

Annotated Bibliography

Ethical behavior of an Organization / Business & how it affects employees & Stakeholders



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Introduction

This study is intended to identify the ethical behavior of the organization and how it affects various employees and stakeholders. Due to recent scandals (e.g., Enron, WorldCom, and Tyco) in the world ethics has become a prominent area and stakeholders of organizations pay more attention to the ethical fitness of a firm which stratifies their interest towards firms' operation (Chin-Shan Lu, Chi-Chang Lin, 2014). A unilateral approach needs to be practiced to (top to bottom and bottom to top) enhance ethical behavior and governing bodies have been institutionalized to prevent organizations from unethical scandals, incorporation of the Sarbanes Oxley Act, enforcement of code of conduct, and Ontario Securities Commission was strengthened (Joseph A. McKinney, Tisha L. Emerson, Mitchell J. Neubert, 2010). Most employees and stakeholders will regard an organization if it respects the defined acceptable code of ethical conduct which in turn will provide a positive vibe to the society as a whole by making sure it operates under a predefined accepted legitimate framework (Chin-Shan Lu, Chi-Chang Lin, 2014). The ethical climate within the organization promoted the ethical behavior of the employees (Luria, G., Yagil, D., 2008). By practicing ethical behavior within the organization, it is merely expected that employees and stakeholders will be beneficial from such an environment and increase the wealth of all the related parties including employees and stakeholders, and positively contributes to business professionalism (Chin-Shan Lu, Chi-Chang Lin, 2014).

Paper Discussion

Chin-Shan Lu, Chi-Chang Lin. (2014). The Effects of Ethical Leadership and Ethical Climate. *Journal of Business Ethics*, 209-223.

According to the authors of this study, this paper aims to address the ethical climate of the organization, the ethical behavior of employees, and how it affects the success of the organization. The study has identified that there is a positive correlation between ethical corporate culture and the ethical behavior of employees and it draws attention to encourage ethical leadership to prosper ethical culture. It further subterranean into the area of proper training on ethics, rewarding system to identify ethical promotion within the organization will upsurge ethical behavior of employees. It further emphasizes the importance of creating an ethical climate within the organization by adhering to a legal and professional standards. The study further prominence the relationship of ethical leadership which positively contributes to the ethical moral behavior of employees confirming equal treatment and fairness, rewarding

supportive culture, and working towards corporate mission than self-interest. The study has been done based on port and transportation sector employees in Taiwan and in critiques, addressing the vast audience covering multiple sectors and other countries would stretch a comprehensive picture of the ethical climate and its relationship to the upsurging ethical behavior of employees.

Aribisala Oluwadamilare Olufolarin, Ismaila Yusuf Olajide, Ogbadu David Ele-Ojo.

(2021). Effects of Corporate Governance and Business Ethical Values in Organisation: A Study of Unilag Holdings. *United International Journal for Research & Technology*, 02(3), 8-15.

The authors of this journal express the relationship of employee performance with corporate governance and the ethical values of a firm by emphasizing the circumstance where businesses will suffer both financial and non-financial losses if corporate governance is not in place. It enlightens the importance of top management giving ethical orders to subordinates where they perform tasks without considering whether its ethical or not, hence incorporating world-accepted corporate governance is important to maintain consistency in the ethical climate of organizations under the circumstances where all are expected to abide by the code of conduct stipulated within the internal environment. Main identified problem of this study is where management is expected to incorporate its best into the organization and in practice most of the scenarios opposite materializes. This study used quantitative data from Unilag Holdings by distributing questionnaires to its 130 employees in different ranks. The main finding demonstrates proper corporate governance is positively correlated with organizational performance with a subsequent upsurge in investor confidence. Corporate governance positively contributes to the best performance, quality environment, better customer satisfaction, customer loyalty, and enhanced corporate reputation, with moral uplift in employee attitudes. Further, this study accepts whistleblowing within the organization while keeping the identity secret whereas the emphasis should make to identify principled whistleblowing in an ethical framework if it is not managed properly corporate identity might get tarnished leading to the unethical principle of conduct. Also, the population covered in the questionnaire may not extrapolate the wholistic perspective and different country-wise studies will be able to further justify the findings.

