Multidimensional Ethical Dilemmas of Contemporary Organizations: A Literature Review

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Abstract: This paper reviewed the literature on ethics, ethical theories, ethical principles; as well as the implications of unethical practices in organizations. The study revealed that unethical business practices have devastating consequences on organizations; since they result in poor corporate image, financial losses; market failures and sometimes complete corporate collapse. It was further observed that corruption, bad leadership, poor corporate governance, conflict of interest, lack of accountability, inadequate CSR, abusive and intimidating behaviors among others are common in most organizations. The paper concludes that it is beneficial and in the enlightened self-interest of organizations to adopt good ethical practices. The paper also recommends that managers' should ensure that ethical standards are crafted in their business philosophy and strategic intents in order to build and maintain a good corporate image.

Keywords: Contemporary Organization, Ethical challenges, Ethical theories, Ethical Principles.

1. Introduction

"Driving shareholder wealth at the expense of everything else will not create a company that's built to last." — Paul Polman, CEO of Unilever, Harvard Business Review (May 2012)

Recent practices prompted by globalization movements brought into attention some pressing issues, such as ecological emergencies and the revelations of working environment abuses, encouraging new types of arrangements, new kinds of hierarchical limitations and openings, as well as worldwide enthusiasm with regard to corporate social responsibility (CSR) and business morals (May, Cheney & Roper, 2006). There has been an increased interest and concerns regarding basic moral leadership among regulators, social groups and supervisors with reference to the negative records of some businesses that were linked with unethical practices and consequently, attracted criticisms (Maheshwari & Ganesh, 2006). In the spirit of ethicality, each organization is accountable to its partners (workforce, financiers, clients, government, rivals, contractors, and host community). However, one huge challenge that most organizations face is the need to meet their obligations towards different stakeholders due to their conflicting values. Ethical challenges arise as a result of differing nature of values between the individual values and the social norms which is a matter of choice. When there are conflicting interests of different stakeholders, the weight lies on the managers to ascertain the decision that will be perceived as a right by the various stakeholders (Maheshwari & Ganesh, 2006). Gabriel (2018) asserted that business is all about the sourcing and conversion of scarce resources into final goods and services and turning them into a value to be sold to stakeholders for a profit. The process of sourcing, converting and distribution of final outputs is rigorous; involving a value chain that comprises of numerous activities, and the ways and manners in which these activities are completed have a lot to do with the reputation of such business in

the long run. Many business practitioners, however, tend to drive shareholders' wealth at the expense of everything (Gabriel, 2018).

Ethical considerations remain part of organizations' strategy for responsible decision making, and both internal and external stakeholders enjoy immense benefits when organizations encourage good ethical behaviors. According to Maheshwari and Ganesh (2006), ethics is the standard of behaviors in an organization, and its set of values usually complies with social norms and contributes to the existence of the community. Jex and Britt (2008) posit that ethical and unethical behaviors are behaviors exhibited by employees in the workplace as they perform their daily tasks. Gomez-Mejia and Balkin (2002) identified the most common unethical conducts occurring in the workplace setting, such as covering up problems, short-cutting quality of work, abuse of sick days off, and deceiving clients.

Most organizations are highly concerned with employees exhibiting unethical behavior due to its negative consequences, including declines in organizational performance, financial losses, reputational damage, safety concerns, and loss of customers (Askew, Beisler & Keel, 2015). Modern organizations encourage ethical behavior and discourage unethical behavior due to its undesirable effects. Some organizations found a way to stimulate moral conduct in the work environment through the establishment of implicit rules and advancement of ideal moral practices, adjusting their operations and the dividing the responsibility among workers (Eluka, Agu & Nwonu, 2015). Codes of ethics are open proclamations of corporate philosophies and agreement on rules of behavior that encompasses inter-organizational practices and relationships (Stohl, Stohl & Popova, 2009).

According to Kaptein and Schwartz (2008), code of ethics serves as a guide to both present and future behavior as well as stipulates corporate moral qualities and the obligations of workers to each other and others that have interest in the business. Codes of moral values are beneficial to the employees as it stimulates a sense of belonging and increases their confidence as they deal with the organization's customers (Wood, 2000). Understanding what is ethical or unethical in the workplace is pertinent for every member of an organization, hence the need to keep the discussion on ethics afloat. Therefore, the purpose of this paper is to review the current literature on the concepts of ethics, ethical theories, and principles. The study aims to identify the prevalent unethical practices as well as their consequences. Lastly, the author provides new means for advancing ethical behaviors in the contemporary organization.

