

# The effect of organizational ethics on increasing the performance of workers in small and medium-sized enterprises

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**Purpose:** This study investigates the relationship between organizational ethics and job performance in small and medium-sized enterprises (SMEs), aiming to uncover how organizational ethics impacts employee performance.

**Design/Methodology/Approach:** Employing various statistical analyses, the study explores the correlation between organizational ethics and job performance, utilizing a robust methodology to ascertain the influence of ethical practices on employee productivity.

**Findings:** The study reveals a distinct negative correlation between organizational ethics and job performance in SMEs, indicating that higher organizational ethics levels are associated with lower employee job performance. Linear regression analysis confirms this negative influence, highlighting the significance of ethical considerations in shaping job performance outcomes.

**Conclusion:** Despite the significant impact of organizational ethics on job performance, no significant gender differences in organizational ethics or job performance levels were identified in SMEs.

**Research Limitations/Implications:** Acknowledging limitations such as sample size variations and industry-specific factors, the study proposes avenues for future research to delve deeper into these aspects and enhance the applicability of the findings.

**Practical Implications:** The findings emphasize the importance of promoting ethical behavior in SMEs to enhance overall job performance and productivity, highlighting the need for heightened awareness of organizational ethics in managerial practices.

**Contribution to Literature:** This study contributes a new perspective to the understanding of organizational ethics and job performance in SMEs, offering insights for management practices and contributing to the literature on organizational ethics in small business contexts.

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**Keywords:** Gender differences in small and medium-sized enterprises, Influence, Organizational ethics, Work performance.

## 1. INTRODUCTION

Despite their widespread interchangeability, people occasionally interpret the terms 'ethics' and 'morality' differently. In this context, morality denotes a complex system of rules, values, and norms assumed to delineate human actions, while ethics is considered the theoretical foundation of morality, focusing more on principles, overarching judgments, and norms than subjective or personal judgments and values (Shjaan Abalala, Islam, & Alam, 2021) competition in today's global market. To survive and thrive in this ever-changing environment, they must have a dedicated and productive team of employees. In this context, organizational ethics, which encompasses an organization's values, behavior, and culture as a whole, plays a crucial role in improving employee performance. The primary goal of this study is to address the following issues:

"How and in what ways do organizational ethics impact the performance of employees in small and medium-sized enterprises, and what effect does this impact have on the sustainability and competitiveness of these enterprises?"

To address this problem, we will investigate how organizational ethics is used and perceived in SMEs and whether it influences employee motivation, engagement, and productivity. We will examine best practices of small and medium-sized enterprises that have invested in promoting organizational ethics and analyze their outcomes in relation to employee performance and market competition. Additionally, we will discuss the potential challenges and obstacles that SMEs may face when attempting to establish a robust ethical culture, and explore strategies for overcoming those obstacles.

A solution to this problem is essential to understanding how SMEs can benefit from organizational ethics to improve their performance and remain competitive in an increasingly challenging business environment. This can help small and medium-sized enterprises enhance their efficiency, reduce employee turnover, and build a positive image that attracts customers and investors.

Despite the acknowledged significance of ethics in business, there exists a notable research gap, particularly in comprehending how organizational ethics impacts job performance within the distinctive context of small and medium-sized enterprises (SMEs). The prevailing body of literature predominantly focuses on large multinational corporations, creating a void in insights specific to SMEs, which hold a pivotal role in diverse economies. This study aims to fill this gap by exploring the nuanced dynamics of organizational ethics and job performance in the SME landscape, contributing valuable insights to the existing knowledge base (Bataineh, 2020). In the realm of business, ethics assumes a critical role as it establishes trust and confidence in business relationships. Business ethics serves as a confluence of principles guiding managerial actions with regard to stakeholders. Every business must incorporate these ethical elements to gain recognition as a reliable business partner. Sustainable existence for business enterprises hinges on the implementation of robust business ethics (Bataineh, 2020).

