# EFFECT OF SEXUAL DIFFERENCES ON EXECUTIVE COMPLIANCE WITH REGULATION IN THE BANKING INDUSTRY

By

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Scope and Method of Study: The study extends work by Downey and Greer (1981) on compliance with social legislation. The research utilizes a model based on the theories of Kurt Lewin (1951) to investigate sexual differences in compliance with governmental regulation in the banking industry. Questionnaires were administered to graduate business students at Oklahoma State University. The resultant data were analyzed by stepwise regression and analysis of variance procedures to determine the existance and extent of the relationship between probability of compliance and sex, as well as the underlying forces of the compliance decision.

Findings and Conclusions: Sex of the subject was not found to be a significant predictor of compliance with banking regulations. Likewise, the model was unable in this case to identify the basis for compliance for females. For males, the model was able to identify compliance rationales only when the scenario involved a female decision maker.

EFFECT OF SEXUAL DIFFERENCES ON EXECUTIVE

COMPLIANCE WITH REGULATION IN THE

BANKING INDUSTRY

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## CHAPTER 1

## INTRODUCTION

Beginning with the Industrial Revolution and continually intensifying to the present time, a close relationship has developed between corporate strength and governmental regulation. As larger businesses expanded into widely diverse areas, governmental eyes were ever watchful. Consequently, much legislation was enacted concerning business activities such as labor and hiring practices (Fair Labor Standards Act, 1938), competition (Sherman Antitrust Act, 1890), and the sale of food and drugs (Federal Food and Drug Act, 1906). The relationship has intensified in recent decades as conglomerates have expanded their influence on the average citizen (Seelye, 1973; Kanter, 1977; and Saul, 1981).

The governmental response to this expansion has been legislation regulating environmental standards (National Environmental Policy Act, 1969), work-place safety conditions (Occupational Safety and Health Act, 1970), consumer product safety standards (Consumer Product Safety Act, 1972), and financial disclosure and reporting requirements (continual Security and Exchange Commission rulings). The methods selected by individual industries and companies for dealing with this massive influx of red tape have varied depending on the attitudes of executives charged with the problem. Attitudes toward compliance with governmental regulation, specifically within the banking industry, will be the designated focus for this study.

Compliance with regulation may influence both internal and external performance of the bank, as well as the performance of individual personnel. Therefore, an examination of the nature and extent of compliance with regulation in the banking industry could prove an insightful tool for management which seeks to maintain high compliance standards. In addition, the compliance effort carries inherent costs. Further knowledge of the forces which drive or restrain compliance behavior could aid in reduction of these costs.

Another steadily growing phenomenon in the development of American business is the performance and behavior of women in managerial roles. A tremendous body of literature emerged during the past decade concerning the corporate positioning of females as more females actually entered managerial ranks. Some of this literature has described behavioral differences between the sexes in the managerial environment. Attitudes and subconscious ideas about authority and conformity, and therefore actual compliance behavior, may differ between male and female managers. Consequently, this study shall attempt to identify possible attitudinal differences of males and females toward compliance with regulation in the banking industry.

# CHAPTER 2

# LITERATURE REVIEW

## Legislative Compliance Studies

The effectiveness and efficiency of social legislation and the associated compliance systems have been examined in a broad body of literature. The normative perspective of corporate social responsibility has attempted to prescribe behavior for organizations without empirical support (Post and Mahon, 1980; Crawford and Gram, 1978; and Andrews, 1973). A more conceptual perspective of untested theory-building has provided various models to explain corporate social responsibility behavior (Shocker and Sethi, 1973; Carroll, 1979; and Currington, 1980). Some empirical works have been done which ask differing questions as to corporate social behavior (Ostlund, 1977, and Abbot and Monsen, 1979). A few studies have directly sought to explain compliance (Gricar, 1980; Post, 1979; and Sonnenfeld and Lawrence, 1978).

H. Kirk Downey and Charles R. Greer conducted a series of studies on compliance with social legislation in various areas. The first of these studies conducted in 1977 dealt with compliance with legislation in OSHA, and was initially followed by studies on compliance with EPA legislation, FTC regulation, and NLRB rulings. (Downey and Greer, 1977). Eventually, studies were also conducted examining compliance with EEOC and IRS rulings. (Downey and Greer, 1981).

The results of these studies all contributed support to the model then used by Downey and Greer, and prompted them to come to two major conclusions. The first is that the compliance with social legislation model (CSL) appears to have promise in explaining and understanding aspects of compliance behavior. Each study found at least one independent variable significantly related to the probability of compliance, although the $R^2$'s (explained variance) were not exceptionally high.

