

Business Ethics and its Effect on Organizational Sustainability

Global Journal of Social Sciences Studies

Vol. 5, No. 2, 119-131, 2019

e-ISSN: 2518-0614



ID John Nkeobuna Nnah Ugoani

Department of Management Sciences College of Management and Social Sciences, Rhema University, Nigeria.

Email: john_ugoani@rhemauniversity.edu.ng Tel: +2348036066338

ABSTRACT

Business ethics today receives wide attention because of the need for the profitability and sustainability of global organizations. This study adopted the exploratory research design to evaluate the relationship between business ethics and organizational sustainability. Elements that influence business ethics and organizational sustainability include integrity, good corporate governance, among other variables. Integrity as a function of business ethics is crucial to minimize some of the problems of the business enterprise that could be created by weak and imperfect corporate governance mechanisms and therefore focusing on growth maximizing strategies. Business ethics have many dimensions, but the purpose of business ethics, as a discipline of study is not very much about to teach the difference between right and wrong, but to give individuals the tools for dealing with matters of moral complexity, so that they can identify and reason through the perspectives of the moral implications of strategic business decisions. To this extent therefore, the major task of business ethics is to make two central points; that business decisions do have an ethical component, and that management must always weigh the ethical implications of strategic business decisions before taking action. 77 respondents participated in the study and data analyzed through descriptive, multiple correlation and regression statistical techniques showed strong positive relationship between the variables of study. Further study in this area could examine the relationship between business ethics and industrial failure. It is important that issues leading to environmental degradation must be minimized to enhance its sustainability and prosperity of industrial organizations.

Keywords: Industrial organizations, Profitability, Integrity, Sustainability, Corporate social responsibility, Environmental social governance, Sustainability disclosure guidelines, Sustainability reporting, Green management.

DOI: 10.20448/807.5.2.119.131

Citation | John Nkeobuna Nnah Ugoani1 (2019). Business Ethics and its Effect on Organizational Sustainability. Global Journal of Social Sciences Studies, 5(2): 119-131.

Copyright: This work is licensed under a [Creative Commons Attribution 3.0 License](https://creativecommons.org/licenses/by/3.0/)

Funding: This study received no specific financial support.

Competing Interests: The author declares that there are no conflicts of interests regarding the publication of this paper.

History: Received: 21 May 2019/ Revised: 26 June 2019/ Accepted: 30 July 2019/ Published: 2 September 2019.

Publisher: Online Science Publishing

Highlights of this paper

- This paper is one of the very few new studies to establish strong positive correlation between business ethics and organizational sustainability.
- It emphasizes that integrity of the BODs of any corporate organization is the key to its success.
- The paper propagates that environmental degradation must be minimized for industrial sustainability.

1. INTRODUCTION

Business ethics is necessary for organizational sustainability because business organizations are important not only in themselves but also because of their contributions to the growth of the economic system and the benefits they bring to the people who are the consumers of goods and services. Business is often the basis of economic decisions and functional management for the progress of the economy. The economy is organized into a variety of functional institutions. This involves the individuals and organizations which not only use the factors of production to make goods and services available to consumers but which also help to protect and conserve ethics. One of the major functional institutions is the business organization which includes the manufacturer, the banker, the transporter, among others. These organizations require the enforcement of business ethics for success and sustainability. In broad terms, ethics are principles that explain what is good and right and what is bad and wrong and that prescribe a code of behavior based on such practical definitions. On the other hand, business ethics provide standards or guidelines for the conduct and decision-making for the guidance of management and stakeholders. It is understood that in the absence of code of ethics, there is usually a lack of consensus about appropriate ethical principles, and different people use different ethical criteria to determine whether a practice or behavior is ethical or unethical. Even though business ethics are not the same thing as laws but laws and ethics are related in some specific ways and situations as both seeks to enforce compliance. Business ethics are necessary to ensure ethical business decision-making and to this extent more than 90 percent of global sustainable organizations have code of ethics and have huge regard to prevailing laws. A code of ethics is a formal statement of the organization's ethics and values that is designed to guide the employees conduct in a variety of business situations. Business ethics relate to corporate credos like the popular Johnson & Johnson Credo. A corporate credo indicates a company's responsibility to its stakeholders, such as individuals and groups who have an interest in the performance of the enterprise and how it uses its resources. Gomez-Mejia and Balkin (2002) posit that stakeholders include employees, customers, and shareholders. They state also that a corporate credo focuses on principles and beliefs that can provide direction in a variety of ethically challenging situations. Good corporate credos often emphasize corporate social responsibility (CSR) ethical corporate social responsibility (ECSR) good corporate governance (GCG) as well as the need for business profitability and sustainability. Sustainability is often confused with CSR, but the two are not the same. However, according to Wales (2013) marketing theory suggests that CSR is about brand, image reputation, cost reduction, risk management and access to capital. Therefore, achieving objectives in these directions will make any business *sustainable*, in which case it could be argued that sustainability may be an *outcome* of CSR. Organizational sustainability is directly linked to sustainable growth which encompasses a business model that creates value consistent with the long-term preservation and enhancement of financial, environmental, ethical and social capital. The essence of sustainability in an organizational context is the principle of enhancing the societal, environmental and economic systems within which a business operates. Organizational survival which may be explained as organizational sustainability stresses on the concept of shared values which state that companies will have to develop a broader sense of what value means to society as a whole. Kanter (2011) argues that companies increasingly not only want to make money but also to invest in the future while being aware of the need to build people and society. It is therefore eloquently argued that the growth, continuity and survival of any

organization providing goods or services is highly dependent on the economic, environmental and social conditions in the communities in which it operates, and this then supports the lucid argument that the key aspects of business ethics are basic and foundational to organizational sustainability (Aupperle *et al.*, 1985; Dolf, 2000; Aimkij *et al.*, 2013).