2. A Museum Innovation Framework Based on Design Thinking

2.1 The Concept of Ethics

Ethics is a branch of philosophy that deals with the theory of moral value. Ethics originated from the Greek word *ethos*, meaning custom or character (Mihelič, Lipičnik, & Tekavčič, 2010). Socrates was the major proponent of ethical critical thinking and proper behavior and was known as the proponent of the theory of ethics based on knowledge (Okoh, Amah & Olori, 2018). Ethics can be difficult to define, but it is principally concerned with human character and conduct (Okoh, et al, 2018). Maheshwari and Ganesh (2006) define ethics as a trademark distinguishing between commendable and condemnable human behavior, between what is great and detestable, good and immoral, and likewise, what we ought to and ought not to do. Okoh, et al (2018) describe ethics as a set of moral standards to be utilized by individuals, organizations, and groups of people when making decisions. Reasoning in the same line of thought, Minkes, Small and Chatterjee (1999) posit that ethics entails the portrayal and recommendations of moral practices expected in an organization, assuming there are acceptable and unacceptable behaviors, and ethics serves as a function for determining philosophical values. From the organizational perspective, moral values can be implemented into a real discourse about those qualities and issues proven to be of greatest significance to

business partners. Freeman and Stewart (2006) depict it as a ceaseless disclosure, affirmation, and appraisal of individual qualities and standards of behavior.

According to Eluka, Agu, & Nwonu (2015), ethics is a quest for ethical quality and convictions about what is good and bad, or great and terrible. They further assert that it is the values an individual upholds, morals and the social setting that decides if specific conduct is perceived as being moral or unscrupulous. From the business perspective, Ronald et al. (2003) defined business ethics as right or wrong conduct exhibited by a leader or workers. Moreover, since ethics is based on both individual beliefs and social concepts, they vary from person to person, from situation to situation, and from culture to culture. Consequently, ethical and unethical behavior is relatively determined by both the individual and the culture. This implies that ethics are the code of qualities and sound rules that aid individual or group members to distinguish between correct and incorrect conduct and behave in an appropriate way. Unethical behaviors occur when behavior exhibited by an employee is at variance with the acceptable norms and moral standards held by the most of the group members (Kish- Gephart, Harrison, & Trevino, 2010). Sims (1992) defines ethical behavior as a morally accepted behavior, designate as good and right as opposed to bad or wrong in any particular situation. Trevino (1986) posits that the display of standard behavior is deemed to be both legally and ethically adequate to the partners in business. In an organizational setting, ethical behavior has been described as a mediator of proper measures of high-ranking executives, especially the chief executive officer (CEOs) and their culture (DeGeorge, 1986).

Ethical dilemmas occur in an uncertain situation, which brings about conflicting interests, values, and beliefs relating to multiple stakeholders. The role of human resources management (HRM) in furthering ethics and ethical behaviors in organizations is indisputable (Caldwell, Truong, Linh & Tuan, 2011). It is the HRM functions that seek to implement ethical practices (Miceli, Near & Dworkin, 2009), which aimed at imparting an ethical culture. Daft (2007) claims that ethical values in an organizational setting are accentuated and reinforced mainly through value-based leadership, which denotes the relationship between leaders and co-workers, based on shared and internalized values, that is acted upon by the leader.

Therefore, leaders have a role to play in fostering ethical behavior. Leaders exert the primary influence on ethical comportment (Hitt, 1990) and are responsible for the norms and code of conduct that guide employees' behavior (Bennis & Nanus, 1985). According to Enderle (1987), leaders have three (3) ethical tasks to perform: seeing, translating and making reality; taking responsibility for the impacts of one's choices on the workforce as well as being liable for carrying out the organizational objectives.