Organizational ethics stands out as a crucial facet in the business environment, particularly for SMEs. This dimension of ethics encompasses the values, behaviors, and culture of the organization as a whole, significantly influencing how employees perceive and perform in the workplace. This study aims to delve into the impact of organizational ethics on job performance among employees in small and medium-sized enterprises, with a specific focus on the pivotal role of ethical leadership in guiding firm practices and its substantial influence on employee job satisfaction (Turyakira, 2018).

Job performance, considered a cornerstone in the realm of industrial psychology, is characterized as a synthesis of employee behaviors that hold anticipated value for organizations, whether positive or negative (Shjaan Abalala et al., 2021). The findings of the research imply that characteristics of top management, ethical commitment, ethical policies, organizational culture, and external pressures collectively exert a positive influence on ethical practices within organizations. Consequently, these elements significantly contribute to the financial and non-financial performance of SMEs. However, the levels of deceit, corruption, and oversight introduce a mixed moderating effect in the correlation between organizational ethical practices and business performance (Bataineh, 2020). Furthermore, the research results reveal that ethical leadership enhances employees' readiness to embrace change. This impact is partially mediated by an organizational culture characterized by effectiveness. Thus, these discoveries shed light on the affirmative role of ethical leadership and the mechanisms it employs to enhance employees' preparedness for change (Abdulmalik & Hashim, 2020). As we delve into this study, it is essential to acknowledge the gap in the existing literature and the distinctive contribution this research aspires to offer. By addressing the complexities of organizational ethics and job performance in SMEs, this study aims to enrich our comprehension of ethical dynamics in business, providing practical insights for both scholars and practitioners in the field.

Research conducted indicates that the characteristics of top management, a commitment to ethics, ethical policies, organizational culture, and external pressures collectively have a positive influence on ethical practices within an organization. This positive impact extends to the overall performance of the organization, encompassing both financial and non-financial aspects, particularly in the context of small and medium-sized enterprises (SMEs). Simultaneously, elements such as the level of deception, corruption, and the extent of monitoring introduce a mixed moderating effect on the correlation between ethical practices within the organization and business performance. This implies that organizational ethics indeed positively affect performance, but the extent of this impact varies based on other prevailing factors within the organizational context (Shjaan Abalala et al., 2021).

In the context of public agencies, informal ethics management and transformative leadership have a positive impact on organizational performance. These practices help reduce unethical behaviors and improve employee engagement within these agencies (Odkhuu & Jae, 2020).

Studies also show that workplace ethics have a strong link to employee motivation. A significant part of motivation comes from within, from a sense of meaningful work and ethical consciousness. However, motivation for success and goal achievement is also an essential component of workplace ethics (Godfed, 2021).

The study has revealed that workplace ethics practices have a significant impact on employee performance. Effective implementation of workplace ethics leads to increased job satisfaction among employees. However, grouping employees' according to their demographic profiles reveals significant differences in the impact of workplace ethics. This suggests that the impact of workplace ethics may vary depending on individual characteristics (Benedicto & Caelian, 2021).

A significant discovery from the research is the affirmative correlation between entrepreneurial ethics and the enduring advancement of emerging businesses. As per the findings, ethical practices in entrepreneurship contribute to enhancing the performance of nascent ventures, fostering a more sustainable trajectory for their development (Ma, Cao, Jiang, & Gao, 2020).

Another noteworthy revelation is the constructive correlation between ethical leadership and the perceived organizational citizenship behavior exhibited by employees. The pivotal role of ethical leadership in cultivating a positive workplace environment and elevating employee well-being is emphasized. Nevertheless, the research indicates that organizational concern motivation can alleviate the detrimental impact of organizational citizenship anxiety on employee well-being, compensating for the indirect adverse influence of ethical leadership on their job satisfaction (Fu, Long, & He, 2020).

The findings of this study show that employees have a high level of workplace ethics, as well as a high level of job performance. There is a significant link between workplace ethics and employee performance, meaning that employees who adhere to high ethical standards tend to be more successful in their tasks in the workplace (Alvarado & Padilla, 2022).

