IMPACTS OF ETHICAL PRACTICES ON THE ORGANIZATIONAL PERFORMANCE IN PROFIT-FOCUSED PROJECTS IN RWANDA. A CASE STUDY OF PRIME LIFE INSURANCE

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ABSTRACT

Ethical practices within profit-focused organizations play a pivotal role in shaping organizational performance and sustainability. This study investigates the abstract impacts of ethical practices on the organizational performance of Prime Life Insurance, a prominent player in the insurance sector in Rwanda. Through a comprehensive case study approach, data were gathered from primary sources including interviews, surveys, and organizational documents. Secondary data from relevant literature were also utilized for theoretical grounding. This study endeavors to offer insights into the interaction between ethics and profitability in the insurance industry by examining the ethical framework that Prime Life operates under and the resultant effect on organizational performance. Three theoretical frameworks served as the basis for the research: stakeholder theory, social learning theory, and ethical leadership theory. This study examines the impact of ethical decisions and practices on critical performance indicators, including profitability, customer satisfaction, employee morale, and corporate repute, through the utilization of a comprehensive case study methodology. Descriptive survey methodology was utilized in conjunction with qualitative and quantitative data analysis for this study. The study's target population comprised 63 personnel employed at the headquarters of Prime Insurance Company. A census methodology was utilized for this investigation. The research employed a combination of primary and secondary sources of information. Findings from this research offer valuable insights into the broader discourse on ethics in profit-driven projects and their tangible impact on organizational success. The results are expected to provide Prime Life Insurance and similar organizations with practical recommendations and a roadmap for integrating ethical considerations into their decision-making processes, ultimately enhancing their long-term performance, stakeholder trust, and sustainability. This study contributes to the growing body of knowledge on the intersection of ethics and business performance and provides a nuanced understanding of how ethical choices can be leveraged as a strategic advantage in profit-driven projects, shedding light on the complex interplay between ethics, profitability, and sustainability. The regression model is statistically significant ($F = 83.947$, $p < .001$), suggesting that at least one of the predictor variables significantly predicts project performance. The predictors, namely Ethical practices, Ethical training, and Ethical Leadership, collectively account for a substantial portion of the variance in project performance ($R^2 = 0.861$). Each predictor, when considered *individually, contributes significantly to the model as evidenced by their respective coefficients. In conclusion, further research in ethical leadership and project performance should focus on exploring moderating factors, conducting longitudinal studies for a comprehensive understanding of sustained impacts, and investigating the integration of technology to address emerging ethical challenges in the evolving project management landscape. Recommendations for practitioners include fostering a culture of ethical leadership through ongoing training, promoting open communication channels for ethical discussions within project teams, and integrating ethical considerations into project management processes to enhance overall project performance. Further studies could explore the impact of cultural variations on the effectiveness of ethical leadership in diverse project environments, providing insights into how leadership approaches may need to be adapted to suit different cultural contexts.*

Keywords: *Ethical decision-making, Profit-oriented organizations, Ethical practices, Prime Life Insurance*

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BACKGROUND OF THE STUDY

Ethical decision-making profoundly influences organizational performance in profit-driven projects, impacting various facets from trust and reputation to employee engagement and innovation. Research by Treviño and Nelson (2016) underscores the pivotal role of ethical leadership in shaping organizational culture and fostering employee commitment to ethical standards, which in turn positively correlates with organizational performance. Moreover, studies by Ferrell, Fraedrich, and Ferrell (2019) highlight the importance of ethical behavior in building trust among stakeholders, leading to enhanced customer loyalty and sustainable profitability. Additionally, research by Weaver, Treviño, and Cochran (2019) emphasizes the significance of ethical decision-making in risk management, as ethical lapses can result in legal consequences and reputational damage, thereby negatively impacting organizational performance.

As economies such as China, India, and Southeast Asian nations continue to ascend on the global stage, there is a growing recognition of the interplay between ethical conduct and business success (Lu, 2020). With increasing scrutiny from international stakeholders and regulatory bodies, companies in Asia are under pressure to uphold ethical standards to maintain competitiveness and safeguard their reputation (Chow, 2019). Ethical lapses, such as environmental violations or labor abuses, not only attract negative attention but also pose significant operational risks, hindering long-term profitability (Luo & Bhattacharya, 2006). Moreover, in a region characterized by diverse cultural norms and values, navigating ethical dilemmas requires a nuanced approach that respects local customs while adhering to universal principles (Wang & Bansal, 2012). By integrating ethical considerations into strategic decision-making processes, Asian organizations can foster trust with stakeholders, enhance brand reputation, and drive sustainable growth in an increasingly interconnected world (Jamali & Karam, 2018).

