Vol-07 Issue 07, July-2023

ISSN: 2456-9348
Impact Factor: 6.736

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International Journal of Engineering Technology Research & Management
www.ijetrm.com

THE EFFECT OF BUSINESS ETHICS ON ORGANIZATIONAL PERFORMANCE A CASE STUDY OF NEW KABUL BANK, AFGHANISTAN

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ABSTRACT
The research will look into how business ethics affect the performance of a company. A case study of the New Kabul Bank in Afghanistan will be used to do this. With 116 branches all over the country, this bank is the biggest commercial bank in Afghanistan. The New Kabul Bank has set itself up in the banking field of Afghanistan, where it has become known as the best bank. The study will take place at the bank's main office. The study was done over a four-year time, from 2018 to 2021. This time was chosen because it was when the company had problems with how its operations were going. Through business ethics, the study will evaluate the time period and figure out how big and important the company is. Using a quantitative research method, a sample of 207 NKB workers (171 men and 36 women) from different departments and levels of the company's hierarchy filled out a survey. Data was taken from the respondents and put into a computer. Statistical tools for social scientists (SPSS) Version 20 were used to look at the data, which helped summarize the coded data and speed up data analysis. The overall goal of the study was to look at how business ethics affect organizational performance as a whole. More specific goals were to look at how ethical environment, ethical standards, and ethical leadership affect organizational performance. There were several ways to look at the facts. The results were summed up and looked into using descriptive analysis, Analysis of factors was done. to find the underlying factors that caused the observed correlations between variables, correlation analysis was used to figure out how the study factors are related to each other, The study's goals were met using regression analysis. by looking at the effects between variables. The study will be important for the employees of New Kabul Bank in Afghanistan because it will urge the company to adopt ethical practices, which will improve the performance of the company as a whole.

Keywords: Business ethics, Ethical climate, Ethical standards, Ethical leadership, Organizational performance, Profitability, Sales revenue, and Market share.

INTRODUCTION

Business ethics refer to the set of rules, principles, values, and norms that guide the behavior of individuals within companies, as highlighted by Tuna, Ghazzawi, Tuna, and Catir (2019). Ebutu and Buredugo (2015) emphasize that business ethics involve establishing behavioral standards for employees to align their actions and thinking with the organization's expectations. Additionally, Marucha (2014) states that discipline within the realm of business ethics entails adhering to specific guidelines and principles to enhance job performance. It is made up of a set of rules, regulations, and processes that make sure the business runs smoothly. In this context, discipline can be seen as the act of reprimanding employees for misconduct in order to foster respect and obedience.

1.1 Background of Study

In recent years, international institutions have acknowledged the significance of ethics and have actively endorsed various research projects and publications aimed at promoting ethical conduct. These endeavors strive to enhance consciousness about ethical behavior and provide recommendations for improving practices. In 2012, the European Commission put out the special Eurobarometer 374, which asked people in EU member states how corrupt they thought their government was. This study found that most Europeans think cheating is a big problem in their country and has gotten worse over the last few years. It also says that most Europeans think cheating happens in both the private and public areas. Before, in 2011, the European Union (EU) introduced the EU Anti-

Corruption Report as a means to monitor and assess the measures taken by EU member states to combat corruption and prevent its occurrence. Additionally, during the same period, the EU sought to enhance its efforts by urging companies to adhere to global standards of corporate social responsibility (CSR).

Ethics and company success have long been a topic of interest for management scholars and business leaders around the world. Most people agree that companies should put honesty and moral behavior at the top of their business policies. Ethics pertains to the impact of decisions on others and the overall well-being of the company. Etuk (2014) says that ethics and morals are parts of axiology that look at what is good and beautiful., and desirable in human behavior. It is the study of the rules and standards that guide how people and institutions work together. Ethics, according to Ebitu and Beredugo (2015), is a set of moral principles or values that guide how an organization, and its workers act in all business activities, both inside and outside the company.
According to Turyakira (2018), ethics in the business world encompass values such as honesty, fairness, and integrity, which can be considered as expressions of "ordinary decency." It is believed that an ethical climate is not solely about maximizing profits but also about fulfilling an organization's social responsibility and positively impacting society. Business ethics serve as the guiding principles that define appropriate and inappropriate conduct in a business environment, determining what constitutes right or wrong and good or bad human behavior.

Sharafa (2014) says that ethical business practice is a way for businesses to follow the rules and regulations that are good for the world and help the business do well. Ethical business practices encourage good management and good company governance, which leads to CSR. He makes a point of saying that this is a type of self-regulation that is built into a company model. CSR is a built-in, self-regulating system that an organization uses to make sure it is following laws, social rules, and international business standards. CSR not only helps the company make more money and improve its image, but it also sets the stage for long-term success.

