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Long-term Effects of Ethical Abandonment on Organisational Success

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Abstract: **This journal paper aims to evaluate the repercussions of a prolonged decision by an organisation to disregard ethical norms. The text explores the significance of ethical standards in ensuring justice for individuals within the organisation. It delves into the far-reaching negative consequences that may affect the organisation's growth and financial viability when these standards are neglected. The desktop study scrutinises the evolution of ethical norms within organisations, outlining the conditions that could lead a company to abandon these standards. The analysis thoroughly examines the diverse impacts on financial performance, reputation, legal compliance, and employee morale. The report concludes by proposing a comprehensive approach for organisations to uphold ethical standards and underscores their crucial role in ensuring long-term success and profitability.**

Keywords: **ethical norms, financial performance, justice, negative effects, reputation.**

1. INTRODUCTION

Organisational ethical standards encompass concepts, attitudes, and norms that establish the boundaries of acceptable and unacceptable behaviour inside the workplace. Typically enshrined in standards of conduct or ethical policies, these standards set explicit expectations for personnel and leadership (Council, 2016). Companies' good operation and long-term viability depend on ethical norms such as honesty, integrity, fairness, and social responsibility (Trevino & Nelson, 2016; Al Halbusi et al., 2021).

In an era marked by heightened scrutiny, transparency, and social responsibility, ethical standards are both a moral and strategic necessity for organisations (KAYA & BAŞKAYA, 2016). Tamunomiebi and Orianzi (2019) highlight that an organisation's reputation is a valuable intangible asset that significantly influences its success and longevity. Ethical standards are a cornerstone for safeguarding and enhancing an organisation's reputation. Commitment to responsible business practices builds trust and credibility among stakeholders, attracting customers, partnerships, and top talent, thereby contributing to long-term growth and profitability (Zhu, 2014).

According to Wong et al. (2020), trust, the bedrock of successful relationships, is cultivated through ethical standards in dealings with customers, employees, suppliers, and the broader community. Operating ethically signals to stakeholders that their interests are a priority, fostering trust, enhancing customer loyalty, and solidifying employee engagement and business partnerships. Moreover, a history of ethical behaviour strengthens an organisation's position in crisis management, as it is more likely to benefit from trust during challenging times (Engelbrecht et al., 2015).

Bayo and Red-well's (2022) elucidation underscores the intrinsic nexus between ethical norms and the observance of legal frameworks. Ethical standards frequently serve as the foundational underpinning for legal statutes, providing a pivotal mechanism for companies to preclude legal entanglements, mitigate penalties, and safeguard their reputational integrity. Ethical precepts about safeguarding data privacy align harmoniously with legislative mandates (Hijmans & Raab, 2018). Aligning organisational conduct with ethical imperatives ensures conformity with pertinent legal stipulations and curtails legal risks and expenditures (Nascimento Almeida, 2022).

Ethical standards have a crucial role in influencing the culture of a business. They foster a constructive work atmosphere defined by honesty, equity, and courtesy. When integrated into an organisation's culture, ethical standards serve as a framework for employee conduct across all levels, promoting a pleasant and productive work environment. An optimistic culture amplifies employee contentment and fosters innovation and creativity, ultimately leading to improved organisational performance (Pasricha et al., 2018; Madu, 2012).

Objectives of the Study

This paper focuses on the pivotal significance of ethical standards in promoting justice and fairness inside businesses, as Weaver (2014) emphasised. The objective is to illustrate how strict adherence to ethical norms greatly enhances an organisation's long-term success and sustainability. The research highlights the significance of ethical integrity as a key factor in organisational success by analysing the beneficial effects of ethical standards, as elucidated by Shah et al. (2017).

The second purpose examines the consequences companies willingly encounter when deviating from ethical norms. The objective is to analyse both the immediate and long-term consequences, fully understanding the many effects of neglecting ethical norms, as Zhilla et al. (2018) explained. This analysis centres on the ramifications of unethical conduct and its detrimental impact on a firm's overall well-being, as per Mumley's (2019) research findings.

Lastly, the paper aims to gain insight into how the absence of ethical standards influences an organisation's ability to achieve and maintain success and profitability. It analyses the interplay between ethical standards and an organisation's financial viability, providing valuable insights into the long-term consequences of disregarding ethical principles. This analysis underscores the inextricable link between ethical conduct and organisational financial sustainability, aligning with the perspectives of Tseng and Wu (2017).

Through the structured investigation of the three outlined objectives, this paper comprehensively evaluates the consequences of abandoning ethical standards within organisations. By adopting this approach, the paper aims to provide a holistic assessment of the implications of forgoing ethical principles, as highlighted by Dierksmeier and Seele (2018). This study emphasises the pivotal role of ethical integrity in fostering justice, organisational success, and long-term financial sustainability. By underscoring the significance of ethical standards, the paper highlights the critical importance of maintaining ethical conduct in the corporate world, ensuring the well-being and longevity of organisations while upholding principles of justice and integrity, as articulated by Engelbrecht et al. (2017).

