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Business Ethics And Organizational Performance In Manufacturing Firms In South-East, Nigeria

Ezeanyim, Ekene Ezinwa & Ezeanolue, Ekwutosi Theresa

Department of Business Administration,
Chukwuemeka Odumegwu Ojukwu University, Igbariam Campus
Anambra State, Nigeria

ABSTRACT

This work examines business ethics and organizational performance in south East Nigeria. The study investigates the effect of ethical climate, unethical standard practices, ethical culture and ethical behavior on organizational using selected manufacturing in South-East, Nigeria. The study reviewed relevant conceptual, theoretical and empirical literatures. The study was anchored on stakeholder theory Descriptive research design was adopted. The study was carried out in South Eastern of Nigeria comprises of Abia, Anambra, Ebonyi, Enugu and Imo states The population of the study 4871 comprised of all employees of the selected manufacturing firms South-East. Sample size of nine hundred and twenty seven (936) respondents was selected for the study using Borg and Gall formula. Questionnaire was employed as the main instrument of data collection. The study adopts face and content validity. The reliability of the instrument was achieved through the application of test re-rest and Spearman rank order correlation coefficient. The data generated were analyzed using frequency count and percentages in the analysis of research questions while research hypotheses were tested using panel regression analysis. It was found that ethical climate had significant positive effect on organization' performance in South-East Nigeria. Unethical standard practices had no significant positive effect organizational performance. Ethical culture had a significant positive effect on organization' performance. Ethical behavior had a significant positive effect on organization' performance in southeast Nigeria. The study concludes that business ethic had a positive significant effect on employee job satisfaction of academics staff of public universities in South-East. The study recommends among others that decision makers should set use of ethical conducts as priority towards improving organization performance by set adequate resources and commitment to achieve this ends. Manufacturing sector should have a workable system for identifying and resolving ethics problems. Such a system must be open, accessible and independent of the management bureaucracy and encourage whistle-blowing. Organizations should on a frequent basis identify with societal needs by helping to solve these problems as much as possible with utmost sincerity. Managers must ensure that the conducts of their employees are under control and that the dispositions of their employees as regard to their routine duties are monitored ethically.

Keywords: Ethical Climate, Unethical Standard, Ethical Culture and Ethical Behavior And Organizational Performance

INTRODUCTION

Over the years the term ethics in organizational performance has long been associated with management scholars and business leaders around the world. There is a broad agreement that as a matter of corporate policy, every organization should strive to be committed in a manner that is ethically transparent. The concept of ethics simply deals with how decisions affect other people and organization. Etuk (2014) ethics and morality are aspects of axiology concerned with what is good, what is beautiful and what is desired or preferred human conduct. Ethics is concerned with contemporary norms or standard of conduct that govern the relationship among human beings and their institution. Ebitu, and Beredugo, (2015) explains ethics as a set of moral principles or values used by organization to steer the conduct of the organization itself and its employees in all their business activities both internal and in relation to the outside world. Turyakira, (2018) argued that ethics in the word of organization business involve "ordinary decency" which encompasses such areas as integrity, honesty and fairness. Behaving in an ethical manner is seen as part of the social responsibility of organization, which itself depends on the philosophy that organizations ought to impact on the society in ways that go beyond the usual profit maximization objective. Business ethics is described as the ultimate rules which dominate the assessment of "what constitutes right or wrong, or good or bad human conduct in a business context" (Shaw, 2010).

The performance of an organization is sometimes based on the ethical work climate. Ethical work climate reflects the collective moral reasoning of organization members. Thus, strong ethical climate provides employees a foundation for thinking about moral issues (Abiodun, & Oyeniyi, 2014),. Although organization members may reason effectively about the right thing to do, translating reason into action depends on the moderating effect of two additional contextual factors; collective moral emotion (in the form of collective empathy) and collective ethical efficacy. Furthermore, the moral reasoning reflected in ethical climate is more likely to translate to ethical behaviour if members, care about those impacted by their actions (empathy) and Believe in their ability to successfully follow through in their decision (efficacy) (Branko, Drago, &Zoran, 2015) Thus, ethical climate, collective moral emotion and collective ethical efficacy interact to create an environment more strongly related to ethical behaviour. focused their studies on the theme of ethics in business. Business ethics leads to cost and risk reduction. Just as bribery and corruption are seen as inimical to the development of a healthy economy, so does lack of high ethical standards inimical to trust and loyalty which their detrimental effects on a company (Ike, 2002). There was a relationship between the perception of ethics and the degree of trust and loyalty present among employees. It logically follows that loyalty and trust have significant value in terms of efficiency and effectiveness. Invariably, a highly ethical operation is likely to spend less on protecting itself against fraud and this is capable of motivating workers and reduces risks associated with business (Ike, 2002). Therefore, the study seeks to investigate business ethics and organizational performance in manufacturing firms in the south east Nigeria.

