



## Entrepreneurship and Business Ethics: Implications on Corporate Performance

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### ABSTRACT

The purpose of this research is to examine the impact of business ethics on corporate performance. The hypotheses were set using four main objectives. Data were obtained using both primary and secondary sources. The primary data was obtained by using a structured questionnaire design. Whilst relevant published and unpublished literature provided the secondary data. The total number of questionnaires distributed was 286, out of which 260 were returned. Descriptive and inferential statistics were used for the data analysis. The statistical tools used include frequency table, multiple regression analysis, analysis of variance, correlation analysis. The results showed that there was a significant relationship between the ethical practices of organizations and their corporate performance. Moreso, the employees of the sampled organizations concurred that their organization is highly ethical. Based on these findings, the authors proffer the need for clearly defined ethics within corporate organizations as this would guide the employees in their day to day conduct.

**Keywords:** Entrepreneurship, Business Ethics, Employee Behaviour, Entrepreneurial Performance, Nigeria

**JEL Classification:** L26

### 1. INTRODUCTION

The research into the concept of business ethics and entrepreneurship has gained legitimacy in the last decade among the academia and scientific community (De George, 1990; Ajagbe and Ismail, 2014; Fadeyi et al., 2015). This has arisen as a result of the challenges that entrepreneurs encounter in the area of ethical dilemma whose solution directly affects the performance of entrepreneurial ventures (Carasco and Sign, 2003; Adegbuyi et al., 2015; Ajagbe et al., 2015a). Such challenges require a unique evaluation when the entrepreneur who often searches for opportunities in dynamic and competitive environment, must translate these opportunities into enhanced company prosperity (Goodpaster, 2007; Dabor et al., 2015; Ajagbe et al., 2015b). However, in the perspectives of the entrepreneurial venture where competitiveness is determined by technological innovation, ethical challenges are often encountered

when the entrepreneur has to decide between pursuing their own interests without harming the firm, or compromise norms of behaviour. Dabor et al. (2015) opined that business ethics or rather corporate ethics is a kind of applied or professional ethics that consider ethical principles and moral or ethical challenges that come up in a business environment. They added that this is applicable to all areas of entrepreneurial venture conduct and is relevant to the conduct of individuals and entire organizations.

Business ethics has both normative and descriptive dimensions (Rubenstein et al., 2000; Porter and Kramer, 2006), and according to John (1998), it is both a corporate practice and a career specialization. Ponnu and Tennakoon (2009) suggested that academics investigating the behavior of entrepreneurial business ventures could adopt a descriptive approach. The choice and quantity of business ethical concerns reflects the interface of

profit-maximizing behavior with non-economic concerns (Covey, 1998; Fulmer, 2004; Robbins et al., 2008). Interest in business ethics accelerated dramatically during the 1980s and 1990s, both within major corporations, research centres and universities (De George, 1990; Dewey, 2007; Werber and McGivern, 2010). A typical example of this is that most large firms now promote their commitment to non-economic values under headings such as ethics codes and social responsibility charters. Adam Smith in the *Wealth of Nations* (1776) mentioned that, "People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices. Governments use laws and regulations to point business behaviour in what they perceive to be beneficial directions." McClaren (2000) argued that ethics implicitly regulates areas and details of behaviour that lie beyond governmental control. However, the condition of most organizations seem to suggest that ethical behavior have not been strictly implemented (Porter and Kramer, 2006; Trevino and Brown, 2005; Dabor et al., 2015). Substantial variance has also been reported between what ought to be and what is common in the industry. Some studies have pointed out a few of the deficiencies that affect business environment in areas of research on business ethics and moral issues (Weiss, 1994; Taylor, 2002; Krehmeyer, 2007). Hence, for the purposes of this article, we examine the impact of business ethics and its effects on the corporate performance of entrepreneurial business ventures, but first, we discuss some of the concept of business ethics, elements of business ethics, ethics and moral issues in business and the benefits problems of business ethics.

