

BIBLIOGRAPHY

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“IMPACT OF ETHICAL DILEMMAS IN CORPORATE DECISION MAKING”

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ABSTRACT:

This study examines the role of ethical leadership in business, focusing on the perspectives of professionals from various managerial backgrounds. The findings highlight the strong influence of HR and finance managers in ethical decision-making, while operations and sales managers have a lower representation, potentially limiting their impact on ethical practices. Ethical dilemmas are a common challenge, with misrepresentation of data, confidentiality breaches, and conflicts of interest being the most prevalent issues. These dilemmas affect corporate reputation, employee morale, and client trust, often leading to legal and financial consequences. However, organizations that effectively manage ethical concerns benefit from stronger performance, enhanced credibility, and long-term sustainability. Key recommendations include increasing ethical leadership engagement across all departments, strengthening ethical training programs, promoting transparency, and holding employees accountable for ethical conduct. Encouraging ethical leadership through example and balancing financial goals with

social responsibility are crucial for fostering an ethical work culture.

KEYWORDS: Ethical Leadership, Corporate Ethics, Workplace Integrity, Ethical Decision-Making, Employee Morale, Corporate Reputation, Ethical Dilemmas, Transparency, Accountability, Ethical Training, Business Sustainability.

INTRODUCTION:

Ethical dilemmas are a fundamental aspect of corporate decision-making, requiring businesses to balance profit goals with moral responsibilities in an increasingly interconnected world. These dilemmas often arise in situations involving conflicts of interest, corporate social responsibility, insider trading, bribery, workplace discrimination, data privacy, and environmental sustainability—forcing leaders to weigh legal, financial, and ethical factors. A major challenge lies in reconciling the pursuit of profit with the expectations of stakeholders such as employees, customers, investors, and society. Ethical lapses can damage reputations, invite legal trouble, and erode trust, while ethical conduct can enhance credibility and competitive advantage. To effectively manage such challenges, organizations must foster a culture of integrity through ethical leadership, clear codes of conduct, compliance systems, and continuous ethical training. Ethical decision-making frameworks—like the utilitarian approach, rights-based approach, and virtue ethics—offer valuable guidance in navigating complex choices. Stakeholder engagement and transparent communication further strengthen an organization's ethical foundation. Additionally, globalization and technological advancement present new ethical concerns related to cross-cultural values, data privacy, AI ethics, and automation, emphasizing the need for businesses to adopt universal ethical standards while remaining sensitive to local norms. Ultimately, integrating ethics into core

strategy not only promotes long-term sustainability and profitability but also positions companies as responsible global citizens.

OBJECTIVES OF THE STUDY:

1. To examine the nature and types of Ethical dilemmas encountered in corporate decision making.
2. To analyze the impact of Ethical dilemmas on organisational performance and reputation.
3. To propose strategies for fostering Ethical decision making on stakeholder and business sustainability.

LITERATURE REVIEW:

(Sachet-Milliat, 2025) Our research aims to examine how organizational stakeholders influence decision-making in the context of management-related ethical dilemmas. By drawing on existing studies on ethical decision-making and the stakeholder approach, we seek to deepen our understanding of stakeholders' roles, both within the dilemma itself and in its resolution. The study employs thematic analysis of ethical dilemmas encountered by MBA students in their professional experiences. The findings enable us to propose a classification of the different roles stakeholders play in ethical decision-making.

(Bhattacharyya, 2024) This research explores the ethical challenges faced by managerial accountants and their impact on organizational decision-making. The study aims to identify common ethical dilemmas, understand their root causes, and propose recommendations to strengthen the integrity of financial reporting and management decisions. The research methodology includes case studies and an in-depth literature review, focusing on real-world ethical violations such as cost manipulation, biased performance evaluations, and expense misreporting.

Literature Review: The paper examines previous studies on ethics in accounting,

primarily relying on secondary data sourced from industry publications and scholarly articles. The findings indicate that conflicts of interest, pressure to meet financial targets, and the absence of clearly defined ethical guidelines are among the most prevalent ethical issues. Research suggests that these ethical lapses often lead to business misconduct, financial losses, and reputational damage.

To mitigate unethical behavior, the study emphasizes the importance of ethics education and the implementation of internal controls and procedures. The findings highlight the need for organizations to prioritize ethical managerial accounting practices. Recommendations include adopting transparent measures, promoting professionalism and integrity through education, and enforcing stricter corporate governance policies.