Evolution of Ethical Standards in Organisations

The development of ethical norms within organisational contexts has been a fluid process intricately linked with the shifting terrain of cultural values and economic structures (Lefkowitz, 2017; Mintz, 2018). The ethical framework of corporate conduct has been shaped by the ongoing transformation of standards in response to cultural, economic, and philosophical pressures (Carroll et al., 2017).

In ancient civilisations like Mesopotamia and Egypt, rudimentary codes of conduct were established, laying the foundation for ethical considerations in commerce. Emphasising fairness, honesty, and accountability principles, these codes provided a lasting basis for ethical standards in business (Carroll et al., 2017). The Middle Ages saw the emergence of guilds as influential bodies regulating business activities, focusing on quality, craftsmanship, and fair pricing. Violations were met with penalties, underscoring the commitment to upholding quality and fairness in trade (Manson, 2018; Pope, 2016).

The transition to capitalism in the early modern period brought new challenges, prompting a re-evaluation of ethical considerations in business. Visionaries like Adam Smith introduced the concept of self-interest tempered by moral sentiments, emphasising the importance of ethical conduct in business. As economies shifted towards market-driven dynamics, the significance of ethics in commercial activities became more pronounced (Halliday & Thrasher, 2020).

The advent of the Industrial Revolution engendered ethical predicaments prominently marked by labour exploitation, child labour utilisation, and environmental degradation. These ethical challenges precipitated an intensified scrutiny of ethical considerations and catalysed calls for heightened corporate accountability, the advocacy for workers' rights, and the endorsement of ethical conduct within corporate entities (Hooker & Kim, 2019). Significant advancements in the late 19th and early 20th centuries included the formation of large enterprises and lengthy discussions about charity, notably demonstrated by Andrew Carnegie's influential work, "The Gospel of Wealth" (Surdam, 2020). Surdam (2020) advocated for the judicious allocation of financial resources to advance societal well-being, thereby influencing the evolving landscape of corporate ethics.

Corporate social responsibility (CSR) gained prominence after World War II. Companies like Johnson & Johnson prioritised consumer safety over profit, marking a shift in corporate ethics towards the welfare of diverse stakeholders (Latapí Agudelo, 2019). Social movements, including civil rights and environmental activism, compelled organisations to address diversity, discrimination, and pollution issues. This period saw the inception of codes of conduct and the proliferation of socially responsible business practices, firmly embedding ethics within corporate operations (Chesters, 2016).

The 1980s marked an era of deregulation and focused on maximising shareholder value. However, corporate scandals, notably the Enron case, highlighted the need for heightened ethical oversight and transparency, leading to a renewed emphasis on corporate ethics (Fombrun & Foss, 2004). In the 21st century, globalisation, technology, and evolving societal values have renewed the focus on corporate ethics and social responsibility. Contemporary businesses prioritise sustainability, diversity, and inclusion, establishing ethical supply chains as a comprehensive commitment to ethical business practices (Grigoropoulos, 2019).

Business ethics has recently broadened to include data ethics, technology-related challenges, and environmental considerations. The emergence of stakeholder capitalism prioritises the concerns of several stakeholders, going beyond only shareholders. This approach aligns with a contemporary ethical framework recognising company activities' wider societal and environmental impacts (Young et al., 2016).

Ethical Shifts in Modern Organisations

Corporate ethics has experienced a significant shift in recent years, as documented by Cosans and Reina (2018). The transition is mostly ascribed to multiple sources, with the increasing focus on corporate social responsibility being a prominent catalyst (Van Wart, 2015). Companies are no longer seen as primarily focused on making profits but are acknowledged as stakeholders in society's overall well-being. As a result, corporations are actively involved in sustainability, environmental conservation, and social welfare projects, demonstrating a wider and more ethical attitude to their operations (Kramer & Porter, 2006).

The advent of the digital era has resulted in an increased level of openness and responsibility in the realm of business ethics. The widespread presence of social media and the swift spread of information has effectively eradicated the potential for firms to hide immoral practices. An exemplary instance is the Volkswagen affair, as elucidated by Kim et al. (2022), wherein social media and investigative journalism played a vital role in unmasking the company's fraudulent manipulation of emissions. This highlights the significant impact of public criticism on the formation of business ethics. To succeed in the current period, businesses must give importance to transparency and be ready to immediately answer any complaints the public raises (Christensen, 2016).

Consumer activism has been a significant force in shaping modern business ethics. Consumers progressively select products or services by considering a company's ethical practices. Consumers aspire to back businesses that adhere to their principles, resulting in a call for ethical sourcing, fair work practices, and sustainable production. Therefore, firms must incorporate ethical considerations into their supply chains and operations (Barnett et al., 2017).