1.1. Conceptual Framework

A conceptual framework is a structure of the research idea or concept and how it is arranged with regard to the research problem and in relation to relevant literature. This is often summarized in a schematic model that presents the major variables and their hypothesized relationships. The conceptual framework of this study as reflected in Figure 1 was based on the distinctive assumption that business ethics would encompass the elements of integrity, CSR, ECSR, as well as good corporate governance principles so as to effectively promote organizational sustainability. Integrity and ECSR are central in business ethics for organizational survival and sustainability because in business decision-making they bear on ethical requirements that cement the relationship between business and society. Environmental social governance and (ESG) is also an important element of business ethics that contributes to organizational sustainability (Kasum *et al.*, 2017; Ugoani, 2018a).

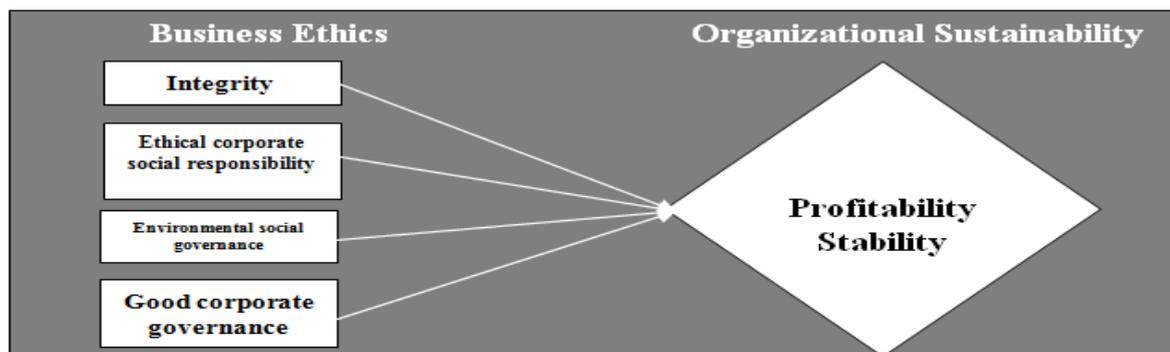


Figure-1. Business ethics and organizational sustainability model.

Source: Author designed (2019).

Models are representatives of reality and they have been often used in management research to explain, clarify and understand issues that would otherwise be buried in excess of words (Cleary, 1992; Keeves, 1997). A model in research is a demonstration of how the research process works or will work. According to Asika (2004) a model is the precursor of design in research. He posits that there are four (4) types of models that are popularly used in research, including analytical models. An analytical model is a description of the interrelationships among the variables, both dependent and independent variables of the research problem designed to represent the research process leading to the solution of the problem. Integrity as function of business ethics is crucial to minimize some of the problems of the business enterprise that could be created by weak and imperfect corporate governance mechanisms and focusing on growth-maximizing strategies. Business ethics have many dimensions, but the purpose of business ethics, as a discipline of study is not very much about to teach the difference between right and wrong, but to give individuals the tools for dealing with matters of moral complexity, so that they can identify and reason through the perspectives of the moral implications of strategic business decisions. Hill and Jones (1995) posit also, that the task of business ethics, therefore, is to make two central points, that business decisions do have an ethical component, and that management must weigh the ethical implications of strategic business decisions before selecting a course of action. Keeping in view the essence of CSR, which is the sense of obligation on the part of the company to build certain social criteria into its strategic business decision-making, they insist that this concept in

the context of business ethics, implies that when companies evaluate business decisions from an ethical perspective, there should be a presumption in favour of adopting courses of action that enhance the welfare of society at large. These eminent scholars argue that in its purest form, CSR can be supported for its own sake because it is the right way for a company to behave, and less pure but perhaps more practical arguments suggests that socially responsible behavior is in the company's self-interest. CSR now extends to ESG that focuses on enhancing environmental sustainability because no organization can ever survive without natural resources like land, and this can best be pursued in an atmosphere of GCG architecture. While ethics, business ethics, morality and norms interrelate with CSR, sustainability on the other hand obliges businesses to make trade-offs to safeguard and enhance intergenerational equity against myopic short-sectional sustainability (Friedman, 1970; Porter and Kramer, 2006a;2006b; Van de Ven, 2008; Nidumolu *et al.*, 2009; Eccles *et al.*, 2011; Zaid and Al-Manasara, 2013).