Statement of the Problem

Many modern organizations are faced with numerous challenges such as illegal and unethical behaviour in a number of business transactions. Managers are also faced with the challenge of evaluating the effect of this ethical behaviour on the performance of organizations in South-East, Nigeria. Many business managers operate their activities today, without keen interest of bothering whether their actions are right or wrong and the extent of employees understanding of the term ethics while the level of compliance is highly infinitesimal, (Oladunni 2002).The way Nigerian society cares little about the source of wealth tend to make some of these business operators to begin to wonder about the necessity of ethics in an organization. Business organizations that are engaged in unethical behaviour throw morality to the wind in their quest for profit maximization. They are involved in several maneuvers to satisfy their interests. According to Amaeshi and Adi (2006), the success of organizations is contingent on balancing the social and ethical goals but many organizations argue that a business is an economic institution and that only economic values should determine its success. As organizations face competent and competitive players, the Nigerian business environment is now driven by advance competition brought about by globalization, deregulation of financial services, astronomical developments in Information and Communication Technology (ICT) among others to render services according to cost benefit criteria. Demaki (2007) discloses other challenges to business ethics to include job insecurity among employees, ambiguity of companies performance objectives and employee overriding personal ambition over corporate goal, outright laziness among employee and other conflicts due to lack of clarity of standard principles of ethics and values.

According to Baridam and Nwibere (2008), many factors create a climate conducive to unethical behavior those factors are: lack of clear procedure; personal financial needs; excessive emphasis on short-term revenue over long term considerations; a desire for simple "quick fix" solution to ethical problems; an unwillingness to take an ethical stand that may impose financial cost; response to the demand of shareholders at the expense of other constituencies; ethical climate of the industry; the behavior of man's equality in a company; the behaviors of man's superiority in a company; failure to establish simple written code of ethics, consideration of ethics solely as a legal issue or a public relation tool. This has led to an ever-growing out-cry by an increasingly well-informed breed of society, customers, and stakeholders with the increasing demands for clear and hard facts about the social and environmental performance of organizations. This has also affected firms and other organisations such as; reducing the reputation of these organizations, lowered customer loyalty and confidence, decreased motivation of staff, reduced turnover and security of stakeholder's funds among other challenges. Bribes are frequently given in exchange for assistance, product offerings are over exaggerated while most managers whose dispositions towards business are aggressive go beyond recruiting fair ladies to entice customers. Several service organizations are guilty of the anomalies. They abate sexual harassment, dishonesty, bribery, lack of equity in interpersonal and professional relationship. To some managers however, unethical behavior has come to stay and hardly can a growing firm exist in perpetuity without any form of compromise in this volatile world. Most organization management can equally not distinguish between what is moral and immoral business practices As a result of the above, it has become a regular subject of discussion and debate within business and academic circle. Thus the study seeks to investigate business ethics and organizational performance in manufacturing firms in the south east Nigeria.

Research Objectives

The general objective of this study was to examine the business ethics and performance of manufacturing companies in South-East, Nigeria, The specific objectives of this study are as follows:

i. To evaluate the impact of ethical climate on performance of manufacturing companies in south east Nigeria
ii. To investigate the effect of unethical standard on performance of manufacturing companies in south east Nigeria
iii. To determine the effect of ethical culture on performance of the manufacturing companies under review
iv. To ascertain the effect of ethical behavior on performance of the manufacturing companies under review

Research Questions

i. To what extent has ethical climate affected the performance of manufacturing companies in south east Nigeria?
ii. How does unethical standard influenced the performance of manufacturing companies in south east Nigeria?
iii. How does culture influence the performance of the manufacturing companies under review?
iv. In what ways does ethical behavior affect the performance of the manufacturing companies under review?

Research Hypotheses

Ho_1: Ethical climate has no significant positive effect on the performance of manufacturing companies in south east Nigeria.

Ho_2: Unethical standard does not enhance the performance of manufacturing companies in south east Nigeria

Ho_3: Ethical culture has no significant positive effect on performance of the manufacturing companies under review

Ho_4: Ethical behavior has no significant positive effect on performance of the manufacturing companies under review

Significance of the Study

This study will be of immense importance to management practitioners, business executives and scholars. First, it will be greatly beneficial to management practitioners in different areas of management on how an organization can use ethics as a tool for organizational success.

It will also provide information for business executives and managers of all the organizations in south east, on how to achieve organizational success by adopting effective ethical practices.

Finally, to scholars the study will be an addition to essential literature in this vital area of management strategy. Researchers will therefore use it extensively as a source document which will also stimulate further research in this area.

Scope of the Study

The study cover the effect of business ethics and performance of manufacturing companies in south east Nigeria as the content scope. This study will examine critically business ethics and performance of manufacturing companies variables (Ethical culture, ethical social responsibility, ethical standard ethical climate and ethical behavior) are the variable scope. Geographic scope for this study is South-East, Nigeria. The unite scope will be restricted to only selected manufacturing companies in south east. The study cover 2016-2019 as time scope.

REVIEW OF RELATED LITERTURE

Conceptual Framework

Business Ethics

Business ethics reflect the norms of each historical period. As time passes, norms evolve, causing accepted behaviors to become objectionable. Business ethics and the resulting behavior evolved as well. Business was involved in slavery, colonialism, and the cold war (Kingsolver 2008). The term 'business ethics' came into common use in the United States in the early 1970s. By the mid-1980s at least 500 courses in business ethics reached 40,000 students, using some twenty textbooks and at least ten casebooks supported by professional societies, centers and journals of business ethics (Berger & Easterly 2010). Organization began highlighting their ethical stature in the late 1980s and early 1990s, possibly in an attempt to distance themselves from the business scandals of the day, such as the savings and loan crisis. The concept of business ethics caught the attention of academics, media and business organization by the end of the Cold War. However, criticism of business practices was attacked for infringing the freedom of entrepreneurs and critics were accused of supporting communists (Cullather & Gleijeses 2006). This scuttled the discourse of business ethics both in media and academia. The Defense Industry Initiative on Business Ethics and Conduct (DII) was created to support corporate ethical conduct. This era began the belief and support of self-regulation and free trade, which lifted tariffs and barriers and allowed businesses to merge and divest in an increasing global atmosphere (Moon, 2001).

