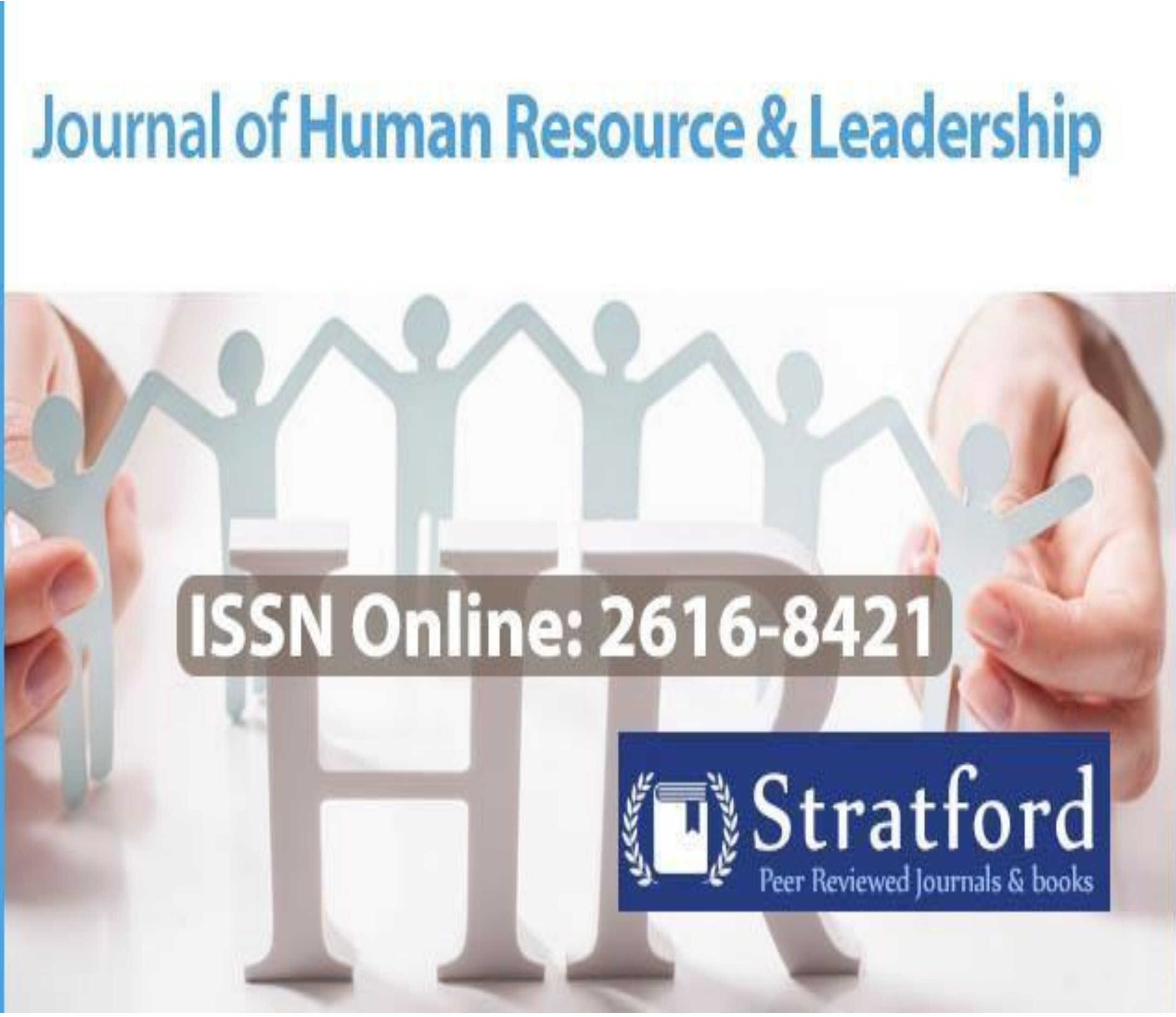

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Evaluation of What Would Happen Over A Long Period of Time to Success and Profitability of An Organisation Which Chooses to Do Away with Ethical Standards