1.2. Research Problem

The return of interest in business ethics that began in the 1970s was in realization that businesses could be tempted to act immorally and unethically whenever necessary in pursuit of profit. This interest grew rapidly in later years and almost reached a crescendo in the 2000s when it became clearer that many heavy global businesses like Enron collapsed for the most part, due to breaches in GCG and business ethics. It is now believed, more than ever before, that business ethics are also instrumental to the pursuit of long-term profit for the business, as well as prosperity and sustainability for the organization and society as a whole. Organizational sustainability thrives on integrity of the board of directors (BODs). Integrity is an ethical issue and for sound corporate performance, the OECD principles of corporate governance state that the BODs should exercise leadership and judgment, with enterprise and integrity, so as to achieve continuing prosperity for the corporation. The BODs should also act in the best interests of the business enterprise in a manner based on transparency, accountability to shareholders and responsibility to stakeholders. Emphasis is put on integrity as an important ethical factor in enterprise prosperity and continuity (Ezeh, 2019). Organizations will not adequately meet its goals and ensure sustainability where there are breaches in business ethics and standards. For example, the accounting and auditing scandals that led to the collapse of Enron, WorldCom and many banks in the 1990s/2000s, and the misfortune of Cadbury Nigeria Plc border on management ineffectiveness, indiscipline and failure to observe the principles of business ethics. Discipline relates to the theory of ethics which Kant (1724 – 1804) thought as what is morally right or wrong in social conduct. Business ethics therefore demands a high dose of discipline among members of the BODs of a company or any other organization to be able to run the organization professionally along ethical lines. A major challenge of the application of business ethics in many global organizations is the quest for profitability instead of sustainability. Profitability often has a short-term dimension as against sustainability dimension that is future-oriented. The inability of BODs to clearly interpret and understand the Friedmanian theory that while CSR of any business is to increase its profits ethical values drive wealth creation and rooted in the organizational cultures of the wealth-creating opportunities. Although this is frequently forgotten because of the prominence usually given to the value-empty economic theory of profitability. The issue is that the BODs should apply business ethics by responding to public opinion as expressed by customers, by pressure groups or trade unions or by rules, regulations and laws. This will reflect an organization suitably structured to effect GCG, as well as reporting systems structured to provide ethical values, transparency and accountability. This will support the Porterian theory of creating shared value, and recognizing that the interest of different stakeholders receives responsible weight (Trevino, 1986; Gellerman, 1989; Van Marrewijk, 2003; Adeyemi and Olamide, 2011; Porter and Kramer, 2011; Okaro and Okafor, 2013). In view of the various organizational problems linked to breaches in business ethics, this

researcher believes that the solution lays in continuous search for the right answer. Even though business ethicists propagate that every business should take the ethical path to ensure sustainability the extent to which this can be achieved is yet to be determined.

1.3. Research Objective

The study was designed to explore the relationship between business ethics and organizational sustainability.

1.4. Research Significance

The study reinforces the idea that unlike ethics which focuses on the body of moral principles that determine what is right or wrong in social conduct, business ethics in addition focuses on organizational culture, rules, regulations, procedures, laws, and practices with regard to productivity, services and relationship with employees and other relevant stakeholders. Specifically, organizational issues that require the application of business ethics include customer relationships, performance appraisal, discipline, business strategy as well as business-government relationships. Business ethics also direct attention toward Sustainability Disclosure Guidelines (SDGs) as well as organizational sustainability reporting. These are vital and significant measures that if applied by organizational leadership have the potential of enhancing the chances of organizational success, growth and sustainability. ESG lends credence to the Porterian view of strategic environmental assessment and reporting (EAR) as a major tool in understanding a firm's environment so as to identify and develop competitive strategic structures that would enhance the sustainability of the industrial organization (IO). It is now, common knowledge that strong culture based on business ethics is responsible for establishing long range sustainability strategy and environmental policy by successful global organizations like Ford Motors that now has a sustainability portfolio at the executive management level. Ethical business roles and practices involve means of forestalling legislative and stringent government regulations. According to [Sharafa \(2014\)](#) business ethics require organizations to contribute toward a just and fair society, while also ensuring that environmental pollution is brought under control. A significant dimension of ethics and organizational sustainability also stems from the fact that organizations need to retain the huge amount of social power and confidence placed on their shoulders by the people and the environments within which they operate. Therefore, business ethics should ensure the alignment of business goals through the creation of a suitable decision making process that incorporates stakeholder value. Business ethics are equally intrinsically necessary in building the organizational awareness, understanding and psychological commitment as the ingredients to effective policies and strategies to push the momentum for organizational sustainability ([Mabey and Mayon-White, 1993](#); [Schwepker and Good, 2010](#); [Johnson et al., 2011](#); [Amadi, 2018](#)).