1.2 Statement of the Problem

Modern companies face numerous challenges, including instances of illegal and unethical conduct in their business dealings. Presently, many business managers operate without considering the ethical implications of their actions. Additionally, most employees lack awareness of ethical principles, resulting in low compliance rates. Farouk and Jabeen (2018) suggest that unethical behavior thrives in an environment with unclear procedures, financial pressures, and excessive emphasis on short-term gains. Moreover, global organizational performance generally experiences a decline (Ononogbo, Joel, and Edeja, 2016). This can be seen in things like profits, sales, and new customers. Businesses could be having trouble with their performance because of unethical behavior. Having an ethical business climate, ethical standards, and ethical behavior could improve the performance of banks in Afghanistan, but there doesn't seem to be any work being done to change the situation. Because of this, a study needs to be done on how business ethics affect the performance of a company in order to find ways to improve the performance of the banking sector in Afghanistan (in this case, New Kabul Bank).

1.3 Hypothesis of the Study

Hypothesis **1:** Ethical climate has the highest positive effect on organizational performance.
Hypothesis **2:** Ethical standards have a positive effect on organizational Performance.
Hypothesis **3:** Ethical leadership has a positive effect on organizational Performance.

1.4 The importance of the Study

The study hopes to be useful to the leadership and management of the New Kabul Bank in Afghanistan. If the study's recommendations are put into action, they will help promote business ethics and improve the performance of the company. The study will also be important to leadership and management because it will help them learn and understand what it means to be a responsible leader. The study will be important to the members of the New Kabul Bank in Afghanistan because it will help the group improve its performance by adopting ethical practices. The study will be important to retirees because, if the study's suggestions are followed, they will lead to better performance and more benefits for beneficiaries and other stakeholders. This study will be very important to

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people who work in management, run businesses, and study management. First, it will be very helpful for people who work in different areas of management to learn how ethics can be used to help a business succeed.
It will also tell business leaders and managers in the southeast how to make their organizations successful by using good ethical practices. Lastly, the study will add to what scholars already know about this important part of management strategy. As a consequence, scholars will heavily rely on it as a primary reference, thereby stimulating further exploration in this particular field.

1.5 Theoretical Framework

The conceptual framework is a plan for how the idea or concept of the research is set up in relation to the research problem and the related literature. Often, this is summed up in a schematic model that shows the major factors and how they are thought to be related. The framework is based on the idea that business ethics usually affect how well a company does.

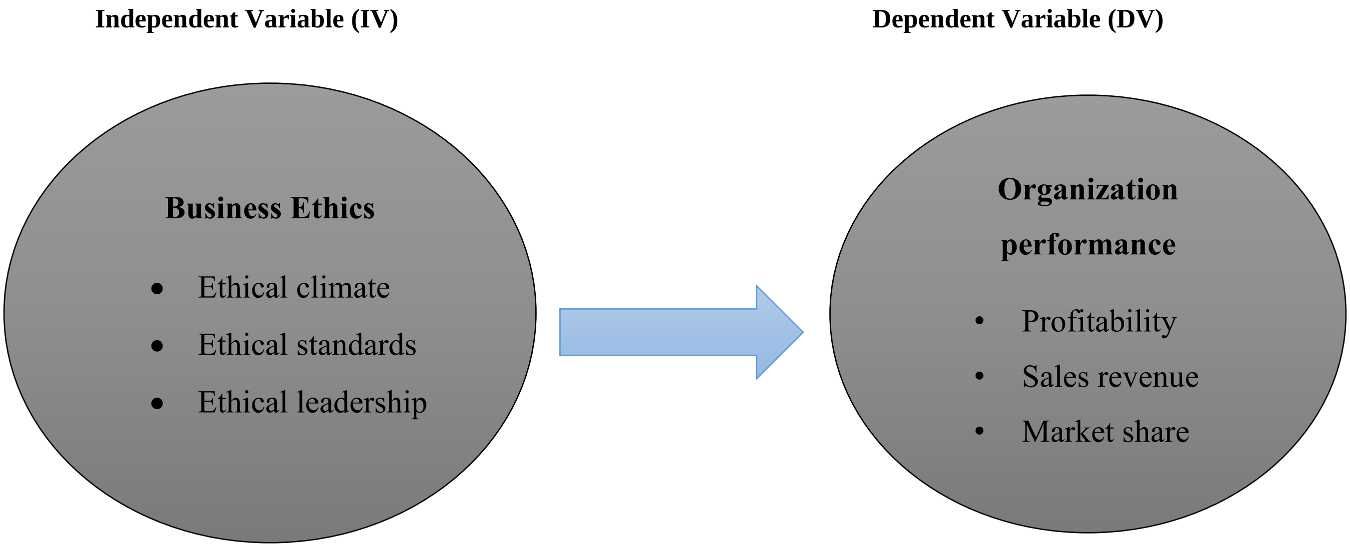

Figure 1.1: Conceptual Framework Showing Relationship between Business Ethics and Organizational Performance.

