

CORRUPTION INTENTION: THE INFLUENCE BETWEEN WORK ETHICS AND FAMILY OWNED BUSINESS EMPLOYEE PERFORMANCE

TAN EVAN TANDIYONO ¹, IDA AJU BRAHMASARI ² and SITI MUJANAH ³

^{1,2,3} Fakultas Ekonomi dan Bisnis, Universitas 17 Agustus 1945, Surabaya, Jawa Timur, Indonesia.
Email: ¹tanevan@untag-sby.ac.id, ²brahmasari@untag-sby.ac.id, ³sitimujanah@untag-sby.ac.id

Abstract

Family Owned Business (FOB) is a type of company where the core family acts only as shareholders, and the management of the company is entrusted to professional executives from outside the family and other relatives. This means that the family does not fully control the company but still has full authority in decision-making and the operation of the company. There are increasingly peculiar phenomena in the working world involving employees and companies. In the past, when someone acted according to work ethics, it would enhance their happiness and they would feel ashamed of their actions if they deviated. Nowadays, even when they engage in unethical and deviant actions, there is a tendency for them to feel just as happy and even proud of their actions. The aim of this study, as outlined by the stated problem, is to understand, analyze, and address the impact of work ethics on performance, with corruption intention as a moderating variable among employees of family owned businesses in Gerbang Kertosusila. This study employs causal explanatory research, a type of quantitative research used to explain cause-and-effect relationships between independent variables, dependent variables, and moderator variables. The unit of analysis for this study consists of employees from family-owned businesses (FOB) totaling 308 individuals across 10 companies of this category. Primary data was collected using questionnaires in hardcopy, softcopy (PDF), and through Google Forms online, from the research location with numerous respondents. The collected data was then processed and analyzed using Structural Equation Modeling (SEM) with AMOS version 26 software. The analysis employed was Moderated Regression Analysis (MRA) or interaction test, which is a special application of multiple linear regression where the regression equation contains an interaction element (multiplication of two or more independent variables) to determine the extent of the influence of independent variables on the dependent variable with a moderator variable. The findings indicate and conclude that the work ethics variable does not significantly affect performance. However, since the corruption intention variable significantly affects performance, it serves as a moderating variable in the relationship between work ethics and the performance of family owned business employees.

Keywords: Work Ethics, Employee Performance, Corruption Intention, Family Owned Business.

INTRODUCTION

Looking around in the current era of globalization—by examining the situation within the social structures that have developed today—one can identify a formula of thinking that has influenced people for a considerable time and is deeply ingrained in the general mindset. This way of thinking, which is believed by most people, often serves as a source of motivation in their lives. In summary, it is the notion that if someone is successful in something, they will be happy, with success coming first and happiness following (Achor, 2010).

In a more advanced stage—within the modern era currently evolving in the world of work—this mindset results in measuring a person's success based on their work performance. Employee performance significantly impacts the overall performance of a company. It serves

as a benchmark to determine whether an employee can fulfill the tasks and responsibilities assigned to them by the company. Additionally, employee performance is used by companies to provide recognition or compensation for the effort put forth by employees in completing their assigned duties and responsibilities. The performance of the company is an accumulation of the overall performance of its employees, and to ensure the company performs well, it requires good employee performance as well (Mangkunegara, 2009).

Measuring an individual's success through their performance is a familiar concept in Indonesia. Each new achievement demands a higher level of performance to meet targets and attain success. Therefore, it can be said that states of happiness or positive states in psychology should come first, followed by success that follows (Achor, 2010).

However, the current trend is that more employees are now focused solely on the personal gains they can obtain from their work. They prioritize their own temporary happiness over the long-term happiness of others. Financial gain has become the primary consideration in their relationship with the company or organization. This has been evidenced by a survey conducted by Pricewaterhouse Coopers (PwC). The survey was carried out among employees of 30 major and reputable Indonesian banks, representing 80% of the Indonesian banking industry.

Moreover, the tension in the company-employee relationship has become increasingly complex with the rise in unethical practices and actions within companies, leading to a decline in company profits. This has exacerbated the issues between companies and employees. Employees ultimately act solely to pursue personal gains, often at the expense of the company and their fellow employees. These deviant practices frequently result in both moral and material losses for the company, affecting overall company performance and potentially leading to bankruptcy.

A study titled "Ethics, Corruption, and Performance in Developing Economies Public Service" indicates that a code of ethics is necessary in the workplace as part of work ethics to ensure that the company operates properly and remains on course. Furthermore, a well-designed code of ethics can not only enhance employee performance but also help neutralize various forms of deviations and practices such as corruption, collusion, and nepotism within the company. Typically, a code of ethics includes aspects of subjective well-being, where achieving success requires appropriate attitudes and actions in accordance with established rules. Additionally, there is a correlation between ethics and performance (Obicci, 2016).