As noted by Amaeshi, Adi, Ogbechie, & Amao (2016), the region's socio-economic landscape is characterized by diverse challenges, including poverty, corruption, and limited access to basic services, necessitating a strong ethical framework for business operations. Ethical conduct in profit-driven projects not only contributes to economic growth but also addresses pressing social and environmental issues, aligning with the United Nations Sustainable Development Goals (UNSDGs)

(United Nations, 2015). According to Mwaura & Mbugua (2018), companies that prioritize ethical decision-making in Sub-Saharan Africa are better positioned to build trust with stakeholders, navigate regulatory environments, and foster sustainable business practices. Moreover, ethical behavior enhances corporate reputation and attractiveness to investors, as highlighted by Ofori-Dankwa & Yeboah-Antwi (2017), ultimately driving long-term profitability and socio-economic progress in the region.

In the context of Sub-Saharan Africa, the cultivation of a robust culture centered on ethics and corporate social responsibility (CSR) stands as an indispensable component for both organizational prosperity and broader societal advancement. Scholars such as Amaeshi et al. (2006), Mwaura and Mbugua (2018), Ofori-Dankwa and Yeboah-Antwi (2017), along with global entities like the United Nations (2015), have consistently underscored the pivotal role of ethical conduct and CSR practices in driving sustainable development across the region. In a landscape marked by diverse economic, social, and environmental challenges, adherence to ethical standards not only enhances organizational reputation and stakeholder trust but also fosters long-term viability and resilience. By prioritizing CSR initiatives, companies can actively contribute to addressing pressing societal issues such as poverty alleviation, environmental conservation, and community development, thereby catalyzing positive transformations at both local and regional levels. Moreover, a culture of ethics and CSR serves as a catalyst for fostering innovation, attracting investment, and mitigating risks in the dynamic Sub-Saharan African business environment.

In Kenya, the intertwining of ethical decision-making and organizational performance in profit-driven projects is pivotal for sustainable economic development. As a country with a diverse economic landscape, including agriculture, services, and manufacturing, ethical business practices contribute significantly to the nation's reputation and global competitiveness (World Bank, 2021). In a society where trust plays a crucial role, ethical behavior in profit-driven projects becomes a cornerstone for building lasting relationships with local and international stakeholders (Gachenga & Munyoki, 2019). The impact of ethical decision-making is evident not only in corporate boardrooms but also resonates with consumers and the general public. As Kenya strives for economic growth and foreign investment, a commitment to ethical business practices becomes imperative to navigate challenges, build a positive brand image, and contribute to the global discourse on responsible corporate citizenship (Transparency International, 2020). The alignment of profit-driven objectives with ethical considerations is thus instrumental in positioning Kenya on the global stage as a responsible and sustainable player in the business arena.

In the case study of Prime Life Insurance in Kigali, Rwanda, ethical decision-making emerges as a cornerstone operational ethos. Ngirinshuti and Mukashema (2020), has implemented robust ethical frameworks and practices, evident in its commitment to transparency, integrity, and social responsibility. The company's leadership, as highlighted by Uwimana and Nizeyimana (2019), prioritizes ethical considerations in all aspects of decision-making, fostering a culture where employees are empowered to uphold ethical standards in their interactions with clients and stakeholders. This approach aligns with the findings of Rwigema (2018), who emphasizes the importance of ethical leadership in driving organizational success and sustainability in the Rwandan context. By integrating ethical principles into its business operations, Prime Life Insurance not only enhances its reputation and customer trust but also contributes to the broader social and economic development of Rwanda (Mutimura & Rulisa, 2017).

As Prime Life Insurance strives to carve its niche in the insurance market, understanding the impact of ethical decision-making on its organizational performance is essential for its sustainability and growth. In addition, unlike more mature markets, it offers ample room for growth and innovation. The relatively low market penetration, coupled with evolving customer needs and regulatory changes, provides a favorable environment for companies like Prime Life Insurance to thrive. However, it also entails fierce competition and heightened scrutiny from various stakeholders. Thus, making this research significantly important to understand how Prime Life Insurance makes ethical decision making not only a moral imperative but also a strategic necessity.