Robbins and Coulter (1999) posit that a few elements influence the way leader displays morally or deceitfully conduct, which they ascribed to a result of some mind-boggling collaboration between the supervisor's dimension of moral improvement and a few directing factors, for example, personal attributes, the organizational structural design, culture and the forces of the moral issues. In terms of individual characteristics, each person enters an organization with a generally settled set of values, adopted from parents or meaningful others that influenced their conceptualization of right and wrong. The levels of moral development occur at various levels; could be pre-conventional, conventional, and principled.

Also, the organization's structural design assists in shaping the ethical behavior of managers, while the culture of the organization brings about high ethical conduct concerning risk tolerance, control, and conflict management. Thomas (2001) thinks that the drive to be virtuous comes from one's choice or a particular mindset, for example, when people choose to follow a leader; they tend to exhibit the same conduct as their leader. Thus, a leader influences the subordinates and plays the most important role in nurturing of ethical practices and behaviors (Mihelič, Lipičnik, & Tekavčič, 2010).

2.2 Principles of Ethics

Chonko (2012) posits that in order to comprehend moral basic leadership, a typical arrangement of objectives that leaders intend to accomplish so as to be effective must be comprehended. These objectives are known as standards of morals and they include beneficence, least harm, respect for autonomy and justice.

Beneficence: This rule guides those determined to make the wisest decision that will be generally accepted as ideal. This priority to do "great" stems from the moral discernment and leads to proper answer to a moral dilemma. It commands that ethical theories should strive to achieve the greatest amount of good for people to benefit from. Since people benefit from the best, this imperative is closely linked with the utilitarian ethical theory (Chonko, 2012).

Least Harm: This guideline of moral manages circumstances in which no decision seems, by all accounts, to be advantageous. Consequently, leaders try to do the least damage possible and to cause mischief to the least individuals (Chonko, 2012).

Respect for Autonomy: This standard suggests that leaders ought to enable individuals to be free and autonomous while deciding on choices that influence their lives. This means practicing power over one's life as much as could reasonably be expected since an individual has the greatest understanding of his or her life. This standard is an augmentation of the beneficence rule because an individual who is autonomous more often than not likes to have authority over his background (Chonko, 2012).

Justice: This standard expresses that leaders should concentrate their efforts on activities that are reasonable for those included. Chonko (2012) states that moral choices ought to be predictable, and should be derived from the moral hypothesis for which there is a justification for the existence of palliative situations (Chonko, 2012).

2.3 Theories of Ethics

Amundsen and Pinto (2009) posit that ethics can be derived from two approaches; normative and descriptive approach. Descriptive methodology centers on individuals' ethical convictions, while the normative perspective is derived from standard moral hypotheses that recommend how individuals should act in order to be moral and high-minded, as well as to accomplish moral outcomes or satisfy one's obligation by complying with basic moral principles and guidelines. Virtue, consequentialism, and deontological ethical theories adopt a normative approach (Vance & Trani, 2008). By implication, normative ethics centers on exhibiting right or wrong behavior and relies on laws, guidelines, and standards (Amundsen & Pinto 2009). Chonko (2012) identified four (4) theories of ethics, namely: deontology, utilitarianism, rights, and virtues. These theories will be discussed below in more detail.

Virtue Ethics Theory: The word virtue delineates a type of conduct aiming at a standard of a higher good that takes into account individuals' character (Amundsen & Pinto, 2009). It is based on traditional or ancient conception of ethical thinking, describing what makes an individual decent as well suggesting the basis for the prosperity of the entire populace. The Greek philosophers, Plato, and Aristotle associated morals to living in agreement with others. Chonko (2012) states that this theory places judgment on peoples' character rather than their activity, which may go amiss from their typical conduct. It takes into account the individual's ethics, notoriety, and inspiration when rating abnormal and sporadic conduct that is perceived as dishonest.

It is flawed because it does not take into consideration a person's change in moral character. Consequently, this theory assumes people will possess the four fundamental virtues of judiciousness, equity, strength and moderation (Amundsen & Pinto, 2009) which will be valued and practiced by each member of the community. Virtue ethics lay emphases on the goodness

of individual and exhibition of good virtues in their relationship with others (Sullivan & Segers, 2007).