The expansion of corporate compliance and ethics functions has been prominently advocated over the past two decades, and a strong international consensus on the essential components of corporate anti-corruption programs has emerged during the same period. However, the implementation of anti-corruption compliance programs, with all their features, has still not been applied correctly and effectively (especially in developing countries), leading to the continued prevalence of corporate corruption and integrity scandals. Consequently, the dominant approach remains focused on identifying and sanctioning individuals with unethical intentions, but it has become less credible due to the difficulty in obtaining evidence resulting from systemic corruption and fraud that have become entrenched in various large multinational

organizations that have established compliance systems or ethics committees (Taylor, 2020). Additionally, understanding how employees respond to compliance processes has evolved. Business professionals, regulators, consultants, and academics are increasingly turning their attention to how key dimensions such as corporate culture—including values, leadership, norms, and incentives—can either support or undermine commitment to transparency and anti-corruption efforts (Taylor, 2020).

An increasing number of unusual phenomena are observed in the workplace involving employees and companies. In the past, adhering to work ethics would enhance one's sense of happiness and lead to feelings of shame when engaging in deviant actions. However, today, even when employees engage in unethical and deviant behavior, there is a tendency for them to feel happy and even proud of their actions. Some individuals intentionally engage in deviant behavior because they find it enjoyable (Obicci, 2016). Some people use unethical and improper methods to boost their performance and that of the company in the short term, but this can damage the company's overall performance in the long run. Such unethical actions often become a critical issue within companies, as it is not uncommon for companies to be severely impacted by the behavior of their employees, sometimes leading to irreparable decline (Salahudin, Alwi, Baharuddin, & Halimat, 2016).

LITERATURE REVIEW

Work Ethics

Work ethics refers to a set of individual attitudes and beliefs regarding work. Thus, the researcher believes that the definition provided by Miller et al. is more comprehensive and has decided to use it in this study, defining work ethics as a collection of individual attitudes and beliefs related to their work, including diligence, self-confidence, religion and morality, leisure time, self-discipline (asceticism), delay of gratification, and a focus on work (Miller, Woehr, & Hudspeth, 2002).

Corruption Intention

Corruption is generally defined as the abuse of power and authority for personal gain (Treisman, 2000). Corruption becomes evident when there are systemic and strategic influences, which may be legal or even currently ethical, that undermine the effectiveness of an institution or organization by diverting it from its objectives or weakening its ability to achieve its goals (Lessig, 2013). In the context of psychology, corruption intention is defined as an effort or intention to influence or persuade others to act or to obstruct an action through means that violate legal rules, norms, and ethical standards (Tanzi, 1998; Wade et al., 2007; Wahyuni et al., 2015). This also includes categories intended to influence recipients and create expectations of receiving specific benefits in return, such as "generalized hope," "expectation of ultimate benefit," or "promoting goodwill" (Abidin et al., 2015). Additionally, corruption intention also refers to the willingness and tendency to use one's position or power for personal or group advantage, considering and addressing details regarding when, where, how, and for how long to engage in corrupt actions directed toward specific goals (Sardzoska et al., 2012).

Employee Performance

The definition of performance does not include the outcomes of employee behavior, but only the behavior itself. Performance pertains to the actions or what employees do, rather than what they produce or the results of their work. There are two characteristics of behavior referred to as "performance." First, it is "evaluative." This means that the behavior can be assessed as negative, neutral, or positive. In other words, the evaluation of this behavior will largely depend on the contributions made in terms of individual, work unit, and organizational goals. Second, performance is "multidimensional." This means that there are various types of behavior that have the capacity to enhance organizational goals (Aguinis, 2013).

Conseptual Framework

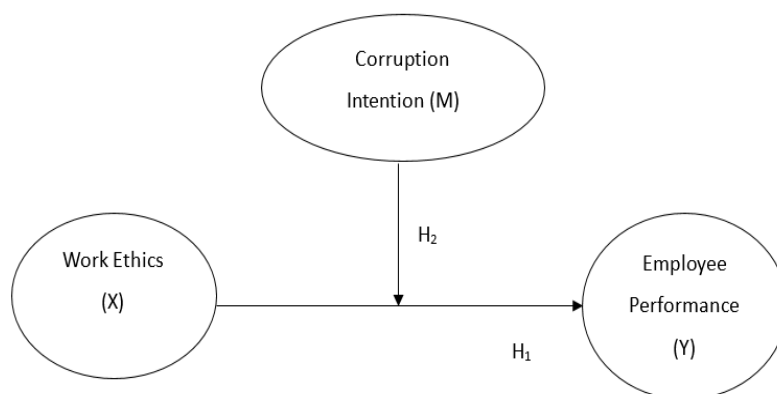


Figure 1: Conseptual Framework

Hypothesis

H₁: Work Ethics has a significant impact on Employee Performance in Family-Owned Businesses in Gerbang Kertosusila.

H₂: Work Ethics has a significant impact on Employee Performance with Corruption Intention as a Moderating Variable in Family-Owned Businesses in Gerbang Kertosusila.