2. LITERATURE REVIEW

Business ethics are critical to effective business leadership. According to [Akanwa and Agu \(2005\)](#) the leadership role of business in the society makes it imperative for management to champion the course of ethical conduct in business. They observe that without ethical business practices, there would be irrationality, irresponsibility, illegality and corruption that would lead to the unsustainability of the business. The government as the supreme authority in the regulation of business in society relies much on business ethical principles in the enactment and enforcement of legally established standards for business behavior and activities. Business ethics which can be defined as the ability and willingness to reflect on values in the course of organizational decision-making process, to determine how value, and decision affect the various stakeholder groups are fundamental to organizational performance and sustainability. To this extent ethical business leaders strive for fairness and justice within the

confines of sound management and corporate governance practices. According to Sharafa (2014) ethical business practice is a means for organizations to comply with relevant environmental rules and regulations necessary to enhance the prosperity of the business. Ethical business practice promotes best management and best corporate governance practices, that result to the execution of CSR. He emphasizes that this is a kind of corporate self-regulation which is built into a business model. CSR operates as an inbuilt, self-controlling device used by an organization to monitor and ensure its compliance with laws, ethical stipulations and international business norms. CSR not only helps the organization to grow its profits and reputation, but it also lays the foundation for excellent long term prosperity (Griftn, 2002).

2.1. Business Ethics and CSR

Codes of ethics guide business behavior and address issues such as conflict of interest, behavior towards competitors, and other stakeholders. Codes of business ethics within an organization is perceived as an effective and efficient means of encouraging ethical practices in the organization, and particularly reinforce the *golden rule*. The employment of ethical business practices cannot be overemphasized to the extent that enhances overall corporate performance and sustainability in three important areas. The first area is productivity that is fundamental to organizational sustainability. Employees, in an organization are critical stakeholders and when management considers business ethics in its actions they can be positively treated and then be able to increase productivity (Ugoani, 2013). A second area where ethical business practices can enhance organizational performance and sustainability is by proactively and positively affecting inside stakeholders like supplies and customers. A positive public image can help an organization in maintaining competitive advantage, being ahead in profitability, as well as sustaining *good will* and *good reputation* (Onsongo et al., 2017). These are important elements that can provide a fertile ground for generational sustainability of the global organization. Also, ethical business practices can enhance organizational performance through the minimization of regulation by government and its agencies. According to Kaliski (2001) where companies are believed to be acting unethically the public is more likely to put pressure on legislation and other government agencies to regulate such businesses, or to enforce existing regulations. However, the contrary will be the case where they appreciate the need for business ethics. He asserts that without being ethical, companies cannot be competitive at either the national or global levels. It is also emphasized that while ethical management practices may not necessarily be linked to specific indicators of financial profitability, there is no inevitable conflict between ethical business practices and a company's emphasis on profitability. In regard to ethics and CSR the Friedmanian Theory suggests that a responsive corporate social policy may enhance a firm's long-term viability and that long-term profit maximization is *inexorably* linked to CSR. According to Pearce and Robinson (2003) when discussing business ethics it is also important to emphasize CSR because business does not function in a vacuum, but exists to serve, depends upon its environment, cannot be separated from it, and therefore, has a responsibility to ensure its wellbeing. They assert that the goal of every company is to maintain viability through long-term profitability and suggest that when a company behaves responsibly, benefits accrue directly to the bottom line. This also implies that when a company does not behave responsibly, the company and its shareholders suffer financially. It may therefore, be safer and better to regard CSR as a crucial component in the decision-making process of management that must determine, among other goals, how to maximize profits and enhance organizational sustainability. Despite any differences in approaches, many global firms including First Bank of Nigeria Plc now publish annual CSR activities that try to evaluate a company from the perspective of corporate citizenship pursuant to the global agenda on ESG and financial sustainability. The implication for business ethics and CSR is for organization to think long-term, invest heavily in the communities in which they

operate remains obsessive about profit maximization, and to fully integrate social responsibility into business policy on ethics and corporate governance (Blaga, 2013). Also according to Gruning (2001) for an organization to be effective, it should behave ethically and be socially responsible, which means that an organization engages in quality *relationship management* with its publics (Hellriegel *et al.*, 2001).

2.2. Business Ethics and ESG

Although the primary aim of a business is to earn profits but its primary function includes to satisfy stakeholders and to protect the environment. It is through the satisfaction of the stakeholders and the protection of the environment that the continued existence of the business will be guaranteed. Therefore, good business ethics provides the opportunity for compliance with ESG requirements in compliance with the current global agenda of green and sustainable finance and sustainability reporting to enhance business value, sustainable investment, corporate transparency and ultimately organizational performance and sustainability (Amadi, 2018; Ugoani, 2018b). Looking ahead into the future, some global companies like Ford Motors promotes long-range sustainability strategy and environmental policy. Other companies that have taken ESG and sustainability trend as important are enjoying profits. Business ethics and ESG ensure that companies pursue sustainability management imperatives by connecting sustainability principles to the core business, and actually implementing sustainability measures, through stakeholders' management, among other sustainability management tools and standards. The principles of ESG suggest that for a business to be truly sustainable, it must sustain not only the operating environment and its natural resources but also social resources, including customers, employees, investors, and suppliers. Corporate sustainability involves relevant environmental, social and ethical arrangements of the company which aim at the overall performance management system necessary for organizational sustainability. Mujtaba and Cavico (2013) argue that the term sustainability has emerged along with social responsibility and corporate governance as important subject matter for business today. They opine that sustainability encompasses legal, ethical, moral and social responsibility values. According to them the continuous success and sustainability of the business can only be achieved by adherence to four core values of economic, legal, ethical and social responsibility dimensions of the organization (Mujtaba, 2014). The general principles of business ethics, ESG, sustainability, corporate governance and CSR are related to a great extent and all aim at sustainability which is defined as the ability to meet the needs of present generation while taking into account the needs of the future generation (Hassan and Hutchinson, 1992; Stead and Stead, 1992; McKenzie, 1999; Lovins *et al.*, 2007; Reinhardt, 2007). Fostering sustainable behavior through ethical business practices and ESG will promote good management of forests, build resilient infrastructure, promote inclusive and sustainable industrialization, foster innovation and therefore promoting inclusion and sustainable economic growth, full and productive employment and decent work for all, necessary to achieve sustainable development by 2030 as envisaged by the United Nations (Pandey and Modh, 2017).