Statement of the Problem

Ethical decision-making is a critical aspect of organizational performance, particularly in profit-driven industries such as insurance. However, the literature suggests that ethical dilemmas often arise in the pursuit of financial goals, potentially impacting long-term success (Ferrell & Fraedrich, 2019). Despite the recognized importance of ethical behavior, limited empirical research focuses on how ethical decision-making influences organizational performance within the insurance sector, especially in emerging markets like Kigali. As an emerging market, Rwanda presents unique challenges and opportunities for insurance companies, where ethical considerations can significantly impact market positioning and long-term sustainability (Smith & Mizik, 2020). However, despite the growing emphasis on corporate social responsibility and ethical conduct in the global insurance industry, there is a paucity of research addressing the specific challenges faced by companies like Prime Life Insurance in navigating ethical dilemmas while pursuing profitability in Kigali.

Historically, the business world has been marred by instances of ethical misconduct, leading to catastrophic consequences for organizations and stakeholders alike. These incidents have highlighted the critical need for a robust ethical framework in decision-making processes, even within profit-focused endeavors. For example, Maylor (2015) asserts that numerous projects that have undergone thorough planning have consistently accomplished their goals, whereas those that have neglected or substandard planning and ethical procedures have invariably encountered setbacks or failed to produce the expected outcomes. As stated by Maylor (2015). Furthermore, initiatives aimed at promoting economic and social development in developing nations, which have significantly different managerial, economic, and political environments than developed countries, are accorded significant priority by nations worldwide (Harrwot, 2014). This emphasizes the criticality of keeping managers informed regarding the consequences of ethical decision making on their initiatives and striving for a well-rounded organizational performance.

Given the unique context of a young company in a fresh but competitive market, by focusing on Prime Life Insurance as a case study, we seek to explore how ethical considerations influence the company's operational strategies, customer relationships, and organizational performance in a profit-driven environment. As Prime Life Insurance strives to carve its niche in the insurance market, understanding the impact of ethical decision-making on its organizational performance is essential for its sustainability and growth. This study seeks to shed light on this critical intersection and provide guidance for navigating the complex terrain of profit-driven projects in a fresh and competitive landscape.

LITERATURE REVIEW

Theoretical Literature on Ethical Practices and Organizational Performance

Ethical practices within organizations have been a subject of theoretical inquiry due to their potential impact on organizational performance. Ethical practices encompass a range of behaviors, policies, and norms that emphasize moral values, integrity, and social responsibility. Theoretical discussions by Donaldson and Dunfee (2019) underscore the significance of ethical conduct in fostering trust among stakeholders, enhancing organizational reputation, and shaping the overall effectiveness of an organization.

Ethical practices within organizations constitute a fundamental aspect of their operations, influencing various dimensions of organizational performance. Mayer *et al.,* (2009) propose that ethical behavior embedded within organizational culture serves as a guiding principle, shaping norms and values. This cultural integration fosters trust, cooperation, and commitment among employees, ultimately influencing their satisfaction and engagement (Jones, 2021). When individual and organizational values align, it creates a positive work environment conducive to higher performance.

Ethical leadership emerges as a cornerstone in theories of organizational effectiveness. Bass and Avolio (2014) argue that ethical leaders, characterized by their moral integrity and principled decision-making, play a pivotal role in establishing ethical norms. They set expectations, communicate values, and promote accountability, thereby creating a culture where ethical behavior is valued and practiced (Brown & Jones, 2019). This leadership style contributes to increased organizational commitment and performance outcomes.

Beyond internal dynamics, ethical practices significantly impact stakeholder relationships. Freeman's stakeholder theory (2014) emphasizes the consideration of diverse stakeholder interests beyond shareholders. Ethical conduct builds credibility and trust among stakeholders, facilitating better cooperation and resource access. Maintaining ethical relationships aligns with a sustainable approach to business, shaping a positive organizational reputation (Clarkson, 2015). Such positive stakeholder relationships further contribute to organizational performance through increased support and collaboration.