LITRATURE REVIEW

2.1Theoretical Review

This study is based on the idea of stakeholders. R. Edward Freeman came up with Stakeholder Theory. In 1984, he wrote Strategic Management: A Stakeholder Approach, which was one of his books. Freeman's 1984 seminal work, which was the first to use the term "stakeholder theory," claimed that "systematic attention to stakeholder interests is crucial to firm success." Traditionally, a shareholder is "any group or person who can affect or is affected by the organization's ability to reach its goals" (Freeman, 1984). The concept has provided us with a fresh perspective on the ideal characteristics of an organization. According to Friedman and Miles (2006), an organization consists of various parties involved, and its objective should be to effectively address the diverse interests, perspectives, and requirements of these stakeholders. Depending on the nature of the enterprise, stakeholders can encompass suppliers, customers, shareholders, community and environmental organizations, and others. This system was made because managers had to deal with a lot of problems and changes that were out of their control. It was made to solve the problems that the managers were having. Even though the idea was old, a

ISSN: 2456-9348
Impact Factor: 6.736

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lot of people used this method in the 1980s. The concept was initially introduced during the 1960s at the Stanford Research Institute, as documented by Freeman et al. (2001). To date, this methodology and a recent investigation within its four subdivisions, the study will encompass various areas such as Governance and Organizational Theory, Strategic Management, Normative Theories of Business, and Corporate Social Responsibility and Performance., to explore their influence on company performance, have been examined—have grown a lot.

Just to say, the Theory of Stakeholders in Organizations says that people whose lives are affected by a business have the right and duty to help decide how it is run. Kotler and Keller, (2006). So, they have a stake in the company, and their opinions must be taken into account when making choices. The five most important partners are shareholders, employees, customers, providers, and people in the neighborhood. Kotler and Armstrong, (2008). So, it's up to the organizations to be as open as possible before, during, and after doing business, because this is an important value for those who want to promote shareholder ethics. According to Baker and Hart (2008), it is evident that stakeholder theory necessitates business leaders to engage with various perspectives and effectively manage the interests and well-being of all stakeholders, with the objective of maximizing benefits for a wide range of individuals. If partners aren't fully involved or aren't told the facts, business ethics may lose its value.

2.2 Conceptual Review

2.2.1 Business Ethics

Business ethics refers to contemporary terminology encompassing regulations, principles, value systems, and standards that dictate the conduct and behavior of individuals within a corporate organization. The concept of business ethics can be approached from two perspectives: as a collection of guidelines or as a compilation of descriptions. (Stead, Worrell, and Stead, 2010) The field is mostly normative as a business practice and a job specialization. Scholars employ rigorous methodologies to analyze the functioning of businesses. The diverse array and abundance of ethical dilemmas within the business realm demonstrates the intricate interplay between profit-centric behavior and other ethical concerns. In this study, the ethical climate, ethical norms, and ethical leadership are used to measure business ethics.

2.2.2 Organization performance

According to Richardo and Wade (2010), organizational performance refers to the capacity of a company to achieve its intended goals and objectives. Organizational success has had problems with both how it is defined and how it is thought of. This is what Heffernan and Flood (2006) said. They said that organizational performance as an idea in modern management was not clear in several ways. The first was about what it meant, and the second was about how to measure it. People sometimes mixed up the word "performance" and "productivity." Productivity was a measure that showed how much work was done in how much time. Performance was a more general measure that could be based on things like output, quality, consistency, and other things. further: Cooper-Hakim and Viswesvaran (2015) define organizational success as the "transformation of inputs into outputs to achieve certain outcomes." Performance provides insights into the interconnection between cost optimization and successful outcomes (economy), the connection between successful outcomes and actual output (efficiency), and the correlation between actual output and desired results (effectiveness) in terms of its substance. Organizational performance can be measured by how well the company meets its goals, such as by meeting both short-term and long-term goals when they are due. The group shouldn't waste its limited funds on things that aren't worth the money. The projects listed in the organization's goals should get the most out of their resources by using them in the best way possible. Organizations can't waste their limited money and trained workers on projects that don't make money (Wee, 2009). Organizational performance involves the efficient conversion of various resources, including human capital, financial assets, and materials, into valuable outputs, such as services or tangible products, while striving to minimize costs. (Richard, Devinney, Yip, and Johnson, 2009). It has to do with turning inputs into outputs in a way that is efficient and effective for the good of society, the economy, and the environment.

2.3 Empirical Review

2.3.1 Ethical climate

Vol-07 Issue 07, July-2023 ISSN: 2456-9348
Impact Factor: 6.736

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The ethical climate in a company pertains to the set of guidelines followed by individuals when determining what is ethical or unethical. It emphasizes the decision-making process rather than the specific choices made. Victor and Cullen (1988) introduced a model comprising nine theoretical types of ethical climate. Through a factor analysis, they identified five prominent ethical climate factors. While all nine types are theoretically possible within groups, in practice, the majority of instances involve only five types (Simha & Cullen, 2015). Victor and Cullen (1987) proposed three distinct and conflicting types of ethical environment: principle, altruism, and egoism. Principle refers to an ethical climate where individuals adhere to personal values, company regulations, or legal standards. Altruism represents an ethical climate where individuals aim to maximize the collective interests of the group or society, driven by friendship, teamwork, or societal contribution.