Another study shows that workplace ethics influence the relationship between authentic leadership and task performance. In this case, authentic leadership characterized by sensitivity to ethical values and integrity has a positive impact on employees' workplace ethics. Workplace ethics, in this context, directly affect task performance. This underscores the importance of authentic leadership and workplace ethics in creating a productive and ethical work environment (Ricaplaza & Quines, 2022).

To address the research gap, the experiment is designed to test the following hypotheses: First, we hypothesize that the implementation of robust organizational ethics positively influences job performance within SMEs. Second, we posit that demographic characteristics of employees, such as age, gender, and educational background, moderate the relationship between organizational ethics and job performance in SMEs.

This study innovatively focuses on elucidating the relationship between organizational ethics and job performance, specifically within the SME landscape. While extant research predominantly concentrates on larger corporations, this study fills a notable gap in the literature by examining this relationship in the context of SMEs, which constitute a significant portion of diverse economies worldwide.

The primary objective of this study is to empirically investigate and analyze the impact of organizational ethics on job performance within SMEs. Additionally, the study aims to identify potential moderating effects of demographic characteristics on this relationship. By achieving these objectives, the research seeks to provide practical insights for SMEs to enhance their organizational ethics, improve job performance, and bolster their competitiveness in the market.

The introduction provides an overview of the concepts of ethics and morality, emphasizing their distinctiveness and the significance of ethics in organizational contexts, particularly in small and medium-sized enterprises (SMEs). It highlights the research gap concerning the impact of organizational ethics on job performance within SMEs and the need to address this gap to enhance organizational effectiveness and sustainability in this sector. After the introduction, select 2 literature reviews for The Effect of Organizational Ethics in Increasing the Performance of Workers in Small and Medium-Sized Enterprises. Section 3 will expound on the study's methodology, encompassing the research design, data collection methods, and analytical techniques. Section 4 will present the findings of the study, analyzing the relationship between organizational ethics and job performance and exploring

the moderating effects of demographic characteristics. Finally, Section 5 will offer a discussion of the results, implications for theory and practice, and suggestions for future research directions.

## 2. LITERATURE REVIEW

In their 2021 study, [Ezinwa and Theresa \(2021\)](#) explored business ethics and organizational performance in southeast Nigeria. They looked at how ethical climate, unethical standard practices, ethical culture, and ethical behavior impact organizational performance in selected manufacturing organizations in the Southeast. The findings indicated a positive effect of ethical climate, culture, and behavior on performance, whereas unethical practices did not show a similar impact. The study concluded that business ethics positively influenced job satisfaction among public college employees in the Southeast.

In another study by [Turyakira, Venter, and Smith \(2014\)](#) they conducted an exploratory factor analysis to validate their measurement tool. They also used structural equation modeling to assess correlations. Their findings showed that various aspects of corporate social responsibility activities significantly affected the competitiveness of businesses.

[Shjaan Abalala et al. \(2021\)](#) investigated the drivers of ethical practices and their impact on overall business performance. They found that factors such as top management's ethical character and commitment, organizational ethical policy and culture, and external pressures positively influenced ethical practices, leading to improved financial and non-financial performance. However, the study noted that levels of fraud, corruption, and monitoring had a mixed impact on the relationship between ethical practices and business performance. [Bataineh \(2020\)](#) conducted a study on how work ethics, including integrity, responsibility, equity, and self-discipline, influence employee performance in businesses operating in Al-Hassan Industrial Park. The research found that fostering work ethics positively impacted employee performance, emphasizing the importance of honesty in providing information, assigning authorized responsibilities, fair treatment, and self-monitoring duties.

[Dzomonda and Fatoki \(2017\)](#) explored the influence of ethical practices on business performance in South Africa. The study noted significant differences based on gender and education levels in the ethical practices of businesses. Regression analysis showed a positive relationship between ethical practices and business performance, stressing the need for businesses to prioritize ethics to avoid legal issues and maintain a positive brand image.