Secondly, the basis for the compliance decision appears to vary according to the specific variety of legislation and the decision maker involved. Therefore, executives desiring to comply with social legislation would be aided by a knowledge of the decision rationales of their subordinates, and regulatory agencies would be aided in structuring their compliance systems in the most effective manner possible in light of the relevant decision rationales of the affected businesses.

### Sexual Differences in Behavior Literature

Another area of interest in this study was the determination of sexual differences in the compliance decision. Therefore, it was necessary to delve into the recent works which have examined sexual differences in all areas of business, particularly regarding compliance and influencability, as well as investigate rudimentary reference group theory.

Much of the sexual differences in behavior literature has portrayed and reviewed female and male stereotypes. Broverman, et al. (1972) identified stereotypic sex role items in responses from college students. The competency cluster specified as masculine traits: aggressive; objective; not easily influenced; logical; skilled in business; make decisions easily; and independent, among others. Perceived feminine traits were just opposite of the perceived masculine traits listed above.

Adams, Laurence, and Cook (1979) focused on analyzing stereotypes of women in the work force. They investigated several stereotypes which are listed below.

Competency - The stereotypic male competency cluster proposed by Broverman, et al. (1972) and lack of these characteristics in perceived stereotypes of females depicts a general competency stereotype.

Fear of Success - Stereotypically, success in a male-dominated field is considered more appropriate for a man than for a woman. Therefore, women may fear success in male-dominated fields, desiring to minimize the risk of social condemnation.

License for Sexual Harassment - The prevalent bias faced by women entering previously all-male fields is the belief that they have low sexual morals, thereby providing a license for sexual harassment.

Overprotection - The stereotype of the weaker, smaller female sex evokes much sympathetic response from male co-workers and supervisors.

Physical and Operational Job Standards - The tools and equipment used in male-oriented skilled occupations were designed through engineering for the average male. Women thus face the stereotyped situation of not being able to accomplish a given job when the fault may lie not with with woman, but with the available equipment or standards for work assignment.

Role Definition/Prescription - Strong, assertive, powerful women are not accepted as readily as unhappy, complaining, weak women in the United States. Women entering a male-oriented occupation may risk censure for not fulfilling the appropriate standard of worker behavior if they adopt feminine behavior, but are accused of not being feminine if they adopt worker behavior standards.

Maccoby and Jacklin compiled a thorough synopsis of sexual differences literature in their 1974 work. They concluded that the existing body of literature in the area pointed to only four psychological differences between the sexes which clearly exist.

1. Girls have greater verbal ability than boys. (Subjects were children)

2. Boys excel in visual-spatial ability.

3. Boys excel in mathematical ability.

4. Males are more aggressive.

Ambiguous evidence suggested the following differences.

1. Girls tend to be more compliant than boys.

2. Females tend to be more highly sensitive to social reinforcement than males.

3. Males are more active than females.

4. Girls are more likely to report anxious behavior and fear.

5. Males are more competitive.

6. Males are dominant.

However, Block (1976) criticized the Maccoby and Jacklin work for excluding some relevant studies with contrary results. She also questioned the importance Maccoby and Jacklin gave to studies which utilized small sample sizes, in some cases under 40. Block contended that the proposed differences evaporated with the progressing age of subjects and larger sample sizes.

Several authors have investigated sexual differences in specific areas. Callahan-Levy and Messe (1979) examined sex differences in perceptions of the connection between work and monetary rewards. Their results indicated that persons who were recruited for pay, worked for a period of time, and who were paid for their work differed in the amount of money they paid themselves as a function of their sex. These findings support the contention that females expect less reward than males for work they do.

Another view was proposed by Eagly (1978), who scrutinized the popular idea that women yield to social influence because submissiveness is prescribed by the female role in this culture. However, Eagly noted that in actual findings from laboratory settings, females did not consistently submit to influence, possibly because of female's differing acceptance of the traditional female role. Women who value traditional sex roles are more influencable than women who value the contemporary alternative role. In addition, Eagly proposed that sex differences in influencability were more apparent in group settings, where women were more likely to conform.

Other studies on sex differences in compliance and influencability report inconsistent findings (Morelock, 1980, and Hansson, Allen, and Jones , 1980). Morelock reviewed 54 such studies and found compliance was greater in females in 21 of the studies, while in 30 studies the sexes did not differ in compliance, and males were found to be more compliant in 3 of the studies. Some of this variation can be explained by the differing methodologies utilized in the studies. Men and women can be expected to differ in their familiarity with certain topics according to their interest. People are more likely to comply with that which is unfamiliar. Consequently, one could expect greater female compliance on a male-oriented issue, and vice versa (Morelock, 1980). Therefore, the compliance research may have been affected by the sex-biased nature of the experiment or the task material.

