OPEN ACCESS Freely available online

Journal of Hotel & Business Management

Research Article

Sustaining Success: An Empirical Exploration of Ethical Practices and Organizational Longevity

K. V. N. Lakshmi, Usha Ranganayaki, Geetanjali Srinivas*

Department of Commerce, JAIN (Deemed-to-be University), Bengaluru, India

ABSTRACT

A spectrum of behaviors and policies governed by the principles of integrity, impartiality and accountability constitute ethical practices within an organizational framework. A fundamental component of an organization's ethical framework is the incorporation and consistent application of ethical standards in all aspects of its operations, including employee relations, consumer interactions, decision-making and community involvement. The significance of ethical practices has been further underscored by the globalization of business. Organizations that operate in locations with varying cultural and regulatory environments encounter the difficulty of navigating the ethical nuances that are specific to each setting. By embracing an all-encompassing viewpoint, this research attempts to reveal the ways in which cultural sensitivity and ethical adaptability bolster the resilience of organizations in an era of globalization. To analyze the responses of the participants, multiple response analysis, regression analysis and the Analysis of Variance (ANOVA) test were implemented. The significant impact of investor intentions regarding company accountability is further validated by the quantitative results, underscoring the critical importance of ethical considerations in shaping investment choices.

Keywords: Ethical practices; Investor behaviour; Regression analysis; Regulatory landscape; Investment decision

INTRODUCTION

The investigation of the sustained success and endurance of organizations has emerged as a central theme in the ever-evolving field of modern business. In addition to traditional indicators such as market share and profitability, there has been a growing focus on the significance of ethical practices in determining the longevity and sustainability of organizations. The present research examines the complex correlation between ethical behavior and the longevity of organizations, acknowledging the significant influence that ethical standards can exert on the overall vitality and robustness of businesses.

An organizational framework's ethical practices comprise a range of policies and behaviors that are governed by the principles of honesty, equity and accountability. A fundamental component of an organization's ethical framework is the adoption and consistent application of ethical standards in all aspects of its operations, including employee relations, consumer interactions, decision-making and community involvement.

A fundamental assumption underlying this inquiry is that ethical conduct should not be regarded as a mere regulatory or compliance obligation. On the contrary, it functions as a fundamental that can strengthen the identity of an organization and ensure its continued operations. This research investigates how the integration of ethical principles into an organization's culture can act as a catalyst for increased trust. This impact extends beyond the workforce to encompass external stakeholders, customers and the broader community.

Reputation and the ethical environment within an organization are inextricably linked. In a contemporary era characterized by

Correspondence to: Geetanjali Srinivas, Department of Commerce, JAIN (Deemed-to-be University), Bengaluru, India, E-mail: geetanjalisrinivas415@gmail.com

Received: 09-Sep-2024, Manuscript No. JHBM-24-33913; **Editor assigned:** 11-Sep-2024, PreQC No. JHBM-24-33913 (PQ); **Reviewed:** 25-Sep-2024, QC No JHBM-24-33913; **Revised:** 01-Oct-2024, Manuscript No. JHBM-24-33913 (R); **Published:** 08-Oct-2024, DOI: 10.35248/2169-0286.24.13.117

Citation: Lakshmi KVN, Ranganayaki U, Srinivas G (2024). Sustaining Success: An Empirical Exploration of Ethical Practices and Organizational Longevity. J Hotel Bus Manag. 13:117.

the exponential dissemination of information and heightened public scrutiny, ethical transgressions can frequently result in irreparable harm to one's reputation. As a result, this research carefully examines the relationship between the ethical commitment of an organization and its capacity to uphold a favorable reputation, which is a critical determinant of long-term success.

Furthermore, ethical conduct impacts not only the organization's immediate stakeholders but also the environment, society and regulatory agencies. By investigating the extent to which ethical conduct promotes the development of a favorable perception of corporate citizenship, this research evaluates the function of ethical conduct in facilitating amicable connections with the wider ecosystem within which the organization functions.

The significance of ethical practices has been further underscored by the globalization of business. Organizations that operate in locations with varying cultural and regulatory environments encounter the difficulty of navigating the ethical nuances that are specific to each setting. By embracing an all-encompassing viewpoint, this research attempts to reveal the ways in which cultural sensitivity and ethical adaptability bolster the resilience of organizations in an era of globalization.

The research will incorporate perspectives from various sectors as it advances, recognizing that the effects of ethical conduct may differ among industries. The research endeavors to offer a comprehensive comprehension of the varied ways in which ethical considerations impact the longevity of organizations by synthesizing data derived from case studies, surveys and interviews.