Motivations for Forsaking Ethical Standards

Ethical standards constitute a foundational cornerstone of integrity for responsible and esteemed organisations. Nevertheless, pursuing profitability, intense competition, and diverse objectives often lead organisations astray from these guiding principles. Numerous factors, such as financial demands (Ferrell et al., 2018), market competition (Trevino et al., 2006), and shareholder expectations (Rahmawati & Indonesia, 2018), contribute to ethical lapses. Organisations must remain vigilant and uphold ethical values to maintain a robust moral compass in today's intricate business landscape (Carroll, 2015).

Financial pressures represent a pervasive challenge in the business realm, frequently compelling companies to make unethical decisions (Wang et al., 2016). These decisions may encompass accounting fraud, the presentation of misleading financial statements, or the implementation of cost-cutting measures that jeopardise product quality and safety (Long et al., 2016). The infamous Enron scandal of the early 2000s serves as a stark example, wherein the company's leadership engaged in fraudulent accounting practices to inflate stock prices and meet financial targets, ultimately leading to Enron's bankruptcy and causing significant harm to investors and employees (Wang et al., 2016).

Intense competition within industries incentivises organisations to resort to unethical means to secure a competitive advantage. Unscrupulous tactics may involve unethical business practices, collusion in price-fixing (Yuan et al., 2018), corporate espionage, or attempts to stifle competitors (Long et al., 2016). Notably, the pharmaceutical sector has faced allegations of unethical conduct, including accusations that companies delay the introduction of more affordable generic drugs to maintain market dominance and maximise profits (Jones et al., 2016). This underscores the ethical challenges in fiercely competitive markets, where the pressure to succeed may lead to actions that undermine fair competition and consumer welfare (Oluwasanmi & Ogunro, 2021).

Organisational culture is a pivotal factor in shaping ethical conduct within a company. A toxic culture prioritising short-term profits over long-term sustainability can prompt employees to circumvent or violate rules (Apriliani et al., 2014). Instances such as the Wells Fargo scandal in 2016, where employees opened millions of unauthorised bank and credit card accounts to meet sales targets, exemplify a culture that prioritises immediate gains over ethical principles (Cavico & Mujtaba, 2017).

Inadequate oversight, deficient regulatory structures, or corruption within regulatory bodies can allow organisations to escape accountability for unethical conduct. When companies perceive low chances of being caught, they may be more inclined to engage in unethical activities. This concern is particularly pronounced in sectors characterised by self-regulation or where regulatory agencies face limited resources and authority. The 2008 financial crisis, stemming from the collapse of the US housing markets, was partially attributable to insufficient regulatory supervision, enabling financial institutions to engage in risky and unethical behaviour with limited repercussions (Tarullo, 2019).

A short-term orientation within organisations can compel them to forsake ethical principles, particularly when under pressure to achieve quarterly or annual financial objectives. The tobacco industry's historical downplaying of health risks associated with its products in pursuit of immediate profits serves as a case in point. This approach results in enduring ethical and legal dilemmas, highlighting the adverse consequences of prioritising short-term gains over long-term ethical considerations (Lindblom, 2018).

Technological progress introduces novel ethical challenges as organisations sometimes harness emerging technologies without due regard for their ethical implications. This can lead to data privacy infringements, artificial intelligence (AI) bias, or invasive surveillance (Wright et al., 2014). Tech giants' misuse of personal data, exemplified by the Cambridge Analytica scandal involving Facebook, underscores how technology can enable unethical conduct (Boldyreva et al., 2018). Instances like these underscore the critical need for ethical oversight in the ever-evolving landscape of technology to avert unintended consequences arising from rapid technological advancements (Sallinen et al., 2020).

Globalisation requires organisations to navigate diverse cultural norms and regulatory frameworks. Some companies may adjust their ethical standards to align with local practices, seeking to capitalise on business prospects (Bjola & Kornprobst, 2018). However, this alignment can result in ethical lapses, particularly when multinational corporations operate in regions with lax labour or environmental regulations and exploit these conditions to reduce expenses and boost earnings (Ast, 2018). These dynamics underscore the ethical challenges that can emerge when organisations encounter varying ethical landscapes in pursuing global expansion (Logsdon & Wood, 2018).

Consequences of Abandoning Ethical Standards

In the contemporary business and societal milieu, the erosion of trust among stakeholders due to the abandonment of ethical standards is crucial (Singh, 2017). Ethical standards are the bedrock for fostering robust and enduring relationships between businesses, governments, customers, employees, and the broader community. Neglecting or abandoning these standards can lead to extensive and harmful repercussions, causing a profound loss of trust (Sims, 2017).