In another study with a similiar theoretical base (Hansson, et al., 1980), it was hypothesized that when presented with the need to make a difficult and important judgement, males would be more influenced by the consensus of experts, and females would be more influenced by the consensus of their peers. The hypothesis is consistent with the above mentioned propositions of greater female compliance in group situations made by Eagly, and greater conformity in areas generally associated with the other sex. However, although Hansson et al. found males least influenced and females most influenced by their peers, no significance was established. Therefore, neither males nor females were generally more conforming.

The viewpoints presented above may have some bearing on the individual pressures that are exerted on the compliance decision for female and male bank executives. Maccoby and Jacklin's questionnable conclusions about greater compliance and need for social reinforcement in females, and greater aggressiveness and dominance in males might lead to expectance of a greater tendency toward compliance with banking regulations in females than males. However, the convictions of Block and inconsistent conclusions described by Morelock and Hansson et al. temper this inclination. Also, Eagly's comments on greater influencability of women in traditional roles and in group situations should be considered.

Females are still filling roles in banking occupied by males for the most part, and must be considered non-traditional. The amount of group influence exerted on the decision maker will vary.

However, the way in which the female decision maker regards her professional group in the work place may have a strong impact on the forces, driving or restraining, which influence compliance. Reference group theory provides an alternative point of view from which to examine regulatory compliance differences between male and female bank executives. Reference groups can be characterized has "those groups to which the individual relates himself as a part or to which he aspires to relate himself psychologically" (Sherif, 1968). Therefore, a bank executive's compliance behavior is influenced to some extent by those groups which are important to the executive. If the executive has more than one significant reference group, conflict may develop as the executive struggles to follow the norms of each group. The male bank executive who has high comparative status and acceptance in the professional group and for whom norms of different reference groups (professional, family, community) are highly compatible may have a distinct advantage in ease of decision making over the female executive who may face incompatibility in reference group norms. For example, the female bank executive, who is a member of her community and family reference groups, may not have achieved membership in the professional reference group. Thus, the female may feel more pressure to comply with organizational norms than her possibly more fully accepted male co-workers.

The idea of greater normative pressure on those who are outside the inner circle of the organization was examined by Kanter (1977). She hypothesized that people low in organizational power would tend to behave in more directive, authoritarian ways, and that people whose type is represented in very small proportion would tend to feel more pressure to conform and reduce their mistakes. Female bank executives who may not be accepted by the informal organizational power structure are candidates for low organizational power. Also, they are generally a very small proportion of total bank executives (the "type" referred to by Kanter). Therefore, Kanter's hypotheses may be applicable to female bank executives, encouraging compliance with authority.

The literature examined above does not point to a single, concrete theory of compliance behavior differences between the sexes. The factors which affect female's compliance decisions appear to be organizational and normative in nature. Similarly, the male compliance decision appears to be influenced by more individual calculative criteria. However, the organizational pressures and individual personality socialization traits will differ for each specific situation. This study was designed to pinpoint the actual determinants of compliance for both males and females in banking.

# CHAPTER 3

# METHOD

## The Model

The model selected for evaluating the compliance decision was developed by Downey and Greer (1977) and is based on the work of Kurt Lewin (1951). Lewin hypothesized that behavior in organizations is influenced by opposing sets of driving and restraining forces. Driving forces are those which increase the probability of occurrence of the behavior of interest, while restraining forces decrease the probability of occurrence of that behavior. Consequently, the Downey and Greer model utilized in this study, presented in Figure 1, consists of normative and calculative forces arising from either individual or organizational sources. The dependent variable in the study, probability of compliance with banking regulations by male and female bank executives, was analyzed with the above mentioned decision factors as independent variables. Downey and Greer defined these variables as follows.

Driving forces. Decision factors which indicate increased probability of compliance behavior are driving forces.

Restraining forces. Decision factors which indicate decreased probability of compliance behavior are restraining forces.

Calculative rationales. These are decision factors which involve evaluation of specific decision stimuli, and are based on pragmatic responses to the specific set of circumstances.

Normative rationales. These are decision factors which are not concerned with specific situational stimuli, but rather employ supraordinate value structures of the individual when evaluating the compliance or non-compliance decision.

The eight specific forces are described as follows.

Individual normative driving forces. The moral, ethical, and political convictions which comprise individual value structures tend to increase the probability of compliance. Some individuals believe in strict adherence to the laws, which when internalized, increases the probability of compliance with regulation.

Individual calculative driving forces. The forces are generated from the individual's expectations of calculable personal benefits that will accrue from compliance. These benefits may be a result of organizational reward for compliance or avoidance of penalty for non-compliance.