(Raja, 2024) In today's intricate business environment, ethical dilemmas frequently emerge, presenting challenges for both organizations and individuals. This research paper explores the significance of values-based decision-making as a guiding framework for addressing such dilemmas in the modern workplace. By reviewing relevant literature and case studies, the study investigates the influence of personal and organizational values on ethical decision-making. Additionally, it examines various strategies and approaches used by individuals and organizations to uphold ethical standards and promote a culture of integrity. Through an analysis of real-world scenarios and practical insights, this paper seeks to offer a comprehensive understanding of how values-based decision-making can serve as a foundation for ethical behavior in contemporary work settings.

(Pembi, 2024) Ethical issues are often complex and ambiguous, carrying significant consequences for both individuals and organizations. The field of business ethics examines the moral principles that define right

and wrong in interactions within and between organizations. In today's highly competitive market, business leaders must integrate ethical decision-making to maintain a competitive edge. Companies that fail to prioritize ethical considerations risk losing ground to their competitors.

This research explores ethical frameworks that aid managers in distinguishing between ethical and unethical business decisions. As a literature review, the study primarily relies on existing research. It examines several ethical theories, including utilitarianism, individualism, justice, and rights theories, to understand the cognitive and behavioral processes underlying ethical decision-making. The findings highlight the importance of managers being aware of the ethical implications of various situations when making decisions. Therefore, ethical principles should guide managerial choices, particularly in matters concerning business stakeholders.

The study's findings will assist future researchers in identifying related literature during their reviews and serve as a foundation for further research in business ethics.

(Adeyelu, 2024) This study explores the revolutionary potential of artificial intelligence (AI) technologies in the financial services industry while examining the ethical issues surrounding their application in financial decision-making. The research emphasizes AI's dual impact—improving operational efficiency and decision accuracy while simultaneously raising ethical concerns—through a thorough literature assessment. These issues highlight the need for robust ethical frameworks and regulatory control and include algorithmic prejudice, data privacy vulnerabilities, and possible systemic dangers. In order to match AI systems with society values and ethical standards, the study promotes a multidisciplinary approach to AI development, placing a strong emphasis on cooperation

between engineers, ethicists, policymakers, and end users.

The development of flexible ethical standards, strategies for incorporating moral values into AI systems, and an examination of AI's long-term effects on consumer behavior and market trends are the main areas of future research. With suggestions to guarantee its moral and long-term application, this study provides insightful information about the responsible adoption of AI in finance.

(Arar, 2022) Decision-making inevitably involves ethical quandaries, especially in educational organizations where they occur on an almost daily basis. The purpose of this study is to investigate how ethical leadership affects school administrators' decision-making in the Israeli educational system. The study examines the elements influencing moral decision-making by comparing two groups of school leaders using the Ethical Leadership Questionnaire. The study looks into whether cultural differences affect ethical leadership aspects and decision-making, as well as whether personal traits influence ethical decisions. The evaluation and interpretation of societal values, the resolution of moral quandaries, and the general enhancement of ethical decision-making are all positively impacted by moral leadership and the moral behavior of school personnel. Additionally, the ethic of care, sensitivity, culture, and ethical critique were found to be strongly positively correlated. The study also identifies parallels between the two cultures' approaches to ethical quandaries and aspects of ethical leadership.

(L, 2020) The process of developing and applying ethical solutions within organizations involves several key steps. First, fundamental concepts are defined, including the principles used to assess the ethicality of a decision. Next, we outline the cognitive processes that guide individuals in making and executing ethical choices. Lastly, we identify psychological and organizational influences that affect ethical

decision-making. These insights serve as a basis for understanding how ethics training fosters ethical behavior in organizations.

(Woiceshyn, 2011) How do business leaders navigate ethical decision-making? Given that their choices significantly impact various stakeholders—including customers, employees, shareholders, competitors, and suppliers—their decision-making process is crucial. Unethical decisions can be detrimental to both the decision-makers and those affected, whereas ethical choices yield positive outcomes. Drawing on a study of strategic decision-making among 16 successful CEOs (and three less effective ones for contrast), I propose a model of ethical decision-making in business that integrates reasoning (conscious thought) and intuition (subconscious processing). These elements interact by shaping, recalling, and applying moral principles essential for long-term business success. This model is grounded in rational egoism, a relatively recent theory, which I argue aligns with the demands of sustainable business success. In addition to explaining how principles are formed and applied through integration and iterative refinement, I briefly introduce rational egoism and apply the model to a contemporary ethical challenge—downsizing. Finally, I discuss the implications for future research and ethical business decision-making.