The abandonment of ethical standards yields a primary consequence of compromised credibility and reputation (Tamunomiebi & Orianzi, 2019). The authors posit that trust is inherently fragile, and once ruptured, reconstruction becomes a formidable undertaking. Various stakeholders, including customers, investors, employees, and the public,

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predicate their confidence in the expectation of ethical behaviour from organisations. Failure to meet this expectation results in damage to the organisation's credibility and the potential for irreparable harm to its reputation (Sims, 2017).

Within the corporate domain, customers emerge as a pivotal stakeholder group (Mulki & Jaramillo, 2011). The abandonment of ethical standards may instigate scepticism among customers regarding a company's products or services. This scepticism manifests in queries concerning their purchases' safety, quality, and authenticity. The repercussions encompass diminished sales, as customers may gravitate towards competitors adhering to higher ethical standards. Such revenue loss directly and adversely impacts the company's financial performance (Saha et al., 2022).

Investors and shareholders represent another cohort vulnerable to the consequences of ethical transgressions. Organisational abandonment of ethical standards may involve financial improprieties such as fraud, insider trading, or deceptive accounting practices. These actions precipitate substantial financial losses for investors and contribute to a precipitous decline in stock value (Vărzaru, 2022). The resultant erosion of trust within financial markets can cascade into broader economic instability, eroding confidence in the integrity of the overall system (Aldohni, 2018).

Employees experience profound consequences when ethical standards are neglected within an organisational setting. In an environment where ethical considerations are not accorded precedence, employees may undergo demoralisation, disengagement, and diminished commitment to their professional duties (Asgari et al., 2019). This, in turn, can result in elevated turnover rates, heightened absenteeism, and reduced overall productivity. Moreover, employees who witness unethical conduct within their organisational milieu may assume the role of whistle-blowers, thereby subjecting the company to legal and reputational repercussions (Hughes, 2018).

Governments and regulatory bodies are pivotal in ensuring organisations adhere to ethical standards. Abandoning these standards exposes businesses to legal sanctions, fines, and regulatory scrutiny (Kaupins & Park, 2011). Such repercussions can foster a breakdown of trust between corporations and governmental entities. Additionally, public confidence in the regulatory framework may wane if ethical transgressions appear unpunished, contributing to an erosion of stakeholder trust (Snezhko & Coskun, 2019). This erosion of trust holds broader societal implications, as multiple organisations' abandonment of ethical standards can cultivate a culture of cynicism and moral relativism. Consequently, the collective sense of ethical responsibility diminishes, normalising unethical behaviour, as De Colle et al. (2014) argued.

Abandoning ethical principles within firms can lead to various legal and regulatory issues, resulting in significant ramifications for enterprises, stakeholders, and society (Shackelford et al., 2021). Abandoning ethical norms can violate corporate behaviour laws and regulations, a significant legal consequence. Ethical failures often involve behaviours that are not only morally condemnable but also unlawful. Financial fraud, insider trading, misleading accounting practices, and bribery can potentially result in breaches of securities laws, tax rules, and anti-corruption legislation (Richards & Shackelford, 2015). Upon the revelation of such violations, regulatory entities and law enforcement authorities may commence inquiries into the entity, potentially leading to criminal indictments, monetary fines, and legal penalties. The ensuing legal ramifications may exert a noteworthy financial influence on the corporation, its executives, and other implicated entities (Gaughan et al., 2018).

According to Kaupins and Park (2011), abandoning ethical standards exposes companies to increased legal and regulatory risks. Ethical guidelines typically parallel legal requirements and regulations, and neglecting or violating them can precipitate legal actions, financial penalties, and fines. The ensuing legal defence costs and potential monetary sanctions can significantly strain a company's financial resources, adversely affecting its profitability and long-term sustainability.

Legal entanglements may manifest in civil lawsuits initiated by stakeholders, including shareholders, customers, and employees, seeking damages resulting from ethical transgressions (Kaupins & Park, 2011). Shareholders, for instance, may instigate class-action lawsuits alleging securities fraud, while customers may pursue legal recourse for harm attributed to false advertising or defective products (Spinello, 2021). Employees subjected to retaliation after exposing unethical practices may pursue legal action, invoking claims of wrongful termination or harassment (Cobb & McKenzie-Harris, 2015). Such legal proceedings can culminate in substantial monetary settlements, further compromising the financial health and reputation of the organisation (McLaughlin, 2006).

Moreover, according to Greve et al. (2010), disregarding ethical standards might lead to increased regulatory attention. For instance, within Kenya, regulatory bodies such as the Kenya Revenue Authority and Kenya Bureau of Standard may intensify their scrutiny of the organisation's operational facets (Greve et al., 2010). Companies must make significant efforts in compliance and reporting to satisfy regulatory concerns due to increased scrutiny (Roberts et al., 2010). Non-compliance with these heightened regulatory requirements may lead to further legal ramifications, such as monetary fines and penalties (Menkel-Meadow, 2018).