Business ethics is the search for a good way of ‘being’ as practiced by business organization, From the work of Blazovich and Smith, (2010) ,we understand that a business is ethical when it afflicts the least suffering to humans and nature, achieves the greatest net benefits to the society and enriches the capability of the system in which it functions. However Rothman (2004) believe that a firm maintains business ethics when it is fair in all its dealings with its proximate and remote stakeholders prepared to correct its mal-habits and nurtures an enduring virtuous corporate character. According to Berman, Wicks, Kotha, & Jones, (2012) a business becomes ethical by assuming the responsibility of translating the abstract ethical injunctions into series of obligations. Business ethics (also known as corporate ethics) is a form of applied ethics or professional ethics, that examines ethical principles and moral or ethical problems that can arise in a business environment. It applies to all aspects of business conduct and is relevant to the conduct of individuals and entire organizations (Business Ethics 2013). These ethics originate from individuals, organizational statements or from the legal system. These norms, values, ethical, and unethical practices are the principles that guide a business. They help those businesses maintain a better connection with their stakeholders (Ferrell, 2016).

Business ethics refers to contemporary organizational standards, principles, sets of values and norms that govern the actions and behavior of an individual in the business organization. Business ethics have two dimensions, normative business ethics or descriptive business ethics. As a corporate practice and a career specialization, the field is primarily normative (Stead, Worrell and Stead 2010). Academics attempting to understand business behavior employ descriptive methods. The range and quantity of business ethical issues reflects the interaction of profit-maximizing behavior with non-economic concerns.

Organization Performance

Organisation performance has been the most important issues for every organisation be it profit or non-profit one. It has been very important for mangers to know which factors influence an organisation's performance in order for them to take appropriate steps to initiate them. However, defining, conceptualising and measuring performance have not been easy task. Researchers among themselves have different opinions and definitions of performance, which remains to be a contentious issue among organisational researchers (Barney, 2008). For example, according to Javier (2007), as cited in Nikbin et al (2010), performance is equivalent to the famous 3Es (i.e. economy, efficiency and effectiveness) of a certain programme or activity. However, according to Daft (2009), organisational performance is the organisation's ability to attain its goals by using resources in an efficient and effective manner. Quite similar to Daft (2009) Richardo and Wade (2010) defined organisational performance is the ability of the organisation to achieve its goals and objectives. Organisational performance has suffered from not only a definition problem, but also from a conceptual problem. This is what Hefferman and Flood (2006) stated that as a concept in modern management, organisational performance suffered from problems of conceptual clarity in a number of areas. The first was the area of definition while the second was that of measurement. The term performance was sometimes confused with productivity. Productivity was a ratio depicting the volume of work completed in a given amount of time. Performance was a broader indicator that could include productivity as well as quality, consistency and other factors.

Chen (2002) asserted that organizational performance means the "transformation of inputs into outputs for achieving certain outcomes. With regard to its content, performance informs about the relation between minimal and effective cost (economy), between effective cost and realized output (efficiency) and between output and achieved outcome (effectiveness)". There are various ways to understand organization performance but in this thesis it has been judged upon the growth of the company and sales performance which lead towards the growth. Sales performance can be explained as all the activities or investment carried out in the firm in the given period of time. It can be measured by total amount of revenue collected for the goods sold. Growth revenue defines as total amount of money collected by the company for the goods they sold in a specific time and this amount is calculated before any expenses are subtracted. Effectiveness of the organization depends on the three basics performance determinants.

1. Efficiency and process reliability
2. Human resource and relations
3. Innovation and adaptation to environment (Yuki, 2006).

Efficiency is defined as a term practiced by organization or firm to use people and resources to carry out important operations in way which minimizes the costs. When the resources will be used in a proper way as compared to the competitors the cost of operation will decrease and the profit margin will increase. Efficiency is important when the competitive strategy of the firm offers products and services at lower rates than the competitors. Human resource relation is defined as trust, organizational commitment, collective identification and cooperation among the employees (Yuki and Tabler 2002). Innovative adaption includes increase in market share, sales growth from year to year, generating and maintaining loyal customer base.

Organizational performance refers to ability of an enterprise to achieve such objectives as high profit, quality product, large market share, good financial results, and survival at pre-determined time using relevant strategy for action (Koontz and Donnell, 1993). Organizational performance can also be used to view how an enterprise is doing in terms of level of profit, market share and product quality in relation to other enterprises in the same industry. Consequently, it is a reflection of productivity of members of an enterprise measured in terms of revenue, profit, growth, development and expansion of the organization.

Organizational performance may be defined as the transformation of inputs into outputs for achieving certain outcomes. With regard to its content, performance informs about the relation between minimal and effective cost (economy), between effective cost and realized output (efficiency) and between output and achieved outcome (effectiveness) (Chen and Barnes, 2006). There is no general agreement in the literature on the criteria to be used in assessing the organizational performance (Bolman and Deal 2003; DeClerk, 2008; LaRue et al, 2004).

