Role of Ethical Decision Making in Business on Corporate Branding: An Empirical Study

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Abstract

In today's business world, ethical decision-making is incredibly important in determining corporate branding. Customers are more inclined to choose companies that coincide with their values as they become more aware of the social and environmental effects of the goods and services they purchase. As a result, businesses that place a high priority on moral and ethical and ethical judgment and social responsibility can enhance their brand name and win over customers. Additionally, customers are prepared to pay more for goods and services from brands they trust, therefore having a strong brand image can benefit a business' financial performance. On the other hand, unethical conduct or a lack of social responsibility can harm a company's brand name, which can result in lost sales and unfavorable press. Businesses must convey their beliefs to their stakeholders and make moral and ethical decisions that are consistent with those principles. To do this, the organization's leadership must be committed, transparent, and accountable. Businesses that prioritize moral and ethical judgment and inform customers of their social responsibility initiatives can set themselves apart from rivals and foster enduring brand loyalty. In conclusion, making ethical decisions is crucial for establishing corporate branding and can be a major factor in a company's success in today's socially conscious market.

Keywords: Branding, Corporate, Business, Decision-making, Customer

Introduction:

Today's business environment is intricate and varied, marked by fierce rivalry, shifting consumer tastes, and quickly developing technology. Businesses are increasingly realizing the value of ethical decision-making in defining their company branding in such a dynamic context. The process of weighing options and making decisions in a way that is consistent with moral and ethical standards and ideals is known as ethical decision-making. It is an important component of organizational behavior that can significantly affect how a company is viewed by its stakeholders, including clients, staff, investors, and the general public.

Corporate branding describes how a business presents itself to the public and how its stakeholders view it. It includes all facets of a company's identity, such as its slogan, logo, goods and services, marketing campaigns, and CSR initiatives. A company that has a strong corporate brand may attract and keep customers and workers, stand out from competitors, and gain the confidence and credibility of its stakeholders. The opposite outcome, however, might occur when a brand image is weak or unfavorable, harming a company's reputation and decreasing its market share.

In this setting, moral and ethical and ethical decision-making is vital in determining how a company's corporate identity is portrayed. Consumers increasingly appreciate ethical behavior and look for goods and services from businesses that share their values and convictions. According to a recent Cone Communications survey, 87% of customers would buy a product if it supported a cause they cared about, but 76% would not purchase it if it backed a cause that went against their own views. Additionally, 79% of job searchers said they would think about a company's vision and purpose before applying for a job. This indicates that employees are becoming more and more drawn to organizations with strong ethical cultures.

Businesses can create a great brand image that resonates with their stakeholders by making moral and ethical and ethical decisions. For instance, a business might present itself as a leader in the battle against climate change by prioritizing sustainability and environmental responsibility. This may draw in customers and workers who are concerned about the environment and want to do their part to improve the planet. Similar to this, a business that places a high priority on diversity, equity, and inclusion can create a brand image that portrays it as an advocate for social justice, drawing in a wide variety of clients and workers who share these ideals.

On the other hand, unethical behavior can utterly ruin a company's corporate image. For instance, a business that uses dishonest or misleading tactics can easily lose the confidence of its clients and staff, harming its reputation and reducing its market share. Similar to this, a business that is discovered to be using unethical labor practices, such as child labor or forced labor, may experience public backlash and boycotts that harm both its reputation as a brand and its financial situation.

Hence, ethical decision-making is vital for forming a company's corporate identity. Businesses may create a favorable brand image that resonates with their stakeholders and draws clients and staff who share their values by making moral judgments. However, immoral behavior can

seriously harm a company's reputation, harm its brand image, and reduce its market share. Therefore, in order to establish a powerful and admirable corporate identity that appeals to all of their stakeholders, firms must prioritize ethical decision-making and make it a fundamental component of their organizational culture.

Literature Review:

Making ethical decisions has gained substantial attention in the corporate world. Many organizations are struggling with ethical issues as a result of the escalating competitiveness and the necessity for corporations to stay ahead of their rivals. Making decisions that are in line with ethical norms and values is the process of making ethical decisions. By discussing numerous writers and references, this literature study seeks to explore the impact of ethical decision-making in business on corporate branding.