[Abdulmalik and Hashim \(2020\)](#) assessed the impact of business ethics on employee performance in small and medium enterprises (SMEs) in Kaduna North Local Government Area. The study highlighted the importance of discipline, trust, and fairness in enhancing employee performance, suggesting that businesses focus on these aspects to optimize business ethics and improve employee performance.

[Turyakira \(2018\)](#) examined various aspects of business ethics, their relevance to businesses, ethical dilemmas and challenges faced by businesses, particularly in developing nations, and proposed strategies to address these issues. The study underscored the necessity for businesses to prioritize ethical practices to avoid failures and improve their reputation and competitiveness, providing valuable insights for business owners and managers.

The literature review led to the formulation of the following hypotheses:

*H<sub>1</sub>: Ethics influences the improvement of job performance in small and medium-sized enterprises.*

*H<sub>2</sub>: There is a significant correlation between ethics and job performance.*

*H<sub>3</sub>: There are differences in the demographic characteristics of employees in the context of ethics and job performance in small and medium-sized enterprises.*

## 3. METHODOLOGY

The study explores challenges and opportunities for SMEs in Kosovo, focusing on organizational ethics' impact on employee performance. It aims to offer insights into ethics' relationship with job performance in SMEs. Key research methodology components:

### 3.1. Research Design

The research design employed in this study is cross-sectional, allowing for the examination of a specific moment in the relationship between organizational ethics and job performance among employees in small and medium-sized enterprises (SMEs). This design enables the collection of data at a single point in time, offering insights into the current state of organizational dynamics.

### *3.2. Population, Sample and Sampling*

The participants in this study are employees of small and medium-sized enterprises in Kosovo, including GoniPlastKS LLC, Maksutaj LLC, Shkendia LLC, Company Murseli LLC, Eurothesi LLC, X Fort LLC, Mobi Computers LLC, and Muja HAL LLC, totaling 100 employees in the sample. The research utilizes a quantitative or numerical approach, presenting the number of respondents in a statistical manner. During the administration of the questionnaire to the subjects, several factors will be taken into account, such as the subject's free time to complete the questionnaire, willingness to participate, etc. We used the random sampling method to administer the questionnaire. The analysis and extraction of results were conducted using the SPSS program, and the findings will be presented in tables and graphs.

### *3.3. Methods, and Instruments*

#### *3.3.1. Methodology*

The analysis and extraction of results in this study were carried out using the Statistical Package for the Social Sciences (SPSS) program, a widely used tool for quantitative data analysis. This section provides a brief overview of the research method and highlights the distinctive features that set it apart from past studies.

The research employs a quantitative approach, combining primary data collected through questionnaires with secondary data derived from literature by local and foreign authors. The use of a structured questionnaire ensures systematic data collection, and the Likert scale questions provide a quantitative basis for analysis. The data collection process involves direct engagement with employees in selected SMEs in Kosovo, offering firsthand insights into the organizational ethics and job performance dynamics within these enterprises.

This study specifically targets small and medium-sized enterprises (SMEs) in Kosovo, a distinctive feature that sets it apart from past research that often focused on larger corporations. SMEs face unique challenges, and understanding the interplay of ethics and job performance in this context contributes to a more nuanced understanding of organizational dynamics.

The study incorporates a comprehensive assessment of organizational ethics, encompassing values, behavior, and culture within SMEs. This holistic approach distinguishes it from studies that may have focused on specific aspects of ethics or larger organizations.

While primarily quantitative, the study incorporates qualitative elements through field visits and direct engagement with SMEs. This mixed-methods approach adds depth to the analysis, capturing not only numerical data but also contextual insights and employee perspectives.

The research employs two distinct measurement instruments: one for assessing workplace ethics. The tailored instruments ensure alignment with the specific context and objectives of the study.