## 2. LITERATURE SURVEY

### 2.1. Business Ethics

Musa (2008) argued that the term Business ethics is the behaviour that corporations must adhere to in carrying out its day to day operations within the environment where it operates and probably sometimes outside the community. The author added that the ethics of a particular company could be diverse. Some companies adopt ethics to not only how the firm relates with the world in general, but also to their one-on-one interaction with individual customers. Johnson (2002) reported that some companies have gained a bad reputation just by being in business. Whereas some organizations, businesses are interested in making money, and that is the bottom line. Such companies that are mainly interested in making money alone by being in business could be referred to as capitalist in its purest form. Collins (2010) suggested that making money in business is not wrong in itself, but it is the manner in which some corporations conduct their activities that brings up the question of ethical behavior. The researcher concluded that good business ethics should be a part of every business. The suggestion of the author is important because several international firms including some of the major brands that the public use, can be seen not to think too highly of good business ethics. Brown and Mitchell (2011) reported that many major brands have been fined millions of dollars for breaking ethical business regulations. The authors found that for some business corporations, money is the main deciding factor. However, any organization that does not adhere to business ethics and breaks the laws often get penalized.

Oladunni (2000) argued that many business corporations have flaunted the anti-trust, ethical and environmental regulations and have been penalized for such unethical conduct. The challenge as mentioned by the authors is that the amount of money the firms make through ethical misconduct far outweighs the penalty awarded to them. Khuntia and Suar (2004) suggested that business ethics should eliminate exploitation, from the sweat shop children who are making sneakers to the coffee serving staffs that are being ripped off in wages. They contributed that it can be applied to everything from the trees cut down to make the paper that a business sells to the ramifications of importing coffee from certain countries. Guillén et al. (2002) concluded that it may be up to the public to make sure that a business corporation operating within an environment adheres to correct business ethics. The researchers also mentioned that for a business realising huge amount of money through unethical misconduct may not wish to pay too close attention to their ethical behavior. Trevins (2006) contradicted earlier authors and argued that there are many business organizations who pride themselves in their correct business ethics, though the numbers are quickly dwindling as a result of activities of cut-throat competition.

### 2.2. Elements of Business Ethics

#### 2.2.1. Integrity

The social aspect of being considerate and fair to others while at the same time realizing a profit is referred to as integrity. Dewey (2007) argued that integrity also entails keeping agreements and promises. The author explained further that promising an employee a raise or a vendor agreeing to deliver top quality goods, the main concept of ethics in business transactions means adhering to your word. Resick et al. (2006) reported that dependability and telling the truth are basic integrity ethics impressions that are implemented in all areas of business from serving customers to hiring and firing employees. Izedonmi (2005) put forward that the importance of integrity has always existed among the business community, but in recent times has been shown as falling short. He concluded that it is the Internet's immeasurable impact on the global marketplace that is now making the expression of integrity, reliability and credibility extremely important.

#### 2.2.2. Public spiritedness

This is the outer manifestation of the noble emotion called Patriotism, the love of country. Love of the country in which a man was born, in which he received his infant nurture, his youthful training, this is one of the feelings of the human heart called instinct, that is, the heritage of the past, born with the individual into the present (Crane and Matthey, 2007; Collins, 2010). It is found everywhere among civilized peoples, unless crushed out by most unfortunate circumstances.

#### 2.2.3. Accountability

Organizations should have a special stewardship obligation to process properly and accurately all receipts and disbursements of funds; to account for all financial resources received and used. Darcy (2010) opined that accountability is an obligation or willingness to accept responsibility or to furnish a justifying analysis or explanation for one's actions. The author added that it is how the human, financial and political resources are being

used. How well the leadership is carrying out the unit's mission (Khan, 1990; Kotter, 2008). What risks, legal, financial, and other being incurred by the unit. The quality of decisions being made.