Carroll and Shabana (2010) assert that ethical decision-making is essential to business branding. They contend that moral conduct and actions can improve a business's reputation and aid in its success. Similarly, to this, **Sen and Bhattacharya (2001)** assert that adopting ethical business decisions might have a favorable effect on corporate branding. The writers make the case that a business can improve its reputation and gain the trust of stakeholders by engaging in socially responsible behavior, such as environmentally friendly projects or fair labor practices. Since consumers are more likely to support socially conscious businesses, this could ultimately lead to higher financial performance. Moreover, **Bhattacharya and Sen (2003)** contend that businesses can improve their stakeholder interactions and build a great brand by making ethical decisions.

Additionally, ethical decision-making, according to **Korschun, Bhattacharya, and Swain (2014),** may increase consumer loyalty and a company's competitive edge. According to their analysis, customers were more likely to stick with businesses that acted ethically, which improved financial results. Additionally, research by **Carrigan and Attalla (2001)** looked at how brand loyalty may be impacted by ethical behavior. They discovered that clients who believe a business is ethical are more likely to become devoted patrons, increasing brand loyalty.

Till and Nowak's (2000) study on the connection between corporate social responsibility (CSR) and brand image is one of the earlier works on the subject. They discovered that CSR

psssssss had a favorable impact on brand image, which therefore had a beneficial impact on consumer attitudes and purchase intentions.

The reputation and brand image of a firm can also be impacted by ethical decision-making, according to **Lee, Kim, and Park (2012).** They contend that organizations that put an emphasis on moral decision-making are more likely to have a favorable brand image, which fosters greater stakeholder loyalty and customer loyalty.

Additionally, according to **Kaptein and Schwartz (2008),** making ethical decisions is essential for businesses to preserve their reputation and branding. They contend that unethical behavior can rapidly damage a company's brand and generate damaging press, which can result in large financial losses.

Lii and Lee (2012) discovered a similar positive relationship between ethical decision-making in business and brand equity, which is a gauge of a brand's worth and power in the marketplace. The authors contend that improved client loyalty, good word-of-mouth, and a greater readiness to pay more for goods or services are all benefits that a firm can gain from being seen as ethical.

Corporate branding and ethical business decision-making do not always correlate well, according to studies. For instance, **Hoeffler and Keller (2002)** discovered that while acting ethically can improve a company's reputation, it might not always result in higher sales or profits. The authors contend that consumers may place more weight on other considerations than a company's ethical standing, such as product quality and pricing.

Klein and Dawar (2004) contend, however, that when a company's ethical behavior conflicts with its brand image, it can have a detrimental effect on corporate branding. According to the authors, customers could be wary of a business that suddenly adopts socially conscious practices, especially if this behavior conflicts with the business's prior acts or messaging.

Singhapakdi et al. (2013) looked at the influence of moral leadership on corporate social responsibility and brand reputation in another study. They discovered that moral leadership had a favorable impact on CSR programs and company reputation, emphasizing how crucial moral judgment is at the leadership level.

Finally, **Trevio, Weaver, and Brown (2008)** propose that businesses might reduce their risk of legal and financial liability by making ethical decisions. They contend that businesses that place

a high priority on moral judgment are more likely to adhere to legal and regulatory standards, posing less legal and financial dangers.

Last but not least, **Lee and Park (2015)** looked into the connection between brand trust and corporate social responsibility. They discovered that CSR actions can enhance brand trust, resulting in greater consumer loyalty and more favorable perception of the business brand.

Objective of the Study

Analyze the role of ethical decision making in business on corporate branding

Methodology

This study utilized a structured questionnaire to conduct a survey, and statistical methods such as mean & t-test were used to analyze the responses from 209 participants. The sampling method used in this research was convenience sampling, where individuals were selected based on their accessibility & willingness to participate.

Table 1 Role of ethical decision making in business on corporate branding

Serial No.	Statement of Survey	Mean Value	t-value	p-value
1	When companies consistently make ethical choices, they create a reputation for integrity & transparency which enhances their brand image.	4.25	9.654	0.000
2	Ethical decision making can set a company apart from its competitors by highlighting its commitment to social responsibility and ethical practices.	4.33	10.048	0.000
3	When employees see their company making ethical choices, it fosters a sense of pride and loyalty.	4.47	11.452	0.000
4	Ethical decision making builds strong relationships with stakeholders, including suppliers, investors, communities, and regulatory bodies.	4.07	5.748	0.000
5	Ethical decision making may help companies navigate crises and maintain brand resilience.	3.79	3.069	0.001