Theoretical Framework

This research work is anchored on stakeholder theory. The inventor of Stakeholder Theory is R. Edward Freeman and his publications are Strategic Management – A Stakeholder Approach in 1984. Freeman (1984) argued in his seminal work introducing the term stakeholder theory that "systematic attention to stakeholder interests is critical to firm success". The traditional definition of a stakeholder is "any group or individual who can affect or is affected by the achievement of the organization's objectives" (Freeman, 1984). The definition has given a new idea of redefining an organization that what it should be like and Friedman & Miles (2006) explained that an organization is a composition of stakeholders, and purpose of an organization should be to be able to handle its own interests, viewpoints and requirements. It depends on the type of firm that stakeholders may include suppliers, customers, shareholders, community and environmental groups etc. Unexpected levels of problematic environment and changes that managers were facing became the reason for building this framework. It came into existence to address the concerns of the managers. The prevalence of this approach was quite high in the 80's even though the idea was old. This term was firstly used in the 1960s during the genuine work done in Stanford Research Institute (Freeman et al. 2001). There has been a great amount of growth so far in the scope of this approach and recent researches conducted in the four sub-fields; Corporate Social Responsibility and Performance, Strategic Management, Normative theories of Business, Governance and Organizational Theory.

Simply put, stakeholder theory of organization that those whose lives are touched by a corporation hold a right and obligation to participate in directing it Kotler and Keller, (2006). Therefore, they're stakeholders in the company and their voices must contribute to corporate decisions. The five cardinal stakeholders mainly include but not limited to shareholders, workers, customers, suppliers, and community Kotler and Armstrong, (2008). It is therefore, upon the organizations before, during or after carrying out the business to be as transparent as possible; because this is an important value for those promoting stakeholder ethics. On the other hand Baker and Hart, (2008) assert that what's certain is that stakeholder theory obligates business directors to appeal to all sides and balance everyone's interests and welfare in the name of maximizing benefits across the spectrum of those whose lives are touched by the business. Business ethics is likely to loose its value if the stakeholders are not fully involved or left unawares to the facts.

Donaldson and Presten (1995) in Freeman et al. (2001) described that Stakeholder theories could be divided into descriptive, instrumental and normative point of Views. The descriptive theory implies the stakeholders that a firm possesses; instrumental view entails the consideration of stakeholders by the organization and they remain successful and last but not the least normative approach focuses on the reason why a firm should take into consideration the stakeholders.

The objective of business ethic, both as an academic branch in business studies and as a managerial tool for practitioners, is to become aware of this relationship and understand how business activity influences society and vice-versa (Lantos, 2001). If CSR is applied properly in any organization, it will build a strong bond between the organization and its stakeholders in terms of more commitment, trust, customer loyalty and investments by the suppliers and stockholders thereby improving organizational growth (Maignan and Ferrell, 2004; Bhattacharya and Sen, 2004). A firm's involvement and initiatives in social and environmental areas possess a great amount of importance in organizational growth. It shows the concern of a firm towards the internal and external environment and imposes a healthy effect in building a good image of the firm.

The main core of the stakeholder theory is the belief that stakeholder relationships are the most important factor that managers have to take care of. However, business ethics addresses those responsibilities that a business needs to fulfill. We may conclude that both the concepts are interrelated but the level of abstraction differs on the subject of business ethics. The Stakeholder Theory is an effective gauge to measure the growth of a organizational (Quazi, 2003).

The stakeholder model focuses primarily on the interests and concerns of the organization's stakeholders over economic interests. From the stakeholder model perspective, the focus becomes how to please and build mutually beneficial relationship with the beneficiary community. Based on this assumption, it can be argued that the underlying philosophy for business ethics activities under the stakeholder model can produce positive attitude among employees thereby increasing their participation levels. In this study, the researcher will be examining the influence of the stakeholder model of business ethics activities on organizational performance.

Empirical Review

Nze (2016) analyzed the effect of Business ethics and CSR on corporate organization in Nigeria the study is a survey research. The study had a population size of 1318 out of which a sample of size of 307 was realized using Taro Yamene's formula at 5% error to tolerance and 95% level of confidence. Instruments used for data collection were primarily questionnaire and interview. The total number of 307 copies of the, questionnaire were distributed while 280 copies were returned. Five hypotheses were tested using Pearson product moment correlation coefficient**,** Chi square (X2), Spearman's rank correlation coefficient and Z- test statistical tools. The study found out that Banks engaged in ethical principles in order to improve their standard as well as the level of acceptance by the society: the impact of CSR such as better public image, customer loyalty, fewer regulatory problems and increased revenue contributed to organizational success. Recommendations are that Business ethics and CSR deserve greater attention and more commitment from corporate organisation, and they should formulate policies on ethics and CSR so as to provide a guide and channel efforts towards using them to achieving organizational success.