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Abstract

This journal paper examines the importance of ethical standards in organizations and evaluates the long-term effects of disregarding these standards on success and profitability. The paper defines ethical standards in an organizational context and highlights their role in promoting fairness, justice, trust, and reputation. It discusses the potential reasons for abandoning ethical standards, such as cost-cutting measures and short-term profit prioritization, as well as the consequences of doing so. The paper analyses the internal effects, including deterioration of employee morale and motivation, increased turnover, and a decline in teamwork and collaboration. It also examines the external effects, such as damage to reputation, legal and regulatory consequences, and loss of business opportunities and partnerships. The paper provides case studies of organizations, including Enron and Volkswagen, that abandoned ethical standards and suffered severe consequences. It emphasizes the importance of ethical leadership in upholding standards and driving long-term success and profitability. The paper concludes with a call for organizations to prioritize ethical decision-making as a fundamental business practice to ensure sustainable success.

Keywords: *Ethical standards, Long-term effects, Organisation, Success, Profitability and Justice*

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1.0 Introduction

Ethical standards serve as fundamental principles that guide organizational behavior, creating cultures of accountability, transparency, and integrity that build trust among employees, customers, and stakeholders (Kuenzi et al., 2020). These standards establish clear expectations for behavior, minimizing unethical practices such as fraud, corruption, or discrimination while promoting fairness and justice within organizational operations (Kuenzi et al., 2020). According to Teresi et al. (2019), ethical standards in an organizational context represent a set of principles and values that guide individual behavior, ensuring actions are morally acceptable. Khan et al. (2019) argued that ethical standards encompass various areas including honesty, integrity, respect for others, fairness, and accountability. These standards are typically outlined in codes of ethics or conduct that explicitly state the principles and values individuals are expected to adhere to (Khan et al., 2019). Lee et al. (2019) noted that ethical standards vary between organizations but typically include principles such as honesty, integrity, respect for others, fairness, and accountability. Saha et al. (2020) emphasized that ethical standards are crucial in promoting fairness and justice within organizations by ensuring equal treatment of all employees regardless of protected characteristics. Sharma et al. (2019) suggested that ethical standards prevent the perpetuation of systemic biases or unfair practices through transparent and accountable decision-making processes. Wang et al. (2019) highlighted that ethical standards establish frameworks for assessing performance and addressing unethical behavior, holding individuals accountable for their actions. Uhl-Bien et al. (2020) pointed out that ethical standards provide guidelines for conflict resolution, encouraging employees to consider all parties' perspectives and find mutually beneficial solutions.

Ethical practices contribute significantly to organizational reputation and brand value, attracting customers who prioritize integrity and social responsibility, which ultimately drives long-term success and profitability (Bryant & Merrit, 2021). Lubis & Hanum (2020) explained that ethical standards play a crucial role in building and maintaining trust among stakeholders, including employees, customers, shareholders, and the wider community. Johnson (2020) noted that ethical standards ensure decisions within organizations are based on merit rather than personal biases or favoritism, promoting a culture of fairness. Al Halbusi et al. (2021) emphasized that without ethical standards, organizations may face reputational damage, legal consequences, and loss of stakeholder trust with severe financial implications. Kharkheli & Gavardashvili (2023) argued that when organizations are perceived as ethical, they consistently adhere to principles that govern behavior and decision-making processes. Khan et al. (2019) pointed out that ethical standards are essential for building trust with customers, as customers believe ethical organizations will act in their best interests. Suifan et al. (2020) noted that when customers trust an organization, they are more likely to promote it through positive word-of-mouth, increasing customer acquisition. Peng & Kim (2020) highlighted that building trust through ethical behavior extends to stakeholders such as investors, partners, and suppliers who gain confidence in organizational leadership. Svara (2021) emphasized that maintaining a positive reputation through ethical standards attracts top talent, creates partnerships, and secures investment opportunities. Ilyas et al. (2020) concluded that ethical standards serve not only as moral duty but also as strategic advantage in competitive business landscapes.