Ethical climate is an integral aspect of corporate culture. Research consistently indicates that negative ethical climates foster increased unethical behavior, whereas positive ethical climates discourage such behavior. (Smith, Thompson, and Iacovou, 2009). Also, managers who worked in an ethical climate that was good thought that success and ethical behavior went together well, while managers who worked in an ethical climate that was bad thought that The Deshpande study conducted in 1996 found that the combination of success and an ethical climate within an organization did not go well together. The objective of this research is to examine how individuals' views of an organization's ethical climate relate to the level of trust in the organization, using a social exchange framework that emphasizes reciprocity. Furthermore, the research endeavors to examine whether enhancements in the perceived success of the organization or the individual employee's performance have an impact on this association.

2.3.2 Ethical Standard

Ethical standards are a set of rules made by the organization's founders to show what the organization's moral ideals are. This code gives a set of rules that can be used as a guide when making decisions. These rules are an important part of the culture of a company. They set the rules for how owners and top executives want employees and suppliers to act, at least as far as their interaction with the business goes. A company governance system will work hard to get these ideas across and make sure they are followed. Most of the time, this is done by showing people how to act. This means that top executives should show how lower-level workers should act. Some examples of these standards are responsibility, honesty, openness, and fairness. Each person may have a different idea of what they mean, but companies usually explain how the founder sees each value to avoid confusion. When different ethical problems come up in normal business activities, these principles should also be used as guidelines for making decisions. This will help employees align their own standards with the company's. This moral "compass" is important to keep unethical behavior to a minimum, especially for people in management roles.

2.3.3 Ethical Leadership

Ethical leadership is when a leader shows a set of principles, values, and actions that promote and uphold ethical standards in a company or community. When making decisions and taking action, ethical leaders put moral character, fairness, and accountability at the top of their lists. They have traits like honesty, openness, compassion, and respect for others. Ethical leaders not only follow ethical rules themselves, but they also encourage and teach others to do the same.

Ethical leadership means thinking about the well-being of everyone involved, such as workers, customers, shareholders, and society as a whole. It means making decisions and taking actions that are morally right, even when things are hard, or people have different goals. Ethical leaders try to make their company a place that encourages ethical behavior, builds trust, and grows a culture of integrity.

2.3.4 How the ethical climate affects performance

Different kinds of study have looked into the link between ethical climate and success in the past. Some studies have looked at ethical leadership as a separate factor that affects performance. Others have looked at ethical environment as moderators (Schwepker & Schultz, 2015) or mediator (Shin et al., 2015). Tanner, Tanner, and Wakefield (2015) looked at how ethical climate changed the effect of variables like pay or customer focus on performance. Other studies looked at the exact relationship between ethical climate and performance.

The existing literature on the connection between ethical environment and trust is limited. A search was conducted using the keywords "ethical climate" and "organizational trust" on PsycInfo and Business Source Complete databases, resulting in a total of five papers. It is worth noting that two of these papers were abstracts of

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unpublished dissertations. Although both ethical climate and organizational trust have been linked to positive work outcomes, they have rarely been examined together. Previous research has mainly focused on the correlation between ethical climate and trust in supervisors (Simha and Stachowicz-Stanusch, 2015), trust in coworkers (Ascigil and Parlakgumus, 2018), and trust in leaders (Simha and Stachowicz-Stanusch, 2015). However, only two studies were found that specifically investigated the relationship between ethical climate and organizational trust.

An ethical climate of caring within a company reflects the organization's concern for its employees. This atmosphere aligns with the principle of reciprocity, where individuals are expected to reciprocate the care and support received from the organization. This reciprocal relationship involves employees actively contributing to the organization's success and maintaining a belief that the organization will continue to prioritize their well-being. Research on corporate trust underscores the significance of demonstrating care, kindness, and helpfulness in fostering trust (Briggs, Jaramillo, and Weeks, 2019). Hence, it is reasonable to expect a strong correlation between an ethical climate of caring and trust within a company.

2.3.5 Relationship between Ethical Climate and Performance

In a study conducted by Turyakira (2018), the focus was on investigating ethical practices within small and medium-sized businesses (SMEs) situated in developing nations. The primary objective of this research was to assess the diverse aspects of business ethics, highlight the significance of ethics for SMEs, examine the ethical challenges and dilemmas faced by SMEs, particularly in developing countries, and propose effective strategies to tackle these issues. By thoroughly analyzing scholarly articles, the study explored the notion of business ethics, its importance in the context of SMEs, the ethical predicaments encountered by these businesses, and put forward potential solutions to address these concerns. The findings highlighted the growing significance of business ethics for companies, as unethical behavior, especially by employees and top executives, can lead to business failures. The study contributes to the existing knowledge on ethical behavior in SMEs within developing countries, providing SME owners and managers with valuable insights to develop ethical policies and guidelines that enhance their company's reputation and competitive edge.