RESEARCH METHODOLOGY:

This study systematically collects and analyzes data to examine the influence of ethical dilemmas on corporate decision-making. It employs both descriptive and exploratory research methods to explore how ethical challenges affect organizational decision-making processes. Descriptive research offers valuable insights into the role of ethical considerations in shaping corporate strategies, leadership decisions, and organizational culture. It is particularly useful for analyzing real-world case studies, evaluating ethical decision-making frameworks, and identifying trends in corporate

responses to ethical issues. However, a major limitation is its inability to determine causation, often necessitating supplementary research methods to gain a deeper understanding of the direct impact of ethical dilemmas on corporate decision-making.

Primary Sources: This study collected original data directly from participants via an online survey and structured interviews. These responses formed the core dataset for analysis and were referenced throughout the research. The study examined how corporate professionals perceive and navigate ethical dilemmas in decision-making processes and the impact of such dilemmas on business performance, corporate culture, and stakeholder trust.

Secondary Data: The research relied on secondary data, drawing from existing literature on corporate ethics, decision-making frameworks, and case studies of ethical dilemmas in business. Sources included academic research papers, industry reports, books on corporate governance, and articles from reputable business journals. These references provided a theoretical foundation, helping contextualize the findings within broader discussions on ethical decision-making in corporate settings. The data collection process involved reviewing materials from corporate governance reports, business ethics publications, and regulatory guidelines. This diverse range of sources ensured a comprehensive understanding of ethical dilemmas and their implications in corporate decision-making.

Type of population: This study examines the impact of ethical dilemmas on corporate decision-making among managers who have founded or currently run startups. Inclusion is based on their hands-on experience in managing a organization. By exploring their experiences, challenges, and decision-making processes in ethically challenging situations,

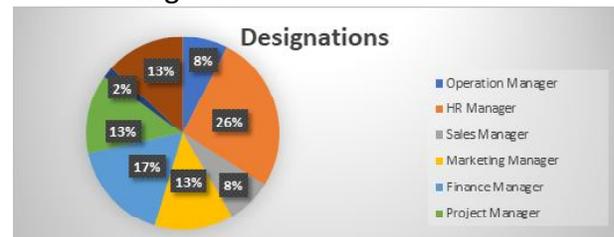
the study seeks to evaluate how ethical dilemmas affect business performance, leadership decisions, and long-term sustainability.

Sample Formula and Size: The study included 53 respondent who volunteered to participate. Although the sample size was relatively small, the focus was on capturing diverse perspectives on how ethical dilemmas influence corporate decision-making.

Sample Area: This study focused on corporate leaders, executives, and decision-makers from various industries.

DATA ANALYSIS AND INTERPRETATION:

1. Designation



Source: Primary Data

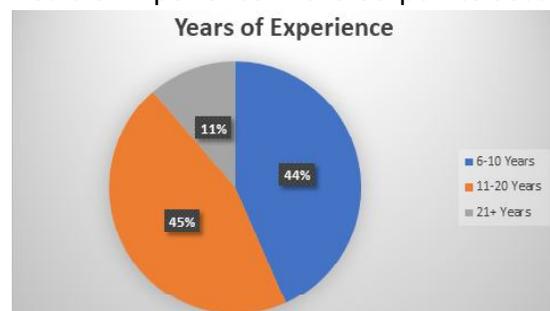
Interpretation:

HR Managers (26%) have the highest representation, indicating a strong HR perspective. Finance Managers (17%) hold significant representation, reflecting financial insights.

Marketing (13%), Project (13%), and Customer Service Managers (13%) have balanced representation.

Operations (8%) and Sales Managers (8%) have lower representation, limiting their influence. Product Managers (2%) are the least represented, indicating minimal product-related insights.