6	Ethical decision making can facilitate market expansion and foster consumer loyalty.	4.49	11.815	0.000
7	Ethical branding can be a significant factor for socially responsible investors who seek to align their investments with their values.	4.05	6.820	0.000
8	By adhering to ethical standards, companies reduce the risk of legal and regulatory issues that can harm their reputation and brand.	4.19	9.463	0.000
9	Ethical decision making can foster innovation and creativity within an organization.	3.88	4.959	0.000
10	Ethical decision making helps companies contribute positively to society and pursue sustainability goals.	4.40	11.821	0.000

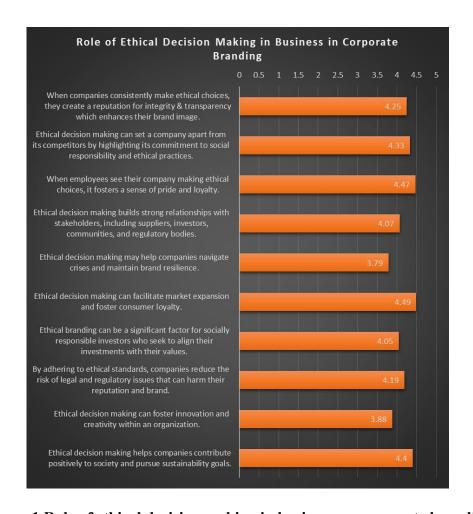**Figure 1 Role of ethical decision making in business on corporate branding**

Table 1 and Figure 1 demonstrates the mean values for each of the statement of the study done on the "role of ethical decision making in business on corporate branding", examining the average scores, the statement that obtains the highest mean score can be described as "Ethical decision making can facilitate market expansion and foster consumer loyalty", which has the mean score of 4.49, Looking at the next statement which is "When employees see their company making ethical choices, it fosters a sense of pride and loyalty" the mean score is found to be 4.47. Looking at the mean value of 4.40 for the statement "Ethical decision making helps companies contribute positively to society and pursue sustainability goals" shows that social impact and sustainability is also responsible for ethical decision making. Looking at the other benefit of ethical decision making is, "Ethical decision making can set a company apart from its competitors by highlighting its commitment to social responsibility and ethical practices" which displays the mean score of 4.33, and the statement "When companies consistently make ethical choices, they create a reputation for integrity & transparency which enhances their brand image" showcase the mean value of 4.25. Then the statement "By adhering to ethical standards, companies reduce the risk of legal and regulatory issues that can harm their reputation and brand" obtains mean value of 4.19 and the statement "Ethical decision making builds strong relationships with stakeholders, including suppliers, investors, communities, and regulatory bodies" has 4.07. The statement "Ethical branding can be a significant factor for socially responsible investors who seek to align their investments with their values" showcase the mean value of 4.05. Therefore, the last two statements fall within the lowest category or level, "Ethical decision making can foster innovation and creativity within an organization" mean value of 3.88, the statement "Ethical decision making may help companies navigate crises and maintain brand resilience" has 3.79. The significance of the t-value for each statement in the investigation on the role of ethical decision making in business on corporate branding is significant. The t-value statements were positive, and their significance value was less than 0.05, indicating a significant relationship between the two variables.

Conclusion:

Corporate branding is more crucial than ever in the cutthroat economy of today, which is also socially conscious. The success of a firm can be determined by its reputation, and ethical decision-making is essential to establishing that reputation. Businesses that put an emphasis on moral decision-making are more likely to develop a powerful, admirable brand image that appeals to customers. Companies can stand out from their rivals and win over customers by

adopting choices that are consistent with key principles like openness, honesty, and social responsibility. Businesses that put profits above ethics run the danger of losing consumers and harming their brand. A single ethical mistake can have far-reaching effects, undermining consumer confidence and permanently harming a company's reputation. However, making ethical decisions involves more than merely averting drawbacks. Companies can contribute to a better world by embracing ethical ideas and incorporating them into their business practices. enterprises that place a high priority on ethics are better positioned to satisfy the demand from customers who are eager to support enterprises that are actively addressing social and environmental challenges. In conclusion, ethical decision-making is essential to building a company's reputation and brand. Businesses may increase consumer trust and set themselves apart from the competition by putting principles like openness, honesty, and social responsibility first. Businesses that put profits above ethics run the danger of losing consumers and harming their brand. Making ethical decisions is not only excellent business practice in today's socially conscious marketplace; it is also necessary for long-term success.

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