

## **SOCIAL AND ETHICAL PERFORMANCE OF BUSINESSES INSIDE THE CHOSEN CORPORATIONS RELATE TO ORGANIZATIONAL TRUST AND IDENTITY**

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### **ABSTRACT**

*The modern business world, businesses are also being judged not just by the bottom line they make but their social and ethical performance as well. This paper will explore how social and ethical performance of chosen corporations is related and whether it affects organizational trust and organizational identity. This study uses the descriptive and analytical research design and is founded on secondary data which is provided in the form of published literature, corporate reports, sustainability disclosures and governance documents. Pattern analysis involving frequency and percent analysis were used to examine patterns associated with social performance, ethical practices, organizational trust and organizational identity. The results indicate that companies with increased level of social responsibility and high levels of ethical conduct are more likely to have more organizational trust and build more strong organizational identity. On the other hand, poorer social and ethical performance correlates with reduced trust and lack of organizational identity which may have long-term sustainability and stakeholder trust implications. The research points to the fact that the incorporation of ethical values and social responsibility into the corporate governance and strategic decision-making is not a compliance need but a strategic one. This paper is relevant to the current literature on the topic of business ethics as it underscores the significance of responsible corporate conduct as a way of enhancing trust, identity and sustainable organizational development.*



**Keywords:** *Social Performance, Ethical Performance, Organizational Trust, Organizational Identity, Corporate Social Responsibility, Business Ethics*

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## 1. INTRODUCTION

The modern business world makes the businesses judged not only according to their financial performance but also in regard to their social and ethical behavior. Organisations are supposed to be responsible in their operations through observing ethical standards, being transparent, recognising stakeholders' interests, and giving back to the society. Social and ethical performance has hence become a very important aspect of corporate sustainability that determines how organizations are viewed by the employees, customers, investors and the community at large. The increased awareness among the stakeholders of ethical lapses, environmental carelessness and social injustice is putting increasing pressure on the businesses to incorporate their operations in ethical values and socially responsible practices.

Organizational trust and identity are very essential in deciding long-term success of an organization. The trust is used to indicate how stakeholders believe in the integrity of an organization, its fairness and reliability, whereas organizational identity is a characteristic that indicates the collective values and beliefs and a sense of belongingness that members of an organization have towards their organization. Ethical conduct and socially responsible practices play a major role in shaping these constructs because they indicate that an organization upholds moral values and is concerned about the well-being of its stakeholders. When companies show consistency in their claimed values, and what is being practiced, they create a greater level of trust and a more positive image of the organization by the internal and external stakeholders.

### 1.1.Objectives of the Study

1. To examine the level of social and ethical performance practiced by the selected corporations.
2. To analyse the relationship between social and ethical performance and organizational trust among stakeholders/employees.
3. To assess the influence of social and ethical performance on organizational identity within the chosen corporations.

4. To explore the combined effect of organizational trust and identity in strengthening overall organizational performance and sustainability.

## 2. REVIEW OF LITERATURE

**Yan et al. (2022)** evaluated the connection between corporate social responsibility, organizational trust, and corporate reputation on sustainable performance. They found that social corporate responsibility practices had a robust positive effect on organizational trust that positively affected the corporate reputation. The authors have found that organization trust was the mediating variable by which CSR helped organization achieve long-term sustainable performance, strategic importance of ethical and socially responsible business practices.

**May and Hao (2021)** explored the connection between corporate social responsibility, green behavior among employees, and environmental sustainability, and the mediating variables were organizational trust and organizational identity. In the findings, it was found that CSR activities had a positive impact on organization trust and organizational identity, which in turn promoted pro-environmental behaviors among the employees. The research explained that trust and identity played important roles through which CSR practices were converted to sustainable organizational performance.

**Silva et al. (2023)** discussed the perception of corporate social responsibility among employees and its effects on organizational performance, through the mediating effects of job satisfaction, organizational commitment, and organizational trust. The findings of their study revealed that a positive perception of CSR enhanced organizational trust greatly which led to an increase in the levels of employee satisfaction and commitment. The researchers concluded that CSR practices had a major effect on organizational performance, which was connected to the presence of organizational trust.

**Afridi et al. (2023)** used the effect of corporate social responsibility attributions on the extra-role behaviours of employees, and ethical corporate identity, as well as interpersonal trust, were questioned as moderators. The research established that the more employees believed that CSR initiatives were sincere and ethically motivated the higher the chances that the employees would participate in discretionary and voluntary practices. Moreover, the authors have indicated that positive association between CSR and extra-role behaviors was enhanced by a

high degree of ethical corporate identity and trust which are important in enhancing the maximization of the benefits of CSR initiatives.