RESEARCH METHODS

The type of research used in this study is causal explanatory research, which is a form of quantitative research. This research type is employed to explain the cause-and-effect relationships between variables, including independent variables, dependent variables, and moderator variables. A Family-Owned Business (FOB) is a type of company where core family members serve only as shareholders, while the management of the company is entrusted to professional executives from outside the family or extended relatives. As a result, the family does not fully control the company but still retains full authority over decision-making and the direction of the company (Ward & Aronoff, 1995). Based on the above definition, the population of this study consists of companies that fall into the category of Family-Owned

Businesses (FOB). The research population will be drawn from the manufacturing industry in the "Gerbang Kertosusila" region (Gresik-Bangkalan-Mojokerto-Surabaya-Sidoarjo-Lamongan). There are 10 FOBs located in the industrial area that form the population of this study. The total number of employees in these 10 FOBs, who will be sampled for this research, is 1,346 individuals. To determine the number of companies to be used as a sample in the study, the Slovin formula was applied, resulting in a sample size of 308 employees from the 10 FOBs. Primary data were collected using questionnaires in hardcopy (printed), softcopy (PDF), and Google Forms, administered online from the research location with numerous respondents. The collected data were then processed and analyzed using the Structural Equation Modeling (SEM) analysis tool through AMOS software version 26.

RESULTS

Description of Respondent Characteristics

Table 1: Description of Respondent Characteristics

Information		Total	%
Age	< 30 Tahun	58	19.33%
	30 - 39 Tahun	156	52.00%
	40 - 49 Tahun	71	23.67%
	50 > Tahun	15	5.00%
Gender	Laki-Laki	252	84.00%
	Perempuan	48	16.00%
Education	SD	20	6.67%
	Madrasah	7	2.33%
	SMP	43	14.33%
	SMA/U/K	187	62.33%
	Diploma	1	0.33%
	Sarjana	42	14.00%
Length of Work	< 1 Tahun	4	1.33%
	1 - 2 Tahun	24	8.00%
	3 - 5 Tahun	39	13.00%
	6 - 10 Tahun	121	40.33%
	11 - 20 Tahun	88	29.33%
	> 20 Tahun	24	8.00%
Employment Status	Karyawan Kontrak	56	18.67%
	Karyawan Tetap	244	81.33%

(Source: Processed Primary Data, 2024)

The purpose of describing respondent characteristics is to provide an overall depiction of the respondents in the study, which helps categorize them and assists the researcher in understanding the research results. The characteristics of the respondents include several important categories, namely age category, position/job title category, gender category, highest educational attainment category, length of service category, and employment status category.

Validity Test

This analysis is used to test the validity or accuracy of each question included in the questionnaire. The validity test will be conducted using AMOS 26 software. The testing technique applied by the researcher for the validity test is the Bivariate Pearson correlation (Pearson Product-Moment Correlation), which involves correlating each item score with the total score. The total score is the sum of all item scores. Items that significantly correlate with the total score indicate that these items are capable of revealing what they are intended to measure, making them valid. If the calculated r-value (r hitung) is greater than or equal to the critical r-value (r tabel) (using a two-tailed test with a significance level of < 0.05 and a correlation coefficient > 0.4), then the instrument or items are considered to significantly correlate with the total score and are deemed valid.

Table 2: Results of the Validity Test Using Pearson Correlation

Variable	Dimensions	Indicator	r count	Sig. (Standar)	r table	Result
Work Ethics (X)	Leisure	X1.1	0.530	0.000	< 0.05	Valid
	Self-Reliance	X1.2	0.601	0.000	< 0.05	Valid
	Hard Work	X1.3	0.554	0.000	< 0.05	Valid
	Morality/Ethics	X1.4	0.736	0.000	< 0.05	Valid
	Centrality of Work	X1.5	0.712	0.000	< 0.05	Valid
	Wasted Time	X1.6	0.673	0.000	< 0.05	Valid
	Delay of Gratification	X1.7	0.568	0.000	< 0.05	Valid
Corruption Intention (M)	The Object of The Attitude	M1.1	0.059	0.326	< 0.05	Invalid
	Characteristics Attitude	M1.2	-0.005	0.930	< 0.05	Invalid
	Event	M1.3	0.360	0.000	< 0.05	Invalid
	Family Reference	M1.4	0.609	0.000	< 0.05	Valid
	Association Reference	M1.5	0.865	0.000	< 0.05	Valid
	Peer Reference	M1.6	0.646	0.000	< 0.05	Valid
	Family Experience	M1.7	0.878	0.000	< 0.05	Valid
	Association Experience	M1.8	0.856	0.000	< 0.05	Valid
	Peer Experience	M1.9	0.778	0.000	< 0.05	Valid
Employee Performance (Y)	Process Leadership	Y1.1	0.682	0.000	< 0.05	Valid
	Supervision of Nonexempt Staff	Y1.2	0.720	0.000	< 0.05	Valid
	Coaching	Y1.3	0.625	0.000	< 0.05	Valid
	Team-Building Consultation	Y1.4	0.669	0.000	< 0.05	Valid
	Assessment Instrument Feedback	Y1.5	0.724	0.000	< 0.05	Valid
	Product Improvement	Y1.6	0.651	0.000	< 0.05	Valid
	Supports Subordinates' Projects	Y1.7	0.695	0.000	< 0.05	Valid
	Lives Outside of Work	Y1.8	0.627	0.000	< 0.05	Valid
	Encourages Subordinates to Reach Their Goals	Y1.9	0.643	0.000	< 0.05	Valid
	Gets to Know Employees Personally	Y1.10	0.648	0.000	< 0.05	Valid
	Shows Respect for Employees' Work and Home Lives	Y1.11	0.516	0.000	< 0.05	Valid