Organizations may abandon ethical standards due to pressures for short-term financial gains, cost-cutting measures, or competitive pressures in cutthroat industries (Cheng et al., 2019). Kuenzi et al. (2020) argued that ethical practices often involve additional resources such as fair wages and safe working conditions, which can increase operational expenses. Zhang (2020) noted that organizations may choose to engage in unethical practices in attempts to cut corners and save money in the short-term. Teresi et al. (2019) identified the pursuit of short-term profits as another reason for organizations to discard ethical standards, prioritizing immediate financial gains over ethical considerations. Lee et al. (2019) observed that prioritizing short-term profits may result in immediate financial gains but often comes at the expense of long-term sustainability and trust. Saha et al. (2020) pointed out that lack of awareness or understanding can contribute to the abandonment of ethical standards when leaders don't fully comprehend the significance of ethical behavior. Wang et al. (2019) explained that organizations must prioritize education and awareness efforts to prevent ignorance from leading to abandonment of ethical standards. Zhang (2020) noted that these unethical decisions often manifest through practices such as compromising product quality, engaging in deceptive marketing, or implementing unfair labor practices. Teresi et al. (2019) highlighted that companies may engage in fraudulent activities, disregard environmental regulations, or exploit workers in pursuit of immediate profits. Saha et al. (2020) emphasized that without comprehensive understanding of ethical implications, organizations may engage in practices that violate stakeholder trust and regulatory requirements.

While unethical actions may yield immediate financial benefits, they consistently result in negative long-term consequences including legal issues, damaged reputation, loss of customer trust, and regulatory scrutiny that ultimately undermine organizational sustainability (Zhang, 2020). Kuenzi et al. (2020) warned that cost-cutting measures may seem financially advantageous initially but can have severe long-term consequences when ethical standards are compromised. Lubis & Hanum (2020) emphasized that organizations must recognize that abandoning ethical standards can have detrimental effects on reputation, customer trust, employee morale, and overall sustainability. Kharkheli & Gavardashvili (2023) pointed out that lack of ethical prioritization can lead to deterioration of employee morale, motivation, and increased turnover rates. Peng & Kim (2020) noted that disregarding ethical practices results in increased employee turnover as individuals seek organizations that uphold ethical behavior. Mishra & Aithal (2023) highlighted that disregarding ethical standards can lead to significant external consequences including damage to reputation and loss of customer trust. Bernacchio et al. (2022) noted that negative publicity from unethical practices can lead to decreased customer loyalty, boycotts, and tarnished brand image. Al Halbusi et al. (2021) emphasized that disregarding ethical standards can result in loss of business opportunities and partnerships as potential clients may hesitate to associate with unethical organizations. Wang et al. (2019) concluded that disregarding ethical standards can have severe internal and external ramifications, emphasizing the essential nature of prioritizing ethical behavior for long-term success. This research examines real-life case studies including Enron Corporation and Volkswagen that demonstrate these long-term effects, providing evidence of how abandoning ethical standards leads to significant legal, financial, and reputational consequences for organizations.

2.1 Role of Ethical Standards in Building Trust and Reputation

Ethical standards play a critical role in building trust and reputation for organizations, as perceived ethical organizations consistently adhere to principles and values that govern their behavior and decision-making processes (Kharkheli & Gavardashvili, 2023). Ethical standards establish frameworks for employees to make morally and socially acceptable decisions and engage in appropriate actions (Guo et al., 2023). When employees trust each other, they can collaborate more effectively and achieve common goals, leading to increased efficiency and productivity (Teresi et al., 2019). Ethical standards are essential for building trust with customers, as customers who perceive organizations as ethical believe these organizations will act in their best interests and fulfill their commitments (Khan et al., 2019). When customers trust organizations, they are more likely to promote them to others through positive word-of-