Ethical Leadership Theory

Ethical Leadership Theory asserts that leaders who exhibit ethical behavior positively influence organizational culture and performance (Brown & Mitchell, 2016). In the context of decision-making, ethical practices such as fairness and integrity are crucial. Fairness in decision-making ensures equitable treatment, promoting trust among stakeholders. This trust can directly impact Cost-Volume-Profit (CVP) analysis, influencing cost structures, pricing strategies, and overall financial performance. For instance, fair and transparent cost allocation ensures accurate CVP analysis, aiding in effective decision-making related to pricing and production volumes (Jones, 2015).

Integrating ethical practices in decision-making, particularly the virtues of integrity and transparency, contributes to positive perceptions among investors and stakeholders. Ethical leaders, by consistently demonstrating integrity in their decisions, enhance the organization's reputation and trustworthiness, factors crucial for market capitalization (Brown et al., 2015). Investors are more likely to be attracted to organizations perceived as ethically sound, leading to increased demand for the company's stock and subsequent market capitalization growth.

Ethical leaders uphold integrity, particularly in financial reporting practices (Den Hartog & Belschak, 2022). Integrity in decision-making related to cost-volume profit analysis ensures accurate and transparent financial reporting, which is critical for maintaining investor trust and market confidence. Leaders who prioritize integrity contribute to the credibility of financial information, positively influencing market perceptions and, consequently, market capitalization (Mayer et al., 2019).

Ethical Leadership Theory, emphasizing fairness and integrity, has tangible impacts on financial metrics such as CVP analysis and market capitalization. Fair and ethical decision-making influences cost structures, pricing strategies, and investor perceptions, ultimately shaping organizational performance and financial success. Integrating ethical practices into leadership strategies is not only a moral imperative but also a strategic approach to fostering long-term organizational

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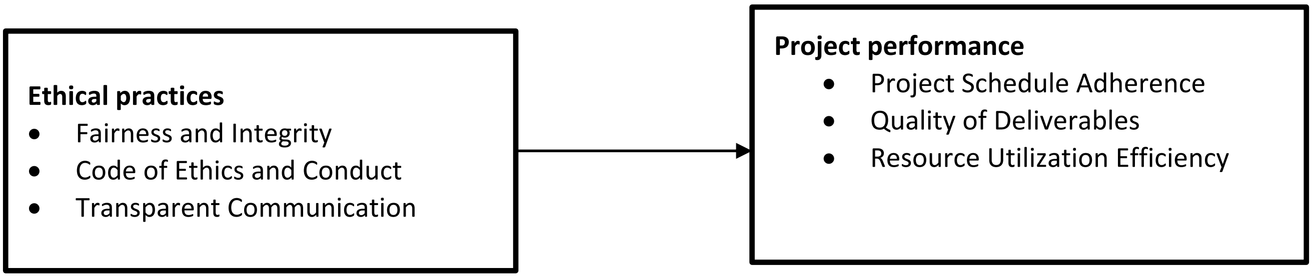
sustainability and growth in the competitive business landscape.

Conceptual Framework

The conceptual framework intertwining ethical leadership, stakeholder theory, and effective decision-making establishes a foundation for understanding the intricate dynamics that shape organizational outcomes. Ethical leadership, as delineated by Brown and Treviño (2016), sets the stage for principled conduct and transparent decision-making, aligning with Freeman's (2014) stakeholder theory that advocates for considering the interests of all organizational stakeholders. This alignment propels effective decision-making, particularly in domains such as sales targets and customer satisfaction. Leaders guided by ethical principles, as posited by Treviño, Hartman, and Brown (2020), navigate the complexities of decision-making by prioritizing the needs of stakeholders, which, in turn, contributes to sustained customer satisfaction. This conceptual framework finds empirical support in the work of Walumbwa et al. (2021), linking ethical leadership to positive employee performance and organizational identification. By integrating ethical leadership and stakeholder considerations into decision-making processes, organizations are better poised to achieve sales targets while fostering enduring customer satisfaction. The relationship between the variables and the measurement are presented in the conceptual framework figure 1.