The repercussions of legal and regulatory complications extend beyond the financial domain, significantly impairing a company's reputation. When an organisation becomes entangled in legal disputes stemming from ethical breaches, it is susceptible to adverse media coverage and public scrutiny (Crane et al., 2019). The public and stakeholders often construe such legal actions as indicative of corporate irresponsibility and dishonesty. This erosion of trust can precipitate a decline in consumer confidence, diminished sales, and challenges in attracting and retaining skilled employees. Additionally, it can adversely affect relationships with suppliers, partners, and investors, resulting in enduring harm to the organisation's overall competitiveness (Li et al., 2021).

Post legal and regulatory complications, organisations may be compelled to institute more rigorous compliance and governance measures (Benedek, 2012). While imperative for averting future ethical lapses, these measures can be financially burdensome and administratively complex. Companies may be required to implement robust internal control systems, establish ethics and compliance programs, and conduct regular audits to ensure adherence to legal and regulatory mandates. These initiatives necessitate substantial investments in time and resources, diverting attention away from core business activities (Ivanyna & Salerno, 2021).

Reputation and brand are extremely valuable assets for a firm, developed over time via persistent adherence to ethical behaviour, integrity, and responsible business practices (Mella & Gazzola, 2015). Nevertheless, when organisations disregard ethical standards, they can face significant and long-lasting repercussions for their reputation and brand (Arnott, 2004). Forsaking ethical principles yields direct repercussions, notably impairing the organisation's brand. Stakeholders, such as investors, the public, customers, and employees, perceive the organisation as lacking trustworthiness and displaying weakness in responsible and frank behaviour (Cormier et al., 2016). The erosion of trust can lead to negative publicity, public outrage, and a damaged corporate reputation. The consequences of a tarnished reputation can have a domino effect, affecting customer loyalty, investor trust, and employee motivation (C. et al., 2016).

A company's reputation is integral to maintaining consumer trust, as consumers are inclined to choose products and services from companies they perceive as ethical and trustworthy (Cormier et al., 2021). Ethical breaches, such as deceptive marketing, environmental violations, or product safety issues, can erode this trust, betraying customers, and undermining confidence in the company's ability to fulfil its promises. This decline in trust often leads to decreased sales and a shrinking customer base (Kwan et al., 2021).

Investor confidence is equally critical for a company's financial stability and growth. When ethical breaches become public, investors may react negatively, resulting in a drop in stock prices and impacting the company's market capitalisation. This, in turn, can lead to financial losses for shareholders and create difficulties in attracting new investors or raising capital (Confente et al., 2019).

Dietz and Gillespie (2011) identified employees as integral stakeholders directly impacted by a company's reputation. Instances of ethical lapses can lead to demoralisation and disengagement among employees, resulting in reduced productivity and elevated turnover rates. Organisations may encounter challenges retaining top-tier talent, as proficient individuals may seek employment elsewhere (Dolphin, 2004).

Furthermore, a damaged reputation can strain relationships with suppliers, partners, and other organisations in the business ecosystem. Partnerships are often built on trust, and ethical breaches can jeopardise these relationships. Suppliers may become reluctant to engage with a company with a tarnished reputation, impacting the supply chain and procurement processes (Schlegelmilch & Pollach, 2005).

Ethical transgressions have the potential to substantially influence a company's brand, which embodies the distinct image and identity cultivated in the perceptions of stakeholders. Such lapses can markedly diminish the brand's intrinsic value, undermining the carefully nurtured image the company has diligently endeavoured to establish (Asgary & Mitschow, 2002).

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Abandoning ethical standards within a corporation can have profound and far-reaching effects on its culture and values. Ethical standards serve as guiding principles that define behaviour, decision-making processes, and interactions within an organisation. When these standards are disregarded, the consequences can harm the company's reputation, employee morale, and long-term success (Hiekkataipale et al., 2019).

The erosion of trust is one of the most immediate and noticeable impacts of abandoning ethical standards. Ethical standards form the foundation for trust between employees, management, customers, and other stakeholders (Xu et al., 2016). Deviating from these standards shatters trust and makes rebuilding challenging, resulting in declining employee morale, decreased customer loyalty, and damaged relationships with partners and suppliers (Chen et al., 2016).

Aside from trust, a firm's ethical standards substantially impact its culture (Hiekkataipale et al., 2019). The authors argue that a robust ethical framework has the potential to cultivate a culture characterised by honesty, responsibility, and transparency. Employees are more inclined to make ethical choices when they clearly understand their organisation's values and get encouragement for ethical conduct. On the other hand, if ethical standards are disregarded, it can result in a culture where employees become indifferent or even dishonest, perceiving that unethical conduct is accepted or promoted (Schein, 2010).