(Source: Processed Primary Data, 2024)

Reliability Test

This reliability test will be conducted using AMOS 26 software. The level of reliability is empirically indicated by a value known as the reliability coefficient. High reliability is demonstrated by a Cronbach's alpha coefficient of 0.60 or higher. Generally, reliability is considered satisfactory if the value is ≥ 0.700 . The reliability of the instrument is tested using the Cronbach's alpha formula, as the research instrument is in the form of a questionnaire and uses an ordinal (ranked) scale.

Table 3: Results of the Variable Reliability Test Using Cronbach's Alpha

Variable	Koefisien Cronbach Alpha	Standard Alpha	Result
Work Ethics	0.902	0.60	Reliabel
Corruption Intention	0.925	0.60	Reliabel
Employee Performance	0.953	0.60	Reliabel

(Source: Processed Primary Data, 2024)

Goodness of Fit Test

This test is conducted to determine whether the developed model fits the available data. The items used for this test can be seen in the table below:

Table 4: Results of the Goodness of Fit Index Test for the Final Structural Model

Goodness of Fit	Cut-off Value	Result	Result
Chi-Square	0	1557.508	Fit
Sig. Probability	≥ 0.05	0.057	Fit
CMIN/DF	≤ 2.00	1.693	Fit
GFI	≥ 0.90	0.922	Fit
AGFI	≥ 0.90	0.904	Fit
RMSEA	≤ 0.08	0.048	Fit
TLI	≥ 0.90	0.918	Fit
NFI	≥ 0.90	0.910	Fit
PCFI	> 0	0.660	Fit
PNFI	> 0	0.673	Fit

(Source: Processed Primary Data, 2024)

The results of data processing using a sample of 300 show that the significance level for the hypothesis test of differences is 1557.508, with a probability of 0.057. This indicates that there is no difference between the sample covariance matrix and the population covariance matrix, so the null hypothesis is accepted (accepted if the probability > 0.05).

Meanwhile, the values for GFI, AGFI, TLI, NFI, RMSEA, and CMIN/DF are 0.922, 0.904, 0.918, 0.910, 0.048, and 1.693, respectively, all of which fall within the expected range, indicating that the model is acceptable.

Measurement Model Analysis

Based on the nature of numbers, the closer they approach the value of 0 (zero), the smaller they become. In this study, the magnitude of the regression values between dimensions and

indicators, or between indicator variables (loading factors), can be explained through the construct variables, which are interpreted as follows:

- < 0.40 : Weak Relationship Quality
- 0.41 – 0.55 : Moderate Relationship Quality
- 0.56 – 0.69 : Strong Relationship Quality
- > 0.70 : Very Strong Relationship Quality

A weak relationship quality indicates that the contribution of the dimension forming the variable indicator is small, or the contribution of the indicator variable (loading factor) to the construct variable is low. Moderate relationship quality indicates that the contribution of the dimension forming the variable indicator is not very large, or the contribution of the indicator variable (loading factor) to the construct variable is moderate. Strong relationship quality indicates that the contribution of the dimension forming the variable indicator is significant, or the contribution of the indicator variable (loading factor) to the construct variable is strong. Very strong relationship quality indicates that the contribution of the dimension forming the variable indicator is very large, or the contribution of the indicator variable (loading factor) to the construct variable is very strong.

