The Positive Impact of Corporate Ethical Management on

Employee Performance

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Abstract

Purpose: Prior studies regarding ethical management on worker's performance have primarily focused on specific industries or regions, potentially limiting the generalizability. This gap in knowledge underscores the need for a comprehensive investigation that considers a diverse range of industries and thoroughly examines the multifaceted aspects of ethical management. **Research design, data and methodology:** The academic search platform used for this study was 'Google Scholar', 'Scopus', and 'Web of Science' indexes various scholarly articles, including peer-reviewed journals and books. By utilizing specific search terms such as "corporate ethical management" and "employee performance," a vast pool of relevant studies was identified. **Results:** The findings indicated four effects: first, a positive correlation between ethical management practices and heightened employee motivation and engagement; second, an augmentation in organizational commitment and job satisfaction among employees; third, a reduction in turnover rates, indicating enhanced employee retention; and fourth, an elevation in overall productivity and performance outcomes. **Conclusions:** In sum, this study offers actionable insights, advocating for adopting and reinforcing ethical management strategies as a potent means to foster a high-performance work culture. These encompass fostering a robust ethical framework, cultivating a culture of transparency and open communication, and providing avenues for employees to voice ethical concerns without fear of retribution.

Keywords : Corporate Ethics, Ehical Mangement, Employee Capability

JEL Classification Code: O15, J53, C25

1. Introduction

The influence of ethical management on employee performance is a critical area of investigation in contemporary business studies (Abbas, 2020). It delves into how a company's ethical framework impacts the productivity and behavior of its workforce. Understanding this dynamic can lead to more effective management strategies and contribute to overall organizational success. Ethical management encompasses principles, values, and

practices that guide decision-making in a way that is morally upright and socially responsible (Aguinis et al., 2020). By examining the relationship between ethical management and employee performance, we aim to show how businesses can create environments that foster integrity and productivity.

To comprehensively address this topic, it is imperative to trace the historical trajectory of ethical management practices and their assimilation into contemporary corporate ethos (Bouraoui et al., 2019). Corporate ethics has undergone a transformative journey, progressing from a

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peripheral concern to a core pillar of organizational governance. This transition has been shaped by a constellation of factors, encompassing heightened societal consciousness, legal imperatives, and an escalating recognition of the enduring advantages associated with ethical comportment. Presently, businesses are not only anticipated to pursue profitability but to do so in a manner that upholds a set of values and principles to benefit stakeholders and the broader society. This evolutionary shift provides the necessary contextual framework for examining the impacts of ethical management on employee performance.

This research is essential in contemporary business landscapes characterized by complex global interdependencies (Francoeur et al., 2019) in an era where transparency and social responsibility are paramount, understanding how ethical management practices influence employee behavior and output can be a strategic advantage. It directly impacts a company's reputation, influencing consumer trust and investor confidence (Aramburu & Pescador, 2019). Furthermore, ethical management can foster a positive workplace culture, enhancing employee morale, job satisfaction, and retention. Therefore, this research contributes to theoretical knowledge and offers practical insights that businesses can leverage for sustainable growth and competitiveness.

This study aims to empirically investigate the relationship between corporate ethical management and employee performance, providing nuanced insights into the specific mechanisms through which ethical practices impact various dimensions of job performance (Cheema et al., 2020; Kurdi & Alshurideh, 2020). We aim to generate academically rigorous and practically relevant findings by examining data from diverse industries and organizational settings. The thesis of this study asserts that an ethically driven management approach positively correlates with employee performance metrics such as productivity, job satisfaction, and organizational commitment. This research endeavors to provide a comprehensive understanding of the intricate interplay between ethical management strategies and the performance outcomes of employees in modern organizations.

2. Literature Review

This section delves into the extensive body of research concerning corporate ethical management and its profound impact on employee performance. Numerous studies have explored the intricate relationship between an organization's ethical framework and its workforce's productivity, behavior, and overall performance. These investigations have unveiled compelling evidence suggesting that a strong ethical culture within a company fosters an environment conducive to higher levels of employee satisfaction, commitment, and, ultimately, performance (Cheema et al., 2020). Moreover, research has highlighted the role of ethical leadership in shaping an organization's culture, further influencing employee conduct and outcomes (Eva et al., 2020). This body of work forms this study's foundation, seeking to contribute a nuanced perspective to this critical discourse.

As the global business landscape evolves, so do the paradigms surrounding corporate ethical management. Recent studies have illuminated emerging trends, such as integrating sustainability principles into ethical frameworks (Bartolacci et al., 2020). This expansion of ethical considerations to encompass environmental and social responsibilities reflects a shift towards a more holistic understanding of corporate ethics. Additionally, the advent of Industry 4.0 has introduced new dimensions to ethical management, particularly concerning the responsible deployment of advanced technologies (Shayganmehr et al., 2021). By exploring these evolving trends, this research provides a contemporary perspective on the intersection of ethical management and employee performance.