In a study conducted by Dim and Edwin (2016), the aim was to explore the influence of business ethics on the long-term prosperity of small and medium-sized enterprises (SMEs). The research involved surveying 219 employees from nine SMEs situated in different areas of Rivers state. Data collection was carried out using a questionnaire based on a five-point Likert scale, and the statistical analysis utilized the Non-Parametric Kruskal Wallis (H) test in SPSS version 20.0. The most noteworthy discovery of the study revealed that ethical business practices had a strong impact on the sustainability of SMEs. The study's three hypotheses demonstrated a positive association between the investigated elements of business ethics and sustainability, with p-values of 0.001, 0.001, and 0.000, respectively, all below the significance level of 0.05. Therefore, it is recommended that SMEs prioritize the development of essential skills to integrate ethical practices consistently into their business operations, even when faced with potential resistance from employees. This approach contributes to the long-term viability and success of the business.

2.3.6 Relationship between Ethical Leadership and Performance

In a study conducted by Assaed Azlan and Muhammad (2016), the aim was to explore the relationship between ethical leadership, corporate social responsibility (CSR), and organizational performance. The research utilized survey data collected from both public and private banks in Pakistan. The findings of the study indicated a positive correlation between ethical leadership and CSR, which subsequently had a positive influence on the performance of the companies. Additionally, the study identified CSR as a mediator, enhancing the connection between ethical leadership and organizational success. These findings underscore the significance of ethical leadership and CSR in driving organizational performance, suggesting that cultivating a strong ethical culture can yield benefits for companies.

Agbim (2018) investigated the influence of ethical leadership on corporate governance, corporate success, and CSR in Nigerian deposit money banks. The study utilized survey data and employed a stratified sampling method. Through linear regression analysis, the research demonstrated that the presence of ethical leaders played a crucial role in fostering a robust organizational framework that integrated corporate governance, performance, and CSR. The results highlighted the positive effects of ethical leadership on corporate governance, performance, and CSR.

ISSN: 2456-9348
Impact Factor: 6.736

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To effectively promote these aspects, management should prioritize the careful selection and training of leaders and followers. Additionally, involving all stakeholders in the formulation of company governance principles was deemed essential. The study concluded that employing ethical leaders, whether naturally inclined or trained, represented the most effective approach to embedding corporate governance, performance, and CSR within the company's culture.

METHODOLOGY

3.1 Research Design

The study employed a cross-sectional research methodology, which allows researchers to gather information about various factors at a specific point in time. Cross-sectional studies are particularly valuable in business, finance, and accounting research for testing hypotheses related to financial data. This design is effective as it examines data from a population or representative subset at a single time, providing cross-sectional data on business ethics and organizational success. By utilizing various statistical techniques, the researcher can analyze the distribution of scores or measurements throughout the study period. The study employed a quantitative approach to collect information from respondents, involving numerical data analysis and statistical study of a set of numbers to understand the relative magnitude of different factors.

3.2 Populations and sample

(Mugenda and Mugenda, 2003) A person's target group is all of the people or things that are being studied. The study is for the people who work at New Kabul Bank. They were asked to explain what they thought about the ethical climate, ethical standards, ethical standards, and company performance in the business world. The study is for both managers and people who don't run the company. The workers of the New Kabul Bank are the focus of the study. The bank's human resource report says that there are 1572 employees. The people who took part in the study were chosen using both simple random sampling and purposeful selection. Simple random sampling is best because it eliminates bias and gives each person in the community an equal chance of being chosen. Amin, (2005). In particular, the researcher will use a rotary method in which he gets a list of all New Kabul Bank workers and then puts them in alphabetical order. He chose the third person on the list, and so on, until 207 people were chosen. Purposive sampling Key informants were administrative staff, and a purposeful sampling method was used to get qualitative data from them. In this case, the researcher will use his own judgment to choose the key informants, based on his belief that the chosen key informants know a lot about the issue being looked into.

3.4 Data Collection Instrument (Questionnaire)

When gathering raw data through a questionnaire, researchers can employ structured questions using a five-point Likert scale to capture crucial information from respondents. The surveys were distributed in both hard copy format during face-to-face interactions and electronically via email. The questionnaire consists of two main sections. The first section focuses on gathering demographic and profile-related information from the respondents. The second section comprises closed-ended questions that aim to gauge respondents' perceptions of the impact of business ethics on organizational performance, utilizing a five-point Likert scale ranging from "strongly agree" to "strongly disagree." Participants were asked to select one of the five options on the Likert scale to indicate their level of agreement or disagreement with each question. The study employed interval, nominal, and ordinal scales of measurement. An interval scale features equally spaced and ordered intervals with an arbitrary zero point, while a nominal scale is used for categorical data. An ordinal scale is employed for categorical data with ordered values and scores. Mugenda and Mugenda (2007) note the advantages of using a questionnaire, including its ease of use, cost-effectiveness for data collection, ability to gather quantitative data, and convenience in data collection.