3. RESEARCH METHODOLOGY

Research is the process of arriving at dependable solutions to problems through planned and systematic collection, analysis and interpretation of data.

3.1. Research Design

A research design is the structure, programme and strategy upon which hypotheses are evaluated (Onwe, 2003). The exploratory research design was used for the study. A combination of qualitative and quantitative techniques can be used in exploratory research (Cresswell, 2009). This method is historical in nature and does not

often require a large sample or a structured questionnaire. [Abebrese and Smith \(2014\)](#) state that the strength of quantitative research design lies in its capacity to provide situated insights, rich details and thick descriptions. They emphasize that richness is provided by paying close attention to both concept, context and process ([Azorín and Cameron, 2010](#)).

3.2. Sources of Data

Data were collected from secondary and primary sources such as: books, journal articles, annual reports, government reports, newspapers, magazine, personal interviews, observations, surveys among others. Secondary data are information collected previously for some other purpose other than the research project at hand, whereas primary data are information gathered and assembled specifically for the research objective, at hand ([Aaker et al., 2004](#)). Each data collection method has advantages and disadvantages. However, according to [Nelson and Quick \(2003\)](#) the best approach is using multiple methods of collecting data because it offers the researcher a chance to cross check the information obtained through the various methods ([Lata, 2014](#)).

3.3. Population, Sample and Size

The population comprised of all the twenty four banks listed on the floor of Nigerian Stock Exchange (NSE). The banks were chosen as the unit of study because they were mostly affected by corporate governance and business ethics breaches during the last global business failure episode. The sample was selected through the judgmental method, while the size was determined using the sample ratio concept ([Obodoeze, 1996](#)).

4. PRESENTATION OF RESULT

Table-1. Profile of respondents (n = 77).

S/N	Description	Category	Total	Percentage
1	Gender	a) Female	27	35.06
		b) Male	50	64.94
2	Education	a) Diplomas	15	19.48
		b) Degrees	42	54.55
		c) Others	20	25.97
3	Age	a) 18 – 30 years	48	62.34
		b) 31 – 70 years	29	37.66
4	Experience	a) Below 10 years	20	25.97
		b) 11 – 30 years	35	45.45
		c) Above 31 years	22	28.58
5	Status	a) Low	18	23.38
		b) Middle	25	32.47
		c) High	34	44.15

Source: Fieldwork (2019).

Table 1 explained the profile of the 77 respondents.

3.4. Area of Study

The study was conducted in South-east Nigeria comprised of five states out of the thirty-six states in Nigeria. It is believed that the opinion of the people in the area is representative of the opinion of the people in Nigeria ([Ezejelue et al., 2008](#)).

3.5. Decision Rule

The decision rule for the mean cut-off point for the analysis of responses was at 3 points. According to Nwankwo (2011) this method is appropriate to answer research questions.

3.6. Analysis of Data

Data were analyzed through descriptive, correlation and regression statistical methods (Edmondson and McManus, 2007).

Table-2. Frequency and mean for responses to research questions.

S/N	Restatement of Research Questions	Scores					Σx	n	X̄	Decision rule @ 3 points
		SA	A	N	D	SD				
		5	4	3	2	1				
1	Integrity is not an element of business ethics.	10	5	4	8	50	148	77	1.92	Rejected
2	Business ethics promotes CSR.	45	20	2	2	8	323	77	4.19	Accepted
3	The environment is not critical to business sustainability.	15	2	3	10	47	159	77	2.06	Rejected
4	Business ethics enhances good corporate governance.	50	15	1	2	9	326	77	4.23	Accepted

Source: Fieldwork (2019).

Table 2 showed the result of the analysis of answers to the research questions.

Table-3. Multiple correlation analysis.

	Integrity	Ethics	ESG	GCG
OS	0.543**	0.649**	0.401**	0.875**

** Correlation significant at 0.01 level.

Table 3 showed the result of the multiple correlation analysis.

Table-4. Multiple regression analysis.

Model	GCG	R	R ²	Adj. R ²	B	t	Sig.
		0.875	0.766	.0765	0.980	26.256	0.000
	Integrity ethics ESG	0.894	0.799	0.796	0.346	19.214	0.000
					0.422	18.045	0.000
					0.170	5.866	0.000
					F 277.509, p<0.01		

Source: SPSS version 21.