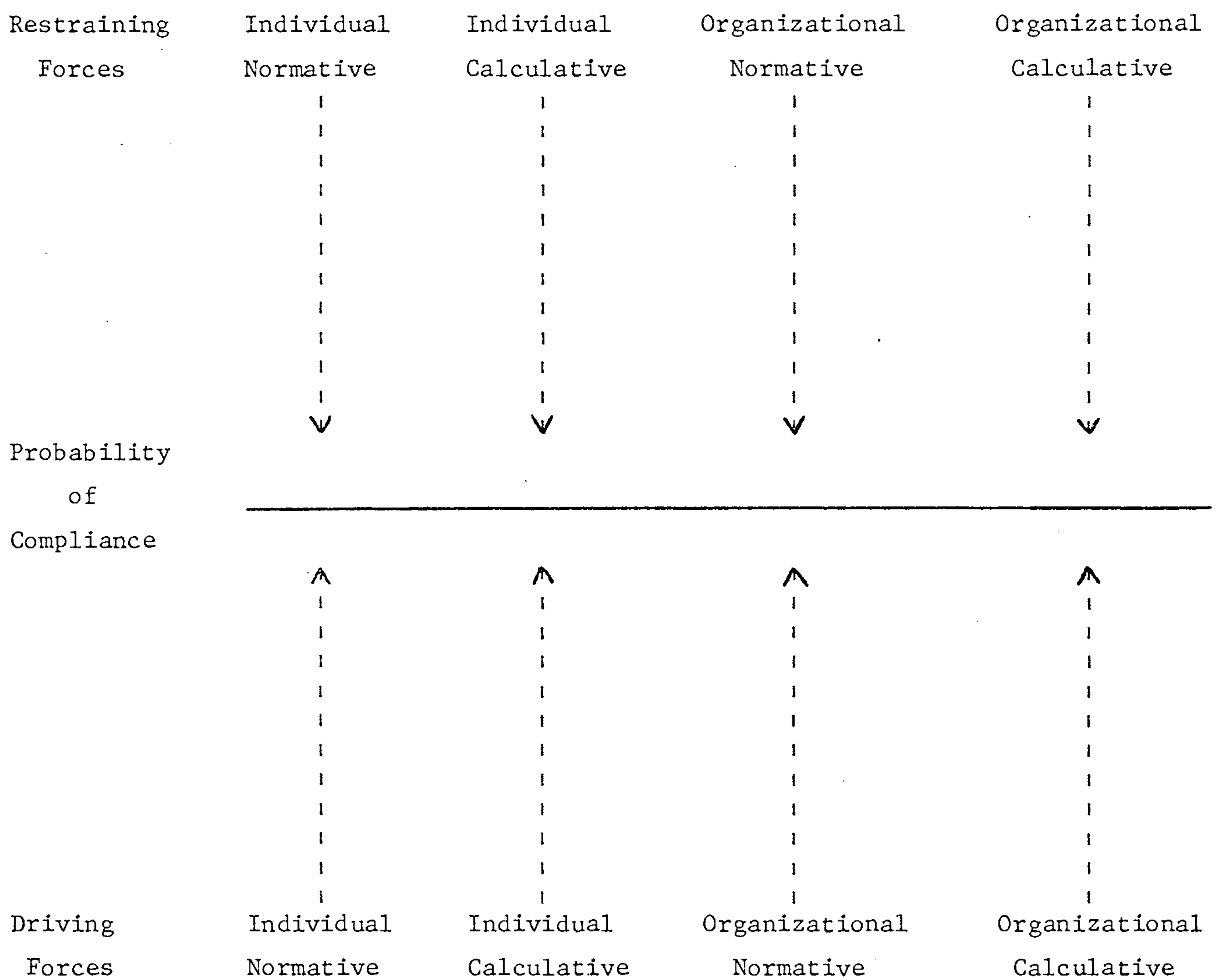
Organizational normative driving forces. The norms and expectations of behavior espoused by an organization often exert pressure toward compliance or non-compliance depending on the personal history of the organization.

Organizational calculative driving forces. Specific benefits that accrue to organizations because of compliance behavior result in these forces. The benefits may be tangible, such as avoidance of fines, or intangible, such as a favorable public image.

Individual normative restraining forces. Banking regulation invariably lowers the prerogatives of executive decision making. Therefore, this constraint of freedom may encourate normatively based pressures for non-compliance.

Figure 1

ILLUSTRATION OF FORCES



Individual calculative restraining forces. These forces are the personal costs associated with regulatory compliance. Certain regulations forced on the banking industry may affect the profitable survival of a bank department or service.

Organizational normative restraining forces. Norms and expectations of behavior in organizations that may encourage non-compliance are communicated formally or informally by organizational members.