#### 2.2.4. Transparency

Transparency is the ingenuousness of an enterprise in ensuring that information dissemination on its operations are clear and untwisted. Fulmer (2004) argued that it is improved by means of a two-way discourse. Williams (2002) found few influences that have produced widespread cognizance of sensitivity about communal and environmental influences of business activities. This consciousness has brought about aggregate societal pressures aimed at corporate responsibility and accountability towards transparency. Dabor et al. (2015) reported that a greater business transparency is currently being acknowledged as central toward organization's permit to function. They concluded that enhanced corporate performance is engendered via inspiring an enterprise to achieve its stated objectives.

### 2.3. Business Ethics and Moral Issues

Business ethics have been found to be a foremost challenge for entrepreneurial ventures (Porter and Kramer, 2006; Trevino and Brown, 2005; Williams, 2002). The result of Enron opinion survey established that 61 out of a 100 adults trust that a greater number of persons on Wall Street would prefer to disrupt the law if it could enhance the amount of wealth coming to them (Jones, 1991; Taylor, 2002). Subsequently things took a different turn following the scandals from different nations involving reknowned organisations, the likes of Lehman Brothers, AIG, and Mehdoff. Either the executives of these organisations were deeply oblivious or intentionally insensitive to the moral expectations at the instance of business associated ethical problems in diverse extents relating to finance and other environmental concerns. In respect to the aforementioned unpleasant happenings, it became paramount for business ethics to be reintroduced strongly on educational platforms (Molyneaux, 2004; Krehmeyer, 2007; Musa, 2008). Further directives of morals can develop students' consciousness about ethical matters. Treviño (2006) stressed that education students in explicit practical aspects of an enterprise can quicken the significance of ethics as regards those functional areas. This has given rise to the usefulness of one's soundness in ethical issues as it aids vital aspects of decision making. Reinstein et al. (2006) reported on the framework that was developed in 1984 by Kohlberg of moral reasoning having six discrete phases fused into three levels of moral development. The authors made additional elaborations on the stages as displayed in the Table 1. They added that moral developmental stages of individuals can be well understood via the hierarchical model which advocates morals in individuals begins from level 1 (minimum) to level 6 (maximum) on the moral scale as at when the individual gets to the final level, he becomes well cognitively integrated on issues which in turn forms the base for sound decisions made at different stages of the corporate organisations as managers. Table 1 indicate the framework for moral reasoning as suggested by Kohlberg (1984) in Reinstein et al. (2006).

### 2.4. Merits and Challenges of Corporate Ethics

Smith and Johnson (1996) suggested that the main influence of business ethics as a discipline emphasizes on linkage

between society and business, creation of services and goods for consumers, the worth of working life practiced by workers irrespective of their position, and the significance of the person as an agent of the society. Based on the argument of De George (1990), the worth of business ethics is often such that it could aid individuals tackle moral challenges in commerce more tactically, adopting appropriate instruments than could have been implemented. Such could also support them to view things that could have normally been overlooked. The business firms could further enhance alterations in business decisions that could not have been made. They researcher stressed further that ethics in business organisations would not make people morally upright, in such ways as existence of the law has not eliminated crime. In another dimension, ethics in business will not alter business practices except those involved in such practices have the intention to alter their morals. Hence, only those in a position to adopt the alterations could do that.

Chryssides and Kaler (1993) posited that considering morals in commercial ventures is in the benefits of the organisation since it is believed in certain quarters that "good ethics is good business." For instance, positioning one-self as a socially reliable firm could encourage the satisfaction and loyalty of staffs, entices customers and aids to prevent image risks. Although, this could be viewed as a tool that considers business ethics since it indicates that business ethics is essential only as a mechanism of business proficiency. De George (1990) contradicted that it is gradually recognized that positive ethics is not always prosperous business. Another angle to this discuss is that not many authors considers the intrinsic disagreement between the economic and social performance of the organisation (Hosmer, 1996; Smith and Johnson, 1996; Dabor et al., 2015; Fadeyi et al., 2015; Adegbuyi et al., 2015; Alamer, 2015a; 2015b). Such disagreement is chiefly because of the fact that most "ethical practices" often lead to immediate expenditure for firms. Smith and Johnson (1996) suggested that the crisis