Kaptein, M. (2017). The Battle for Business Ethics: A Struggle Theory. *Journal of Business Ethics*, 343-361.

The author of this journal emphasizes that practicing ethical standards itself is a struggle that a firm experiences due to the high ethical gap. Due to general market trends such as emerging trends in globalization, paradigm shift, shadow banking & finances, the economic crisis has led to ethical governance structure developments and industry-specified trends such as new product development market development will also lead to changes in the ethical governance structure. All the changes will lead to changes in stakeholder interest in governance structures by endorsing changes in the ethical climate within the environment causing an ethical gap. An important aspect of this study is that author focuses on struggle theory to justify the amount of ethical gap in the organization, the main reason for this wider ethical gap and failure occurs due to managers' and employees' resistance to adapt to the ethical norms. Struggle theories contribute to the organization as a battlefield and create struggle concepts. However, it will be necessary to further focus on individual-level struggling pressure which can have a ripple effect on ethical climate and organization addressing combativeness strategies for struggle theory which can apply to diverse organizational structures other than the training and practice that was suggested in the paper.

Joseph A. Petrick, Wesley Cragg, Martha Sanudo. (2011). Business Ethics in North America: Trends and Challenges. *Journal of Business Ethics*, 51-62.

This study has focused on Northern American trends in business ethics, and it enlightens the fact that various emphasis in incorporating ethical framework and studies on business ethics pays an important role in the Northern American business context as multiple stakeholders pay high attention to corporate ethics as a determinant of their interest in businesses. Findings conclude that in recent years Mexico, the USA, and Canada has identified the importance of organizational performance by satisfying various stakeholder interest in legitimate framework winning the trust of non-market stakeholders as well. Also, it has been found that ethical training is more prominent than teaching while confirming North American institutions pay more attention to both ethical training and teaching quality may depend based on the offerings of institutions which can affect the business practices. Emphasis should be made to incorporate a more unique framework of the ethical business curriculum to contribute equally to the business world. In scrutiny, it will be beneficial to focus on ethical behavior in a paradigm shift, political and legal environment change, and stakeholders shifting the extra mile not only

concerning profit maximization but also social responsibility. It will be more productive to combine practical scenario testing along with a systematic theoretical approach in the study to derive a more practical contribution to the ethical business world in the whole American region.

Vazquez, P. (2018). Family Business Ethics: At the Crossroads of Business Ethics and Family Business. *Journal of Business Ethics*, 691-709.

This paper has been attentive to the ethical framework in a family-owned business and factors impacting its stakeholder on the grounds of ethical business practices, it has identified family engagement, the wealth of the family and social status impacts the ethical behavior of the stakeholders in shaping the ethical background of the business. Families that value higher ethical phenomena will lead the business to respect moral values and related stakeholders will be gratified with ethical principles. Employees, customers, and other related stakeholders will get an impact based on the moral principles of the family which owns the business. In critique, the review is limited to selected 35 articles from the study, and ethical climate, behavior stakeholder involvement, dilemmas, challenges, and organization and family structure need to consider in investigating the ethical climate of the organization which impacts its employees and stakeholders.

Andra Modreanu, Gabriela Andrișan. (2021). Stakeholders, as a Bridge Between Business Ethics and Corporate Social Responsibility. *Journal of Business Ethics and Leadership*, 5(4), 68-75.

The journal endorses factors impacting the positive mindset of stakeholders by operating in an ethical framework of business while incorporating corporate social responsibility (CSR). The business strives a battle between economic objectives and ethical business practices and most stakeholders value responsible ethical business which creates customer-perceived value intensification securing extended economic and image value addition to the organization. Both internal and external stakeholders should satisfy with ethical business confirming top to the bottom approach of ethical practice which will benefit all the stakeholders creating a legitimate positive image within the stakeholders. Due to intensified pressure from the stakeholders, organizations' tendency towards ethical practice has ascended resulting in longstanding relationships with stakeholders, and as an emphasis in Maslow's theory of need, self-esteem has a linkage to moral substance. Further, this paper should focus on the top management

approaches to improve governance structure, and ethical background to sustain business in the long run while satisfying stakeholders.