Organizational calculative restraining forces. These forces represent the costs to the organization of complying with the stipulated regulation. The complex records and paper work necessitated by bank regulations are direct costs, while other costs, such as inflexibility, may be indirect.

## Hypotheses

The preceding literature review has presented views on attitudal and psychological differences between the sexes on compliance and authority, as well as findings indicating partial support for behavioral differences in the work place. When the sex differences literature and the compliance literature are linked, the following hypotheses may be derived.

$H_1$: Sex of the respondent is associated with the probability of of compliance with banking regulation.

No direction is assigned to this hypothesized association because of the contradicting conclusions revealed in the literature review. However, a definite association is expected.

$H_2$: Normative decision rationales (both organizational and individual) are more likely to be associated with the probability of compliance in females than are calculative rationales.

The questionnable conclusions of Maccoby and Jacklin (1974) offered in the literature review point to greater compliance and need for social reinforcement in females. Eagly, (1978) proposed that sex differences in influencability were more apparent in group settings, which includes most work situations, where women were more likely to conform. Also, reference group theory indicates possible non-acceptance by one's reference group (professional peers) may exert pressure on women executives to normatively comply with regulation.

$H_3$: Calculative decision rationales (both organizational and individual) are more likely to be associated with the probability of compliance in males than are normative rationales.

Maccoby and Jacklin (1974) also suggested that males are more aggressive, more dominant, and more competitive than females. Kanter's (1977) views on organizational power imply that males, who have traditionally occupied positions high in organizational power and whose type (sex) is well represented in those positions, may not feel as pressured to conform to normative expectations as their female counterparts. Therefore, it may be concluded that when male compliance does occur, it is a result of a pragmatic decision process based on non-normative rationales.

<u>Operationalization</u>

A scenario adapted from previous Downey and Greer (1977) studies was revised to indicate compliance in the banking industry (see Appendix). After reading the scenario, subjects were asked to evaluate the banker who knowingly violated banking regulations using a six-item semantic differential scale. The items evaluated the banker as to ethical to unethical, weak to strong, etc., on a five point scale. The combined values on these scales were used to measure the probability that the subject would not have committed a similar act of non-compliance. The more unfavorably the subject rated the banker's behavior, the greater the probability the subject would have complied with the legislation.

In addition, half of the scenarios distributed to subjects named the banker as female, the other half indicated the banker as male. Which scenario was distributed to which subject was randomly determined. This precaution was taken to avoid the occurrence of a method error. If the banker was identified as male in all cases, or female in all cases, for both male and female respondents, the possibility of personal attitudes slanting the results might have arisen. For example, a female respondent might evaluate a male banker only on what she expects or believes society expects from male bankers, not her own personal feelings.

A dichotomy of respondent's sex and the sex of the banker indicated by the scenario was formed. This cross-classification is indicated by Figure 2.

Figure 2

SCENARIO SEX

| | | Male | Female |
|---|---|---|---|
| Subject Sex | Male | I. Male subjects receiving male scenario | II. Male subjects receiving female scenario |
| | Female | III. Female subjects receiving male scenario | IV. Female subjects receiving female scenario |

Operationalization of the independent variables (driving and restraining forces) was accomplished by using a forty question instrument specifically designed by Downey and Greer (1977) to tap the forces. Those questions were revised to reflect the banking industry. The extent of the subject's agreement with each declarative statement was indicated on a five point Likert scale, ranging from strongly agree to strongly disagree. Five items were designed for each of the eight forces. The questionnaire in its entirety is exhibited in the Appendix.

The scenario and questionnaire were administered to 63 graduate business students at Oklahoma State University. As earlier indicated, random administration of the forms resulted in half of the respondents receiving scenarios bearing a female name, and the other half receiving a scenario naming the banker as male. Of the original 63 questionnaires, 20 were filled out by females, and 43 were completed by males. Therefore, referring to Figure 2, Cell I had 21 observations, Cell II contained 22 observations, and Cell III and Cell IV each held 10 observations. The unequal cell sizes were an unavoidable result of unbalanced male-female enrollment in graduate business courses at Oklahoma State University.

The original intent of the study was to administer the designed instrument to middle-level bank executives. Contact was made with one of the largest banks in the United States, and a proposal of the study was enthusiastically received by a portion of the bank's management. However, because of recent difficulties the bank had experienced in establishing compliance with equal opportunity regulations, the proposed study was vetoed by the affirmative action officer of the bank. The above process was repeated with minor variation in a large bank in the Northwestern United States.

The next attempt at obtaining a relevant respondent sample was conducted through the National Association for Bank Women. The executive secretary of the NABW distributed the questionnaire to officers at three major banks. However, only a small portion of the 112 questionnaires were returned, and in order to insure valid results, the decision was made to seek yet another sample. Graduate Business Students at Oklahoma State University comprised the actual sample discussed in this study.