Turyakira, (2018) analyzed the Ethical practices of small and medium-sized enterprises in developing countries, aims at evaluating the aspects of business ethics, significance of business ethics to SMEs, ethical dilemmas and challenges of SMEs, particularly in developing countries, and suggests strategies to address ethical dilemmas and challenges. . Peer-reviewed articles in recent journals were analysed to identify the aspects of business ethics, significance of business ethics to SMEs, ethical dilemmas and challenges of SMEs and the proposed strategies to address ethical dilemmas and challenges thereof. It is clear that business enterprises can no longer afford to disregard business ethics. There are continuous business failures as a result of unethical practices, especially those associated with employees and top executives. This article has added to the body of existing literature on ethical practices of SMEs in developing countries. As such, SME owners and managers can use the findings of this article to design ethical policy frameworks and guidelines to improve their reputations and competitiveness.

Anyim, Ufodiama, & Olusanya, (2018) research on Ethics standards and practices in Nigeria public sector. The study was conducted using government agencies and parastatals based in Lagos, Nigeria selected through proportionate stratified sampling technique; standardized measures were adapted and administered on the sample. The sampled elements for the study consisted of 200 respondents comprising senior, mid-level and junior employees selected from the agencies and parastatals using the proportionate random and stratified sampling technique. The data collected was analysed using Frequency distribution expressed in percentages and Chi-square (X2) statistics to test the hypotheses formulated for the study. Apart from the human resource department not being part of ethics infrastructure, the analysis of data also showed that there is no pro motion of ethics in the Nigeria public sector. The implications of the findings were discussed.

Ebitu, Tom & Beredugo, (2015) investigated relevance of code of ethics on guiding the performance of service industry and examined also their compliance level on the established code of ethics. The study adopts descriptive research design while data were collated from 176 respondents cutting across selected Banks and GSM organization in Calabar, Cross River State. Our hypotheses were tested using Chi-square (X2) and all were supported by extant literatures. Results show that effective performance of service industry was dependent on code of ethics [X2cal = 18.082 > t 0.05 = 7.815] and that the compliance level of established code of ethics for service industry was high [X2cal = 13.801 > t 0.05 = 7.815]. Our findings therefore suggested that there should be specific procedures to always identify and deal with the issues of ethical misconduct; and it is important for organizations to increase punitive measures to violators of ethical codes.

Adeyeye, Adeniji,.,Osinbanjo & Oludayo (2015) examines the effects of etiquette and unethical behaviour on employee commitment and productivity in Nigeria. A descriptive survey research method was adopted for the study using one hundred and eleven valid questionnaires, which were administered on Employees in Government Establishments. Each item was based on a 5-Point-Likert scale. AMOS 22 was adopted in testing the study hypotheses; the data was presented with the use of SPSS while Structural Equation Modeling (SEM) was utilized due to its generality and flexibility to evaluate the validity of regression and correlation between the observed variables. The results show that significant relationship exists between ethical standards and organizational productivity, in Nigeria and that integrity cum discipline have negative impact on improved productivity level of the organization, which could be attributed to the nature of these virtues being abstract and could only be seen or observed overtime. The study suggests that all government agencies such as National Pension Commission (PENCOM), Nigerian Investment Promotion Commission (NIPC), Economic &Financial Crimes Commission & Independent Corrupt Practices, etc. saddled with the duty of ensuring etiquette in workplaces, should discharge their responsibilities more diligently and sanction organizations found guilty of unethical conducts in business concern and employment relationships.

AssaedAzlan. & Muhammad (2016) investigated the relationship between ethical leadership and Organizational performance, mean while studying the mediating role of corporate social responsibility between these relationships. Using survey data from public and private banking sector of Pakistan, we found that Ethical leadership positively affects the corporate social responsibility which in turn positively influences the organizational performance. Besides this, we found a partial mediating role of corporate social responsibility on the relationship between ethical leadership and organizational performance.

Agbim (2018) examine the effect of ethical leadership on corporate governance, corporate performance and corporate social responsibility in selected Nigerian deposit money banks. The study employed survey research design. Stratified sampling technique was employed to select the respondents that completed the questionnaire. The generated data were analyzed using linear regression. The study established that a robust organization can be developed by main-streaming corporate governance, corporate performance and corporate social responsibility using a natured/nurtured ethical leader. The results reveal that ethical leadership has significant positive effects on corporate governance, corporate performance and corporate social responsibility Management should show more commitment in the selection and development of leaders and followers. All the stakeholders should be equally involved in the formulation of corporate governance principles. A natured/nurtured ethical leader should be employed to mainstream corporate governance, corporate performance and corporate social responsibility through the organizational culture

Abidin, Hashim, & Ariff (2017) in their study explored the role of business ethics towards corporate wealth creation and sustainable performance. In the context of Malaysia, the importance of committing to following the highest ethical standards is evidenced by the recommendations and guidelines imposed through the Malaysian Code of Corporate Governance (MCCG) 2012. This study posits that management commitment towards ethics is positively associated with financial performance. Content analysis is used to systematically code and evaluate data from 243 publicly listed organization on the Main Board of Bursa Malaysia in year 2014. The Ethics Commitment Assessments Index (ECAI), which contains 14 items, is used to score commitment towards ethics. Financial performance is represented by return on assets (ROA) and return on equity (ROE). The results show a positive relationship between commitment towards ethics and financial performance. The findings contribute to policy formulation by suggesting that commitment towards ethics should continue to be emphasised by regulators because it is considered by stakeholders in assessing the risk of companies in the capital market