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mouth, resulting in increased customer acquisition and expanded customer bases (Suifan et al., 2020). Building trust through ethical behavior extends to stakeholders such as investors, partners, and suppliers, who are more likely to have confidence in organizations' leadership, decision-making processes, and financial management when these organizations consistently demonstrate ethical conduct (Peng & Kim, 2020). Maintaining positive reputations is crucial for organizations, as strong reputations can attract top talent, create partnerships, and secure investment opportunities (Svara, 2021). Conversely, organizations that do not adhere to ethical standards risk damaging their reputations and losing stakeholder trust (Peng & Kim, 2020). Ethical standards are vital for building trust and reputation in organizations, as establishing cultures of ethical behavior enables organizations to cultivate trust among employees, customers, and stakeholders (Ilyas et al., 2020).

2.2 Link Between Ethical Standards and Sustainable Success

When organizations prioritize ethical behavior, they can build strong relationships with customers, employees, and stakeholders, which in turn contribute to long-term organizational success (Bernacchio et al., 2022). When organizations demonstrate these qualities, they build trust with customers, leading to repeat business, positive reviews, and word-of-mouth recommendations that help organizations sustain success by retaining existing customers and attracting new ones (Kuenzi et al., 2020). Ethical behavior also attracts talented individuals to organizations, as employees value organizations that operate ethically and treat their employees, customers, and stakeholders fairly (Mishra & Aithal, 2023). Building strong relationships with stakeholders represents another important aspect of sustainable success, as stakeholders such as investors, suppliers, and community members are more likely to support organizations that prioritize ethical behavior (Yin et al., 2021). Ethical behavior helps organizations minimize risks associated with legal and regulatory non-compliance by ensuring compliance with laws and regulations, thereby avoiding potential legal issues, financial penalties, and reputational damage (Suifan et al., 2020). Ethical behavior goes beyond mere compliance, as it involves doing what is morally right even when not legally required, and this proactive approach to ethics helps organizations build positive reputations and mitigate risks associated with non-compliance (Svara, 2021).

2.3 Reasons for Potentially Discarding Ethical Standards

In today's competitive business landscape, organizations may be tempted to abandon ethical standards for various reasons, particularly because ethical practices often involve additional resources such as fair wages, safe working conditions, or sustainable production processes that can increase operational expenses (Kuenzi et al., 2020). While cost-cutting measures may seem financially advantageous initially, they can have severe long-term consequences, as organizations that abandon ethical standards risk damaging their reputations, facing legal consequences, and losing customer trust, with these repercussions ultimately leading to financial losses (Zhang, 2020). Another reason for organizations to discard ethical standards is their pursuit of short-term profits, as some companies prioritize immediate financial gains over ethical considerations, which can manifest in various unethical practices such as fraudulent activities, disregard for environmental regulations, or worker exploitation (Teresi et al., 2019). While prioritizing short-term profits may result in immediate financial gains, it often comes at the expense of long-term sustainability and trust, as organizations that prioritize profits over ethical considerations risk damaging relationships with stakeholders, including customers, employees, and investors (Lee et al., 2019).

Additionally, lack of awareness or understanding can contribute to the abandonment of ethical standards within organizations, as leaders and employees who do not fully comprehend the significance of ethical behavior may not prioritize it in their decision-making processes (Saha et al., 2020). To prevent ignorance or lack of awareness from leading to ethical standards abandonment, organizations must prioritize education and awareness efforts, including educating leaders and employees about ethical standards, providing training programs, and cultivating cultures that value ethical behavior (Wang et al., 2019). When evaluating organizational decisions to abandon ethical standards, it is crucial to consider long-term consequences of such actions, as while short-term financial gains may be tempting, organizations must recognize that abandoning ethical standards can have detrimental effects on reputation, customer trust, employee morale, and overall sustainability (Lubis & Hanum, 2020).