The difficulty experienced in obtaining a relevant sample may of itself indicate some considerations in evaluating this study. The large banks contacted were fearful of the possible outcome of the study and the possible ramifications for the bank if evidence surfaced indicating different compliance pressures for males and females at the bank.

# CHAPTER 4

## DATA ANALYSIS AND RESULTS

The data collected was analyzed using the analysis of variance and regression procedures of the Statistical Package for the Social Sciences (SPSS).

### Analysis of Variance

Analysis of variance was utilized to test Hypothesis 1: sex is associated with the probability of compliance with banking regulations. Nine separate ANOVA's were run. In each case the independent variables were the subject's sex and the sex of the decision maker in the scenario. The 2x2 ANOVA was repeated for each of the variables: probability of compliance and the eight forces from the compliance model.

Table I contains the results of the ANOVA's which were significant at the .10 level. In each case the only significant results were for main effects associated with the sex of the subject. No main effects for the sex of the scenario decision maker were significant. Likewise, no interaction effects were significant.

Table I

Analysis of Variance
Means Main Effect

| Variable | Male Subjects | Female Subjects | Significance Level | $R^2$ |
|---|---|---|---|---|
| Organizational Calculative Restraining | 13.19 | 14.85 | .048 | .103 |
| Organizational Calculative Driving | 17.00 | 18.05 | .091 | .048 |
| Individual Calculative Driving | 18.81 | 17.75 | .106 | .046 |

Regression

The theoretical foundation of this study proposes compliance behavior may be explained by eight independent forces as indicated by the equation: PROBABILITY OF COMPLIANCE = OCR + OCD + ONR + OND + ICR + ICD + INR + IND. The driving forces should emerge from statistical analysis with positive coefficients and the restraining forces with negative coefficients. Regression analysis was performed for the data as a whole and for each cell illustrated in Figure 2.

The regression procedure did not produce favorable results. Table II illustrates the results of the regression analysis.

Table II

| Regression | Force | Beta | T-test Significance | $R^2$ |
|---|---|---|---|---|
| All observations | ICD | -.39607 | .0452 | .064 |
| Cell I | - | - | - | - |
| Cell II | ICD | -.52432 | .0122 | .275 |
| Cell III | - | - | - | - |
| Cell IV | - | - | - | - |

No variables entered or were removed from the stepwise regression procedure in Cells I, III, and IV. Individual calculative driving was the only significant variable found. This force was significant in the regression run with all observations and in Cell II, male respondents with a female scenario. However, the beta coefficients have a negative sign, which is opposite of the predicted value for a driving force.

Findings Versus Hypothesis

The three hypotheses set forth in the initial stages of the study were not well supported by the statistical analysis. It had been hypothesized that:

$H_1$: Sex is associated with the probability of compliance with banking regulations.

$H_2$: Normative decision rationales (both organizational and individual) are more likely to be associated with the probability of compliance in females than are calculative rationales.

$H_3$: Calculative decision rationales (both organizational and individual) are more likely to be associated with the probability of compliance in males than are normative rationales.

By using analysis of variance techniques, a main effect of subjects sex was found for organizational calculative restraining forces, thereby weakly supporting Hypothesis 1.

None of the eight forces possessed enough explanatory power to enter into a regression equation explaining probability of compliance for female respondents, thereby providing no support for Hypothesis 2.

The equation for male respondents who received a female scenario was composed of a negative beta at a strong level of significance for individual calculative driving forces. Whereas this is the force predicted in Hypothesis 3, it is the inverse of the expected beta value.

# CHAPTER 5

# DISCUSSION AND CONCLUSIONS

Initially, superficial inspection of the reported research findings provide little support for the proposed rationale that females approach the compliance decision more normatively than do males. Neither organizational nor individual normative forces were found to have significant impact on female probability of compliance.

Similarly, although the individual calculative driving force was significant for male respondents with the "Mary" scenario in predicting probability of compliance, the beta coefficient had a negative sign. While this result's direction was not consistent with expectations, it does support the notion that males use calculative decision rationales.

However, some of these findings may be misleading and inaccurate due to the unfamiliarity of the student sample with actual compliance pressures felt in the banking industry. Many of the student respondents expressed oral and written misgivings about their ability to complete the questionnaire. The implications section will discuss the advisability of conducting future research with a more qualified sample.

## IMPLICATIONS

### Managerial

Possible managerial reaction to the results of the study were revealed from the refusal of selected banks to participate in the study as previously mentioned. Evidently, even the possibility that banking organizations may exert differing compliance pressures on male and female bank officers frightens bank management in light of EEO restrictions. However, the study could have contributed vital information to bank management interested in reducing compliance costs and assuring conformance to bank compliance standards by providing a better understanding of individual and organization pressures brought to bear on employees.