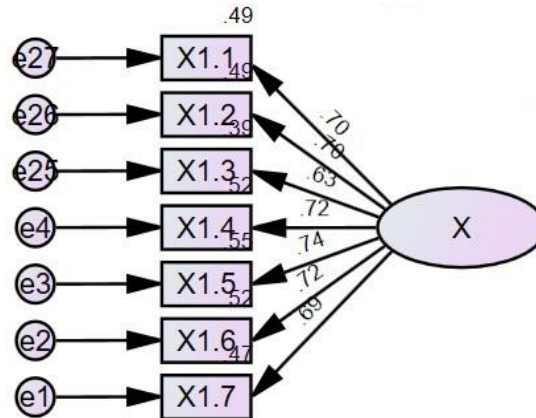
Table 5: Confirmatory Factor Analysis

Variable	Indicator	Loading Factor	Critical Ratio ≥ 2	Probabilitas ≥ 0.05	Result
Work. Ethics	X1.1	0.697	11.859	***	Strong
	X1.2	0.700	11.905	***	Very Strong
	X1.3	0.627	10.720	***	Strong
	X1.4	0.718	12.189	***	Very Strong
	X1.5	0.742	12.569	***	Very Strong
	X1.6	0.724	12.292	***	Very Strong
	X1.7	0.689	2.000	***	Strong
Corruption. Intention	M1.4	0.761	16.849	***	Very Strong
	M1.5	0.858	20.339	***	Very Strong
	M1.6	0.740	16.182	***	Very Strong
	M1.7	0.840	2.000	***	Very Strong
	M1.8	0.855	20.246	***	Very Strong
	M1.9	0.799	18.129	***	Very Strong
Employee Performance	Y1.1	0.686	2.000	***	Strong
	Y1.2	0.696	11.147	***	Strong
	Y1.3	0.625	10.071	***	Strong
	Y1.4	0.695	11.123	***	Strong
	Y1.5	0.747	11.886	***	Very Strong
	Y1.6	0.679	10.883	***	Strong
	Y1.7	0.711	11.365	***	Very Strong
	Y1.8	0.653	10.497	***	Strong
	Y1.9	0.664	10.658	***	Strong
	Y1.10	0.660	10.610	***	Strong
	Y1.11	0.498	8.119	***	Moderate

(Source: Processed Primary Data, 2024)

Work Ethics (X)

The indicators of the Work Ethics variable are leisure time, self-reliance, hard work, morality/ethics, centrality of work, wasted time, and delay of gratification.



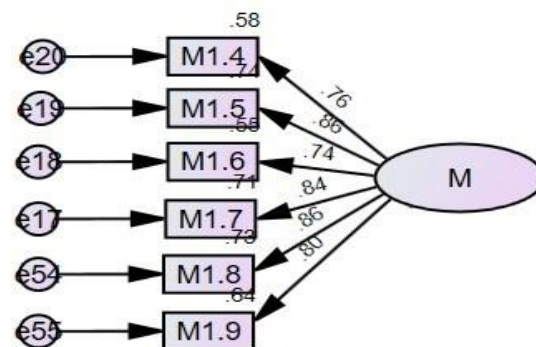
(Source: Processed Primary Data, 2024)

Figure 2: Work Ethics Loading Factor

The factor analysis of the Work Ethics variable shows the following factor values: X1.1 leisure time 0.697; X1.2 self-reliance 0.700; X1.3 hard work 0.627; X1.4 morality/ethics 0.718; X1.5 centrality of work 0.742; X1.6 wasted time 0.724; and X1.7 delay of gratification 0.689, as shown in Figure 2. It can be concluded that the indicators with Very Strong Relationship Quality are X1.2 self-reliance 0.700; X1.4 morality/ethics 0.718; X1.5 centrality of work 0.742; and X1.6 wasted time 0.724. Meanwhile, the indicators with Strong Relationship Quality are X1.1 leisure time 0.697; X1.3 hard work 0.627; and X1.7 delay of gratification 0.689.

Corruption Intention (M)

The indicators of the Corruption Intention variable are family reference, association reference, peer reference, family past experience, association past experience, and peer past experience.



(Source: Processed Primary Data, 2024)

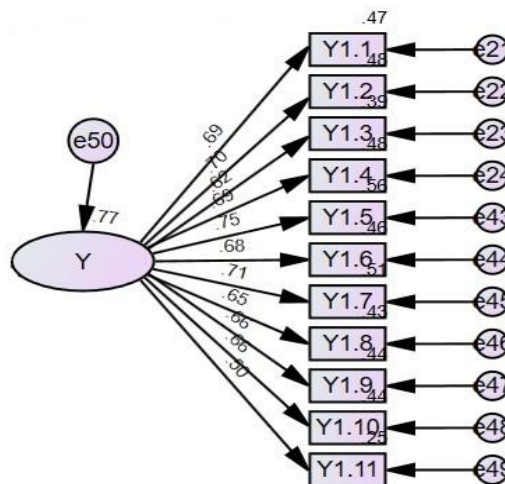
Figure 3: Corruption Intention Loading Factor

The factor analysis of the Corruption Intention variable reveals dominant factors, specifically M1.4 family reference belief 0.761; M1.5 association reference 0.858; M1.6 peer reference 0.740; M1.7 family past experience 0.840; M1.8 association past experience 0.855; and M1.9 peer past experience 0.799, as shown in Figure 3.

It can be concluded that the indicators with Very Strong Relationship Quality are M1.4 family reference belief 0.761; M1.5 association reference 0.858; M1.6 peer reference 0.740; M1.7 family past experience 0.840; M1.8 association past experience 0.855; and M1.9 peer past experience 0.799.