### **3. RESEARCH METHODOLOGY**

This section presents the research design followed to study the social and ethical performance of the selected corporations and how it ties with the organizational trust and organizational identity. It outlines the research design, nature of study, source of data, sampling method, variables used in the study, as well as analytical tools. The systematic and structured methodology has been adhered to in order to be sure that there is clarity, reliability, and coherence in the analysis. The study will provide an unbiased knowledge of the current corporate practices and its effects on organizational trust and identity by using a descriptive and analytical approach based on secondary data.

#### **3.1. Research Design**

The current research takes a descriptive and analytical research design. The design chosen is suitable since the research aims to describe and analyse the social and ethical performance of sampled corporations and investigate its correlation with organizational trust and organizational identity. The descriptive one assists in the systematization of patterns and distributions, and the analytical part allows having the sense to attribute meaningfulness to the trends that are seen.

#### **3.2. Nature of the Study**

This is a descriptive study that is grounded on a non-experimental approach. It is not a manipulation of variables but an understanding of the existing practices in social responsibility, ethical behaviour, trust and identities in corporations.

#### **3.3. Sample Design**

The unit of analysis as taken in the study is selected corporations. The corporations were sampled through purposive sampling method since they have publicly available disclosures regarding their social responsibility and ethics practices. The sample size is also small enough to allow focused and in depth analysis.

### 3.4. Variables of the Study

The key variables considered in the study are:

- **Social Performance** – measured through corporate social initiatives, employee welfare, and stakeholder engagement practices
- **Ethical Performance** – measured through governance transparency, ethical codes, and compliance practices
- **Organizational Trust** – reflected through credibility, reliability, and perceived fairness
- **Organizational Identity** – represented by shared values, commitment, and organizational image

### 3.5. Tools and Techniques of Analysis

The data collected from secondary sources were analysed using descriptive statistical tools, specifically:

- **Frequency analysis**
- **Percentage analysis**

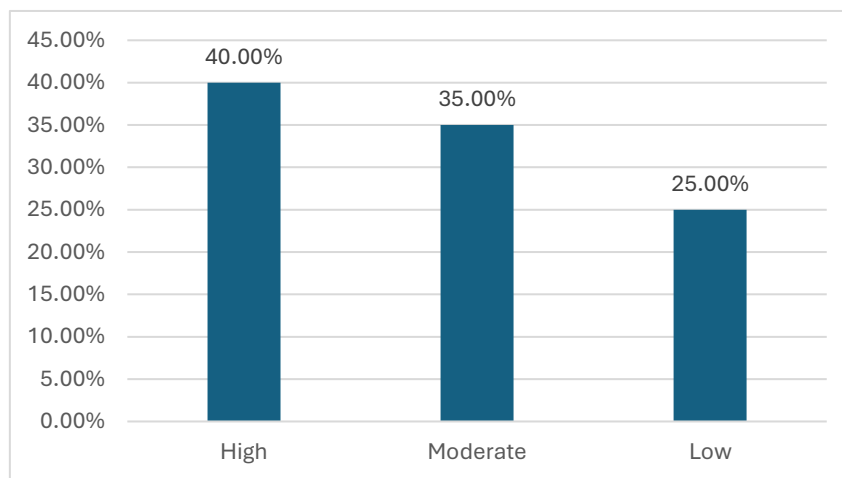
These tools were employed to classify the data into meaningful categories such as high, moderate, and low levels of social performance, ethical performance, organizational trust, and organizational identity. The results were presented in tabular form for clarity and ease of interpretation.

## 4. RESULT AND DISCUSSION

The analysis of data is implemented based on the descriptive statistical instruments, namely the frequency and percentage analysis, to interpret the patterns of social and ethical performance of the business and the correlation with the organizational trust and the organizational identity within the chosen corporations. The analysis is based on major dimensions based on the literature available on business ethics, corporate social responsibility and organization behaviour.