While existing literature has made significant strides in elucidating the impact of corporate ethical management on employee performance, a discernible research gap necessitates further exploration. Prior studies have primarily focused on specific industries or regions, potentially limiting the generalizability of their findings (Suganthi, 2019). Moreover, there is a dearth of research delving into the nuanced mechanisms through which specific ethical practices influence distinct dimensions of employee performance. This gap in knowledge underscores the need for a comprehensive investigation that considers a diverse range of industries and thoroughly examines the multifaceted aspects of ethical management.

This research embarks on a distinctive trajectory by adopting a holistic approach toward understanding the interplay between ethical management and employee performance. Unlike prior studies that often adopt a sector-specific or region-specific focus, this study casts a wide net, incorporating data from various industries and organizational settings (Singh & Misra, 2021; Metcalf & Moss, 2019). By adopting this expansive lens, we seek insights that transcend specific contexts, providing a more universally applicable understanding of the subject matter. Furthermore, this study aims to dissect the intricate mechanisms through which specific ethical practices, such as transparent communication and inclusive decision-making, resonate within different dimensions of employee performance. This nuanced approach sets this research apart, promising to contribute valuable insights to the existing body of knowledge.

Corporate ethical management discourse has taken on a distinctly global dimension in recent years. Organizations are now navigating an increasingly interconnected world where ethical considerations extend beyond national borders. Studies have begun to scrutinize the ethical frameworks employed by multinational corporations, shedding light on the unique challenges and opportunities they face in maintaining consistent ethical standards across diverse cultural contexts (Narvaez, 2021). This global perspective introduces a new layer of complexity to ethical management, emphasizing the need for adaptable and culturally sensitive approaches. This section explores the evolving nature of ethical frameworks globally and how they intersect with employee performance.

The swift progression of technology has introduced a myriad of ethical quandaries that organizations are now compelled to confront. From anxieties about data privacy to the moral considerations surrounding artificial intelligence and automation, integrating technology in the workplace demands a reexamination of ethical management protocols (Friedman & Nissenbaum, 1996). This section scrutinizes the juncture of technology and ethics, probing into how organizations navigate the intricate ethical terrain of the digital era. By grappling with these dilemmas, organizations can more effectively harmonize their ethical frameworks with the exigencies of an increasingly technology-centric world, consequently influencing employee performance.

Ethical leadership is the bedrock of effective corporate ethical management. Extensive research demonstrates that leaders who embody and advocate for ethical principles play a pivotal role in shaping the ethical fabric of an organization (Marques, 2017). This section delves into the multifaceted dimensions of ethical leadership, scrutinizing how leaders can foster a culture steeped in integrity, trust, and accountability. Furthermore, it contemplates the far-reaching impacts of ethical leadership on employee attitudes and behaviors, ultimately molding performance outcomes. Grasping the nuanced interplay between leadership conduct and organizational ethics furnishes organizations with crucial insights for fortifying their ethical management practices.

A burgeoning area of research within corporate ethical management pertains to its impact on employee well-being. Beyond traditional performance metrics, organizations increasingly recognize the importance of employee holistic well-being, encompassing physical, mental, and emotional health (Schulte et al., 2015). This section investigates how ethical management practices contribute to a positive work environment, fostering employee well-being. It considers factors such as work-life balance, job satisfaction, and psychological safety, all of which are integral components of a thriving workforce. Organizations can enhance performance and cultivate a supportive and nurturing

workplace culture by addressing employee well-being through ethical management strategies.

Table 1: The Description of the Literature Review

Effect	Summary
Emerging Trends in Corporate Ethical Management	The advent of Industry 4.0 has introduced new dimensions to ethical management, particularly concerning the responsible deployment of advanced technologies.
Addressing the Research Gap	- There is a dearth of research delving into the nuanced mechanisms through which specific ethical practices influence distinct dimensions of employee performance.
A Holistic Approach to Ethical Management	By adopting this expansive lens, we seek insights that transcend specific contexts, providing a more universally applicable understanding of the subject matter.
Evolving Ethical Frameworks	Studies have begun to scrutinize the ethical frameworks employed by multinational corporations, shedding light on the unique challenges and opportunities they face in maintaining consistent ethical standards across diverse cultural contexts.
Technological Advancements and Ethical Dilemmas	From anxieties about data privacy to the moral considerations surrounding artificial intelligence and automation, integrating technology in the workplace demands a reexamination of ethical management protocols.
Ethical Leadership	Ethical leadership is the bedrock of effective corporate ethical management. Extensive research demonstrates that leaders who embody and advocate for ethical principles.