Employee Performance (Y)

The indicators of the Employee Performance variable are Process Leadership, Supervision of Nonexempt Staff, Coaching, Team-Building Consultation, Assessment Instrument Feedback, Product Improvement, Supports Subordinates' Projects, Lives Outside of Work, Encourages Subordinates to Reach Their Goals, Gets to Know Employees Personally, and Shows Respect for Employees' Work and Home Lives.



(Source: Processed Primary Data, 2024)

Figure 4: Employee Performance Loading Factor

The factor analysis of the Employee Performance variable reveals dominant factors, specifically Y1.1 Process Leadership 0.686; Y1.2 Supervision of Nonexempt Staff 0.696; Y1.3 Coaching 0.625; Y1.4 Team-Building Consultation 0.695; Y1.5 Assessment Instrument Feedback 0.747; Y1.6 Product Improvement 0.679; Y1.7 Supports Subordinates' Projects 0.711; Y1.8 Lives Outside of Work 0.653; Y1.9 Encourages Subordinates to Reach Their Goals 0.664; Y1.10 Gets to Know Employees Personally 0.660; and Y1.11 Shows Respect for Employees' Work and Home Lives 0.498, as shown in Figure 4.

It can be concluded that the indicators with Very Strong Relationship Quality are Y1.5 Assessment Instrument Feedback and Y1.7 Supports Subordinates' Projects. The indicators with Strong Relationship Quality are Y1.1 Process Leadership, Y1.2 Supervision of

Nonexempt Staff, Y1.3 Coaching, Y1.4 Team-Building Consultation, Y1.6 Product Improvement, Y1.8 Lives Outside of Work, Y1.9 Encourages Subordinates to Reach Their Goals, and Y1.10 Gets to Know Employees Personally. Additionally, there is an indicator with Moderate Relationship Quality, which is Y1.11 Shows Respect for Employees' Work and Home Lives.

Parameter Test

To determine the causal relationship between each variable, it is necessary to test the null hypothesis, which states that the regression coefficient between the relationships is equal to 0 (zero), by conducting a t-test within the regression model.

Table 6: Path Coefficients between Variables

Regression Weights			Hypothesis	Estimate	S.E.	C.R.	P	Standardized Estimate
Work.Ethics	-> --	Employee Performance	H ₁	-0,057	0,101	-0,567	0,571	-0,079
Corruption.Intention	-> --	Employee Performance	H ₂	0,104	0,025	4,073	***	0,176
Moderation Effect	-> --	Employee Performance	H ₂	0,001	0	2,411	0,016	0,002

(Source: Processed Primary Data, 2024)

By observing the regression results in Table 6, it is evident that the value of the critical ratio (CR), which is equivalent to the t-test in regression analysis, indicates that all regression coefficients are significantly different from zero. Therefore, the null hypothesis, which states that the regression coefficients are equal to zero, can be rejected, and the alternative hypothesis can be accepted. The causal relationships in the model can be confirmed.

The regression coefficient between the Work Ethics variable and Employee Performance is -0.079, with a CR value of -0.567 and a significance level of 0.571 ($P > 0.05$). This indicates that the Work Ethics variable does not have a significant impact on the performance of employees in Family-Owned Businesses.

The regression coefficient between the Corruption Intention variable and Employee Performance is 0.176, with a CR value of 4.073 and a significance level of 0.000 ($P < 0.05$). This suggests that the Corruption Intention variable significantly influences the performance of employees in Family-Owned Businesses.

The interaction between Work Ethics and Corruption Intention significantly affects the performance of employees in Family-Owned Businesses, with a parameter coefficient of 0.002, a CR value of 2.411, and a significance level of 0.016 ($P < 0.05$). Therefore, it can be concluded that the Corruption Intention variable serves as a moderating variable or a variable that moderates the relationship between Work Ethics and Employee Performance.

Hypothesis Test

H₁: Work Ethics has a significant effect on Employee Performance in Family-Owned Businesses in the Gerbang Kertosusila region.

The Work Ethics variable does not significantly affect Employee Performance in Family-Owned Businesses in the Gerbang Kertosusila region. Table 6. Shows that the regression coefficient between the Work Ethics variable and Employee Performance is -0.079, with a CR value of -0.567 and a significance level of 0.571 ($P > 0.05$). This indicates that the Work Ethics variable does not significantly affect the performance of employees in Family-Owned Businesses. Therefore, it can be concluded that H₁ is rejected, and H₀ is accepted. This result contradicts the findings of Miswanto et al. (2019), Obicci (2016), Siddiqui et al. (2019), Khan et al. (2021), Salahudina et al. (2019), Osibanjo et al. (2016), Omisore et al. (2016), and Bataineh (2020), which state that Work Ethics significantly affects Employee Performance.