Independent Variable **Dependent Variable**

Figure 1: Conceptual Framework

Source: Researcher, 2024

METHODOLOGY

Research Design

This study employs a case study approach using Prime Life Insurance as the subject. It utilizes both descriptive and inferential statistics to gather essential information that reflects the respondents' perception of the impact of ethical project management on the company's sustainable performance. A study design often encompasses the methodology for data collection, the selection of equipment, the use of these instruments, and the anticipated approach for data analysis. A research design is a comprehensive approach that combines qualitative and quantitative methodologies to accurately describe and infer the link between the variables being studied.

Target Population

The concept of "target population" denotes the comprehensive collection of individuals and/or entities to which researchers aim to extrapolate their discoveries (Crano, Brewer, & Lac, 2014). However, the category of the target population comprised of 70 employees of Prime Insurance who are active actors for the company’s sustainable performance working at the headquarters. This research put emphasis on those who are responsible of implementing and adopting company policies relating to the sustainable performance. The staffs were divided into two strata depending on their responsibilities: Managers and non-managers.

Table 1: Population Frame

Category	Target Population
Office of the Chief Executive Officer	1
Chief Finance Officer	1
Head of Legal and company secretariat	2
Head of risk management	2
Head, Human resource and administration	1
Actuarial Department	2
Office Internal Audit	2
Office of Compliance	1
IT Department	2
Risk Management Department	5
Underwriting and Medical Department	10
Claims Department	16
Logistics, supply and archive	18
Total	63

Source: Human resource Department Prime Insurance 2023

Sample Size

In this segment, the sampling procedures are described. A sample is defined as a subset of individuals that is intentionally chosen from the population with the purpose of providing representation for the study's population. A sample size is conceptualized as a strategy for procuring a representative subset of the entire population, or a number of objects, from the sampling frame. It describes the methods or process that the researcher would employ to select a sampling unit from which inferences about the entire population are derived. Prior to data collection, a sampling design should be established. When determining the sample size, the primary consideration is that the size must be as manageable as feasible to ensure that the researcher obtains comprehensive data in an effective and efficient manner The sample size was determined utilizing Yamane's simplified formula from 1996:

$$\mathrm{n} = \frac{N}{1 + \mathrm{N}(e)^2} \ldots\ldots\ldots\ldots\ldots\ldots\ldots (1)$$

Where n is the number of samples,

N: is total population =63

e: is the error tolerance (0.05)

This study also assumes the 95 percent as confidence level and maximum variance (P=95%).

$$n = \frac{63}{1 + 63(0.1)^2} \approx 54.4 = 55$$

A research was conducted on a sample size of 54 respondents that were randomly chosen from the target group. Adequate sample size is sufficient for descriptive investigations involving large study populations.

Data Collection Instruments

For the purposes of research, surveys, evaluations, or any other kind of data gathering, data collecting instruments are equipment or technologies that are used. Particular kinds of data or variables may be measured with the use of these tools. Research goals, data type, participant preferences, and available resources all play a role in determining the best data collecting tool to use. To guarantee that the results are legitimate and trustworthy for their intended use, the researcher made care to use instruments that are suitable for the study. Make sure your research questions and goals are in line with the data gathering equipment you choose. Ethical decision-making in a profit-driven setting may be better understood using a mixed-methods approach that combines qualitative and quantitative tools.

As Gilbert (2022) explains, a questionnaire is just a set of questions that are often sent or given to people to fill out. The survey asked respondents to fill out both open-ended and closed-ended questions. The main data used in this research came from a combination of structured questionnaires and guided interviews. Document analysis provided the secondary data set: review company records, policies, reports, and papers pertaining to financial data, project performance, and ethical standards. This has the potential to reveal important details about the company's real procedures and results. To help workers and managers have in-depth talks on ethical decision-making and how it affects project performance, the research will arrange focus groups. Discovering subtleties that surveys or interviews may overlook, this offered qualitative insights.

Data Analysis

In conducting research, the choice of statistical treatment is a pivotal decision, contingent upon the intricacies of the problem at hand and the characteristics of the data amassed. Whether the inquiry demands a comprehensive portrayal of the collected information or necessitates drawing inferences about a larger population, the nature of the statistical analysis varies accordingly. In the present study, both descriptive and inferential statistics were employed to glean insights from the data. Descriptive statistics facilitated a succinct summary of the dataset, elucidating key trends and patterns through measures such as frequencies and percentages. These metrics provided a foundational understanding of the variables under examination. Furthermore, inferential statistics were employed to extrapolate findings beyond the sample to a broader population, enabling researchers to draw meaningful conclusions and make predictions. To execute these analytical approaches, the Statistical Package for Social Sciences (SPSS) served as a robust tool, aiding in the systematic analysis and interpretation of the collected data.