Muhammad Mustabsar Ahmad & Umer (2016) studied the impact of ethical leadership on employees' performance. While several studies have gazed at the efficacy of the leader as supposed by employees, this research is concerned with the effect of an ethical leadership style on the performance of employees. 265 respondents were focused to collect the data. Stratified random sampling is done in order to add variety to the research and add a blend of experienced faculty members' opinion and newly hired faculty members' view point on the current subject matter. SPSS software is used to test the reliability of the data and testify the hypotheses. Employees are very significant for the organization in terms of smoothing the progress in organizational achievement. Employees are considered to be the most vital resource for achieving competitive advantage. An ethical leadership style is typified as participative where the leader shares its authority with employees. It is thus believable that an ethical leader augments the inspiration of its employees which in turn will improve employees' performance. In addition the direct relationship between ethical leadership and employees' performance, this research will also look into the moderating role of organizational values

Dim and Edwin (2016) examined the effect of business ethics on small and medium scale enterprises sustainability. The study took a survey approach and data collected from a sample of 219 employees from nine SMEs across the three zones of Rivers state. The major instrument for data collection was a five point likert scale questionnaire and the data gathered was analyzed with the Non-Parametric Kruskalwallis (H) test using the 20.0 version of the statistical package for social sciences (SPSS). The major finding revealed that ethical business practice has significant effect on SMEs sustainability. The three hypotheses showed that a positive relationship existed between the three business ethics and sustainability factors under study; hence their p-values; 0.001, 0.001, and 0.000 respectively were all lesser than the 0.05 level of significance. It is therefore encouraged that SMEs should develop internal capacity to entrench ethical practices in their operations, though this may receive resistance from employees, it is a desirable path to business sustainability

Kehinde, (2016). Effects of ethical behaviour on organizational performance: evidence from three service organizations in Lagos, Nigeria. The study uses a quantitative method with two hypotheses stated in the null form. Results were analyzed with the aid of appropriate test statistics. Findings revealed that ethical behaviour has effects on the performance of an organization and that good ethical behaviour has a positive correlation with organizational performance. Suitable policy recommendations were offered which decision makers in business organizations and government functionaries will find highly useful.

Vieira, (2013) analyzeD the effects of ethical behavior on a firm's financial profitability. Corporate social responsibility has been used as an indicator of ethical performance. After analyzing the financial indicators ROA and PM, from a sample of the twenty biggest civil construction companies in Portugal, between 2007 and 2011, we conclude that ROA is significantly related to a firm's ethical performance. However, we did not find any statistical evidence that relates PM to ethical performance. Although the scores are very low on all CSR indexes, we can conclude that companies, who are exporting, seem to be more concerned with environmental issue than ethical issues. The top management in the civil construction should take a deeper look into their CSR activities, and should not neglect the impact social inactivity may have on their financial performance. Although, there are some examples to look up to, there is still a long way to go for the majority of companies in this industry.

Gap in Literature

The gap in literature provided by the study lies in the fact that it examines business ethics and organizational performance with the scope limited to manufacturing firms in South-East, Nigeria. In Nigeria, most studies have analyzed the effect of business ethics and organizational performance in multinational companies but failed to examine how business ethics relate with and organizational performance in public sector and private especially in manufacturing firms.

From the empirical literatures reviewed, it is obvious that most work done on business ethics and organizational performance were outside the South-East geopolitical zone. Most of the studies on business ethics and organizational performance were carried out in foreign country. Hence this study is hypothesized to fill this research gap.

METHODOLOGY

The study adopted descriptive survey design. The study was carried out in South Eastern of Nigeria comprises of Abia, Anambra, Ebonyi, Enugu and Imo states that made up the South East Geo political zone. Primary source of data was used in this study. Thus the population of this study is 4871 SMEs. The sample size of for this study was 936 determined by Borg & Gall formular of (1973). The study adopts the face and content validity test. The reliability of the instrument was achieved through the application of a method known as test re-rest and Spearman rank order correlation coefficient.

Method of Data Analysis

Statistics such as frequency count and percentages were put to use in the analysis of research questions while research hypotheses were tested using panel regression analysis. The research hypotheses were tested at 0.05 level of significance. Analysis was carried out with the aid of STATA Version 15. For test of multi colinearity existence and auto correlation of the regressors, we used Variance Inflation Factor (VIF), Tolerance Value (TV), Normality Test (NT), Ramsey Reset Test (RRT), Bruesh Pagan and Cook Weisberg Hetroskedascticity test.

PRESENTATION, ANALYSIS OF DATA AND DISCUSSION OF FINDINGS

This chapter presents the data obtained from the respondents through the administered questionnaire. Nine hundred and thirty-seven (937) copies of questionnaire were administered. However, Nine hundred and twenty two (922) copies of questionnaire were retrieved. 98.4 was the percentage rate of returned questionnaire. Therefore the analysis and interpretation of data were only based on the returned questionnaires. The method used was the panel regression technique (Hausman's Test). The method was adopted because it possesses unique estimating properties which include unbiased, efficiency and consistency when compared with other linear unbiased estimates.

Descriptive Analysis

Table 4.4.1: Descriptive Statistics

Variables	Observations	Mean	Standard Deviation	Median	Minimum	Maximum
ORGP	922	.651898	.207794	.0000	1.0803	.3726
EC	922	1.572687	.315942	.0370	-.6989	1.9684
USP	922	5.467364	.721757	1.034	5.3513	8.5654
EB	922	8.207195	.690260	.4533	.0739	4.3314
C	922	.598638	.193646	1.432	.2299	1.5147

Source: STATA 15 Computational Results (2019).