2.4 Analysis of The Potential Consequences of Disregarding Ethical Standards

Disregarding ethical standards can have far-reaching consequences for both an organization's internal operations and its external relationships. Internally, Kharkheli and Gavardashvili (2023), pointed that lack of ethical prioritization can lead to a deterioration of employee morale and motivation. When employees witness the disregard for fairness and integrity, they may become disillusioned and demotivated, resulting in lower productivity and reduced commitment to the organization's goals. Furthermore, Peng and Kim (2020), noted that discarding of ethical practices in the long run results to increased employee turnover, as individuals seek out organizations that uphold ethical behavior. A higher turnover rate can disrupt productivity, increase recruitment and training costs, and negatively impact team dynamics. In addition to internal effects, Mishra and Aithal (2023), noted that disregarding ethical standards can also have significant external consequences. One of the most significant external effects is the damage to reputation and loss of customer trust. Consumers today are increasingly conscious of ethical behavior, and organizations that fail to prioritize ethical standards risk damaging their reputation and losing the trust of their customers. Negative publicity, such as reports of unethical practices, can lead to decreased customer loyalty, boycotts, and a tarnished brand image (Bernacchio et al. 2022).

Furthermore, Kuenzi et al. (2020), noted that engaging in unethical practices can also result in legal and regulatory consequences. Organizations that violate laws and regulations may face fines, lawsuits, and reputational damage. The costs associated with legal battles and potential penalties can have a significant impact on profitability. Moreover, Al Halbusi et al. (2021), highlighted that disregarding ethical standards can also lead to the loss of business opportunities and partnerships. Potential clients, partners, and investors may be hesitant to associate with organizations that have a reputation for unethical behavior. This reluctance can limit growth prospects and revenue generation, as organizations may struggle to secure new business opportunities or establish beneficial partnerships. Zhang (2020), noted that a decline in teamwork and collaboration is another potential consequence of disregarding ethical standards. Ethical standards foster teamwork and collaboration by promoting fairness, trust, and cooperation. Wang et al. (2019), was in agreement that disregarding ethical standards can have severe ramifications for organizations as internally, it can lead to decreased employee morale, increased turnover rates, and a decline in teamwork and collaboration. On the other hand, externally, organizations may face damage to their reputation, loss of customer trust, legal and regulatory consequences, and difficulty securing business opportunities and partnerships.

2.5 Case Studies of Organizations that Abandoned Ethical Standards

2.5.1 Case study 1: Enron Corporation

Enron Corporation, a former powerhouse in the energy industry, was once highly regarded for its innovative business strategies and financial success. However, in the late 1990s and early

2000s, the company's unethical practices came to light, ultimately leading to its collapse in 2001 (Robinson & Robinson, 2022). Dewan (2021), highlighted that Enron's ethical misconduct primarily revolved around its financial reporting and accounting practices. The company engaged in fraudulent activities, such as intentionally falsifying financial statements to mislead investors, overvaluing assets, and hiding debt. Enron employed complex financial structures and off-balance sheet transactions to manipulate its financial performance and inflate its profits. The lack of adherence to ethical standards had severe long-term consequences for Enron. The company's true financial health was eventually uncovered, revealing massive losses and unsustainable debt. As a result, Enron filed for bankruptcy in December 2001, making it one of the largest corporate bankruptcies in history up to that point (De Colle & Freeman, 2023).

Hutchison (2021), noted that Enron's collapse had far-reaching consequences with shareholders lost billions of dollars as the value of their investments plummeted and thousands of employees lost their jobs as the company liquidated its assets and dissolved. Additionally, Robinson & Robinson (2022), noted that Enron's bankruptcy exposed the failings of regulators and auditors, leading to increased scrutiny and reforms in corporate governance and financial reporting practices. The legal consequences of Enron's unethical behavior were significant as well. Numerous executives, including CEO Jeffrey Skilling and Chairman Kenneth Lay, were indicted and convicted on charges related to fraud, conspiracy, and insider trading. Further, Dewan (2021), pointed that several top executives received lengthy prison sentences, highlighting the severity of the crimes committed. Enron's reputation was irreparably damaged as a result of its ethical misconduct. The case of Enron serves as a cautionary tale of the catastrophic consequences that can result from abandoning ethical standards. It is a stark reminder that short-term gains achieved through unethical practices can ultimately lead to long-term devastation for individuals, companies, and society as a whole (De Colle & Freeman, 2023).