Research

Further research on the topic is mandatory before any strict conclusions may be made. The direction of future research could take several paths. Initially, a more reliable and knowledgeable sample should be given the present instrument. Hopefully, the statistical analysis of this type of study would provide more concrete results of the applicability of the driving and restraining forces.

Given the changes that are occurring in federal and state regulation of the financial and banking industry, the study is additionally pertinent. Legislation increasing the powers of banks through interstate banking and expanded access to alternative investments is expected to be approved within the next few years. Non-banking organizations such as major retailers and brokerage firms are also being permitted to enter the banking business.

Also, the sexual difference compliance model could be applied to industries other than banking. Other industries in which the status and structures of regulation is undergoing major change seem especially appropriate. The oil and gas industry is a good example. In fact, oil and gas industry executives have expressed interest in such a study.

Although the previously enumerated limitations of this study are many, the underlying theoretical concepts retain their fundamental value.

Further refinement and expansion of this line of research could provide valuable contributions to both the sexual differences and compliance with social legislation literature.

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# Appendix

Mary (Mark) Williams was recently promoted to the position of trust officer at State National Bank. In order to become familiar with the department, Williams carefully inspected records of events which had transpired over the past few years. During the examination, Williams discovered what appeared to be a significant, but not major, violation of regulations pertaining to trust activity. The infraction had been committed by the preceding trust officer, but had never been disclosed.

Reporting and dealing with the error would be time-consuming and inconvenient. Also, Williams did not desire to create a potentially tense situation immediately following assumption of new duties. After considerable thought, Williams decided to overlook the infraction and let it pass unreported.

On each of the following six items, please place a check mark on the line between the two adjectives which best represents your feelings about Williams. For example, if you feel that Williams is more ethical than unethical, but not totally ethical, place a check on the line labeled "2" on item A.

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| (A) | ETHICAL | (1) | (2) | (3) | (4) | (5) | UNETHICAL |
| (B) | STRONG | (1) | (2) | (3) | (4) | (5) | WEAK |
| (C) | UNREASONABLE | (1) | (2) | (3) | (4) | (5) | REASONABLE |
| (D) | RATIONAL | (1) | (2) | (3) | (4) | (5) | IRRATIONAL |
| (E) | FOOLISH | (1) | (2) | (3) | (4) | (5) | INTELLIGENT |
| (F) | EFFICIENT | (1) | (2) | (3) | (4) | (5) | INEFFICIENT |

In the following, please select the appropriate response by placing an "X" above the line that most nearly represents your extent of agreement or disagreement with each statement. The following code identifies the responses.

SA - STRONGLY AGREE

A - AGREE

? - NEITHER AGREE NOR DISAGREE (try not to use this response unless necessary)

D - DISAGREE

SD - STRONGLY DISAGREE

(1) Most banks consider violation of any law (including banking laws) to be immoral. (OND) ___ SA ___ A ___ ? ___ D ___ SD

(2) Many bankers feel that banking laws constitute an unconstitutional and an unfair encroachment into the private sector by the government. (ONR) ___ SA ___ A ___ ? ___ D ___ SD

(3) A banker should obey banking laws because the duty to be socially responsible is an inherent part of his job. (IND) ___ SA ___ A ___ ? ___ D ___ SD

(4) Bankers would be personally better off if they just did their jobs well and quit spending time trying to follow every banking law. (ICR) ___ SA ___ A ___ ? ___ D ___ SD

(5) A smart banking manager will usually comply with banking laws because compliance costs fall on the bank, while the penalties of noncompliance fall on him personally. (ICD) ___ SA ___ A ___ ? ___ D ___ SD

(6) Bankers who comply with banking provisions find that they do not have the freedom of action needed to do their jobs well. (ICR) ___ SA ___ A ___ ? ___ D ___ SD

(7) Banks that comply with banking laws tend to be successful and vice-versa. (OCD) ___ SA ___ A ___ ? ___ D ___ SD

(8) Banking laws are usually just a formalization of how honest bankers act anyway. (IND) ___ SA ___ A ___ ? ___ D ___ SD

(9) Efficient organizations may violate banking laws intentionally and then pay the fines if caught. (OCR) ___ SA ___ A ___ ? ___ D ___ SD

(10) Costs that result from compliance with banking laws can usually be passed on to customers. (OCD) ___ SA ___ A ___ ? ___ D ___ SD

(11) The manager who complies with banking laws usually ends up getting penalized in some way. (ICR) ___ SA ___ A ___ ? ___ D ___ SD