Table 4 showed the result of the multiple regression analysis.

4.1. Discussion

The conceptual framework depicts the study argument that the critical elements of business ethics like integrity, good corporate governance, among others help to enhance organizational sustainability. Because of the nature of the study the respondents were selected from individuals knowledgeable enough to contribute to the success of the study. Out of the total respondents 50 or about 64.94 percent were male, while the rest were female, aged between 18 and 70 years. 15 or about 19.48 percent of them had diplomas, 42 or about 54.55 percent held degrees and the remaining 20 or about 25.97 percent had other qualifications, in addition to years of cognate experience. They were all responsible adults. At 1.92 points in Table 2(1) the respondents denied that integrity is

not an element of business ethics, and at 4.19 points they agreed that business ethics promote CSR. Also at 2.06 points they rejected the argument that the environment is not critical to business sustainability. This supports the earlier report of [Mujtaba and Cavico \(2013\)](#) that the environment is critical to business sustainability. At 4.23 points there was a chorus of agreement by respondents that business ethics are fundamental to good corporate governance. The multiple correlation in [Table 2](#) showed that at $r = .543$ business ethics have strong positive relationship with integrity at $r = .649$, with ethics, and strongly correlated with ESG, at $r = 0.401$, and with GCG at $r = .875$. Also the multiple regression analysis in [Table 3](#) with $R = 0.875$ showed strong positive relationship between business ethics and GCG, at $R = 0.894$ with integrity among others. The F-tests and t-tests were adequate at 0.01 level of significance. Correlation measures the strength and direction of relationship between two variables. It ranges from -1 or to +1.00. A correlation of +1.00 indicates that changes in one variable are always matched by changes in the other. A correlation of -1.00 indicates that increases in one variable are matched by decreases in the other; and a correlation close to zero indicates little linear relationship between two variables. Again, in regression analysis, there is an important measure R^2 , which measures the goodness-of-fit of the regression model. By this, it calculates the percentage of variation in the dependent variable accounted for by the independent variable(s). The possible values of R^2 range from 0 to 1.00. The closer R^2 is to 1.00 the greater the percentage of the explained variation. A high value of R^2 of about .80 or more would indicate that the independent variable is a good predictor of values of the dependent variable of interest. A low value of about .25 or less would indicate a poor predictor, and a value between .25 and .80 would suggest a moderate predictor ([Gujarati, 2003](#)). In this study the R, and R^2 values suggest strong positive relationship between the variables of the study. Therefore H_0 : was rejected and H_1 : accepted to assert that business ethics explain organizational sustainability. This is the crux of the study.

5. RECOMMENDATIONS

- i. Matters leading to environmental degradation must be minimized to enhance its sustainability and prosperity of industrial organizations.
- ii. Organizations around the world must intensify the enforcement of business ethics in their day-to-day operations so as to drastically reduce the common problems of fraud, bribery and corruption to promote their sustainability.
- iii. The principles of good corporate governance are to guide corporate organizations to follow the paths of accountability and transparency and these must be strictly applied for their growth, survival and sustainability.
- iv. Integrity remains a strong plank for business success. The BODs of public liability companies (PLCs) should at all times appoint people of proven integrity to run them for the interest of shareholders and other significant others.
- v. CSR helps to shore up the social capital of corporate organizations and this is a choice for all organizations of tomorrow.

5.1. Scope for Further Study

The present study was not exhaustive due to limitations of time and current relevant literature. Therefore, further study should examine the relationship between business ethics and industrial failure so as to proffer possible solutions.

6. CONCLUSION

This study explored the relationship between business ethics and organization sustainability on the concept that integrity, good corporate governance among others are critical components for organizational sustainability. 77 respondents participated in the study conducted through the exploratory research design to explain the problem of the study. Data generated and analyzed through descriptive, correlation and regression statistical methods should a strong positive relationship between the variables of the study. This is the interest of the study.