The table.1 above shows that the mean value of organizational performance (ORGP) among the sampled organization was 0.652. This implies that about 65.2% of the observations accounted for organizational performance. The median value of ethical climate (EC) for the sampled organization' was .037. The maximum value for the study was 1.97 while the minimum value was -.6989. This implies that organization with higher or equal to the median value of .037 of EC are higher profit making organization. While organization with the median value below .037 of EC are low profit making organization at a high degree risk of 31.6%.The average unethical standard and practices (USP) for the sampled organization was 5.47. This means that organization from and above 5.47 highly displayed unethical standards and practices in their businesses. In the case of ethical behavior (EB) and culture (C), the average values were 8.21 and 0.599 respectively which also means that organization above 8.21 and 0.599 are considered as organization with ethical behavior and culture.

Robustness Test

Robust test was done on our panel data analysis using Tolerance Value (TV), Variance Inflation Factor (VIF), Ramsey Reset Test (RRT), Normality Test (NT) and Breush Pagan / Cook Weisberg heteroskedasticity test. Thus shows the appropriateness of the model for the study with the five explanatory variables (EC, USP, SR, EB & C).

Table 2: Collinearity Statistics

Variable	VIF	1/VIF
EC	2.17	0.460857
USP	1.61	0.619237
EB	1.10	0.908661
C	1.06	0.944322

Source: STATA 15 Computational Results (2019).

From the table above, the TV ranges from 0.460 to 0.944 which suggests non multi-collinearity feature. The VIF which is simply the reciprocal of TV ranges from 1.06 to 2.17 also indicates non multi-collinearity feature. Multi-collinearity feature exists when the value of TV is less than 0.20 or where VIF exceeds 10 i.e VIF>10

Table 3: Ramsey Reset Test for the Model

estatovtest

Ramsey RESET test using powers of the fitted values of ORGP

Ho: model has no omitted variables

F(5, 850) = 9.29

Prob> F = 0.5712

The above result was obtained from the test for miss-specification or omitted variables using Ramsey RESET Test. The probability value of 0.5712 resulting from the test implies that the model has no omitted variables.

Table 3: Normality Test

. sktest ORGPPECUSP SR EB C

Skewness/Kurtosis Tests for Normality joint -

Variable |	Obs	Pr(Skewness)	Pr(Kurtosis)	adj chi2(2)	Prob>chi2
ORGP	922	0.0000	0.0000	.	0.0000
EC	922	0.0000	0.0447	7.18	0.0000
USP	922	0.0000	0.0000	14.39	0.0007
EB	922		0.0000	0.0000	0.0000
C	922	0.2000	0.0000	3.65	0.0000

Source: STATA 15 Computational Results (2019).

Table 3 above shows the result of data normality. The result from this analysis went a long way to inform the researcher whether the data sample contains some elements of outliers which is an indication of abnormal data distribution. However, the result obtained from the joint probability of skewness and kurtosis for all the variables of interest show that the data collected from the sampled organization during the period of study are all normally distributed at 5% level of significance.

Table 4: Breush Pagan/Cook Weisberg Heteroskedasticity Test

. estathettest

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity

Ho: Constant variance

Variables: fitted values of ORGP

chi2(5) = 2.16

Prob>chi2 = 0.12

The above result was obtained from the test for heteroskedasticity. The probability value of 0.12 resulting from the test for heteroskedasticity implies that the model is free from the presence of unequal variance. Thus implies that our probability values for drawing inference on the level of significance are reliable and valid. The absence of heteroskedasticity validates the panel regression model results, which means there is no need for robust or weighted least square regression.

Test of Hypotheses

Panel Regression model was developed to test the linear relationship between the dependent and independent variables. It was operated using STATA version 15 as shown in the table 4.3.1 below:

Ho1: Ethical climate has no significant positive effect organizational performance in south east Nigeria.

Ho2: Unethical standard has no significant positive effect organizational performance in south east Nigeria.

Ho3: Ethical culture has no significant positive effect organizational performance in south east Nigeria.

Ho4: Ethical behavior has no significant positive effect organizational performance in south east Nigeria.

Model 1: ORGP =b_0 + b_1 EC + b_2 USP + b_3 SR + b_4 EB + b_5 C + μ
Decision Rule: accept Ho if P-value > 5% significant level otherwise reject Ho

Table 4: Fixed Effect of Business Ethics on Performance of Manufacturing Organization
Dependent Variable (ORGP)

Variable	*Co-efficient*	*Robust Std Error*	*T-value*	*P-value*
CONSTANT	*.6216911*	*.0428577*	*4.97*	***0.036***
EC	*.5556967*	*.0005326*	*3.28*	***0.042***
USP	*-.6010902*	*.0873902*	*-0.81*	***0.514***
EB	*.7003032*	*.0185393*	*6.02*	***0.047***
EC	*.4579167*	*.054578*	*4.67*	***0.000***
R-Sq:				
Within	***0.7029***			
Between	***0.8739***			
Overall	***0.7284***			
Prob> F	***0.0000***			

Source: Result output from STATA 15. See appendix 4

In testing for the effect of thE dependent and independent variables in our model, the two widely used panel data regression estimation techniques (fixed effect and random effect) were adopted. The table above (table 4.5.1) presents the panel data regression estimation techniques results using fixed effect. The estimation of the fixed effect panel regression was based on the assumption of no correlation between the error term and explanatory variables, while that of the random effect, considers that the error term and explanatory variables are correlated. In selecting from the two panel regression estimation results (fixed effect and random effect) for the model, the Hausman test was conducted and the test is based on the null hypotheses that the random effect model is preferred to fixed effect model.