2.5.2 Case study 2: Volkswagen emission scandal

Volkswagen, a well-known automobile manufacturer, was embroiled in a major ethical scandal involving the manipulation of emission control systems in its vehicles. This unethical practice involved the installation of software that allowed the vehicles to recognize when they were being tested for emissions and adjust their performance accordingly to pass regulatory tests (Ameen, 2020). Fey and Amis (2023), explained that Volkswagen vehicles emitted significantly more pollutants, such as nitrogen oxide, during regular on-road driving than they did during laboratory tests. This violation of ethical standards had several negative impacts on Volkswagen's financial performance and brand reputation. Firstly, the company experienced a significant decline in sales as consumers lost trust in the brand and its vehicles. Many customers were outraged upon learning that they had purchased cars that were not as environmentally friendly as advertised. Additionally, Fitzgerald and Spencer (2020), noted that Volkswagen faced severe legal consequences stemming from the scandal as the company was hit with enormous fines, totalling billions of dollars, from governments around the world for violating emissions regulations. Furthermore, numerous lawsuits were filed against the company, seeking compensation for the damage caused by the increased pollution. These legal battles further tarnished Volkswagen's reputation and drained the company's financial resources (Tanner & Groos, 2022).

According to Ameen (2020), the emission scandal also caused long-lasting damage to Volkswagen's brand reputation and the incident revealed a lack of integrity and transparency within the organization, eroding the trust of consumers, stakeholders, and the general public. The company's core values came into question, and it faced a backlash from environmental advocates and industry experts. In response to the scandal, Fey and Amis (2023), pointed that Volkswagen implemented various measures to address the ethical violations and rebuild its reputation. The company fired several top executives involved in the scandal, implemented stricter internal controls, and invested heavily in electric and hybrid vehicles to demonstrate its commitment to sustainability. Kano et al. (2023), noted that Volkswagen emission scandal serves as a cautionary tale of an organization abandoning ethical standards. The violations resulted in significant financial losses, damaged the company's reputation, and required extensive efforts to restore trust.

2.6 Importance of Ethical Leadership in Upholding Standards

Ethical leadership is crucial in upholding standards within organizations as it sets the tone for positive organizational culture, promotes trust and integrity, ensures compliance with laws and regulations, enhances decision-making, nurtures respect and responsibility, and contributes to positive reputation (Bryant & Merritt, 2021). Ethical leadership represents not only the right thing to do but also contributes to long-term success and sustainability of organizations (Cheng et al., 2019). One of the primary roles of leaders in setting ethical standards is to lead by example, as when leaders consistently demonstrate integrity, honesty, and ethical decision-making, it establishes strong foundations for ethical behavior within organizations, and employees are more likely to adhere to ethical standards when they see their leaders are also committed to ethical conduct (Zhang, 2020). Leaders must communicate the importance of ethical behavior to all members of the organization, as through clear and consistent messaging, leaders can convey the significance of upholding ethical standards and the impact it has on organizational values, reputation, and long-term success (Sharma et al., 2019). Leaders need to ensure that ethical guidelines are integrated into all aspects of organizational operations, which means embedding ethical considerations into decision-making processes, policies, procedures, and practices (Peng & Kim, 2020).