2. Years of Experience in the Corporate Sector.



Source: Primary Data

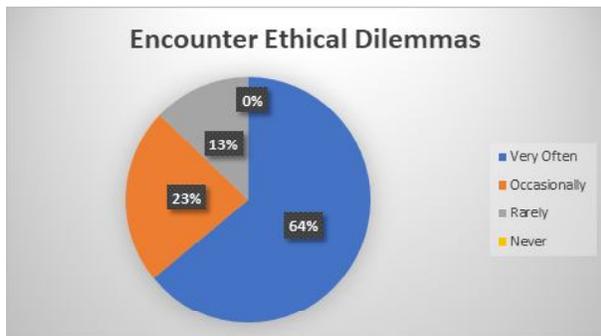
Interpretation:

6-10 Years: 43.4% – A significant portion of respondents have mid-level experience.

11-20 Years: 45.3% – The largest group, indicating experienced professionals dominate.

21+ Years: 11.3% – Few respondents have long-term expertise.

3. How often do you encounter ethical dilemmas in your decision-making processes at work?



Source: Primary Data

Interpretation:

Very Often – 67.1% of respondents frequently face ethical dilemmas in their decision-making processes.

Occasionally – 24.4% encounter ethical issues from time to time.

Rarely – 13.4% experience ethical dilemmas infrequently.

Never – 0% of respondents have never faced ethical dilemmas at work.

4. Which of the following best describes the nature of ethical dilemmas you face in corporate decision-making?



Source: Primary Data

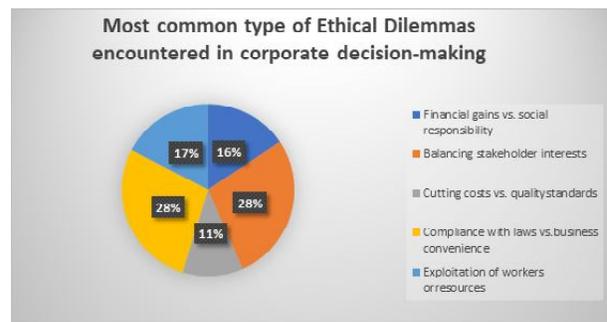
Interpretation:

Misrepresentation of Data (23%) – The most reported issue, highlighting concerns over data integrity and transparency. Confidentiality Breaches (22%) – A major challenge, emphasizing risks related to sensitive corporate information.

Conflict of Interest (19%) – A significant concern, indicating challenges in maintaining unbiased decision-making. Discrimination/Unfair Treatment (16%) – Reflects ethical concerns in workplace equality and HR practices.

Environmental Impact Concerns (11%) – Shows the struggle of balancing corporate growth with sustainability. Bribery/Corruption (9%) – While less frequent, it remains a critical issue affecting corporate integrity.

5. In your experience, what is the most common type of ethical dilemma encountered in corporate decision-making?



Source: Primary Data

Interpretation:

Balancing stakeholder interests and Compliance with laws vs. business convenience – 28% Conflicts arise between shareholders, employees, customers, and the community. Companies may face pressure to bypass regulations for operational efficiency.

Exploitation of workers or resources – 17% Issues include unfair wages, poor working conditions, and unsustainable resource use.

Financial gains vs. social responsibility – 16% Ethical conflicts occur when profit motives clash with societal well-being. Cutting costs vs. quality standards – 11% Decisions on reducing

expenses may compromise product/service quality.

6. To what extent do ethical dilemmas affect your organization's reputation?



Source: Primary Data

Interpretation:

Very Significantly (41%) – Nearly half of the respondents believe ethical dilemmas have a major impact on reputation.

Moderately (34%) – Over one-third think ethical issues affect reputation to some extent.

Slightly (21%) – A smaller portion feels the impact is minimal.

Not at All (4%) – Very few respondents see no effect on reputation.

7. Have ethical dilemmas in your organization ever led to any of the following consequences?



Source: Primary Data

Interpretation:

Decreased Employee Morale – 23%

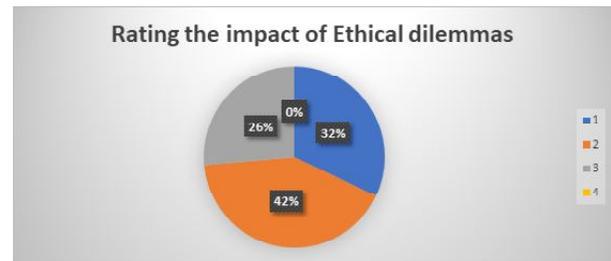
Loss of Client Trust – 15% (Affects brand reputation and customer loyalty)

Legal Consequences or Lawsuits – 11% (Can result in financial and operational risks)

Negative Media Coverage – 16% (Public image and credibility are impacted) Decreased

Profitability – 21% (Direct impact on financial performance). Damage to Long-term Sustainability – 14% (Threatens future business growth and stability)

8. How would you rate the impact of ethical dilemmas on your organization's overall performance?



Source: Primary Data

Interpretation:

74% of respondents (options 1 & 2) believe ethical dilemmas positively impact performance, indicating that ethical decision-making strengthens the organization.