Deontology Ethical Theory: Deontology moral theory is otherwise called obligation or commitment based theory (Amundsen & Pinto 2009). The Deontology ethical theory proposes that being moral entails satisfying obligations, moral commitments, and standards. It further highlights that the privilege or obligation outweighs the outcome of an activity. According to Ahmed and Machold (2004), this theory is engrained in the ethical way of thinking of Immanuel Kant who stressed the significance of principles. Therefore, deontological ethical theories lay emphasis on individuals to stick to their commitments and obligations when making a decision. This implies that an individual will pursue his or her duties to another individual or society in light of the fact that defending one's obligation is what is perceived as morally right. This theory produces consistent decisions since it is based on the person's set duties, but has a flaw in determining the basis for deciding a person's duties (Chonko, 2012). Thus, it yields predictable choices and depends on the individual's set of obligations, and yet it is ambiguous when determining the reason for choosing an individual's obligations (Chonko, 2012).

Utilitarianism Ethical Theory: It depends on one's capacity to envisage the imports of activity and the decision that yields the best value for the majority of people. It is of two sorts: act and rule utilitarianism. Act utilitarianism focuses on person's ability to accomplish a task that is beneficial to most of the people, irrespective of personal feelings or the societal limitations such as laws; while rule utilitarianism takes the law into account and is concerned with fairness (Chonko, 2012). Utilitarian ethical theory values justice and aligns with the principle of beneficence (Chonko, 2012).

Despite the fact that individuals can utilize their background to foresee results, nobody can be sure that his/her forecasts will be precise. This also relates to uncertainty in the business milieu which can prompt startling outcomes, thereby making the utilitarian leader seem to be deceptive, as the decision made was not in the interest of the vast majority as anticipated. Vance and Trani (2008) posit that utilitarianism philosophy ought to be adjudicated regarding the measure of bliss or despondency that they bring while stressing that nobody's joy is considered more significant than anybody else's. The essential thought of this theory is to give the utmost best to the majority, while the ethical estimation of action is exclusively dictated by its commitment to the overall usefulness.

Rights Ethical Theory: In this ethical theory, the rights established by society are protected and given the highest priority and are well-thought-out to be ethically correct and valid since a large population validates them (Chonko, 2012). Invariably, an individual may also confer rights upon others if they have the ability and resources to do so. For instance, someone may give his property to another to use for some time, during the time the said property is in his possession, the individual then has the right to use the property. This theory has a major impediment, such as the need to interpret what the features of privilege are in general public since the general public needs to characterize what rights it needs to keep up and provide for its residents.

2.4 Ethical Dilemma in Contemporary Organizations

The fact that organizations are established to make a profit, accounts for their actions being directed towards doing whatever is necessary to maximize profit, whether ethical or unethical (Okoh, Amah & Olori, 2018). This assertion corroborates with the traditional view of the business organization, which stressed that the organization exists for the primary purpose of realizing a sustained long-term profit, thereby maximizing return on investment for shareholders and investors (Ahmed & Machold, 2004). Conversely, some other organizations will recognize the needs and benefits of acting ethically (Guffey & McCartney, 2000). With this motive of profit maximization, shareholders goals conflict with other goals of other

stakeholders (customers, host community, employees, etc.) and this triggers some unethical behaviors in modern organizations. Some scholars and other international organizations have highlighted some of the ethical dilemmas prevalent in modern organizations.

Transparency International (2015) advanced corruption as the most widely recognized sort of bad behavior, as well as conflict of interests, fraud, lack of accountability and transparency (Demmke & Moilanen, 2011). Ekekwe (2019) found that one of the banks in Nigeria, Diamond Bank fizzled on account of three reasons: bad leadership, ineffective risk management, and lack of independence and high turnover of the board of directors. Similarly, Eluka, Agu, and Nwonu (2015) identified that the craze for achieving the business objective of profit maximization remains the major cause of dilemma in the contemporary organization. Gabriel (2018) posits that moral issues in human resourcing can emanate when individuals are dealt with unjustifiably in view of their gender, sexuality, skin color, religion, ethnic background, state of origin among others.

Other ethical and moral dilemmas common in modern organizations include: (i) white-collar crime, (ii) employee rights, (iii) sexual harassment, (iv) romantic involvements, (v) organizational justice, (vi) whistleblowing and (vii) corporate social responsibility (Wisdom IT Services India PVT, 2018). Furthermore, Michigan state university (2018) identified five (5) common ethical issues in a workplace: (i) unethical leadership, (ii) toxic waste culture, (iii) discrimination and harassment, (iv) unrealistic and conflicting goals and (v) questionable use of company technology. Consequently, all the above ethical dilemmas are summarized and discussed in detail below.