Joseph A. McKinney, Tisha L. Emerson, Mitchell J. Neubert. (2010). The Effects of Ethical Codes on Ethical Perceptions of Actions Toward Stakeholders. *Journal of Business Ethics*, 505-516.

According to the authors of this study, it has found employees are less responsive to unethical behavior and are working in more structured ethically sound organizations with defined codes of conduct, hence the study suggests that organizations should clearly define ethical standards by implementing proper codes of conduct and practices. Organizational stakeholders should demonstrate their attitudes toward unethical behavior and should take action to promote ethical behavior by rewarding recognition. Organizational ethical reputation is a key factor that satisfies various stakeholders of the firm, hence clear fundamental infrastructure should be laid down to build the foundation appropriately. This analysis has been done based on the organizations in America, and a variety of stakeholders are being addressed using ethical dilemmas in practical scenarios, it will be advantageous to do the study selecting multiple countries as the circumstance may differ from region to region based on the environment they perform.

Vishag Badrinarayanan, · Indu Ramachandran, Sreedhar Madhavaram. (2019). Mirroring the Boss: Ethical Leadership, Emulation Intentions,. *Journal of Business Ethics*, 897-912.

This paper has focused on what extent the employees would like to follow their leaders if they follow ethical practices and the extent to which emulation of ethical characters is being accepted by the employees specifically in the sales force. It has been identified that employees incorporate which are governed by a better ethical climate, are willing to imitate their managers thereby the performance of both individuals and corporations will upsurge. Further study should focus on conditions under which the emulation occurs, antecedents, rewarding structure, and leadership style, and focus on the organization's performance.

Mayowa T. Babalola, Matthijs Bal, Charles H. Cho, Lucia Garcia-Lorenzo, Omrane Guedhami, Hao Liang, Greg Shailer, Suzanne van Gils. (2022). Bringing Excitement to Empirical Business Ethics Research: Thoughts on the Future of Business Ethics. *Journal of Business Ethics*, 903-916.

The authors of this paper address the ethical framework of an organization from leadership, psychological, finance & accounting perspectives, while confirming the ethical framework of the organization it has identified the importance of ethical leadership, ethical accounting and financial framework, and psychological impact on ethics to organizational and business structure and its operations. It further elaborates that the structure, leadership, and framework of finance and accounting create a certain blurry area where unethical practices may perform by various stakeholders hence clear ethical climate, should develop within an organization along with a data-driven structure to clear out the blurry areas. It will be recommended to focus further on socio-economic structure, legal framework, and various stakeholder interests into account.

M. Tina Dacin, Jeffrey S. Harrison, David Hess, Sheila Killian, Julia Roloff. (2022). Business Versus Ethics? Thoughts on the Future of Business Ethics. *Journal of Business Ethics*, 863-877.

Authors of this paper attempt to study the ethical framework of business in respect of legal framework, business strategy, unethical business model, entrepreneurship & implications to the ethical business climate. Various stakeholders will get affected due to the nature of the business such as virtual business will create different strategies for ethical operations within the stipulated law suits of each territory. The ethical framework needs to be adjusted suiting to different business and legitimate frameworks by confirming the uniqueness and ensuring fair rights to stakeholders by satisfying their requirements equally. It is paramount important to investigate to what extent ethical framework will be adjusted according to the strategy of the firm while a basic ethical framework is being practiced.

Conclusion

Business ethics are in place for employees and stakeholders to govern and prove that they are on the correct path and direction. In the era of globalization and virtual changed environment, strategy, cost, efficiency, resource management, humans resource, etc. are subjected to scarcity

and hence need to be managed efficiently and effectively. When managing scarce resources all the stakeholders need to be governed by a unique code of conduct and that's where ethical climate plays a vital role in business professionalism. This study has attempted to identify the ethical climate of an organization and it was proved from the study resources that better corporate ethics have resulted in better stakeholder satisfaction and long-lasting organizational performance. When conducting the study one of the limitations noted is the fewer resources that have addressed the ethical principles from the whole world perspective. More studies have been found in western territories while only limited resources were published for eastern territories which should be further focused on in future studies.

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