25% remain neutral, suggesting that some employees see no significant effect of ethical challenges on performance.

No respondents reported a strongly negative impact, implying that ethical concerns are well-managed and do not disrupt operations.

9. Which of the following strategies do you think are most effective in promoting ethical decision-making in your organization?



Source: Primary Data

Interpretation:

Open communication and feedback channels – 20% (Most preferred strategy, indicating employees value transparency and dialogue)

Ethical training programs – 17% (Shows

the importance of continuous learning and awareness in ethical decision-making)

Transparent decision-making processes and Establishment of ethics committees or councils – 15% Employees appreciate clarity in decision-making to ensure fairness. Indicates a need for dedicated bodies to oversee ethical issues.

10. What role do you believe business leaders should play in fostering an ethical corporate culture?



Source: Primary Data

Interpretation:

Set an example through personal behavior – (28%) consider this important.

Encourage and reward ethical decisions – (20%) emphasize this aspect.

Hold employees accountable for ethical behavior – (24%) believe this is necessary.

Provide regular ethics training and support – (28%) support this measure.

FINDINGS:

The findings reveal a strong HR and finance presence in ethical leadership, with moderate representation from marketing, project, and customer service managers. Operations, sales, and product managers are less involved, potentially limiting diverse ethical input. Most respondents are mid to senior-level professionals, frequently encountering ethical dilemmas such as data misrepresentation, confidentiality breaches, conflicts of interest, discrimination, and environmental concerns. These dilemmas often stem from balancing stakeholder interests, legal compliance, and profit motives, with cost-cutting and resource

exploitation being key issues. Ethical lapses impact employee morale, client trust, reputation, and profitability, though many believe effectively managing dilemmas strengthens performance. Open communication, ethics training, transparent decision-making, and ethics committees are highly valued. Ethical leadership through integrity, accountability, and support is essential in promoting a responsible organizational culture.

CONCLUSION:

The findings highlight the significant role of HR and finance managers in shaping ethical leadership, ensuring a strong focus on compliance, transparency, and integrity. While marketing, project, and customer service managers contribute diverse perspectives, the limited representation of operations and sales managers suggests potential gaps in ethical oversight across all business functions.

Experienced professionals, particularly those with mid to senior-level expertise, predominantly shape ethical leadership perspectives, reinforcing the influence of seasoned decision-makers in maintaining ethical standards. Ethical dilemmas are a common workplace challenge, with misrepresentation of data, confidentiality breaches, and conflicts of interest emerging as major concerns. These issues underscore the need for robust ethical frameworks to support transparency, fairness, and accountability.

Ethical dilemmas impact corporate reputation, employee morale, and client trust, with potential financial and legal consequences. However, organizations that effectively manage ethical challenges benefit from stronger performance, enhanced credibility, and long-term sustainability. Employees emphasize the importance of open communication, ethical training, and transparent decision-making in fostering an ethical work culture.

Ultimately, leading by example, encouraging ethical behavior, holding

employees accountable, and providing regular ethics training are key strategies for strengthening ethical leadership and promoting responsible decision-making within organizations.

RECOMMENDATIONS:

To strengthen ethical leadership across organizations, it's essential to involve operations, sales, and product managers in ethical initiatives and encourage ethical integration in product development. Mandatory ethics training and workshops on dilemmas like data integrity, confidentiality, and conflicts of interest should be implemented across all levels. Establishing ethics committees and clear decision-making frameworks will support employees in navigating ethical challenges. Promoting transparency through open communication and regular ethical discussions helps build trust and accountability. A structured system to reward ethical behavior and address violations, along with clear disciplinary policies, reinforces conduct standards. Companies should balance profitability with social responsibility by adopting sustainable practices, fair labor policies, and ethical sourcing. Reputation management can be enhanced through effective crisis plans and robust CSR initiatives. Lastly, ethical leadership should be modeled by senior leaders and recognized through awards to reinforce a culture of integrity.

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