Corruption: Transparency International (2015) describes corruption as the abuse of delegated power for private gain, and the frequency of occurrence is so high to the extent that it is considered to be one of the most astounding moral difficulties of the modern world (Demmke & Moilanen, 2011). Transparency International (2014) posit that corruption is an issue for the entire countries and a deprived notch in corruption observation index which signals extensive inducement, non-punishment or prosecution of offenders as well as publicly owned institutions that do not take care of the citizens.

According to Amundsen and Pinto (2009), corruption universally obstructs financial advancement, decreases confidence in leadership and trust in publicly owned establishments. Also, it destabilizes good governance, alters public strategy, leads to poor allocation of assets, destroys development in both the private sector and public sector of the economy and ultimately increases the sufferings of the deprived populace (Transparency International, 1998 cited in Demmke & Moilanen, 2011). In Nigeria, there are instances of recent corruption issues both private and public sectors, for example, the strange snake that purportedly swallowed thirty-six (36) million cash in JAMB office (Ameh, 2018). There is also the trending case of a Gorilla gulping the sum of 6.8 million naira (the equivalent of \$19,000) in Kano State for which investigations are ongoing. In terms of Bribery from public office holders, the example is the case of Babachair Lawal, the Secretary to the government of the Federation (SGF) who was indicted in corruption (Taiwo-Hassan, 2017) quickly comes to mind.

Abusive and Intimidating Behavior: This is another ethical dilemma inherent to contemporary organizations that employees contend with, and it ranges from physical dangers, unfounded indictments, being irritating, vulgarity, insults, shouting, brutality, overlooking somebody, to outlandishness among others. Abusive behavior if not curtailed, can lead to conflict in the workplace, which affects both the performance of the individuals and the entire organization (Eluka et al., 2015). Sexual harassment is another form of abusive behavior, which is reflected in unsolicited sexual attention. It could be verbal or physical, thus influencing the working condition of the employee being harassed and making the work environment ineffective. This unethical practice hurts the organization since it will stimulate increased absenteeism, turnover, and reduced productivity as well as payment of damages to the victim and negative publicity (Wisdom IT Services India

PVT, 2018). In academics, sexual harassment is common, for example, the case of Professor Richard Akindele of Obafemi Awolowo University (OAU) Ile Ife who demanded sexual favors from a postgraduate student, Monica Osagie before she could pass his paper, who was later prosecuted by the Independent Corrupt Practices and other related Offences Commission (Kair, 2018). Therefore, corruption is now ubiquitous in both the private and public sectors of the economy and as such the thriving or decline is determined by the actions and inactions of their leaders.

Conflict of Interests: This happens when people choose to perform activities that advance their benefits over the interests of others and taking actions that do not (Gabriel, 2018). A conflict of interest can exist, for example, when an employee's very own advantages meddle with or can meddle with, the best interests of the company's stakeholders (management, customers and owners). For instance, moral issues can emerge when individuals or organizations receive exceptional treatment in the light of some personal relationships with the decision making a person or a group. Additionally, some bankers offer personal loans to customers of the bank where they work. This act is unethical as bankers are not supposed to engage in the same business of their employer and such elicit conflict of interest.

White-Collar Crime: These are criminal tendencies that may result to budgetary mortifications, for example, the use of working hours for individual benefits, using organization assets in sending out messages, inappropriate utilization of internet, bloating of expenses among others. All these are practices which some individuals and organizations regard as unethical (Wisdom IT Services India PVT, 2018). Thus, some individual might consider the impact as low, but these behaviors are unethical because some organizations do not allow their employees to send personal emails using the organization's email like in some deposit money banks. Literature shows that the bank's electronic message is strictly for official correspondence while some of the employees cannot send emails outside the organization. Also, some managers in the bank use the pool cars meant for other employees that are not entitled to a status car for marketing thereby depriving them of reaching out to their customers, which in turn affect their performance.