H₂: Work Ethics has a significant effect on Employee Performance with Corruption Intention as a Moderating Variable in Family-Owned Businesses in the Gerbang Kertosusila region.

The Work Ethics variable significantly affects Employee Performance with Corruption Intention as a moderating variable in Family-Owned Businesses in the Gerbang Kertosusila region. Table 6. Shows that the regression coefficient between the Corruption Intention variable and Employee Performance is 0.176, with a CR value of 4.073 and a significance level of 0.000 ($P < 0.05$). This indicates that the Corruption Intention variable significantly affects Employee Performance in Family-Owned Businesses.

The interaction between Work Ethics and Corruption Intention significantly affects the performance of employees in Family-Owned Businesses, with a parameter coefficient of 0.002, a CR value of 2.411, and a significance level of 0.016 ($P < 0.05$). Therefore, it can be concluded that the Corruption Intention variable is a moderating variable or one that moderates the relationship between Work Ethics and Employee Performance. Thus, it can be concluded that H₂ is accepted, and H₀ is rejected. This finding aligns with the research conducted by Williams et al. (2016), Saithibvongsa et al. (2019), and Nam et al. (2020), which states that Corruption Intention significantly affects Employee Performance.

DISCUSSION

1. The Effect of Work Ethics on Employee Performance

The first result of this study indicates that the effect of Employee Work Ethics (X) on Employee Performance (Y) is not significant, with a significance value of 0.571 ($P > 0.05$), and an effect size of -0.079 with a CR value of -0.567. Based on these results, it can be concluded that if Work Ethics (X) increases, there will be a decrease in Performance (Y) by 0.079 among employees in Family-Owned Businesses. This result aligns with a previous study, the first conducted by Adeyeye, J.O., Adeniji, A. A., Osibanjo, A.O., and Oludayo, O.A (Adeyeye, Adeniji, Osibanjo, & Oludayo, 2015), which stated that "...integrity will not contribute to organizational productivity and there is no significant positive correlation between self-

discipline and organizational productivity...” indicating that there is no significant correlation between Work Ethics and Employee Performance, even though there may be a positive influence. This is also supported by another previous study, the second conducted by Shahrul Nizam bin Salahudin, Mohd Nur Ruzainy bin Alwi, Siti Sarah binti Baharuddin, and Siti Syafina binti Halimat (Salahudin, Alwi, Baharuddin, & Halimat, 2016), which stated that “...It proves that work ethics will result in high employee performance and indicates that the implementation of work ethics can help organizations achieve great overall performance. However, the factor loading shows that the causal effect of work ethics on job performance is low and in a moderate relationship...” This means that Work Ethics does not have a direct significant effect, as evidenced by a significance value of 0.571 ($P < 0.05$) and a value of -0.079, showing that the influence is in the opposite direction.

2. The Effect of Work Ethics on Employee Performance with Corruption Intention as a Moderating Variable

The results of this study indicate that the interaction of Corruption Intention (M) with Employee Performance (Y) is significant, with a significance value of 0.016 ($P < 0.05$). This suggests that Corruption Intention can serve as a moderating variable between Work Ethics and the Performance of employees in Family-Owned Businesses. The direct effect of Employee Work Ethics (X) on Employee Performance (Y) is not significant, with a significance value of 0.571 ($P > 0.05$). However, when Corruption Intention (M) is added as a moderating variable between Work Ethics and Employee Performance, the significance value becomes 0.000 ($P < 0.05$). This indicates that when Corruption Intention is added as a moderating variable, the previously insignificant relationship between Work Ethics and Employee Performance becomes significant.

The study also shows that the effect of Corruption Intention (M) on Employee Performance (Y) has a value of 0.002, with a CR value of 2.411. This suggests that Corruption Intention has a low impact on Performance, meaning that when Corruption Intention increases, Employee Performance increases by only 0.002 among employees in Family-Owned Businesses. On the other hand, the direct effect of Employee Work Ethics (X) on Employee Performance (Y) has a value of -0.079 with a CR value of -0.567. However, when Corruption Intention (M) is introduced as a moderating variable, the effect of Work Ethics on Employee Performance increases to 0.176 with a CR value of 4.073. These results indicate that if Work Ethics increases, there will be a decrease in Performance by 0.079 among employees in Family-Owned Businesses. However, when Work Ethics is combined with low Corruption Intention as a moderator, Employee Performance increases by 0.176 in Family-Owned Businesses.

This result is supported by previous studies conducted by Williams et al. (2016), Saithibvongsa et al. (2019), and Nam et al. (2020), which stated that “...Corruption Intention has a significant impact on Employee Performance...” This means that although Work Ethics alone does not have a significant effect, when another variable is added, it will have a greater impact on Employee Performance. In this case, when Corruption Intention is added as a moderating variable, it significantly contributes to Employee Performance. Broughton explains that employees tend to have good intentions but struggle to navigate the gray areas of ethics,

competitive pressures, moral messages, and mixed incentives from their superiors. In some situations, even people with good intentions can engage in unethical behavior, either due to ignorance (unknowingly), peer pressure, or tempting incentives to break the rules rather than behave ethically, given the complex dilemmas faced by businesses today. This means that when a work environment fosters high work ethics and employees exhibit low corruption intention, their performance will improve (Broughton, 2020:179).