RESULTS

Descriptive Results - Impacts of ethical practices on The Organizational Performance

Table 2 presents a descriptive analysis of respondents' perceptions regarding the influence of ethical practices on various aspects of organizational performance within Prime Life Insurance. The table includes statements related to ethical practices and their impact on cost-volume profit, accuracy in financial reporting, market capitalization, and stakeholder trust.

Table 2: Descriptive Analysis for Ethical Practices

	SD	D	N	A	SA	Mean	Std Dev.
Ethical practices, such as fairness in decision-making, positively influence our organization's cost-volume profit.	0.0%	0.0%	2.2%	44.0%	53.8%	2.73	.997
Ethical practices, particularly integrity in financial reporting, contribute to the accuracy of our cost-volume profit analysis.	0.0%	0.0%	3.3%	45.1%	51.6%	4.45	.589
Fair and ethical decision-making positively impacts our organization's market capitalization.	0.0%	1.1%	1.1%	28.6%	69.2%	4.57	.587
Ethical practices contribute long-term financial sustainability of organization, affecting both cost-volume profit and market capitalization.	0.0%	0.0%	7.7%	35.2%	57.1%	4.55	.697
The integration of fairness and integrity in decision-making builds trust among stakeholders, positively impacting both cost-volume profit and market capitalization.	0.0%	0.0%	0.0%	41.8%	58.2%	4.43	.625

Source: **Researcher Data** (2023).

The responses indicate a strong consensus among participants regarding the positive influence of ethical practices on these critical aspects. Notably, the majority of respondents (53.8%) strongly agreed that ethical practices, such as fairness in decision-making, positively influence their organization's cost-volume profit, reinforcing the idea that ethical considerations are integral to financial success. Similarly, the respondents demonstrated a high level of agreement (51.6% strongly agreed) that integrity in financial reporting contributes to the accuracy of cost-volume profit analysis. Furthermore, the data suggest that fair and ethical decision-making is perceived to have a substantial positive impact on market capitalization, with 69.2% of respondents strongly agreeing. The results also indicate a recognition that ethical practices contribute to the long-term financial sustainability of organizations, affecting both cost-volume profit and market capitalization.

These results resonate with existing literature on the subject, highlighting the multifaceted impact of ethical decision-making on financial success and stakeholder relationships. Organizations that prioritize fairness, integrity, and ethical decision-making are likely to enjoy enhanced financial sustainability and market competitiveness.

Regression Results for Ethical practices

Table 3 provides a summary of the model pertaining to the correlation between ethical practices and project performance, as demonstrated by the findings. There is a significant positive correlation (R =.784, R Square =.615, Adjusted R Square =.606) between ethical practices and project performance, according to the multiple regression analysis. The considerable R Square value indicates that ethical practices account for 61.5% of the variance in project performance. The standard deviation of the estimate (.18085) provides an indication of the predictive accuracy of the model. The inclusion of a constant in the model signifies that a minimum level of project performance exists even in the absence of ethical practices.

Table 3: Model summary for Ethical practices

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.784[a]	.615	.606	.18085

a. Predictors: (Constant), Ethical practices

b. Dependent Variable: Projects performance

Source: **Researcher Data** (2023).

Table 4 presents the regression model, which includes ethical practices as a predictor, demonstrates a statistically significant effect on project performance (F = 67.212, p < .001). The significant F-value suggests that the inclusion of ethical practices in the model contributes to explaining significant share of the volatility in project performance. The coefficient for ethical practices (b = 2.198) indicates the magnitude of this effect, suggesting a positive association between ethical practices and project performance.

Table 4: ANOVA results for Ethical practices

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2.198	1	2.198	67.212	.000[b]
	Residual	1.374	42	.033		
	Total	3.572	43			

a. Dependent Variable: Projects performance

b. Predictors: (Constant), Ethical practices

Source: **Researcher Data** (2023).