Employee Rights: Human beings are very complex and challenging to manage since they are the only resource capable of having and acting upon emotion. In this vein, some ethical issues like privacy issues, drugs testing, among others arise in the workplace in the management of employees rights. Consequently, this will result in a conflict of interest since the employee's right to privacy is safeguarded. The protection of access to the data for those who need it requires the balancing of the competing interests by the manager (Wisdom IT Services India PVT, 2018).

Organizational Justice: This can trigger moral and ethical dilemmas in the workplace and can be both distributive and procedural. Distributive Justice has to do with the objectivity of results individuals receive, while Procedural justice focuses on the process of the fairness of the outcomes that were distributed (Wisdom IT Services India PVT, 2018). Therefore, the ethical challenge centers on how the organizational resources were distributed. Was it done fairly? Did the organization adopt the right procedures in allocating resources?

Whistle Blowing: Nowadays, employees use whistleblowing to report colleagues that indulge in wrongdoings to constituted authority (Wisdom IT Services India PVT, 2018). Employees that report unethical issues will be protected and rewarded, while punishment will be imposed on those that gave false information. Whistleblowing has played a significant role in contemporary organizations such as the ones in the financial sector (banks) in monitoring unethical practices as well as in the public segment of the economy. In Nigeria, the whistleblower bill has been passed into law by the Nigerian State (Baiyewu, 2017). Additionally, this will help curb improper behavior exhibited by individuals, public holders, and business entities both in the

private and public sectors as well as protect the whistleblower. Moreover, the Federal Government of Nigeria has made recoveries through whistleblowing amounting to N=7.8b, £280m, \$32m respectively as stated by Festus Keyamo during a forum organized by Rivers unity house, an advocacy group conjunction with All progressive Congress(APC) which he delivered in Port Harcourt(Akasike,2018).

Corporate Social Responsibility (CSR): This is the obligation of an organization to behave in ethical ways in the social environment in which it operates. There are increased concerns in different domains, such as environmental protection, promoting worker safety, supporting social issues (building of schools, provision of water and electricity, investing in the community, among others. It is the responsibility of managers to encourage both individual ethical behavior and organizational social responsibility (Wisdom IT Services India PVT, 2018). Operating in a socially responsible manner remains one of the primary goals of an organization since the business organizations are granted substantial freedom. As a result, businesses are expected to operate in a manner consistent with society's interest. Since business is part of society, and its actions have both economic and social consequences, it would be practically impossible to isolate the business decisions of corporations from their economic and social outcomes (Wright, Pringle, & Kroll, 1992). Therefore, CSR is a strategic concern for the operations of organizations today (Galbreath, 2010).

There have been divergent views of whether a business should be socially responsible. Aluko, Gbadamosi, Odugbesan, and Osuagwu (2004) argue that organizations should be socially responsible since organizations exist only because society exists, and it's still the society that which patronizes their products/services. On the other hand, classical economists have viewed CSR as being incompatible with the free market economy concept (Aluko et al., 2004). Friedman (1970) argued that there is only one CSR of business, and that is the utilization of its resources through engaging in the activities that will increase profits and, that a manager is an employee of the owners of the organization (stockholders). Moreover, those business organizations pay tax to governments, hence they should be used for economic development. We argue in favor of the opinion that they should be socially accountable to stakeholders based on their negative consequences (negative public image, dwindling profit, etc.). Moreover, it is morally right for them to contribute both socially and economically to the development of the community in which they operate. For instance, the Ogoni oil spillage by Shell Petroleum development company (SPDC) which affected the source of livelihood of the inhabitants thereby brought untold hardship to the community. As a result of this, the company was deprived of mining crude oil for years, and the oil mining lease (OML 11) was assigned to Nigerian Petroleum Development Company (NPDC) recently by Federal Government (Akasike, 2019).

Unethical Leadership: Unethical leadership has led to the extinction of many organizations, or to them being acquired or merged. It cut across manipulating the figures in reports to regulatory authorities or board of directors, spending organization funds on improper activities, approving of loans without adequate collaterals in place(Managing directors of banks), granting of loans to family members, accepting inappropriate gifts from suppliers and abuse of standard operating procedures. Recently in Nigeria, the regulator of quoted companies the Nigerian Stock Exchange (NSE) bars CEO and five directors of Oando Plc from holding director positions of public companies for a minimum of five (5) year period. They were barred as a result of allegations of regulatory defilement against the management of Oando plc on both the Nigerian and Johannesburg stock exchange. The findings of the report disclosed severe infractions such as false disclosures, market abuses, falsification of financial statements, internal control failures, among others (Udo, 2019). Studies have shown that the manager's account for 60% of workforce misconduct and the abuse of leadership is proliferating (Michigan state university, 2018).