**Table 1: Framework of moral reasoning**

Level	Stage	Social orientation
Preconventional	1	Obedience and punishment Avoid breaking rules backed by punishment; avoidance of punishment
	2	Individualism, instrumentalism, and exchange Follow rules if they are in own interest; to serve one's immediate interest
Conventional	1	"Good boy/nice girl" Living up to what is expected by people; need to be a good person in the eyes of others
	2	Law and order Fulfilling agreed-to duties and obligations; to keep the social institutions going
Post-conventional	1	Social contract Upholding non-relative obligations first; obligation to law before social contract
	2	Principled conscience Follow self-chosen ethical principles; belief in ideal as a rational person

Source: Kohlberg (1984) in Reinstein et al. (2006)

between business practices and ethical perceptions require to be admitted, but not essentially in the dimension that ethics and business are characteristically unsuited. Slightly, there maybe the need to strike a balance between the two variables (Hosmer, 1996; Wheatley, 2010).

Considering the opinion of some authors in this field (Hosmer, 1996; Smith and Johnson, 1996), most opinion that emerged is that it might not be that plausible to report in favour of social performance at the cost of business prosperity, this the authors wrote is as a result of progressive competition in the current world of business. They also looked at another angle that neither is it possible to focus mainly on economic performance and neglect social concerns altogether. Frank (2002) reported that even if organisations are socially upright in their dealings with the community, they could reap the benefits of such uprightness from other areas of business. Carasco and Sign (2003) did not report any correlation between corporate social responsibility and profitability. Green (2004) supported that earlier methodologically sound studies, did not report any relationship between social orientation and performance differences of business organisations.

### 3. METHODOLOGY

The methodology adopted for this study is explanatory because it is an appreciated means of finding connections between variables of research and more essentially to evaluate the occurrences in a fresh perspective. The sampled population consist of selected universities in Nigeria. The universities sampled activities indicating that they can be regarded as entrepreneur based. In determining the sample size, different opinions have been expressed by experts on this subject. Some researchers have suggested that when population is large the sample size should be 5% of the entire population while others believe that the sample size should be 10% (Creswell, 2012). This is due to recommendations of earlier authors that for the most appropriate sample size of a study to be complete, it should include census of the population, because all the components of the population are represented (Asika, 1991; Trochim and James, 2006). The overall population derived for the universities are a total of 286, of this population, 26 were not returned hence, the population size for this study was reduced to 260 as shown in Table 2a. This study adopted both primary and secondary sources of data, the primary source of data used questionnaire while the secondary data used include textbooks, journals, previous research works, internet and magazines. Otokiti (2005) suggested that the selection of instrument for a research should consider such factors as the nature of the study. Creswell (2012) included that there are four methods for calculating reliability, they include: Test-retest method, split half reliability, parallel/equivalent form method or alternative form method and the Kruder Richardson or Cronbach alpha reliability tests. For the purpose of this study, the Cronbach alpha was used because it is a type of reliability test that proceeds by utilizing a single administration of a single form based on the consistency of responses to all items of the test. In Table 2b, Cronbach alpha is for the 19 items analysed together. This shows that the items are highly reliable with 0.755 as they agree more than the widely accepted score of 0.6 which indicated that the research instrument adopted is reliable.

**Table 2a: Return rate of questionnaire**

Questionnaire	Respondents	Percentage of respondents
Returned	260	90.9
Not returned	26	9.1
Total distributed	286	100

**Table 2b: Reliability statistics**

Cronbach's alpha	Number of items
0.755	19

#### 3.1. Operationalization

This is the process of breaking down the research topic into dependent and independent variables and these two into component parts.