When leaders prioritize ethical leadership, it creates several benefits for organizations, first cultivating cultures of trust and respect within organizations where employees feel secure knowing their leaders are committed to doing the right thing, creating environments where they feel comfortable reporting unethical behavior or seeking guidance on ethical dilemmas (Suifan et al., 2020). Ethical leadership helps protect organizational reputation and brand, as when leaders actively promote and enforce ethical behavior, it minimizes risks of ethical misconduct that can lead to legal issues, public backlash, or damage to organizational reputation, ensuring organizations are perceived as trustworthy and reliable, which attracts customers, investors, and partners (Zhang, 2020). Strong ethical standards foster employee loyalty, engagement, and motivation, as employees who are proud of organizational ethical stance are more likely to be committed to their work, resulting in increased productivity and performance (Sharma et al., 2019). Ethical leaders tend to make fair and just decisions, which can lead to positive outcomes for all stakeholders involved (Uhl-Bien et al., 2020). The importance of ethical leadership in upholding standards cannot be overstated, as leaders play critical roles in setting and maintaining ethical standards by leading by example, communicating the importance of ethical behavior, and integrating ethical guidelines into all aspects of organizational operations, and through their commitment to ethical leadership, leaders foster cultures of trust, protect organizational reputation, and contribute to long-term success and sustainability (Johnson, 2020).

2.7 Benefits of ethical leadership in driving long-term success and profitability

Ethical leadership plays a crucial role in upholding standards within organizations by setting strong examples and adhering to ethical principles, as leaders create environments that foster integrity and promote ethical behavior throughout organizations, ultimately leading to various benefits including long-term success and profitability (Bryant & Merritt, 2021). First and foremost, ethical leaders inspire trust within their teams, as when leaders consistently demonstrate honesty, transparency, and fairness, employees feel more comfortable and confident in their leadership, and this trust is essential for effective communication, collaboration, and teamwork, creating safe environments where employees can freely express themselves and share ideas, leading to increased productivity and efficiency within organizations (Bryant & Merritt, 2021). Motivation represents another key aspect of ethical leadership, as ethical leaders not only set clear goals and expectations but also motivate employees to achieve them in ethical manners by providing clear sense of purpose and fostering positive work culture, inspiring team members to work towards common objectives ethically and responsibly, and this drive and motivation often result in higher levels of employee performance and commitment to organizational goals (Zhang, 2020).

Ethical leadership contributes to improved employee morale, as when employees see their leaders behaving ethically and treating everyone with respect and fairness, they feel valued and appreciated, and this positive work environment leads to greater job satisfaction and overall well-being, reducing turnover and improving employee retention rates (Lee et al., 2019). When employees are satisfied and committed to organizations, they are more likely to put in their best efforts, leading to increased productivity and profitability (Lee et al., 2019). Organizations led by ethical leaders are more likely to gain customer loyalty, as ethical leaders prioritize customer satisfaction and strive to deliver products or services that meet or exceed customer expectations by prioritizing honesty, transparency, and delivering on promises, which fosters trust and loyalty among customers, leading to repeat business, positive word-of-mouth referrals, and enhanced reputation, ultimately driving long-term success and profitability (Kharkheli & Gavardashvili, 2023).

Ethical leadership benefits organizations in terms of their relationships with stakeholders, as ethical leaders understand the importance of maintaining positive relationships with shareholders, suppliers, partners, and the wider community by prioritizing open and honest communication, ethical decision-making, and social responsibility, earning respect and support from stakeholders and leading to increased collaboration, partnerships, and favorable business opportunities (Peng & Kim, 2020). Ethical leadership is crucial for upholding standards within organizations and driving long-term success and profitability (Wang et al., 2019). By inspiring trust, motivating employees, fostering positive work culture, and prioritizing ethical behavior, leaders create environments that attract and retain talented individuals, improve employee morale, gain customer loyalty, and build positive relationships with stakeholders, and ultimately, this ethical foundation leads to sustainable growth, enhanced reputation, and profitability for organizations (Lubis & Hanum, 2020).