Utilizing the SPSS program for data analysis enhances the rigor and objectivity of the findings. This statistical tool allows for advanced analysis, including descriptive statistics and correlation analysis. The presentation of results in tables and graphs ensures clarity and facilitates a more accessible understanding of the relationships and patterns uncovered during the analysis.

The use of a quantitative approach for data collection was justified by the need to obtain numerical data that could be systematically analyzed and interpreted. This approach allowed for the measurement of specific variables related to organizational ethics and job performance within small and medium-sized enterprises (SMEs) in Kosovo, providing quantifiable insights into these constructs.

#### *3.3.2. Instrument*

This study utilized two measurement instruments: one to assess workplace ethics, consisting of 19 closed-ended Likert scale questions, and one to measure job performance, comprising 13 Likert scale questions.

By utilizing separate instruments for assessing workplace ethics and job performance, the study was able to comprehensively capture and analyze the multifaceted nature of these constructs within SMEs. The varying number of items in each instrument was justified based on the specific aspects and dimensions being assessed within the context of organizational ethics and job performance.

### 3.4. Data Analysis

After completing the survey, all questionnaires were carefully verified. The collected data were analyzed using SPSS. Descriptive statistical analysis and correlation analysis were the methods used. We record the data analyses by coding the demographic information. Professional research ethics principles were respected, where participants were initially informed about the purpose of this research, and their responses were entirely anonymous and subjective.

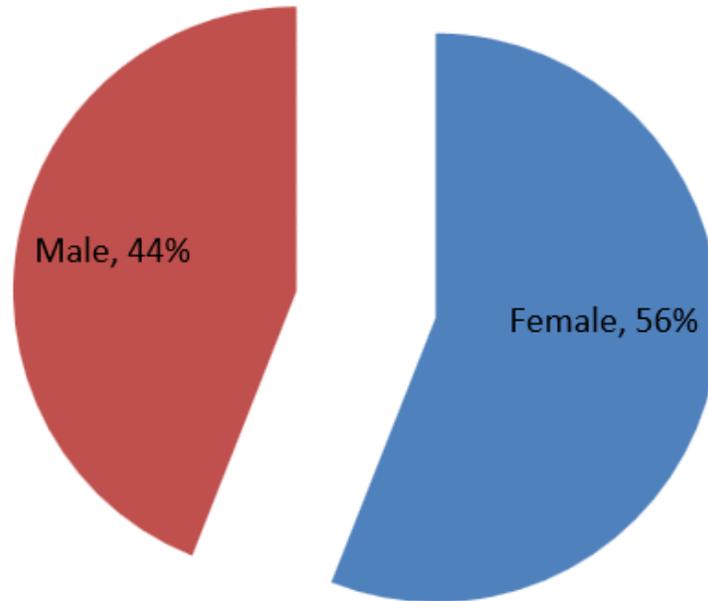


Figure 1. Graphic presentation of respondents' gender and their relative percentages.

## 4. RESULTS

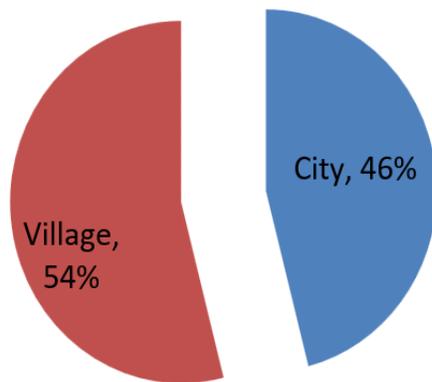
### 4.1. Statistical Demographic Data of the Participants

Figure 1 depicts the gender distribution among the 100.0 participants in the study, with 56.0% being female and 44% being male. This slight dominance of women offers diverse perspectives on organizational ethics and job performance within SMEs. We will present the responses clearly and interestingly, showcasing the valuable insights contributed by both female and male participants.

Table 1. Average age of students.