For the purpose of this study these variables are expressed mathematically as follows:

$$Y = F(x)$$

Where, Y = Dependent variables,

X = Independent variables,

Thus, EP = F (BE)

EP = Entrepreneur performance,

BE = Business ethics,

EP is broken as follows:

$$Y = EP = (y_1, y_2, y_3, y_4, \dots, y_n)$$

$Y_1$  = Sales volume,

$Y_2$  = Market share,

$Y_3$  = Profit margin,

$Y_4$  = Profit.

$$X = BE = (x_1, x_2, x_3, x_4, \dots, x_n)$$

BE is broken as follows:

$X_1$  = Ethical standards,

$X_2$  = Moral standards,

$X_3$  = Integrity,

$X_4$  = Fairness.

#### 3.2. Analysis of Demographic Data

This section presents discussions of the information gathered from the participant's demographic data. The presentation of demographic data was divided into two; the bio data of the participants were presented before the description of variables raised in the hypotheses. The participants as presented revealed a total of 129 females representing 49.6% and 131 males representing 50.4%. This indicates higher number of male participants for the study. The age of the participant's shows that a total of 48 participants are <40 years of age representing 17.5%, 154 participants are between 21 and 29 years old accounting for 59.2%, for participants in the age bracket of 30-39 years old, they are about 48% indicating 18.5%. In addition to this, 2 among the participants are above 45 years representing about 8% and 10 participants representing 3.8% for those above 50 years. This indicates a higher number of the respondents are within the age group of <40 years. The marital status of the participants as presented in the analysis of demgraphic data revealed a total of 163 participants representing 62.7% as single, and 80 participants representing 30.8% as married. Participants who are separated are 5 in number and represent about 1.5% and divorced 12 in number representing 4.6%. This data

shows that more of the people who participated in this research are married compared to those who are not married. The educational status of the respondents as presented revealed that a total of 160 participants representing 61.5% are HND/B.Sc holders, 73 participants accounting for about 28.1% are Msc/MBA holders and 27 participants representing 10.4% hold other qualifications. From this result, it can be reported that majority of those who participated in this study possess tertiary certificate. In addition, among the 260 respondents who completed the distributed questionnaires about 188 representing 72.3% have worked for 1-5 years, 43 representing 16.5% have worked for 6-10 years, 11-15 years accounted for 9.2% and 5 participants have worked for above 15 years and accounted for about 5 1.9% of the population.

## 4. DATA ANALYSIS AND RESULTS

### 4.1. Test of Hypothesis 1

#### 4.1.1. Coefficient of determination (COD)

The COD is obtained using formula:

$$\text{COD} = r^2 \times 100\%$$

Where,  $r$  = Pearson correlation,

Thus;

$$\text{COD} = (0.284)^2 \times 100\%$$

$$\text{COD} = 0.080656 \times 100\%$$

$$\text{COD} = 8.06\%$$

### 4.2. Test of Hypothesis 2

#### 4.2.1. COD

The coefficient of determination is obtained using formula

$$\text{COD} = r^2 \times 100\%$$

Where  $r$  = Pearson correlation

Thus;

$$\text{COD} = (0.168)^2 \times 100\%$$

$$\text{COD} = 0.028224 \times 100\%$$

$$\text{COD} = 2.82\%$$

The Pearson correlation of  $r = 0.168$  therefore implies 2.82% shared variance between compliance with moral standards and market share.

#### 4.2.2. Interpretation of results

The relationship between the variables (compliance with moral standards and market share...) was investigated using Pearson correlation coefficient. The results from table above show that there is a significant positive correlation of (0.168) between both variables at 0.007 level of significance.

Thus, as obtained from the table ( $r = 0.168$ ,  $P < 0.05$ ,  $n = 260$ ).