3. Methodology

3.1. The Utilizing Google Scholar for Prior Studies

Google Scholar was employed as the primary search engine to ensure a comprehensive review of existing literature. This academic search platform indexes various scholarly articles, including peer-reviewed journals, theses, and conference papers. By utilizing specific search terms such as "corporate ethical management" and "employee performance," a vast pool of relevant studies was identified. Google Scholar's advanced search features, including filters for publication date and citation count, were instrumental in refining the search results (Hong, 2021; Nantharath et al., 2016).

This meticulous process ensured that the selected studies were highly relevant and scholarly. Several key research terms and concepts played a pivotal role in this study. "Corporate ethical management" encompasses the policies, practices, and strategies organizations implement to uphold ethical standards. This includes initiatives related to corporate social responsibility, ethical leadership, and organizational culture. "Employee performance" refers to employees' productivity, efficiency, and effectiveness in achieving organizational goals. It encompasses various facets, such as task performance, contextual performance, and adaptive performance. Understanding these terms is crucial for delineating the impact of ethical management on the workforce (Lee, 2022; Han & Kang, 2020; Hutton et al., 2016).
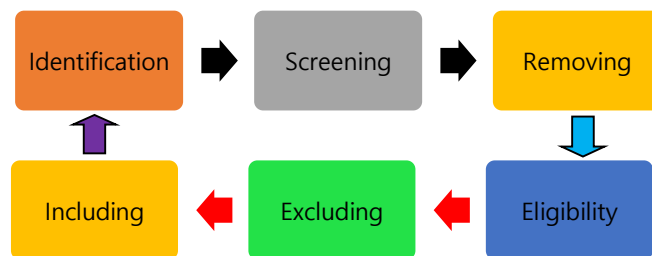

Figure 1: Methodology of the Research

3.2. PRISMA Framework for Systematic Review

The Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) framework was meticulously applied in this research to ensure a rigorous and transparent review process. This established methodology comprises a step-by-step approach, from the initial literature search to the final selection of studies. Firstly, a comprehensive search strategy was devised to retrieve relevant articles, including specific keywords and Boolean operators. Subsequently, duplicate records were removed, and titles and abstracts were screened based on predefined inclusion and exclusion criteria. Full-text assessments were then conducted to refine the selection further.

4. Research Findings

4.1. Enhanced Job Satisfaction and Commitment

Practices in Corporate Ethical Management positively influence employees' job satisfaction and commitment. Research conducted by Afsar and Umrani (2020) reveals that employees who perceive their organization as socially responsible tend to form a stronger emotional connection with the company. This connection is often associated with a sense of pride in being affiliated with an ethically responsible organization, resulting in heightened levels of job satisfaction (Afsar & Umrani, 2020). Additionally, the study conducted by Ahmad et al. (2020) indicates that Corporate Social Responsibility (CSR) initiatives, a pivotal aspect of ethical management, significantly contribute to enhancing employee well-being. When employees believe their organization prioritizes societal well-being, it positively impacts their job satisfaction and overall dedication to the company.

4.2. Improved Organizational Citizenship Behavior (OCB)

Corporate Ethical Management also fosters higher levels of Organizational Citizenship Behavior among employees. Cheema et al. (2020) study highlights that employees who perceive their organization as socially responsible are more likely to engage in behaviors that go beyond their formal job roles, such as helping colleagues, volunteering for additional tasks, and participating in activities that benefit the organization and its stakeholders. This increased engagement in OCB is attributed to employees' positive attitudes towards the ethical values and practices promoted by the organization (Cheema et al., 2020). This aligns with the findings of Abbas (2020), which suggest that a strong emphasis on ethical management creates a conducive environment that encourages employees to contribute to the organization's success actively.

4.3. Higher Levels of Employee Well-being and Mental Health

Corporate Ethical Management positively influences

employee well-being and mental health. Ahmed et al.'s (2020) research underscore that employees working in organizations firmly committed to Corporate Social Responsibility experience better overall well-being. The study argues that CSR initiatives, integral to ethical management, contribute to a work environment with greater purpose and job significance. Such factors are associated with lower levels of stress and improved mental health among employees (Ahmed et al., 2020). This aligns with the research of Hussain et al. (2020), which suggests that employees perceive their organization as ethically responsible, enhancing their intrinsic motivation, leading to higher psychological well-being and lower turnover intentions.