A look at the p-value of the Hausman test as shown on **appendix 3** shows 0.0000**.** Thus implies that we should reject the null hypothesis and accept the alternative hypothesis that random effect model is not preferred to fixed effect model at 5% level of significance. Based on this, we adopted the fixed effect panel regression results in drawing our conclusion and recommendations. Thus implies that the fixed effect results tend to be more appealing statistically when compared to the random effect. Following the above, the discussion of the fixed effect results became imperative.

Test of Hypothesis One

Ho: Ethical climate has no significant positive effect organizational performance in south east Nigeria.
Ho: Ethical climate has a significant positive effect organizational performance in south east Nigeria.

Ethical climate recorded a t-statistics value of 3.28 with a probability value of 0.042 which is statistically significant at 0.05 level of significance. Therefore, the null hypothesis is rejected while the alternative hypothesis is accepted. Hence, Ethical climate has a significant positive effect organizational performance in south east Nigeria.

Test of Hypothesis Two

Ho: Unethical standard has no significant positive effect organizational performance in south east Nigeria.
Hi: Unethical standard has a significant positive effect organizational performance in south east Nigeria.

Unethical standard recorded a t-statistics value of -0.81 with an alpha value of 0.514 which is statistically insignificant at 0.05 level of significance. We accept the null hypothesis and reject the alternative hypothesis. This implies that Unethical standard had no significant positive effect organizational performance in south east Nigeria

Hypothesis Four

Ho: Ethical culture has no significant positive effect organizational performance in south east Nigeria.
Ho: Ethical culture has a significant positive effect organizational performance in south east Nigeria.

Ethical culture recorded a t-statistic value of 4.67 which a probability value of 0.000 which is statistically significant at 0.05 level of significance. We reject the null hypothesis and accept the alternative hypothesis. Ethical culture had a significant positive effect organizational performance in south east Nigeria.

Hypothesis Five

Ho: Ethical behavior has a significant positive effect organizational performance in south east Nigeria.

Ho: Ethical behavior has a significant positive effect organizational performance in south east Nigeria.

Ethical behavior recorded a t-statistics value of 6.02 with a probability value of 0.047 which is statistically significant at 0.05 level of significance. We reject the null hypothesis and accept the alternative hypothesis. This implies that ethical behavior had a significant positive effect organizational performance in south east Nigeria.

Summary of Findings.

Having conducted an empirical examination on the effect of business ethics on firm performance in south East Nigeria, the study has the following findings;

1. Ethical climate had significant impact on manufacturing organization' performance in south-East Nigeria. Ethical climate recorded a t-statistics value of 3.28 with a probability value of 0.042 which is statistically significant at 0.05 level of significance
2. Unethical standard practices had no significant impact on manufacturing organization' performance in south-East Nigeria. Unethical standard practices recorded a t-statistics value of -0.81 with an alpha value of 0.514 which is statistically insignificant at 0.05 level of significance.
3. Ethical culture had a significant positive effect on manufacturing organization' performance in southeast Nigeria. Ethical culture recorded a t-statistic value of 4.67 which a probability value of 0.000 which is statistically significant at 0.05 level of significance
4. Ethical behavior has significant effect on manufacturing organization' performance in southeast Nigeria. Ethical behavior recorded a t-statistics value of 6.02 with a probability value of 0.047 which is statistically significant at 0.05 level of significance.

CONCLUSION

This research investigates business ethics and performance of manufacturing companies in South-East, Nigeria. Relevant conceptual, theoretical and empirical literature was reviewed. Data were analysis using panel regression analysis. The result showed that ethical climate had significant impact on manufacturing organization' performance. Social responsibilities had a significant impact on manufacturing organization' performance in southeast Nigeria. Ethical culture had a significant positive effect on manufacturing organization' performance. Ethical behavior has significant effect on manufacturing organization' performance in southeast Nigeria. While unethical standard practices had no significant impact on manufacturing organization' performance in south-East Nigeria. Therefore the study concludes that business ethic had a positive significant effect on employee job satisfaction of academics staff of public universities in South-East.

RECOMMENDATIONS

In line with the findings of the study the following recommendations are made:

1. Decision makers should set use of ethical conducts as priority towards improving organization performance by set adequate resources and commitment to achieve this ends.
2. Manufacturing sector should have a workable system for identifying and resolving ethics problems. Such a system must be open, accessible and independent of the management bureaucracy and encourage whistle-blowing
3. Since the study established a significant positive association between culture and performance of manufacturing organization, managers should always pay attention to the ethical culture of their organization and ensure that all the activities and operations of the business are within the regiment of her ethical culture.

4. Managers must ensure that the conducts of their employees are under control and that the dispositions of their employees as regard to their routine duties are monitored ethically.

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