REFERENCES

- Aaker, D.A., G.S. Day and V. Kumar, 2004. Marketing research. 8th Edn., Hoboken, N: John Wiley.
- Abebrese, A. and R. Smith, 2014. Developing a phenomenological understanding of the influence of 'cultural survival mechanisms' as institutional artifacts in shaping indigenous enterprise cultures: A Ghanaian perspective. *Amity Business Journal*, 3(1): 11-31.
- Adeyemi, S.B. and T. Olamide, 2011. The perception of ethics in auditing profession in Nigeria. *Journal of Accounting and Taxation*, 3(7): 146-157. Available at: <https://doi.org/10.5897/jat11.021>.
- Aimkij, N., B.G. Mujtaba and T. Kaweevisultrakw, 2013. Green management sustainability and its economics impact. *Journal of Economics and Sustainability Development*, 4(6): 104 – 115.
- Akanwa, P.U. and C.N. Agu, 2005. Business ethics and social responsibilities. In P. U. Akanwa, and C. N. Agu (Eds), entrepreneurship theory and practice in Nigeria. Owerri: Resource Development Centre, pp: 93 – 109.
- Amadi, B., 2018. Listed companies henceforth must publish sustainability report – NSE. *WestAfrica Businesses*, 5(270): 15.
- Asika, N., 2004. Models and model building In research. In N. Asika (Ed), research methodology: A process approach. Lagos: Mukugamu & Brothers Enterprises. pp: 40 – 42.
- Aupperle, K.E., A.B. Carroll and J.D. Hatfield, 1985. An empirical examination of the relationship between corporate social responsibility and profitability. *Academy of Management Journal*, 28(2): 446-463. Available at: <https://doi.org/10.2307/256210>.
- Azorín, J.M. and R. Cameron, 2010. The application of mixed methods in organisational research: A literature review. *Electronic Journal of Business Research Methods*, 8(2): 95-105.
- Blaga, S., 2013. Rethinking business sustainability. *Review of Economics Studies and Research*, 6(1): 5 – 12.
- Cleary, R., 1992. Models as effective research tools. In D. M. Cavanagh and G. M. Rodwell (Eds), *Dialogues in educational research*. Darwin, NT: William Michael Press.
- Cresswell, J., 2009. *Research design: Qualitative, quantitative and mixed methods approaches*. London: Sage Publication.
- Dolf, M.C., 2000. Ethics and integrity awareness programme. Lagos: First Bank of Nigeria Plc.
- Eccles, R., I. Ioannou and G. Serafeim, 2011. The impact of corporate culture of sustainability on corporate behavior and performance. Harvard Business School Working Paper No 12 – 033.
- Edmondson, A. and S. McManus, 2007. Methodological fit in management field research. *Academy of Management Review*, 32(4): 1155 – 1179.
- Ezeh, C., 2019. There is hardly an ideal board chairman. *Saturday Sun*, 16(842): 48.
- Ezejelue, A., E.O. Ogwo and A. Nkemebe, 2008. *Basic principles in managing research projects*. 2nd Edn., Port Harcourt: Education Books Ltd.
- Friedman, M., 1970. A Friedman doctrine: The social responsibility of business is to increase its profits. *The New York Times Magazine*, 13(33): 32-33.
- Gellerman, S.W., 1989. Why good managers, make bad decisions. In K. R. Andrews (Ed), *Ethics in practice: Managing the moral corporation*. Boston: Harvard Business School Press.

- Gomez-Mejia, L.R. and D.B. Balkin, 2002. Strategy implementation. In L. R. Gomez-Mejia, and D. B. Balkin (Eds), Management. Boston, Irwin: McGraw-Hill, pp: 175-181.
- Griftn, G., 2002. Reputation management. Oxford: Capstone Publishing.
- Gruning, J.E., 2001. The role of public relations in management and Its contributions to organizational and societal effectiveness. Speech delivered in Taipei, Taiwan, USA: University of Maryland.
- Gujarati, D.N., 2003. Basic econometrics. 4th Edn., New York: McGraw-Hill.
- Hassan, M.H. and C. Hutchinson, 1992. Natural resource and environmental information for decision making. Washington, D. C: The World Bank.
- Hellriegel, D., J.J.W. Slocum and R.W. Woodman, 2001. Ethical behaviour and organizational culture. In D. Hellriegel, J. W. Slocum Jr. and R. W. Culture. In D. Organizational Behaviour 9th Edn, USA: South-Western College Publishing. pp: 529 – 530.
- Hill, C.W.L. and G.R. Jones, 1995. The purpose of business ethics. In C.W.L, Hill and G. R. Jones (Eds), strategic management, 3rd Edn, Bostom: Houghton Mifflin Company, pp: 55-61.
- Johnson, J.L., K.D. Martin and A. Saini, 2011. Strategic culture and environmental dimensions as determinants of anomie in publicly-traded and privately-held firms. *Business Ethics Quarterly*, 21(3): 473-502.
- Kaliski, B.S., 2001. Social responsibility and organizational ethics. In B. S. Kaliski, Finance. USA: Macmillan Reference, 2: 776 – 780.
- Kanter, R.M., 2011. How great companies think differently. *Harvard Business Review*, 89(11): 66 – 76.
- Kasum, A.S., D. Bamgbade and H.A. Abu-Kasum, 2017. Corporate social responsibility by public sector entities in Nigeria. *Amity Business Journal*, 6(1): 1-12.
- Keeves, J.P., 1997. Models and model building. In J. A. Keeves (Ed), *Educational research methodology and measurement: An international handbook*. 2nd Edn. Cambridge, UK: Pergamon.
- Lata, R.S., 2014. Non-performing loan and its impact on profitability of state owned commercial banks in Bangladesh: Empirical Proceedings of State Owned Commercial Banks in Bangladesh: An Empirical Study. Proceedings of 11th Asian Business Research Conference. 26 – 27 December, 2014, BIAM Foundation, Dhaka, Bangladesh: pp: 1 – 13.
- Lovins, B.A., H. Lovins and P. Hawken, 2007. A road made for natural capitalism: Harvard business review on green business strategy: USA: Harvard Business School Publishing Corporation pp: 65 – 98.
- Mabey, C. and B. Mayon-White, 1993. *Managing change*. 2nd Edn., London: Paul Chapman Publishing Limited.
- Mckenzie, M., D., 1999. *Fostering sustainable behaviour: An introduction to community-based social marketing*. Gabriola Island: New Society Publishers.
- Mujtaba, B.G., 2014. *Management skills and practices for global leadership*. Davie, Florida: ILEAD Academy.
- Mujtaba, B.G. and F.J. Cavico, 2013. Corporate social responsibility and sustainability model for global firms. *Journal of Leadership, Accountability and Ethics*, 10(1): 58-75.
- Nelson, D.L. and J.C. Quick, 2003. Purposes of scientific research: Applied and basic research. In D. L. Nelson, and J. C. Quick (Eds), USA, South-Western: *Organization Behaviour: Foundations, Realities and Challenges*. 4th Edn, pp: 656 – 671.
- Nidumolu, R., C.K. Prahalad and M.R. Rangaswami, 2009. Why sustainability is now the key driver of innovation. *Harvard Business Review*, 87(5): 56 – 64.
- Nwankwo, O.C., 2011. *A practical guide to research writing for students of research enterprise*. 4th Edn., Port Harcourt: Pam Unique Publishers.
- Obodoeze, F.O., 1996. *Modern textbook of research methodology*. Enugu: Academic Publishing Company.
- Okaro, S.C. and G.O. Okafor, 2013. Drivers of audit failure in Nigeria-evidence from cadbury (Nigeria) PLC. *Research Journal of Finance and Accounting*, 4(6): 14-17.