The impact on employee morale is particularly noteworthy. When employees observe leaders or colleagues engaging in unethical practices, it can lead to disillusionment, resentment, and even disengagement (Setiawan et al., 2018). Over time, this can result in higher turnover rates, decreased productivity, and a negative atmosphere within the workplace. The advancement of unethical individuals may also demotivate employees who adhere to ethical values, further eroding the corporate culture (Rawwas et al., 2018).

Moreover, disregard for ethical standards can engender legal and fiscal repercussions. Entities engaging in unethical conduct are vulnerable to legal entanglements, financial sanctions, and reputational damage, incurring significant expenses and diverting focus from essential business endeavours. These adversities can impact the enterprise's organisational stability and long-term prosperity (Russo et al., 2019).

Warter and Warter (2020) assert that organisational principles are intricately connected to ethical standards. Companies generally possess fundamental values that mirror their vision, goals, and ethical standards. When ethical standards are ignored, these values become devoid of significance and trustworthiness. This undermines the company's distinctiveness and hampers its capacity to recruit and retain skilled individuals, leading to a loss of talented employees that negatively impacts the whole corporate environment (Olayiwola, 2016).

Disregarding ethical principles can harm a company's reputation among consumers and the public. In the modern era of global connectivity, information on immoral conduct can be swiftly disseminated via social media platforms and news channels, leading to a damaged reputation that is arduous to restore. An impaired reputation can result in diminished sales, erosion of market share, and a deterioration in the company's total worth (Mella & Gazzola, 2015).

Employee morale is closely associated with the ethical standards upheld within an organisation. The adherence to ethical standards engenders a perception among employees of participating in a work milieu characterised by fairness and transparency, thereby fostering trust and satisfaction. This affirmative morale significantly contributes to cultivating a more congenial workplace atmosphere wherein employees are motivated to exert their utmost efforts (Nasir & Andriani, 2022).

In addition, if ethical norms are disregarded, employee morale can decline swiftly. Observing unethical conduct, such as fraud, discrimination, or favouritism, might make employees feel disillusioned and frustrated (Chye et al., 2004). Individuals may experience a sense of futility in their attempts to maintain ethical standards, leading to diminished morale, a feeling of mistrust, and a decline in overall job contentment (Mallik et al., 2019).

Abandoning ethical norms has a substantial impact on employee commitment. Commitment denotes employees' profound emotional involvement and unwavering dedication towards their business. Adhering to ethical standards increases the likelihood of employees feeling dedicated to the company's vision and values, perceiving the organisation as one that runs with integrity and a firm moral compass (Robinson & Robinson, 2022).

Ahadiat and Dacko-Pikiewicz (2020) state that employee commitment may decrease when ethical standards are ignored. Employees may experience disengagement when they see a misalignment between their ideals and the values and practices of the business. Insufficient confidence in those in charge and a dearth of moral direction can also result in diminished dedication. Employees who perceive a lack of recognition for their ethical values may exhibit less motivation to exert additional effort, leading to a decline in job performance and productivity (Lee, 2020).

High employee turnover can be a direct consequence of abandoning ethical standards. When ethical principles are not respected within an organisation, employees are more likely to seek employment elsewhere, feeling their current workplace does not align with their values (Elci et al., 2012). According to Withanage (2010), when unethical behaviour is tolerated or encouraged, it can create a toxic work environment, further driving turnover. Employees subjected to discrimination, harassment, or favouritism may leave the company to escape such conditions, losing valuable talent and institutional knowledge (Veetikazhi et al., 2022). High employee turnover has significant financial and operational implications, increasing recruitment and training costs, disrupting team dynamics, and potentially damaging the organisation's reputation. A high turnover may indicate instability or an unhealthy work environment, deterring potential employees and partners (Zhao et al., 2018).

Strategies for Mitigating the Negative Effects

Reinstating ethical standards involves re-establishing principles and guidelines that govern organisational behaviour (Lindebaum et al., 2017). This process helps mitigate negative effects by demonstrating a renewed commitment to ethical conduct. Developing or revising an ethical code of conduct is a foundational step in establishing a robust ethical foundation within an organisation. This code outlines the company's core values, expectations, and repercussions for ethical transgressions. By creating a clear and comprehensive code, organisations set a framework that guides employees' behaviour and helps shape the ethical culture. It serves as a reference point for everyone, from leadership to frontline workers, ensuring a shared understanding of ethical standards and the organisation's commitment to them (Vig, 2014).