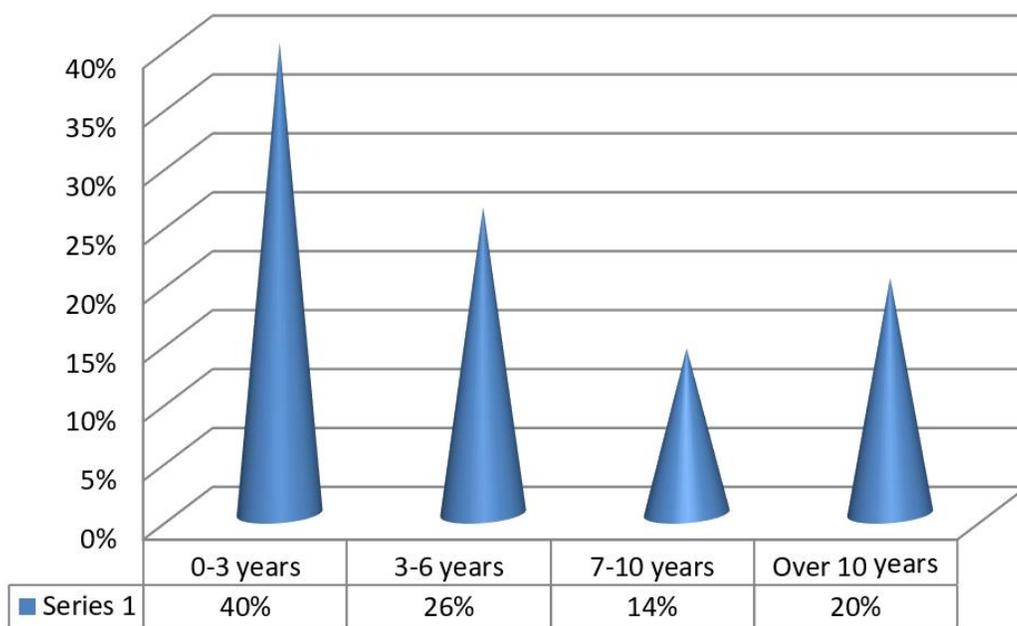
Variable	N	Minimum	Maximum	Mean	Standard deviation
Age	100.0	17.00	62.00	31.12	9.76

Table 1 presents the descriptive statistics for the age variable in the sample. It includes the number of observations (N), the minimum and maximum age values, the mean age, and the standard deviation. The data shows that the sample comprises 100 individuals with ages ranging from 17.00 to 62.00 years, with an average age of 31.12 and a standard deviation of 9.76.



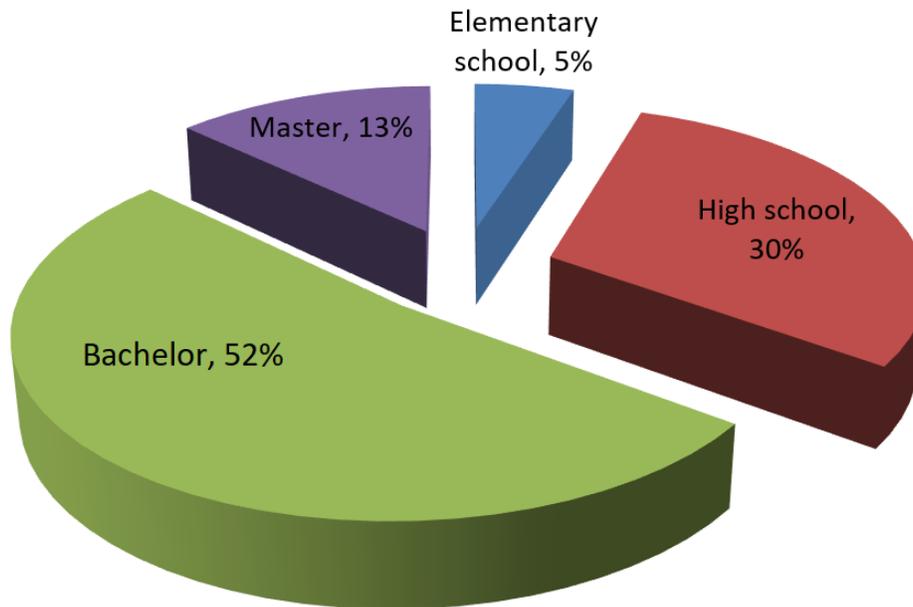
**Figure 2.** Graphic presentation of respondents' place of residence and their relative percentages.