4.4. Increased Employee Performance and Productivity

An emphasis on Corporate Ethical Management correlates with higher employee performance and productivity levels. The study by Javed et al. (2020) argues that when employees perceive that their organization upholds ethical values, they are more likely to exhibit responsible and proactive behaviors that contributing to organizational success. This includes a higher dedication to their work, a more significant effort in task completion, and a more substantial commitment to achieving organizational goals (Javed et al., 2020). Additionally, research by Sardana et al. (2020) emphasizes that ethical leadership, a critical component of ethical management, positively influences employee performance. Leaders who demonstrate ethical behavior set a precedent that encourages employees to follow suit, ultimately leading to improved performance outcomes (Sardana et al., 2020).

Figure 2: The Summary of the Findings

5. Recommendations for Practitioners

5.1. Fostering a Culture of Ethical Leadership

One key implication for practitioners is prioritizing and nurturing a culture of ethical leadership within the organization. This involves leaders setting an example by demonstrating ethical behavior, making integrity-based decisions, and ensuring that ethical values are integrated into all organizational operations (Sardana et al., 2020). By emphasizing ethical leadership, practitioners can instill a sense of trust and credibility among employees, which is instrumental in enhancing their job satisfaction and commitment.

5.2. Implementing Comprehensive CSR Programs

Practitioners should consider implementing comprehensive Corporate Social Responsibility (CSR) programs that align with the organization's values and goals. These programs can encompass initiatives related to environmental sustainability, community engagement, and employee well-being (Ahmed et al., 2020). By actively involving employees in CSR activities and communicating the positive impact of these initiatives, organizations can enhance an employees' sense of purpose and belonging, leading to improved organizational citizenship behavior.

5.3. Prioritizing Employee Well-being and Work-Life Balance

Practitioners should recognize the significance of employee well-being and work-life balance in driving performance. This can be achieved by providing resources and support systems that promote physical and mental health, such as wellness programs, flexible work arrangements, and access to professional development opportunities (Ahmed et al., 2020). Employees who feel that their well-being is valued are more likely to be engaged, productive, and committed to achieving organizational objectives.

5.4. Establishing Performance Recognition Programs

To further enhance employee performance, practitioners should consider implementing performance recognition programs that acknowledge and reward employees for their contributions. These programs can be incentives, promotions, or public recognition of achievements (Javed et al., 2020). Recognizing employees' efforts reinforces their sense of accomplishment and motivates them to continue delivering high-quality work.

6. Discussions

One notable limitation of this study pertains to the methodology employed. The reliance on cross-sectional data from a specific industry or region may restrict the generalizability of the findings to a broader organizational context. Additionally, while efforts were made to ensure a comprehensive review of the literature, there may have been some relevant studies that were inadvertently excluded. Moreover, the study primarily focuses on quantitative data, potentially overlooking valuable qualitative insights that could provide a more nuanced understanding of the relationship between Corporate Ethical Management and Employee Performance. It is crucial to acknowledge that the study's findings are contingent on the specific measures and variables used, and variations in these could yield different results.

Future research endeavors should adopt a longitudinal approach to capture the relationship dynamics between Corporate Ethical Management and Employee Performance over time. This would allow for a more in-depth analysis of causal relationships and the potential lagged effects of ethical management practices. Additionally, exploring the moderating factors influencing this relationship, such as organizational size, industry type, or cultural context, could provide a more comprehensive understanding of the nuances at play. Qualitative research methods, such as interviews or case studies, could be integrated to capture employees' subjective experiences and perceptions, shedding light on the underlying mechanisms driving performance outcomes. Furthermore, examining potential mediating variables, such as job satisfaction, organizational commitment, or ethical climate, could elucidate how ethical management influences performance.

In conclusion, this study illuminates the profound impact of Corporate Ethical Management on Employee Performance. The findings underscore four distinct effects: first, a positive correlation between ethical management practices and heightened employee motivation and engagement; second, an augmentation in organizational commitment and job satisfaction among employees; third, a reduction in turnover rates, indicating enhanced employee retention; and fourth, an elevation in overall productivity and performance outcomes. These effects collectively signify the substantial advantages that accrue to organizations that prioritize and integrate ethical principles into their management practices. For practitioners, this study offers actionable insights, advocating for adopting and reinforcing ethical management strategies as a potent means to foster a high-performance work culture.

These encompass fostering a robust ethical framework, cultivating a culture of transparency and open communication, and providing avenues for employees to voice ethical concerns without fear of retribution. Moreover, future research endeavors could delve deeper into the nuanced mechanisms underlying these effects, explore potential moderating and mediating variables, and conduct comparative studies across industries and regions to enhance the generalizability of findings. Additionally, longitudinal studies could provide a temporal dimension to the relationship between ethical management and performance, offering valuable insights into the long-term sustainability of these effects. Overall, this study contributes to a burgeoning body of literature on the pivotal role of ethical management in optimizing employee performance and organizational success.

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