According to Arulrajah (2015), extensive training and teaching on ethical norms are essential to promoting a culture of integrity. It is essential to guarantee that employees possess extensive information and a complete comprehension of the organisation's dedication to ethical behaviour. These educational programmes provide employees with the required information and tools to make ethical judgements in their respective positions. The organisation's ethical ideals are reinforced by raising awareness, empowering workers, and enhancing the ethical environment of the workplace (Romious et al., 2016)

Implementing accountability mechanisms is a key component of upholding ethical standards. It entails creating a system where individuals and teams are responsible for their ethical conduct (Ghanem & Castelli, 2019). By holding everyone accountable for ethical lapses and ensuring there are consequences for violations, organisations emphasise the seriousness of adhering to ethical guidelines. This accountability instils a culture where ethical behaviour is expected, and deviations are addressed promptly, reinforcing the organisation's commitment to ethical standards (Welfel & Khamush, 2012).

Cultivating an ethical culture is essential for preventing future ethical lapses. This involves instilling ethical values into the organisation's DNA and making ethical considerations integral to decision-making (Lindberg et al., 2020). Effective leadership is paramount in shaping an organisation's ethical culture. Leaders play a pivotal role in modelling ethical behaviour, setting the tone for the entire organisation. They must lead by example, demonstrating the importance of ethical conduct through their actions and decisions. When leaders consistently exhibit ethical behaviour, it reinforces the organisation's commitment to integrity and helps establish a culture where ethics are valued and upheld at all levels (Lei et al., 2020).

Continuously nurturing ethical awareness is essential to maintaining an ethical culture. This involves ongoing training and communication efforts to ensure employees are well-informed about the organisation's ethical standards and principles. By providing employees with the knowledge and tools they need to make ethically sound decisions, the organisation empowers them to follow its ethical values. This, in turn, strengthens the organisation's overall ethical fabric (Kancharla & Dadhich, 2021).

Incorporating ethical considerations into performance metrics and evaluations is a strategic way to promote ethical behaviour within the workforce (Berrah et al., 2021). By tying ethical performance to employee appraisals, the organisation reinforces the importance of ethical conduct as an integral part of an employee's role. This approach encourages employees to align their behaviour with ethical standards and holds them accountable for their ethical decisions, ultimately contributing to a culture of integrity and responsibility (Wynder, 2016).

Restoring trust is essential to mitigating the negative effects of ethical lapses (Dietz & Gillespie, 2011). Transparent communication is a cornerstone of rebuilding trust with stakeholders and the public after ethical lapses. It involves open and honest dialogue about the organisation's dedication to ethical standards and the concrete steps to rectify past issues. This transparency acknowledges past shortcomings and demonstrates the organisation's renewed commitment to ethical behaviour. By providing a clear and candid account of its efforts, the organisation can rebuild stakeholder trust, fostering a more positive and trusting relationship (Gillespie et al., 2014).

Engagement with stakeholders is another vital strategy in the process of rebuilding trust. Involving stakeholders in the organisation's efforts to address ethical concerns can be highly beneficial. Stakeholders, including customers, investors, and partners, bring valuable perspectives and insights (Bellows et al., 2015). Their input and feedback can help the organisation understand their concerns and expectations, leading to more effective and transparent actions. This collaborative approach strengthens relationships, rebuilds trust, and ensures that the organisation is responsive to the needs and values of its stakeholders (Wereda, 2018).

Demonstrating accountability and compliance is a tangible way to reaffirm an organisation's trustworthiness. By committing to legal and ethical standards, the organisation emphasises its dedication to responsible practices (Bertels et al., 2010). This commitment can be robust compliance measures, ethical audits, and adherence to relevant regulations. Such actions reinforce the organisation's reliability, indicating that it is taking concrete steps to ensure that ethical lapses do not recur. By aligning its operations with established standards, the organisation rebuilds trust and credibility with stakeholders and the public, promoting its long-term sustainability (Gillespie et al., 2014).

Learning from past ethical lapses is crucial to preventing their recurrence. Enhancing corporate social responsibility (CSR) initiatives can demonstrate the organisation's commitment to ethical and responsible practices. Conducting regular ethical audits and reviews is a proactive approach to identifying vulnerabilities and addressing past ethical issues, thereby preventing their recurrence (Basinger, 2016). Ethical audits help organisations systematically assess their practices, policies, and behaviours to ensure alignment with ethical standards. Organisations minimise the risk of future ethical lapses by identifying and rectifying weaknesses. These audits safeguard the organisation's ethical foundation and enhance its commitment to integrity and responsible behaviour (LeBaron & Lister, 2015).

Allocating resources towards corporate social responsibility (CSR) activities is an influential method of advancing ethical, accountable, and enduring practices. Organisations might allocate resources towards activities that showcase their dedication to ethical behaviour (Sales, 2019). CSR programmes encompass environmental preservation, community engagement, and equitable labour policies. Organisations positively impact society and the environment by actively participating in these efforts, strengthening their commitment to ethical and responsible behaviour. Investments of this nature bolster the organisation's reputation and restore stakeholders' confidence (Ferrell et al., 2019).