2.7 Strategic Advantages of Ethical Organizations in Attracting Talent and Investors

Ethical organizations hold strategic advantages when it comes to attracting both talented individuals and investors, as these organizations are widely seen as reputable, socially responsible, and conducive to personal and professional growth, making them highly attractive to talented individuals seeking job opportunities (Mishra & Aithal, 2023). Ethical organizations tend to appeal to investors who prioritize sustainable and socially responsible investments, thereby enhancing financial support and potential growth opportunities (Kuenzi et al., 2020). One of the main reasons talented individuals are drawn to ethical organizations is the reputation they hold for prioritizing ethical practices, as these organizations have established themselves as leaders in their industries by demonstrating commitment to integrity, transparency, and fairness, and when job seekers come across ethical organizations, they are more likely to view them as desirable places to work since this aligns with their own values and aspirations, and

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the knowledge that they will be working for companies that uphold strong ethical standards can provide sense of pride and purpose, ultimately attracting top talent (Svara, 2021).

Ethical organizations are often renowned for their dedication to social responsibility by prioritizing initiatives such as environmental sustainability, community engagement, and employee well-being, and these organizations project positive images that not only help attract talented individuals but also enhance their overall reputation, making them more appealing to potential investors (Ilyas et al., 2020). Ethical organizations are often viewed as being forward-thinking and visionary, capable of making positive impact on society, and investors who prioritize sustainable and socially responsible investments are more likely to be drawn to these organizations, seeing them as profitable ventures that align with their own values and beliefs (Suifan et al., 2020). The investment community recognizes long-term benefits associated with ethical organizations, as such organizations tend to implement robust risk management practices and focus on sustainable growth, which can lead to greater financial stability and profitability, and ethical organizations are often forward-looking in their strategies, anticipating and adapting to changing social, environmental, and economic factors, and this approach not only mitigates risks but also positions organizations for growth and success in the long run (Yin et al., 2021).

Ethical organizations also tend to attract ethical investors who seek to make positive impact through their investments, as these investors prioritize companies that align with their own values and actively contribute to the betterment of society, and by investing in ethical organizations, they feel sense of fulfilment and purpose, knowing that their capital is being utilized in responsible and sustainable manner (Guo et al., 2023). Ethical organizations have higher likelihood of securing investment and accessing additional financial resources, which can fuel their growth and expansion plans (Teresi et al., 2019). The commitment to ethical practices, social responsibility, and sustainable growth positions these organizations as reputable, desirable places to work and invest, as talented individuals are drawn to ethical organizations due to their solid reputation, while ethical investors seek out such organizations to align their investments with their values, and ultimately, organizations that prioritize ethics can thrive and expand by benefiting from the support and contributions of top talent and ethical investors (Peng & Kim, 2020).

3.0 Conclusion

This research demonstrates that maintaining ethical standards is essential for organizations to sustain long-term success and profitability, as ethical standards create environments of fairness, justice, trust, and accountability that lead to positive relationships with employees, customers, and stakeholders. Organizations that adhere to ethical standards establish strong foundations built on integrity and transparency, resulting in satisfied and motivated employees who experience reduced turnover rates and increased productivity, while customers are more inclined to trust and support companies that demonstrate ethical behavior, leading to increased customer loyalty and profitability. Conversely, organizations that disregard ethical standards face significant negative consequences including employee dissatisfaction and disengagement that leads to higher turnover rates, disrupted operations, decreased productivity and efficiency, severely damaged company reputation that requires extensive time to recover, and lost business opportunities. The case studies of Enron Corporation and Volkswagen exemplify how abandoning ethical standards results in legal and regulatory consequences such as fines, legal action, and reputational damage, while potential partners and investors become hesitant to engage with unethical companies, leading to missed business opportunities and limited growth prospects. Organizations must prioritize ethical decision-making as a fundamental business practice by integrating ethical standards into all aspects of operations and embracing ethical leadership to create cultures that value integrity, honesty, and fairness, ensuring that ethical decision-making becomes ingrained in company core values and influences decision-making at all levels through promoting transparency, encouraging open communication, and holding individuals accountable for their actions. Ultimately, organizations that prioritize ethical decision-making are more likely to achieve sustainable success, preserve their reputation, and ensure long-term profitability by establishing strong ethical foundations that build trust, maintain positive relationships, and attract loyal customers and stakeholders, making ethical behavior not an optional add-on but rather a fundamental aspect of conducting business in today's society.

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