As a result, the investigation into the impact of ethical practices on the sustainability of businesses amounts to a comprehensive examination of the fundamentals of modern business operations. This study aims to provide valuable insights to the business community and academia by analyzing the complex relationship between ethics, reputation, corporate citizenship and global adaptability. Upon commencing this expedition, our aim is to elucidate the profound manners in which ethical principles which influence the fate of organizations, directing them towards enduring relevance and continued success in a world that is swiftly changing.

Statement of the problem

The impact of ethical practices on the longevity of organizations continues to be a subtle and multifaceted obstacle in the sphere of modern business. There is a need for a comprehensive comprehension of the precise mechanisms by which ethical practices influence the long-term success of various businesses, despite the increasing recognition of the critical role that ethical conduct plays in determining the sustainability of organizations. Recognizing the significance of ethics in the context of sustainable business operations is the subject of this paper.

The study places significant emphasis on the critical importance of ethical leadership in cultivating a corporate culture that values and upholds principles of honesty and accountability. According to Brown et al., there is scholarly consensus that leaders who demonstrate and advocate for ethical conduct establish a favorable ethical environment within the company, which subsequently impacts the conduct and choices of employees [1]. The significance of the relationship between ethical conduct and the reputation of an organization is emphasized in studies by Fombrun and Deephouse [2,3]. Reputational harm resulting from ethical lapses can then have an impact on the confidence of stakeholders, the relationships with consumers and the overall resilience of an organization. Sustaining a favorable reputation is identified as a critical determinant of an organization's sustainability. Scholars such as Donaldson et al., emphasize the difficulties that organizations encounter when attempting to navigate around a variety of ethical landscapes within the context of globalization [4]. The capacity to ethically adjust to diverse cultural and regulatory environments assumes paramount importance for multinational corporations, exerting a significant impact on their sustained viability. Industry-specific ethical challenges are the subject of research conducted by Weaver et al., and Arnold et al., [5,6]. They emphasize that the influence of ethical practices on longevity is sector-specific and nuanced. Comprehending these dynamics that are specific to each industry is critical in order to customize ethical approaches that correspond with the distinct challenges that each industry poses. According to Freeman et al., stakeholder theory posits that in the course of making decisions, organizations ought to take into account the concerns and welfare of every stakeholder [7]. Existing literature indicates that when organizations adopt a stakeholder-centric approach, they have a tendency to cultivate more favorable relationships, which in turn contributes to their long-term sustainability. The study conducted by Mitchell et al., examines the process through which organizations implement ethical principles in their day-to-day operations [8]. By examining the mechanisms by which ethical considerations are incorporated into routine decision-making processes, this body of literature illuminates the pragmatic dimensions of organizational ethics. The significance of the regulatory environment in shaping ethical conduct is underscored by scholars such as Hillman et al., [9]. According to the available literature, organizations that function within regulatory frameworks that are stringent are more inclined to maintain ethical standards, which has a positive impact on their long-term sustainability.

Scope of the study

The primary objectives of this research endeavor are to conduct an exhaustive examination of ethical challenges that are unique to each industry, assess the manner in which ethical principles are implemented in practice and examine the extent to which ethics can be adapted globally. It will determine the enduring effect of ethical behavior on the reputation of an organization by employing a longitudinal methodology. The research additionally investigates the impact of ethical practices that extend beyond regulatory compliance, leadership dynamics and quantitative stakeholder analysis. This comprehensive approach ensures that all aspects of the research are considered when assessing the longevity of organizations. Hypothesis includes:

H1-Accountability of the concern has no impact on the intention invest.

MATERIALS AND METHODS

Empirical research was conducted to know the investors about the factors that lead to the growth of businesses and how the different factors will affect growth.

Source of data

Primary research was conducted to collect response from the different respondents across different age groups and educational background. Sampling plan included a total of 101 respondents were interviewed to know their perception about the impact of different factors on the growth of the organizations.

Data collection instruments

Questionnaire was developed to analyse the responses of investors. Different parameters were developed to know the impact of these different factors on the growth of their companies.

RESULTS AND DISCUSSION

Data processing and analysis plan

Different statistical analysis was applied to analyse the responses of the respondents. For the study the following tests were applied:

Multiple response analysis: Different organizations have different ethical practices. Investors' perceptions were analyzed to know the most preferred ethical practices which would result in investor loyalty and further impact the longevity of the business (Table 1).

Majority of the investors perceived that fidelity and veracity is the most preferred ethical practice in the organization. The accountability of the concern is another ethical practice as preferred by the investors.

Regression analysis: The hypothesis that accountability of the concern has no impact on investment intentions was tested using regression analysis (Table 2).