#### 4.2.3. Decision

Haven found out that there is a significant relationship between compliance with moral standards and market share, we therefore

**Table 3: Pearson Correlation showing the relationship between ethical standards and sales volume**

Compliance with ethical standards and sales volume	Top managers of your organization demonstrate high ethical standards	There is relative increase in sales volume
Top managers of your organization demonstrate high ethical standards		
Pearson correlation	1	0.284**
Significant (two-tailed)		0.000
N	260	260
There is relative increase in sales volume		
Pearson correlation	0.284**	1
Significant (two-tailed)	0.000	
N	260	260

\*\*Correlation is significant at the 0.01 level (two-tailed)

reject the null hypothesis ( $H_0$ ), and accept the alternative hypothesis ( $H_1$ ).

### 4.3. Test of Hypothesis 3

#### 4.3.1. COD

The coefficient of determination is obtained using formula  $\text{COD} = r^2 \times 100\%$

Where  $r$  = Pearson Correlation

Thus;

$$\text{COD} = (-0.006)^2 \times 100\%$$

$$\text{COD} = 0.000036 \times 100\%$$

$$\text{COD} = 0.0036\%$$

The Pearson correlation of  $r = -0.006$  therefore implies 0.0036 % shared variance company's level of integrity and sales volume.

#### 4.3.2. Interpretation of results

The relationship between the variables (company's level of integrity and sales volume) was investigated using Pearson correlation coefficient. The results from table above show that there is an insignificant negative correlation of (-0.0036) between both variables at 0.921 level of significance.

Thus, as obtained from the table ( $r = -0.0036$ ,  $P > 0.05$ ,  $n = 260$ ).

#### 4.3.3. Decision

Haven found out that there is no significant relationship between company's level of integrity and sales volume, we therefore accept the null hypothesis ( $H_0$ ), and reject the alternative hypothesis ( $H_1$ ).

### 4.4. Test of Hypothesis 4

$H_0$ : Fairness and equitable dealings do not have significant effect on profit margin

$H_1$ : Fairness and equitable dealings have significant effect on profit margin

## 5. DISCUSSIONS OF RESULTS

The first objective is to determine the connection between improved ethical standards and entrepreneur's sales volume. The research question aimed to answer this objective is: What is the connection between ethical standards and sales volume of the organization? The hypothesis formulated to analyse this research question is: There is no relationship between compliance with ethical standards and sales volume. However, from the analysis of the data collected from the participants of this study. The result show that the Pearson correlation of  $r = 0.284$ , this figure implies that 8.06% shared variance between compliance with ethical standards and sales volume. The relationship between the variables, that is compliance with ethical standards and sales volume were investigated using Pearson correlation coefficient. The results from Table 3 show that there is a significant positive correlation of 0.284 between both variables at 0.0001 level of significance. Thus, as obtained from the Table 3 ( $r = 0.284$ ,  $P < 0.05$ ,  $n = 260$ ). Haven found out that there is a significant relationship between customers' panic buying and the increased company's revenue, therefore the null hypothesis ( $H_0$ ) is rejected. Hence, the study concludes that there is a positive relationship between compliance with ethical standards

**Table 4: Pearson Correlation showing the relationship between organization's moral standards and market share**

Compliance with moral standards and market share	My organization has high market share	Adhere to moral standards in my own faith or religion above all other considerations
My organization has high market share		
Pearson correlation	1	0.168**
Significant (two-tailed)		0.007
N	260	260
Adhere to moral standards in my own faith or religion above all other considerations		
Pearson correlation	0.168**	1
Significant (two-tailed)	0.007	
N	260	260

\*\*Correlation is significant at the 0.01 level (two-tailed)