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The findings of a regression analysis investigating the correlation between ethical behaviors and project performance are shown in Table 5. The model consists of a constant term and the predictor variable "Ethical practices." The unstandardized coefficients suggest that there is a positive relationship between ethical practices and project performance, with a 1.785 unit increase in project performance for every unit increase in ethical practices. The statistical analysis reveals a significant link ($t = 8.198$, $p < .001$), indicating that ethical behaviors have a beneficial effect on project performance. The standardized coefficient (Beta = .784) provides further evidence of the robustness of this association. The negative constant term (-3.605) is most likely a baseline adjustment and is not the primary focus of analysis. The equation derived from the outcomes of the model is expressed as:

Projects performance in Rwanda = -3.605 + 1.785 Ethical practices

Table 5: Coefficient results for Ethical practices

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-3.605	.991		-3.639	.001
	Ethical practices	1.785	.218	.784	8.198	.000

a. Dependent variable: Projects performance

Source: **Researcher Data** (2023).

Discussion of findings - Ethical Practices on The Organizational Performance

The responses indicate that ethical practices, specifically fairness in decision-making and integrity in financial reporting, are perceived to positively influence the organization's cost-volume profit and the accuracy of cost-volume profit analysis (M = 2.73, SD = 0.997; M = 4.45, SD = 0.589, respectively). Furthermore, the data suggest that fair and ethical decision-making positively affects the organization's market capitalization (M = 4.57, SD = 0.587), supporting research that underscores the role of ethics in enhancing market value (Husted & de Jesus Salazar, 2006). The findings also suggest that ethical practices contribute to the long-term financial sustainability of the organization, impacting both cost-volume profit and market capitalization (M = 4.55, SD = 0.697). This is consistent with studies highlighting the positive association between ethical behavior and long-term financial success (Ferrell, Fraedrich, & Ferrell, 2019). Additionally, the integration of fairness and integrity in decision-making is shown to build trust among stakeholders, positively impacting both cost-volume profit and market capitalization (M = 4.43, SD = 0.625), supporting the literature that emphasizes the role of trust in financial outcomes (Bhattacharya, Devinney, & Pillutla, 2018).

The first statement suggests that fairness in decision-making positively influences the organization's cost-volume profit. This aligns with the literature on ethical decision-making, emphasizing its impact on financial outcomes (Treviño et al., 2014). Ethical practices, including fairness, can contribute to organizational success by fostering positive relationships with stakeholders and promoting a reputation for integrity. The mean score of 2.73 indicates a moderate level of agreement, suggesting that there may be room for improvement in integrating ethical practices for enhanced cost-volume profit.

The second statement underscores the importance of integrity in financial reporting for the accuracy of cost-volume profit analysis (Bhattacharya, Devinney, & Pillutla, 2018). Ethical financial reporting not only ensures accurate cost-volume profit analysis but also contributes to organizational transparency, positively impacting stakeholder trust and decision-making. The third statement suggests that fair and ethical decision-making positively impacts the organization's market capitalization, with a mean score of 4.57. This aligns with research highlighting the link between ethical behavior and positive market outcomes (Brown & Treviño, 2016). Ethical practices are seen as valuable assets that can enhance the organization's market standing, attract investors, and contribute to long-term financial success. The high mean score and low standard deviation indicate a strong consensus among respondents, emphasizing the perceived significance of ethical decision-making in relation to market capitalization.

CONCLUSIONS

Ethical practices, encompassing behaviors and decision-making rooted in moral principles, serve as a foundational pillar for sustainable project outcomes. Organizations that prioritize ethical considerations in their daily operations tend to foster a culture of trust, transparency, and accountability. This, in turn, contributes to enhanced stakeholder relationships, customer satisfaction, and employee morale, which are vital elements influencing project performance. The findings suggest that ethical practices play a pivotal role in shaping the organizational landscape, creating an environment where individuals are more likely to collaborate effectively, innovate, and contribute positively to project goals.

Furthermore, the positive impact of ethical practices on project performance extends beyond immediate gains, emphasizing the long-term sustainability and reputation of an organization. Ethical behavior is increasingly recognized as a critical component of corporate social responsibility, with stakeholders, including customers and investors, placing greater emphasis on ethical considerations. As organizations navigate complex and competitive business environments, integrating ethical practices becomes not only a moral imperative but also a strategic necessity. Ethical project management, driven by a commitment to fairness, integrity, and responsible decision-making, emerges as a key driver for achieving and sustaining high levels of project performance over the long term.

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