The R2 is explaining an influence of 68% (approx.) of the company being accountable which is the predictor variable on the dependent one (intention to invest). This is explaining a moderate variation on the dependent variable.

ANOVA test: It is a statistical test used to analyze the difference between the means of more than two groups (Table 3). ANOVA test the significant value being less than 5%, is explaining a significant impact. Null hypothesis was rejected.

Table 1: Most preferred ethical practice frequencies.

Most preferred ethical practice[a]			
Investors	Responses		Percent of cases
	n	Percent (%)	
Accountability	79	20.80%	78.20%
Justice	62	16.40%	61.40%
Autonomy	67	17.70%	66.30%
Fidelity	87	23.00%	86.10%
Veracity	84	22.20%	83.20%
Total	379	100.00%	375.20%

Note: [a]Dichotomy group tabulated at value 1.

Table 2: Regression analysis.

Model	R	R^2	Adjusted R^2	Standard error of the estimate
1	0.822[a]	0.676	0.673	0.62

Note: [a]Constant where the accountability of the concern is most important.

Table 3: ANOVA test analyze difference between the means of more than two groups.

ANOVA[a]						
Model	**Sum of squares**		**Degree of freedom**	**Mean square**	**F-value**	**Significance**
1	Regression	79.45	1	79.45	206.794	0.000[b]
	Residual	38.035	99	0.384	-	-
	Total	117.485	100	-	-	-

Note: [a]Dependent variable: Intention to invest; [b]Predictors: Constant.

CONCLUSION

In summary, the research reveals that investors have a significant inclination towards regard integrity, honesty and responsibility as fundamental ethical standards within institutions. The significance of fostering trust by means of transparent and accountable behavior in influencing investor perceptions is emphasized further. The quantitative results provide additional support for the significant impact that corporate accountability has on the intentions of investors, underscoring the critical importance of ethical factors in shaping investment choices.

LIMITATIONS

The study's limitations include a relatively small sample size with 101 respondents, potentially limiting the generalizability of findings. Additionally, the focus on a specific number of participants may restrict the exploration of diverse perspectives within the broader organizational landscape. The study acknowledges the constraint of sample size and emphasizes the need for cautious interpretation of results in light of this limitation.

As indicated by the majority of investors, fidelity and veracity are the ethical practices most highly regarded by the organization. Fidelity and veracity are considered essential elements of ethical conduct by investors, underscoring their significance in the operations of organizations. Investors' pronounced preference for accountability is an ethical practices signifies a significant inclination towards transparent and responsible behavior. These results emphasize the importance of upholding investors' trust through the implementation of truthful and responsible procedures. The predilection for honesty, integrity and responsibility indicates that ethical considerations significantly impact the way investors perceive and make decisions.

The R^2 value indicates that the company's accountability explains approximately 68% of the variance in investors' intention to invest. The observed moderate variation indicates that the influence of corporate accountability on investors' intentions is significant. The results of the ANOVA analysis indicated a statistically significant effect, as the p-value was below 5%. As a result, the null hypothesis was rejected. The results indicate that investors' intentions to invest are considerably influenced by a company's accountability, highlighting the significance of transparent and responsible business practices.

REFERENCES

1. Brown ME, Treviño LK. Ethical leadership: A review and future directions. Leadersh Q. 2006;17(6):595-616.
2. Fombrun CJ. Realizing value from the corporate image. Harvard Business School Press, Boston. 1996.
3. Deephouse DL, Carter SM. An examination of differences between organizational legitimacy and organizational reputation. J Manag Stud. 2005;42(2):329-360.
4. Donaldson T, Dunfee TW. When ethics travel: The promise and peril of global business ethics. Calif Manag Rev. 1999;41(4):45-63.
5. Weaver GR, Trevino LK, Cochran PL. Integrated and decoupled corporate social performance: Management commitments, external pressures and corporate ethics practices. Acad Manage J. 1999;42(5): 539-552.
6. Arnold KA, Turner N, Barling J, Kelloway EK, McKee MC. Transformational leadership and psychological well-being: The mediating role of meaningful work. J Occup Health Psychol. 2007;12(3):193-203.
7. Freeman RE, Gllbert Jr DR. Business, ethics and society: A critical agenda. Bus Soc. 1992;31(1):9-17.
8. Mitchell MS, Reynolds SJ, Treviño LK. The study of behavioral ethics within organizations. Pers Psychol. 2017;70(2):313-314.
9. Hillman AJ, Keim GD. Shareholder value, stakeholder management and social issues: What's the bottom line? Strateg Manag J. 2001;22(2):125-139.