**Table 5: Pearson Correlation showing the relationship between company's level of integrity and profit margin**

Organisation's level of integrity and profit margin	People of integrity are rewarded in your organization	There is relative increase in our profit margin
People of integrity are rewarded in your organization		
Pearson correlation	1	-0.006
Significant (two-tailed)		0.921
N	260	260
There is relative increase in our profit margin		
Pearson correlation	-0.006	1
Significant (two-tailed)	0.921	
N	260	260

and sales volume. The findings here agrees with Collins (2010), who suggested that making money in business is not wrong in itself, but it is the manner in which some corporations conduct their activities that brings up the question of ethical behavior. The researcher concluded that good business ethics should be a part of every business. The suggestion of the author is important because several international firms including some of the major brands that the public use, can be seen not to think too highly of good business ethics. Hence, the findings of this study shows that when corporate organizations adopt good ethical conducts, they will witness an increase in positive corporate image and this automatically translates to increased sales volume and better business performance.

The second objective of this study is aimed to investigate how the organization's moral standards affects market share. The research question formulated to determine this is: How does the organization's moral standard affect market share of the firm? The hypothesis put forward for this is: there is no relationship between compliance with moral standards and market share. The relationship between the variables, that is compliance with moral standards and market share were investigated using Pearson correlation coefficient. The results from Table 4 show that there is a significant positive correlation of 0.168 between both variables at 0.007 level of significance. Thus, as obtained from the Table 4 ( $r = 0.168$ ,  $P < 0.05$ ,  $n = 260$ ). The result from the data analysis of questionnaires collected from participants established that there is a significant relationship of 0.007 between compliance with moral standards and market share. On this grounds therefore, the null hypothesis is rejected. Hence, the study concludes that there is a relationship between compliance with moral standards and market share of the firm. Chryssides and Kaler (1993) suggested the consideration of business ethics as an important corporate responsibility factor because they believe "good ethics could translate to good business." They stressed that being a socially compliant organisation encourages personnel loyalty and satisfaction, draws clients and supports in the avoidance of image risks. Although, it could be perceived to be a contributory dimension of business ethics because it indicates that business ethics is essential only as a tool for business efficiency. De George (1990) contradicted that it is progressively recognized that good ethics may not eventually be considered as good business. This argument is chiefly as a result that most "ethical practices" often result to immediate costs for firms.

The third objective of this study tries to examine the effect of integrity on the organization's entire profit margin. The research question asked to achieve this is: Must employees have integrity in the bid to increase its profit margin? In other to achieve this research objective, the study used hypothesis three to test the response to this research question: There is no significant relationship between the company's level of integrity and profit margin. The relationship between the variables, that is company's level of integrity and sales volume were investigated using Pearson correlation coefficient. The results from Table 5 show that there is an insignificant negative correlation of -0.0036 between both variables at 0.921 level of significance. Thus, as obtained from the Table 5 ( $r = -0.0036$ ,  $P > 0.05$ ,  $n = 260$ ). The result obtained from

**Table 6: Model summary**

Model	R	R <sup>2</sup>	Adjusted R <sup>2</sup>	Standard error of the estimate
1	0.199 <sup>a</sup>	0.040	0.036	0.66260

<sup>a</sup>Predictor: (Constant), Justice, fairness and equality, (\*P<0.01) \*\*P<0.05) \*\*\*P<0.1), 0.01 and 0.05

**Table 7: ANOVA<sup>b</sup>**

Model	Sum of squares	df	Mean square	F	Significant
1					
Regression	4.667	1	4.667	10.629	0.001 <sup>a</sup>
Residual	113.272	258	0.439		
Total	117.938	259			

<sup>a</sup>Predictors: (Constant), Justice, fairness and equality, <sup>b</sup>Dependent variable: There is relative increase in our profit

**Table 8: Coefficients<sup>a</sup>**

Model	Unstandardized coefficients		Standardized coefficients	T	Significant
	B	Standard error	Beta		
1					
(Constant)	1.657	0.109		15.270	0.000
Justice, fairness and equality are the most important than one's individual concerns	0.153	0.047	0.199	3.260	0.001