3.5 Data Analysis Techniques

Data analysis involves the process of comprehending the extensive amount of collected information. Once all the necessary data is obtained, it undergoes writing, editing, analysis, and rephrasing to eliminate errors and ensure consistency. The data gathered from respondents is entered into a computer system. SPSS Version 20 is used to analyze the data, which makes it easier to summarize the coded data and speeds up the analysis process. The questionnaire data is carefully examined, summarized, and evaluated using both descriptive and inferential

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statistics. Descriptive statistics encompass frequencies, true percentages, means, and standard deviation, providing a summary of demographic information from respondents and insights into employee commitment and organizational success derived from the questionnaire's content. Simple regression analysis is employed to assess the sample's representativeness and draw conclusions about the relationship between business ethics (independent variables) and organizational success (dependent variable).

FINDINGS AND INTERPRETATION

The main objective of this research was to examine the influence of business ethics on the performance of New Kabul Bank in Afghanistan. The specific aims included assessing the correlation between the ethical climate and organizational performance, investigating the impact of ethical standards on organizational performance, and exploring the relationship between ethical leadership and organizational performance. A total of 207 participants completed and returned the questionnaires within the specified timeframe, resulting in a 100% response rate for data collection. Descriptive statistics, such as frequency and percentages, were employed to analyze the collected data, along with correlation analysis to examine the interrelationships among the variables under scrutiny.

Table 4. 1:Demography of respondents

Categories		Frequency	Percentages
Gender	Male	171	82.6
	Female	36	17.4
Age	20- 29 Years	63	30.4
	30- 39 Years	91	44.0
	40- 49 Years	45	21.7
	50 Years and above	8	3.9
Education	Certificate	2	1.0
	Diploma	7	3.4
	Bachelors	126	60.9
	Master's and above	72	34.8
Experience	1-5 Years	52	25.1
	5-9 Years	64	30.9
	10-14 Years	77	37.2
	15 years above	14	6.8
	Total	**207**	**100.0**

Table 4.1, regarding gender,171(82.6%) who participated in the study were males while 36(17.4%) were females. Age shows that majority respondents were in the age of 20-29 years were 63(30.4%) respondents, 91(44%) were in the age of 30-39 years, 40-49 years where 40-49 years were 45(21.7%) and finally those of 50 years were 8(3.9%) respondents were in the age of the study. The education variable was investigated by the researcher; thus, the study indicates that majority respondents were bachelors' holders who were 126(60.9%) of the study, then master and above were 72(34.8%) of the respondents. Finally, Information in revealed that data related working experience by the staff. The results indicate that majority respondents had been in the study area for a period of 10-14 years and more who were 77(37.2%) those in the age of 5-9 years were 64(30.4%) respondents, 1-5 years were 52(25.1%) of the respondents and finally 14(6.8%) of the study. The findings revealed that the respondents had been in the bank for more years, the information attained revealed that information was attained from fully informed respondents.

Reliability of the Instrument

The reliability of the research instruments used in the study was assessed using the Cronbach Alpha Coefficient test. This test was employed to examine the consistency and coherence of the questionnaire items, which were carefully organized. Prior to the actual research process, a pilot study involving 15 respondents was conducted two weeks in advance to gather data. The research questions covered all the variables addressed by the questionnaire items and underwent testing using the Cronbach's Alpha Coefficient (CAC). The reliability of the

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instruments was determined by analyzing the CAC output obtained from the reliability test conducted in SPSS. As stated by Reynaldo (1999), a research instrument is deemed reliable when its Cronbach's Alpha Coefficient is between 0.7 and 1.0. To ascertain the reliability of the quantitative data, the study employed Cronbach's Alpha Reliability Coefficient test specifically designed for Likert-Type Scales. The results of this test, which can be found in the appendix of the final report, indicated that values equal to or greater than 0.7 were considered reliable.

Table 4.2: Reliability of the Instrument

	Cronbach's Alpha	**N**
Ethical Climate	.828	207
Ethical Standards	.832	207
Ethical Leadership	.895	207
Organization Performance	.937	207
Average	.873	

According to Reynaldo (1999), a study tool is considered reliable if its value falls within the range of 0.7 to 1.0. In this study, the Cronbach's value exceeded 0.70, indicating that the instrument demonstrated internal consistency and reliability. The findings of the study suggest that the questionnaire was an effective means of gathering information.

Correlation Analysis

Correlation analysis is used to find out how the variables of a study are related to each other so that the link between the variables can be measured. Correlation analysis was done, and the level of significance, which was less than 0.05, and the argument basis for the study were used to figure out what kind of link there was between the study variables.

Table 4.3: Correlation Analysis between Variables

Correlations

		Ethical Climate	Ethical Standards	Ethical Leadership	Organization Performance
Ethical Climate	Pearson Correlation	1	.496**	.763**	.600**
	Sig. (2-tailed)		0,000	0,000	0,000
	N	207	207	207	207
Ethical Standards	Pearson Correlation	.496**	1	.636**	.608**
	Sig. (2-tailed)	0,000		0,000	0,000
	N	207	207	207	207
Ethical Leadership	Pearson Correlation	.763**	.636**	1	.711**
	Sig. (2-tailed)	0,000	0,000		0,000
	N	207	207	207	207
Organization Performance	Pearson Correlation	.600**	.608**	.711**	1
	Sig. (2-tailed)	0,000	0,000	0,000	
	N	207	207	207	207

**. Correlation is significant at the 0.01 level (2-tailed).

ISSN: 2456-9348
Impact Factor: 6.736

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Results in Table 4.3 indicated a positive relationship between ethical climate and organization Performance in New Kabul Bank. The significance value was.0000, which was less than the maximum value of significance of 0.05. The results are explained with the R-value of 0.600 of the study.