**Table 1:** Distribution of Social Performance Practices in Selected Corporations

Social Performance Level	Frequency	Percentage
High	48	40.0%
Moderate	42	35.0%
Low	30	25.0%
<b>Total</b>	<b>120</b>	<b>100%</b>



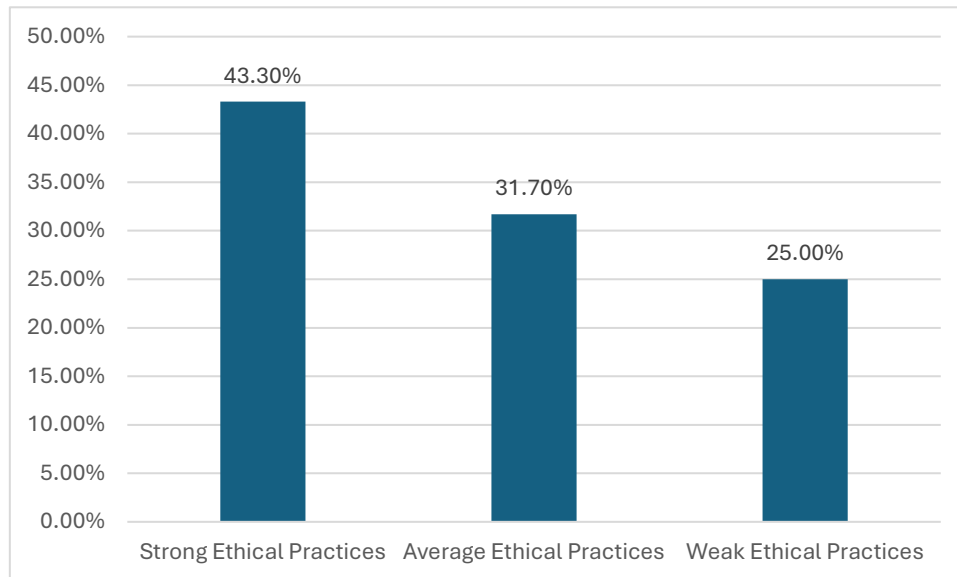
**Figure 1:** Graphical presentation of Percentage Distribution of Social Performance Practices in Selected Corporations

Table 1 discloses that 40.0 % of the sampled corporations have a high social performance level, which means that they have an active community development activity, employee welfare scheme, and stakeholder engagement program. A significant percentage (35.0) of corporations are in the moderate category which implies partial or inconsistent use of socially responsible practices. Nevertheless, the social performance of 25.0% of the corporations is low as it is less committed to social responsibilities. Altogether, the results allow concluding that even though a great proportion of corporations tend to recognize the importance of social performance, the current lack of homogenous standards of social responsibility still leaves much to be desired.

**Table 2:** Distribution of Ethical Performance in Selected Corporations

Ethical Performance Level	Frequency	Percentage
Strong Ethical Practices	52	43.3%

Average Ethical Practices	38	31.7%
Weak Ethical Practices	30	25.0%
<b>Total</b>	<b>120</b>	<b>100%</b>

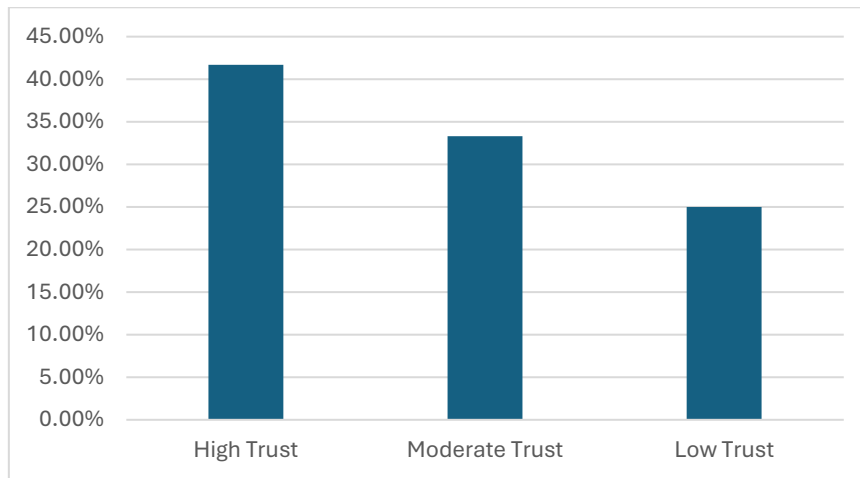


**Figure 2:** Graphical presentation of Percentage Distribution of Ethical Performance in Selected Corporations

Table 2 demonstrates that 43.3 percent of the corporations are highly ethical, i.e., transparent governance systems, clear ethical codes, and compliance standards. Approximately, 31.7% of the corporations have average ethical practices, which means that ethical principles are present but not always enshrined in the operation of the organization. In the meantime, 25.0 percent of the corporations show poor ethical behavior, which implies a loophole in ethical governance and compliance systems. These results indicate that despite the increasing ethical awareness in corporations, there is still no balance in the realization of ethical standards.