2.5 Consequences of Unethical Practices

Ethics is inevitable in modern organizations since no organization can survive and achieve a competitive edge without implementing sound ethical practices (Okoh, et al, 2018). Most of the organizations aligned their operations with the provisions of the code of ethics in the banking sector, aviation industry, teaching professions, and hospitality industry. Research has revealed that ethics is beneficial to organizations due to the possible damage emerging as a consequence of unethical practices, such as cost incurred by businesses yearly as a result of conflict with stakeholders, which damages the reputation of organizations (Maheshwari & Ganesh, 2006). According to Trevino (1986), there has been increased interest on ethical behavior in organizations by scholars, experts as well as societal desires which have compelled businesses to be socially responsible and imbibe sound ethical practices.

Organizational literature has shown that ethical problems have a devastating effect on organizations. According to Maheshwari and Ganesh (2006), a yearly study of Europe reported by The Financial Times' magazine in 1977 attributed moral issues to the drop in Shell's ranking. Donaldson and Dunfee (1999) affirmed to it and posited that the company adopted a corrective measure to achieve sustainable growth. In the same vein, many organizations that indulge in unethical practices by producing products that are harmful to consumers like cigarette were criticized (Maheshwari & Ganesh, 2006). Several events are in this manner responsible for the uplifting enthusiasm in business ethics, particularly in both developed and developing countries. The subject of basic moral leadership came into the global business spotlight from a relative lack of definition after a series of crumples of prominent organizations. For instance, the Houston-Texas based energy giant Enron and WorldCom telecom behemoth stunned the business world with both the scale and age of their unethical and unlawful activities (Maheshwari & Ganesh, 2006; (Eluka, Agu & Nwonu, 2015).

The banking sector in Nigeria, was involved in unethical practices such as deceptions, moral offense, misrepresentation of profits to the apex bank (central bank), and the amateurish utilization of female staff, some of whom offered sex to win new clients (Soludo, 2004 as cited in Jafaru & Iyoha, 2012). Soludo, further stated that the deposit money banks participated in foreign exchange, and government treasury bills as well as direct importation of products through fake organizations (Soludo, 2004 as cited in Jafaru & Iyoha, 2012).

3. Conclusion

This paper critically reviewed ethical challenges prevalent in contemporary organizations as well as examined the principles and theories of ethics. It also reviewed extensively some common ethical dilemmas and the consequences of unethical practices. It has established that it pays to be ethical due to the negative effects of unethical practices. Scholars believe that an organization can be effective and focused when they adopt sound ethical practices. Moreover, that no organization can be successful and attain competitive advantage without being ethical. Therefore, for contemporary organizations to survive and prosper in the face of globalization and intense competition; as well as to attain sustainability, they must make ethical considerations an inherent part of their corporate values and also see that every organ in its structure abides by such ethical practices.

4. Recommendations

Based on the review, we put forward the following recommendations:

- Human Resource managers should ensure that ethical standards are crafted in their business philosophy and strategic intent in order to maintain a good corporate image.
- To achieve a competitive edge and sustainability, managers at different levels should maintain sound ethical practices enshrined in their codes of conducts or ethics

- The human resource manager should ensure that new employees are trained on business ethics while existing employees are continuously retrained by so doing, they will imbibe sound ethical standards.
- Management of organizations should punish and prosecute any employee that commits fraud, indulge in bribery and corruption as this will serve as a deterrent to other members.
- The selection process for hiring new employees should be seen as an opportunity to learn about an individual's level of moral development, individual qualities, ego strength, and locus of control.
- Employees' job goals should be tangible and realistic because clear and realistic goals reduce ambiguity and motivate rather than punish.
- Ethical issues should be part of the key performance indicators in the appraisal process of employees for them to uphold high ethical standards.

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