- Onsongo, A.N., H. Mberia and M. Jjuuko, 2017. The contribution of public relations practice to organizational effectiveness: A case of private universities in Rwanda. *International Journal of Computer Science and Technology*, 8(2): 155 – 169.
- Onwe, O.J., 2003. Research methodology. Unpublished M.Sc Lecture Notes. ESUT Business School, Enugu, Nigeria.
- Pandey, N. and S. Modh, 2017. Ecopreneurship—creative solution for sustainable energy management. *Amity Business Journal*, 6(1): 22-31.
- Pearce, I.J.A. and J.R.B. Robinson, 2003. Corporate social responsibility and profitability. In J. A. Pearce II, and R. B. Robinson, Jr. (Eds), *Strategic management: Formulation, implementation, and control*. 8th Edn Boston, Irwin: McGraw-Hill, pp: 43 – 46.
- Porter, M. and M. Kramer, 2011. Creating shared value. *Harvard Business Review*, 89(1-2): 62 – 77.
- Porter, M.E. and M.R. Kramer, 2006a. The link between competitive advantage and corporate social responsibility. *Harvard Business Review*, 84(12): 78-92.
- Porter, M. and M. Kramer, 2006b. Strategy and society: The link between competitive advantage and corporate social responsibility. *Harvard Business Review*, 89(1-2): 62-77.
- Reinhardt, L.F., 2007. Bringing the environment down to earth. *Harvard business review on green business strategy: USA: Harvard Business School Publishing Corporation*. pp: 41 – 64.
- Schweper, J.C.H. and D.J. Good, 2010. Transformational leadership and its impact on sales force moral judgment. *Journal of Personal Selling & Sales Management*, 30(4): 299-317. Available at: <https://doi.org/10.2753/pss0885-3134300401>.
- Sharafa, O.M., 2014. *Understanding: Management, governance & ethics featuring over 80 practice questions and answers on strategic management, risk management, corporate governance and ethics*. Lagos: Phodun Int’L Consulting Limited.
- Stead, W.E. and J.G. Stead, 1992. *Management for a small planet: Strategic decision making and the environment*. London: Sage Publication.
- Trevino, L.K., 1986. Ethical decision making in organizations. *Academy of Management Review*, 11: 1-17.
- Ugoani, J., 2018a. Exploring the relationship between ethics and corporate social responsibility and productivity in Nigeria extractive industry. *American Journal of Business and Society*, 3(2): 28-37.
- Ugoani, J.N., 2013. Ethical excellence through employees diversity management in Nigeria. *Management and Administrative Sciences Review*, 2(4): 343-352.
- Ugoani, J.N.N., 2018b. Effective management decision making and operational effectiveness in Nigeria. *Amity Business Journal*, 7(2): 1-8.
- Van de Ven, B., 2008. An ethical framework for the marketing of corporate social responsibility. *Journal of Business Ethics*, 82(2): 339-352.
- Van Marrewijk, M., 2003. Concepts and definitions of csr and corporate sustainability: Between agency and communion. *Journal of Business Ethics*, 44(2-3): 95-105.
- Wales, T., 2013. Organizational sustainability: What is it, and why does it matter. *Review of Enterprise and Management Studies*, 1(1): 38-49.
- Zaid, M.K.S.A. and E.A. Al-Manasara, 2013. The impact of corporate social responsibility dimensions on organizational attractiveness on Jordanian commercial banks. *European Journal of Business and Management*, 5(12): 175 – 183.

Online Science Publishing is not responsible or answerable for any loss, damage or liability, etc. caused in relation to/arising out of the use of the content. Any queries should be directed to the corresponding author of the article.