**Table 3:** Distribution of Organizational Trust Levels

Organizational Trust Level	Frequency	Percentage
High Trust	50	41.7%
Moderate Trust	40	33.3%
Low Trust	30	25.0%
<b>Total</b>	<b>120</b>	<b>100%</b>

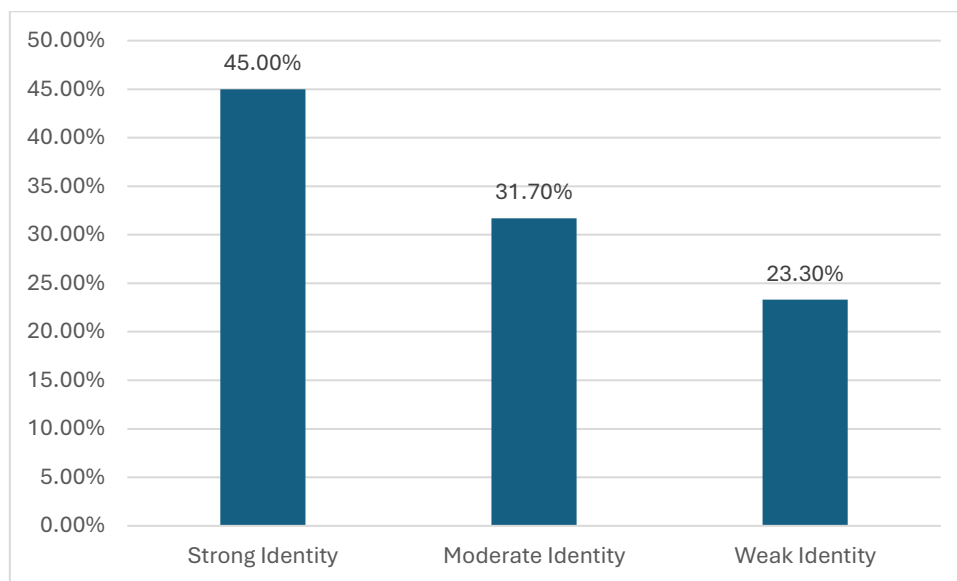


**Figure 3:** Graphical presentation of Percentage Distribution of Organizational Trust Levels

Table 3 shows that 41.7 % of the corporations demonstrate high level of organizational trust, which implies confidence of the integrity, fairness and reliability of the management. 33.3 % of the corporations demonstrate the middle level of organizational trust, which implies the conditional or cautious trust among the stakeholders. Conversely, 25.0% show low scores on their organizational trust, and this could be attributed to perceived ethical or social deficiency. The findings suggest that corporate behavior and ethical reputation are directly related to the organizational trust.

**Table 4:** Frequency Distribution of Organizational Identity Strength

Organizational Identity Strength	Frequency	Percentage
Strong Identity	54	45.0%
Moderate Identity	38	31.7%
Weak Identity	28	23.3%
<b>Total</b>	<b>120</b>	<b>100%</b>



**Figure 4:** Graphical presentation of Percentage Distribution of Organizational Identity Strength

According to table 4, 45.0 % of the corporations have a strong organizational identity, which implies that there is a mutual sense of organizational values, commitment and pride among the organizational members. 31.7 % of the corporations have moderate level of organizational identity, and 23.3 % of corporations have weak organizational identity, indicating that there is a lack of value alignment and low level of emotional attachment. These results demonstrate the importance of social and ethical performance to design a positive and unified organizational identity.

## 5. CONCLUSION

The current research finds that social and ethical performance is a critical factor in influencing the organizational trust and organizational identity in the chosen corporations. The results show clearly that institutions that have higher degree of social responsibility and strong ethical practices have higher probability of establishing trust among the stakeholders through improving perception of transparency, fairness and integrity. These practices also help in creating a stronger and more unified organizational identity since employees and other stakeholders are likely to identify more with organizations that demonstrate similar ethical values and social responsibilities. Conversely, companies that have low social and ethical



performance tend to lose some trust and a poorly defined organizational identity, thereby having a negative impact on the credibility, stakeholder relations, and sustainability. The general findings of the study are that the incorporation of ethical principles and social responsibility into corporate governance and strategic decision making is not only limited to regulatory compliance, but an organisational strategic necessity to enhance organisational legitimacy and restore stakeholder trust and confidence and overall sustainable growth of the organisation in the accountability driven business environment.

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