Regular reports and updates on CSR initiatives and ethical performance are essential to transparent communication. By sharing information about their CSR efforts and ethical responsibilities, organisations showcase their dedication to ethical responsibility (Kwarcińska, 2020). These reports allow stakeholders and the public to assess the organisation's commitment to ethical behaviour and sustainability. Public reporting reinforces the organisation's transparency and accountability, rebuilding stakeholder trust and demonstrating its ongoing efforts to uphold ethical standards and values (Tamvada, 2020).

2. RECOMMENDATIONS

Dhiman (2023) contends that ethical leadership is pivotal in cultivating and preserving an organisation's ethical culture. Ethical leaders establish an ethical milieu that permeates the entire organisation through their exemplary conduct and unwavering manifestation of ethical principles. These leaders assume the role of guardians of the organisation's moral compass, underscoring the paramount importance of ethical conduct across all dimensions of its operations (King, 2023).

To implement this recommendation effectively, organisations should prioritise selecting and developing leaders with the necessary skills and qualifications and prioritise and embody ethical behaviour (Edit, 2019). Ethical leadership should be a crucial criterion in leadership assessments and promotions, ensuring that leaders are capable and committed to upholding

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and promoting ethical values. Furthermore, investing in training programs that emphasise ethical decision-making equips leaders with the knowledge and skills to navigate complex ethical dilemmas. Open lines of communication between leaders and employees are crucial for fostering a culture where ethical values are consistently upheld (McManus et al., 2023).

Establishing effective monitoring and enforcement mechanisms is imperative for maintaining ethical standards within an organisation. As Franklin (2024) posited, organisations should formulate a comprehensive ethical code of conduct, elucidating expectations for ethical behaviour and delineating the consequences of any transgressions. Lloyd and Mey (2010) contend that creating an internal ethics committee tasked with overseeing, reporting, and addressing ethical issues is indispensable. Comprising a diverse assembly of stakeholders, this committee ensures the consistent implementation of ethical principles and expeditiously addresses any breaches of ethical conduct (Dajani & Rossert, 2020). Thummy (2020) underscores the significance of fostering a culture wherein employees feel encouraged to disclose ethical concerns through anonymous channels, thereby upholding the integrity of the monitoring and enforcement procedures.

An organisation's identity depends on fostering a culture prioritising ethics, accountability, and sustainability (Vodonick, 2018). Implementing continuous education and awareness programmes on ethics for employees at all levels is essential for accomplishing this objective. These programmes equip individuals with the information and tools required to make ethical judgements in their roles, enabling the workforce to act following ethical ideals. Interacting with stakeholders, such as customers, employees, and partners, is crucial for comprehending and enhancing an organisation's ethical procedures (Payne & Calton, 2017). The authors add that collecting stakeholder insights and feedback enables businesses to assess the efficacy of their ethical activities and fosters inclusion and accountability.

Aligning corporate social responsibility (CSR) initiatives with ethical ideals and sustainable practices is crucial for fostering an ethical culture (Saxena, 2016). Integrating ethical concerns into decision-making processes and the organisation's mission and values strengthens the dedication to ethical standards (Trong Tuan, 2012). Including ethical criteria in performance evaluations is important so that ethical conduct is directly connected to incentives and recognition (Cullen, 2016). Incorporating ethical principles into strategic planning and decision-making guarantees that ethics play a fundamental role in every strategic decision (Scotland, 2016). Creating an ethics ombudsperson or a specialised role to protect and advance ethical standards greatly strengthens the organisation's dedication to ethical ideals (Rahman et al., 2020). In addition, fostering a culture of ethical thinking and discourse in the workplace promotes integrating ethical values as tangible principles that shape daily activities (Challender, 2023).

Incorporating these recommendations into an organisation's ethos can help foster a culture of ethics, accountability, and sustainability, ultimately leading to long-term success and mitigating the negative consequences of ethical lapses. Ethical leadership, robust monitoring, cultural nurturing, and alignment with ethical principles are vital components of building an organisation with integrity.

3. CONCLUSION

In conclusion, this paper has offered valuable insights into the pivotal role of ethical standards in fostering justice, success, and profitability within organisations. It succinctly summarises the research's key findings, shedding light on their implications for organisations and their sustained prosperity. The results emphasise the enduring significance of upholding ethical standards in the business realm. Organisations prioritising ethical conduct contribute to a just and equitable society and position themselves for prolonged success and financial viability. Ethical behaviour catalyses building trust among stakeholders, elevating reputation, and mitigating risks associated with unethical practices.

The research underscores the fundamental value of ethical standards in a dynamic business landscape characterised by evolving challenges and heightened scrutiny. Adherence to these standards equips organisations to navigate complexities effectively and positions them for thriving in the long term. This desktop study serves as a compelling reminder to organisations across various sizes and industries to consistently prioritise ethics as a foundational element of their operations. Such commitment aligns with principles of justice and fairness and establishes a pathway for enduring success and sustained profitability.

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