Dependent variable: There is relative increase in our profit

the data analysis show that there is no significant relationship at 0.921 level between company's level of integrity and sales volume. As a result of this, the null hypothesis is accepted, hence the study concludes that there is no significant relationship between the company's level of integrity and profit margin. This goes to imply that organisational profit level has no correlation with its level of integrity. Brown and Mitchell (2011) reported that many major brands have been fined millions of dollars for breaking ethical business regulations. The authors found that for some business corporations, money is the main deciding factor. Oladunni (2000) argued that many business corporations have flaunted the anti-trust, ethical and environmental regulations and have been penalized for such unethical conduct. The challenge as mentioned by the authors is that the amount of money the firms make through ethical misconduct far outweighs the penalty awarded to them.

The fourth objective determines the impact of fairness on the organization's profit level. The research question posed is: To what extent does fairness impact the organization's profit level? Hypothesis four was used to analyse the impact of fairness on the profit level of the organization. However, from the analysis of the responses from the participants, fairness and equitable dealings do not have significant effect on profit level of the organization. This particular findings indicate that even when some corporate organizations adopt ethical approach to their day to day activities, it does not necessarily enhance business profitability. And literature review has shown that some firms who flaunt anti-trust laws even report huge profits. This could be among the reasons Trevins

(2006) contradicted earlier authors and argued that although many business organizations pride themselves in their correct business ethics, but the numbers are quickly dwindling as a result of activities of cut-throat competition. This means that competitors who do not adopt good business ethics perform better in the industry in areas of huge revenue generation.

However, the model summary in Table 6 shows how much of the variance in the dependent variable (profit margin) is explained by the model. In this case the R<sup>2</sup> = 0.040 if expressed by a percentage will be 4.0%. This means that our model explains 4.0% of the variance in profit margin. In addition, the ANOVA result in Table 7 shows the assessment of the statistical significance (significant = 0.000), in which the F = 10.629, and ≤0.001, therefore, the null hypothesis rejected and the study concludes that fairness and equitable dealings are useful for predicting sales volume. This goes along way to show that the model is useful. Table 8 explains which of the variable statistically contributes to the model. It reveals that fairness and equitable dealings has significant effect on the profit margin (Beta = 0.153, P < 0.01). Thus, it made a unique and statistically significant contribution to the prediction of profit margin for the organization. Hence, the rejection of the null hypothesis. The implication of this result is that fairness and equitable dealings have significant effect on the level of profit of the organization.

## 6. CONCLUSIONS AND IMPLICATIONS FOR RESEARCH

The emergence of business ethics is similar to other management disciplines. In recent times, business organizations have realized that they needed to manage a more positive image to the public and so the recent discipline of public relations was born. Organizations realized they needed to better manage their human resources and so the recent discipline of human resources was born. It was said by some management guru that ethical companies have greater competitive advantage above their competitors, because they tend to do better in their respective market. Studies found that if ethics are poor at the top the behavior flows down the other levels in the organization. However, this study aimed at finding the impact of business ethics on performance of entrepreneurial business ventures has been able to achieve the objectives it set out to achieve. The study has expounded on the knowledge of ethical standards and entrepreneurial performance. It has brought to the fore that there is significant relationship between compliance with ethical standards and sales volume emphasising that entrepreneurs will need to enforce compliance with ethical standards within their firms in order to boost their sales volume. The findings from this study also revealed that moral standards and market share are significantly related. The relationship between company's level of integrity and sales volume is negative and fairness and equitable dealings have significant effect on profit margin, which goes to say that with certain degree of integrity, fairness and equitable dealings with stakeholders, the firm will witness a boost in its image. This could lead to increase in profit margin through increased patronage. The authors suggests that future researchers could broaden the scope of this study by emphasizing on the dynamics of business environment and its relationship with business ethics to complement the results of this research. Based on the findings

of this study, it was recommended that there is need for clearly defined ethics within the organization, this will help to guide employees in their day to day dealings and transactions. In turn, moral standards must be upheld by entrepreneurs that want to increase the market share of its firms.

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