Rotter defines locus of control as an individual's perception of their ability to control their future. Individuals with a high internal locus of control believe that their outcomes are the result of their own decisions and actions. In this context, it can be seen that corrupt actions based on corrupt intentions (corruption intention) can influence how individuals make decisions, impacting whether they produce high or low performance (Rotter, 1966:79). The effect of intention and perceived behavioral control in predicting behavior is expected to vary depending on the situation and conditions where such behaviors are displayed. When conditions give an individual full control over behavioral performance, intention alone should be sufficient to predict behavior. The addition of perceived behavioral control becomes increasingly relevant as voluntary control over behavior diminishes, making behavior more observable. Both intention and perceived control can significantly contribute to predicting behavior. In this context, when work conditions, situations, and social environments support the presence of high work ethics with low corruption intention, it is highly likely that high performance will result (Ajzen, 1991:91).

CONCLUSION

1. Based on the results of the study and discussion, it can be concluded that the effect of Work Ethics on Employee Performance in Family-Owned Businesses in the Gerbang Kertosusila region is not significant. This indicates that employees in Family-Owned Businesses agree with the view that Work Ethics does not have a significant effect on Employee Performance. Another finding also shows that when Work Ethics increases, Employee Performance in Family-Owned Businesses decreases.
2. Based on the results of the study and discussion, it can be concluded that Corruption Intention can act as a moderating variable between Work Ethics and Employee Performance in Family-Owned Businesses in the Gerbang Kertosusila region. The effect of Work Ethics on Employee Performance in Family-Owned Businesses in the Gerbang Kertosusila region is not significant. However, when Corruption Intention is added as a moderating variable, the effect of Work Ethics on Employee Performance in Family-Owned Businesses becomes significant. This indicates that employees in Family-Owned Businesses agree with the view that Work Ethics significantly affects Employee Performance when Corruption Intention is used as a moderating variable. Another finding also shows that when Work Ethics is combined with low Corruption Intention as a moderator, Employee Performance in Family-Owned Businesses increases.

RECOMMENDATION

1. Recommendations for company

- a. The findings demonstrate the importance of Employee Work Ethics in improving Employee Performance. However, if this is accompanied by good Subjective Well-Being, the impact will become even more significant. Therefore, the implementation of training and other positive and constructive activities currently in place should be intensified. The current annual training schedule organized by the company feels insufficient, even though this study has proven its effect. However, if the training is increased to twice a year, it will have a greater impact on employees, which will undoubtedly boost their performance. As a suggestion to the company, it might also be beneficial to organize gatherings with employees' families during holidays, helping to bridge any gap between company leadership and employees, fostering a more harmonious relationship.
- b. Simple gestures of attention from supervisors to their subordinates can have a significant impact, especially on employee happiness. Therefore, it would be advantageous if leaders took the time to get to know employees' families and occasionally visited their homes. Acknowledging important occasions such as birthdays, births, or weddings can serve as a powerful positive reinforcement, not only enhancing employees' Subjective Well-Being but also boosting other aspects like employee loyalty.
- c. Rewarding employees with good performance could be reconsidered more thoughtfully. Some employees still feel that their performance is not adequately recognized. It is hoped that this study will prompt the company to revise its employee performance evaluation system and provide more commensurate incentives as appropriate compensation.
- d. The current employee performance evaluation system is quite good; however, if it is maintained without new innovations, it may become monotonous and turn into a mere routine without providing further positive impact on employees. Boredom can lead to declining performance, while new challenges can inject fresh motivation into employees. Therefore, revising the performance evaluation model could be a worthwhile consideration for the company.

2. Recommendations for further research:

- a. This study is not a closed research project. It holds significant potential for future exploration, as even with the limited scope of this research, it has already shown considerable impact. A more in-depth study would yield more concrete findings and broader applicability. Therefore, it would be beneficial for future research to expand the scope to include a wider range of companies and employee types, as well as employing more qualitative research methods.
- b. Multinational companies are highly recommended for future research, especially for those seeking more concrete data and richer insights.

- c. Additionally, the questionnaire items could be further enriched, made more detailed, and easier to understand. One limitation of this study lies in certain questionnaire items that were biased or difficult to comprehend, particularly for employees with only elementary or middle school education. Therefore, in the future, refining the questions to make them clearer and easier to understand for all levels of respondents will likely result in better outcomes.
- d. Furthermore, greater interaction with employees is highly recommended. It is hoped that extended interaction between researchers and the subjects of the study will add more value and provide deeper insights. Offering simple tokens of appreciation to research participants could also enhance the value of the study.

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