Results in Table 4.3 further indicated a positive relationship between ethical standards and organization Performance in New Kabul Bank. The significance value was .000, which was less than the maximum value of significance of 0.05. The results are explained with the R-value of 0.608 of the study, the findings indicate that ethical standards are not statistically related to the performance of the bank.

Finally Results in Table 4.3 showed a strong link between ethical leadership and organizational Performance in New Kabul Bank. The significance value was .0000, which was less than the maximum value of significance of 0.05. The results are explained with the R-value of .711 of the study. The findings indicate that ethical leadership is statistically related in performance of New Kabul bank indicating that increased ethical leadership generates the performance of New Kabul Bank.

Regression Analysis

Table 4.4: Relationship between ethical climate and organization performance in New Kabul Bank, Afghanistan

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.600a	0,360	0,357	0,32801
a. Predictors: (Constant), Ethical Climate				

ANOVAa						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12,387	1	12,387	115,126	.000b
	Residual	22,057	205	0,108		
	Total	34,443	206			
a. Dependent Variable: Organization Performance						
b. Predictors: (Constant), Ethical Climate						

Coefficientsa						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,090	0,277		3,928	0,000
	Ethical Climate	0,655	0,061	0,600	10,730	0,000
a. Dependent Variable: Organization Performance						

The results presented in Table 4.4 provide insights into the association between ethical climate and organizational performance at New Kabul Bank, Afghanistan. The findings indicate a determinant rate, denoted by an r-value of .600, suggesting that ethical climate has a 60% impact on the bank's performance. The standard Error Estimate for the study, which stands at .32801, indicates the data's proximity.

Upon analyzing the relationship between ethical climate and organizational performance at New Kabul Bank, significant outcomes emerged. The study revealed a statistically significant relationship, as evidenced by the F-

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value of 115.126 and a P-value of 0.000. This signifies that ethical climate plays a crucial role in influencing the bank's performance.

The investigation into the connection between ethical climate and organizational performance at New Kabul Bank produced noteworthy findings. Both ethical climate and organizational performance exhibited p-values of .000, indicating a statistically significant effect. Consequently, hypothesis H1, which proposes a positive impact of ethical climate on organizational performance, was supported. These findings confirm a statistically significant relationship between ethical climate and the performance of New Kabul Bank.

Table 4.5: Relationship between ethical standards and organization performance in New Kabul Bank, Afghanistan

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.608[a]	0,370	0,367	0,32535

a. Predictors: (Constant), Ethical Standards

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12,743	1	12,743	120,381	.000[b]
	Residual	21,700	205	0,106		
	Total	34,443	206			

a. Dependent Variable: Organization Performance
b. Predictors: (Constant), Ethical Standards

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	0,435	0,331		1,314	0,190
	Ethical Standards	0,902	0,082	0,608	10,972	0,000

a. Dependent Variable: Organization Performance

The study examined the connection between ethical standards and organizational performance at New Kabul Bank, Afghanistan, as shown in Table 4.5. The findings revealed a determinant rate of .608, indicating that ethical standards had a 60.8% impact on the bank's performance. The standard Error of the Estimate, .32535, suggests that the data for the study is closely aligned.

Analyzing the variance between ethical standards and organizational performance at New Kabul Bank, the study yielded significant results. The F-value of 120.381 and a P-value of 0.000 indicated a statistically significant relationship. This implies that ethical standards play a crucial role in generating the bank's performance.

Examining the coefficients of determination, the p-values for ethical standards and organizational performance were .000 and .190, respectively. While the constant term did not demonstrate significant evidence, the variable of ethical standards exhibited high significance and substantial impact on the analysis. The hypothesis H2, stating that ethical standards have a positive effect on organizational performance, was accepted based on the p-values being below 0.05. The findings establish a statistically significant relationship between ethical standards and the performance of New Kabul Bank.

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Table 4.6: Relationship between ethical Leadership and organization performance in New Kabul Bank, Afghanistan

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.711a	0,506	0,503	0,28820
a. Predictors: (Constant), Ethical Leadership				

ANOVAa						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	17,416	1	17,416	209,690	.000b
	Residual	17,027	205	0,083		
	Total	34,443	206			
a. Dependent Variable: Organization Performance						
b. Predictors: (Constant), Ethical Leadership						

Coefficientsa						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,038	0,209		4,959	0,000
	Ethical Leadership	0,729	0,050	0,711	14,481	0,000
a. Dependent Variable: Organization Performance						

Table 4.6 presents the findings regarding the relationship between ethical leadership and organizational performance at New Kabul Bank, Afghanistan. The study revealed a determinant rate (r-value) of .711, indicating that ethical leadership had a 71.1% impact on the bank's performance. The standard deviation for the study, .28820, suggests that the data is closely aligned.