(12) A bank's public image is usually enhanced when it complies with banking regulations. (OCD) ___ SA ___ A ___ ? ___ D ___ SD

(13) Banks usually feel an obligation to the society as a whole which makes it hard for them not to comply with banking regulations. (OND) ___ SA ___ A ___ ? ___ D ___ SD

(14) The personal costs to the banker who complies with banking laws usually outweigh any benefits obtained from compliance. (ICR) ___ SA ___ A ___ ? ___ D ___ SD

(15) A banker who fails to comply with banking regulations may end up jeopardizing his performance rating. (ICD) ___ SA ___ A ___ ? ___ D ___ SD

(16) Organizations that comply with banking laws may be at a disadvantage compared to competitors that do not comply. (OCR) ___ SA ___ A ___ ? ___ D ___ SD

(17) The goals of most banks are consistent with banking regulations. (OND) ___ SA ___ A ___ ? ___ D ___ SD

(18) Bankers feel banking legislation is unnecessary because normal business ethics adequately protect societal well-being. (ONR) ___ SA ___ A ___ ? ___ D ___ SD

(19) Bankers who fail to comply with banking laws are likely to be either uneducated or unenlightened. (IND) ___ SA ___ A ___ ? ___ D ___ SD

(20) The financial realities of the business world make it difficult for an organization to justify complying with banking laws. (OCR) ___ SA ___ A ___ ? ___ D ___ SD

(21) Bankers who comply with banking laws are usually more respected by the community than those who do not. (IND) ___ SA ___ A ___ ? ___ D ___ SD

(22) Bankers know better than law makers what constitutes generous and socially responsible behavior. (ONR) ___ SA ___ A ___ ? ___ D ___ SD

(23) Organizations that do not comply with banking regulations usually have a hard time getting government aids. (OCD) ___ SA ___ A ___ ? ___ D ___ SD

(24) It is the banker's right to ignore banking provisions that are written by politicians for selfish reasons. (INR) ___ SA ___ A ___ ? ___ D ___ SD

(25) Although complying with banking regulations may initially complicate a banker's job, it will usually simplify his life in the long run. (ICD) ___ SA ___ A ___ ? ___ D ___ SD

(26) A banker has the right to do what he feels is right even if it violates some banking regulations because such laws can be arbitrary and subject to change. (INR) ___ SD ___ A ___ ? ___ D ___ SD

(27) Most banker's feel a greater responsibility to their stockholders and employees than to banking laws. (ONR) ___ SA ___ A ___ ? ___ D ___ SD

(28) Many banking provisions are so complex that few people except banking regulation enthusiasts expect bankers to comply with them. (INR) ___ SA ___ A ___ ? ___ D ___ SD

(29) The cost associated with not complying with banking laws usually outweigh the cost of compliance. (OCD) ___ SA ___ A ___ ? ___ D ___ SD

(30) Bankers usually feel that the government fails to understand how legislation adversely affects business. (ONR) ___ SA ___ A ___ ? ___ D ___ SD

(31) The banker who complies with banking regulations usually ends up with fewer legal hassles than those who do not. (ICD) ___ SA ___ A ___ ? ___ D ___ SD

| | | | | | |
|---|---|---|---|---|---|
| (32) Regulative encroachment on banking prerogatives should be resisted by good bankers. (INR) | SA | A | ? | D | SD |
| (33) Most bankers feel that compliance with present banking laws will reduce the likelihood of restrictive future legislation. (OND) | SD | A | ? | D | SD |
| (34) In the long run, compliance with banking laws will usually pay off for a banker in the form of a good reputation within the community. (ICD) | SD | A | ? | D | SD |
| (35) Many bankers could further their careers in their organizations by not complying with some banking regulations. (ICR) | SA | A | ? | D | SD |
| (36) Organizations that comply with banking laws tend to have a hard time making a profit. (OCR) | SA | A | ? | D | SD |
| (37) A banker should obey banking regulations because they are the law of the land. (IND) | SA | A | ? | D | SD |
| (38) Bank executives feel that they know more about the implications of regulation in their industry than do most bank regulating agencies. (INR) | SA | A | ? | D | SD |
| (39) Organizations that comply with banking laws tend to be those operating in a non-competitive environment. (OCR) | SA | A | ? | D | SD |
| (40) Banks that are honest in regulatory matters tend to be more effective than fraudulent ones. (OND) | SA | A | ? | D | SD |

VITA

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Candidate for the Degree of

Master of Business Administration

Report: EFFECT OF SEXUAL DIFFERENCES ON EFFECTIVE COMPLIANCE WITH REGULATION IN THE BANKING INDUSTRY

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Biographical:

Personal Data: Born in Ada, Oklahoma, December 27, 1957, the daughter of Don and Katie Williams.

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