3	0.052647	57.27503	1.507622
X4	0.007935	82.45207	1.420071

Centered VIF for all independent variables <10. This means that there is no multicollinearity in the research model.

Heterokedastisitas test shows the following results:

Heteroskedasticity Test: Breusch-Pagan-Godfrey

F-statistics	0.504216 Prob. F (4,117)	0.7327
Obs * R-squared	2,067415 Prob. Chi-Square (4)	0.7234
Scaled explained SS	3.152577 Prob. Chi-Square (4)	0.5326

Test Equation:

Dependent Variable: RESID ^ 2

Method: Least Squares

Date: 01/31/20 Time: 20:40

Sample: 1 122

Included observations: 122

Variable	Coefficient	Std. Error	t-Statistics	Prob.
C	3,345870	1.875125	1.784345	0.0770
X1	-0.175830	0.183511	-0.958144	0.3400
X2	0.035156	0.136038	0.258424	0.7965
X3	-0.039826	0.441254	-0.090255	0.9282
X4	-0.086886	0.171311	-0.507181	0.6130
R-squared	0.016946	Mean dependent var		1.134519
Adjusted R-squared	-0.016663	SD dependent var		2.074469
SE of regression	2.091681	Akaike info criterion		4.353933
Sum squared resid	511.8899	Schwarz criterion		4.468852
Log likelihood	-260.5899	Hannan-Quinn criter.		4,400609
F-statistics	0.504216	Durbin-Watson stat		1.429044
Prob (F-statistic)	0.732692			

Heterocedasticity test showed Prob R squared $0.74 > 0.05$. This means that there is no heterokedastisitas in the research model.

Thus the research data passed the classical assumption test.

Regression test results show the following results:

Dependent Variable: Y

Method: Least Squares

Date: 01/31/20 Time: 20:24

Sample: 1 122

Included observations: 122

Variable	Coefficient	Std. Error	t-Statistics	Prob.
C	3.631515	0.975052	3,724433	0,0003
X1	-0.118069	0.095424	-1.237305	0.2185
X2	-0.010041	0.070739	-0.141951	0.8874
X3	0.170100	0.229449	0.741341	0.4600
X4	0.298222	0.089080	3.347787	0.0011
R-squared	0.112188	Mean dependent var		5.6868852
Adjusted R-squared	0.081836	SD dependent var		1.135096
SE of regression	1.087659	Akaike info criterion		3.046053
Sum squared resid	138,4113	Schwarz criterion		3.160972
Log likelihood	-180,8092	Hannan-Quinn criter.		3.092730
F-statistics	3,696171	Durbin-Watson stat		1.520425
Prob (F-statistic)	0.007169			

From the table above it can be seen that the adjusted R squared is 8%. This means that 8% of changes in variable Y can be explained by changes in variable X.

Prob F statistic from the F test is $0.007 < 0.05$. Significant. This means that all variables X simultaneously have a significant effect on the Y variable.

Prob individual X1 variable test results of $0.2185 > 0.005$. Not significant. This means that deontological ethical variables do not significantly influence the performance of state-owned banks. Hypothesis 1 is not proven. Prob test results for individual variables X2 are $0.8874 > 0.005$. Not significant. This means that the virtue ethics variable does not significantly influence SOE banking performance. Hypothesis 2 is not proven. Prob test results of individual variables X3 $0.4600 > 0.05$. Not significant. This means that utilitarian ethical variables do not significantly influence the performance of state-owned banks. Hypothesis 3 is not proven. Prob test results for individual variables X4 $0.0011 < 0.05$. Significant. This means that the ethical variable of egoism has a significant effect on the performance of state-owned banks. Hypothesis 4 is proven.

4.2 Discussion

Hypothesis 1 is not proven. Means that the obligations that have been agreed between the company as an economic entity with bank employees do not become the main foundation for employees in achieving company performance. The rights and obligations that have been promised in the contract turned out not to be the main trigger for the company's improved performance. Bank employees are apparently more motivated by other reasons to achieve company performance. Thus it means contractual engagement as mentioned in the results of the research of Jehnsen and Meckling (1976) cannot eliminate agency problems between the company and its employees.

Hypothesis 2 is not proven. It also means that morality cannot be a significant driver for improving banking performance. Conceptually, moral conduct should be a driver to encourage employees to improve company performance. The employee is apparently not overly frightened by the consequences of immoral behavior. They are more afraid of other reasons as the basis for an activity.

Hypothesis 3 is not proven. Utilization turned out not to be a significant driver of doing an activity by bank employees. An activity should be carried out because of its benefits. By carrying out activities that are beneficial to the company, it will encourage bank performance.

Hypothesis 4 is proven. Selfish ethics has proven to be an ethical foundation for bank employees in carrying out banking company activities. In the sense of selfishness including a clear promotion or career path, regular and systemic salary increases and benefits, improvement of work facilities, respect for status, continuous capacity building

through trainings, seminars, and workshops. Selfishness or self-fulfillment turned out to be a significant driver for bank employees to carry out banking activities.

5. CONCLUSIONS AND SUGGESTIONS

5.1 Conclusion

Ethics is part of corporate governance. The ethics of learning the good and the bad. The purpose of this research is to study the influence of deontological ethics on the performance of banking companies, ethics of virtue on the performance of banking companies, utilitarian ethics on the performance of banking companies, and ethics of egoism on the performance of banking companies.

The method used is a quantitative method. The sample was taken purposively. Processing data using eviews 8.

The population is state-owned banking. The sample is a former auditor and user of BUMN banking services

The results showed that deontology ethics did not significantly influence the performance of banking SOEs, virtue ethics did not significantly influence the performance of banking SOEs, utilitarian ethics did not significantly influence the performance of banking SOEs, and egoism ethics had a significant effect on the performance of banking SOEs.

5.2 Suggestion

Based on the conclusions above, it is recommended that companies:

1. Improve socialization regarding deontology ethics, virtue ethics, and utilitarian ethics to banking employees.
2. Increase attention to employee needs such as regular salary increases, clear career paths, and training for capacity building.
3. Appoint an ethics official to monitor ethical enforcement and its violations.
4. The SOE Ministry should make more detailed regulations on banking ethics.
5. Improve mental development by the company to its employees.

The next researcher is to conduct research with a wider sample and add another ethical decision base.

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