The variance analysis conducted to examine the link between ethical leadership and organizational performance at New Kabul Bank yielded highly significant findings. The statistical analysis revealed an F-value of 209.690 and a P-value of 0.000, indicating a strong and statistically significant relationship. These results underscore the crucial role of ethical leadership in driving the performance of the bank.
Analyzing the coefficients of determination, the p-values for ethical leadership and organizational performance were .000 and .000, respectively. This implies that a statistically significant effect was detected between these variables. The hypothesis H3, which states that ethical leadership has a positive effect on organizational performance, was supported based on the p-values being below 0.05. The results of the study indicate a noteworthy and statistically significant correlation between ethical leadership and the performance of New Kabul Bank.

CONCLUSION AND RECOMANDATION

5.1 Conclusion

The findings from the study had the R-value of .600 known as a determinant rate which indicates that ethical climate had a 60% effect on the performance of New Kabul bank, Afghanistan. The standard Error of the Estimate for the study .32801 shows that there exists closeness of the data for the study and the F-value for the study was 115.126, the P-value for the study was 0.000 which is interpreted a statistically significantly related. The p-values for ethical climate and that of organization performance were .000 and .000 respectively implying that a statistically significant effect was detected between the variables of the study. Based on the findings the hypothesis

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H1, Ethical climate has positive effect on organizational performance was upheld, this is because the p-values for the study were all below 0.05. The findings show that there exists a statistically significant relationship between ethical climate and the performance of New Kabul bank.

The findings on the relationship between ethical standards and organization performance in New Kabul Bank, Afghanistan. The findings from the study had the R-value of .608[a] known as a determinant rate which indicates that ethical standards had a 60.8% effect on the performance of New Kabul bank, Afghanistan. The standard Error of the Estimate for the study .32535 shows that there exists closeness of the data for the study and that the F-value for the study was 120.381, the P-value for the study was 0.000 which is interpreted statistically significantly related. the p-values for ethical standards and that of organization performance were .000 and .190 respectively implying that while the constant term does not provide strong evidence of a significant effect, the ethical standards variable appears to be highly significant and has a substantial impact on the model or analysis. Based on the findings of the hypothesis H2, Ethical standards has positive effect on organizational performance was accepted, this is because the p-values for the study were all less than 0.05. The findings show that there exists a statistically significant relationship between ethical standards and the performance of New Kabul bank.

The findings on the relationship between ethical leadership and organization performance in New Kabul Bank, Afghanistan. The findings from the study had the R-value of .711 known as a determinant rate which indicates that ethical leadership had a 71.1% effect on the performance of New Kabul bank, Afghanistan. The standard deviation for the study .28820 shows that there exists closeness of the data for the study and the F-value for the study was 209.690, the P-value for the study was 0.000 which is interpreted as statistically significantly related. The p-values for ethical leadership and that of organization performance were .000 and .000 respectively implying that a statistically significant effect was detected between the variables of the study. Based on the findings the hypothesis H3, Ethical leadership has positive effect on organizational performance was upheld, this is because the p-values for the study were all below 0.05. The findings show that there exists a statistically significant relationship between ethical leadership and the performance of New Kabul bank.

5.2 Recommendation

H3: Effect of Ethical Leadership on organization Performance, A case study of New Kabul Bank, Afghanistan

Based on the results, the investigator's final analysis suggests that fostering an ethical climate can positively impact the operational success of New Kabul Bank in Afghanistan. The researcher proposes enhancing the ethical climate for employees by implementing effective policy measures that regulate their conduct. It is advised to establish rigorous monitoring and supervision procedures among the staff members in order to drive organizational profitability and increase sales revenues.

H2: Effect of Ethical Standard and organization Performance, A case study of New Kabul Bank, Afghanistan

Based on the findings, it can be concluded that ethical standards exhibit a statistically significant correlation with the variables examined in the study. The research suggests that ethical standards play a crucial role in facilitating the performance of New Kabul Bank. To establish a framework for ethical conduct, the study recommends implementing clear guidelines within the bank to define the ethical expectations for employees. Additionally, there is a need to create procedural instructions that inform and guide employees, enabling them to contribute to the financial strength of both the individuals and the organization as a whole within New Kabul Bank.

H3: Effect of Ethical leadership and organization Performance, A case study of New Kabul Bank, Afghanistan

The research findings indicate a significant statistical relationship between ethical leadership and the performance of New Kabul Bank in Afghanistan. The results suggest that implementing ethical leadership standards within the organization can lead to moderate improvements in its performance. Based on the study, the researcher recommends placing strong emphasis on ethical leadership among the bank's leaders to foster agreement and cohesion in the workplace. It is crucial to establish strict procedural guidelines for managing and overseeing employees, including checks and controls that promote effective performance through leadership strategies and

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initiatives. Additionally, management should regularly provide training to employees to ensure their proficiency in control, management, and operational efficiency systems for timely operations.

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