Figure 2 illustrates the distribution of respondents based on their place of residence in the study, with a total of 100.0 participants. Among them, 46.0% were living in urban areas, while 54.0% were residing in rural areas. This indicates that rural residence is more prevalent among the respondents than urban residence. The findings shed light on the geographic diversity of the sample population and its implications for understanding organizational ethics and job performance dynamics within small and medium-sized enterprises (SMEs) in both urban and rural settings.



**Figure 3.** Graphic presentation of respondents' years of work experience and their relative percentages.

Figure 3 displays the distribution of surveyed respondents based on their years of work experience. Among the participants, the majority, comprising 40.0%, reported having work experience ranging from 0 to 3 years. Following this, 26.0% of respondents reported having work experience between 3 to 6 years, while 14.0% indicated a work experience of 7 to 10 years. Additionally, 20% of respondents reported having more than 10 years of work experience. These findings provide insights into the diverse range of work experience among the respondents, highlighting the varying levels of expertise and tenure within the sample population.



**Figure 4.** Tabular presentation of respondents' education levels and their relative percentages.

Figure 4 presents the distribution of respondents based on their education level within small and medium-sized enterprises (SMEs). Among the participants, 5.0% reported completing primary education, while 30.0% indicated having completed secondary school. The majority of respondents, comprising 52.0%, reported completing bachelor's degree studies, indicating a higher prevalence of undergraduate education among the sample population. Additionally, 13.0% of respondents reported having completed master's degree studies, reflecting a smaller yet notable proportion of individuals with advanced degrees within the SME workforce. These findings highlight the diverse educational backgrounds of employees in SMEs and their implications for organizational dynamics and job performance.

In hypothesis H1, we posited the existence of a significant relationship between ethics and job performance among employees of small and medium-sized enterprises. Through correlation analysis, we will verify whether there is a correlational relationship between these variables. Below, Table 2 presents the correlation analysis between ethics and job performance among employees of small and medium-sized enterprises.

**Table 2.** Correlation between ethics and job performance.

Variable	Correlation	Performance
Ethics	Pearson correlation	-0.334**
	Sig. (2-tailed)	0.001
	N	100

Note: "\*\*" denotes a highly significant correlation at the 0.01 level (2-tailed).

From the correlation analysis, we draw the following conclusions: Ethics has a negative linear relationship with job performance ( $r = -0.334$ ). The significance is .001,  $p < 0.05$  at a significance level of 0.05 (see Table 2). This lead us to conclude that there is a significant relationship between the two variables. In conclusion, we accept hypothesis 1.

In hypothesis H2, we posited that ethics influences the improvement of job performance among employees of small and medium-sized enterprises. We will verify whether ethics influences job performance improvement among employees of small and medium-sized enterprises through linear regression analysis. Below, Table 3 presents the linear regression analysis for the influence of ethics on job performance among employees of small and medium-sized enterprises.

**Table 3.** Linear regression for the influence of ethics on job performance.

Model	R square	Adjusted R square	Std. error of the estimate
0.334	0.112	0.102	0.224

**Table 4.** Coefficients for the influence of ethics on job performance.

Model	Unstandardized coefficients	Std.error	Standardized coefficients beta	T	Sig.
Ethics	-0.264	0.075	-0.334	-3.507	0.001

In [Table 3](#), the R2 value is a crucial indicator, standing at 11.0%. This indicates that the inclusion of the ethics variable in the model can explain 11.0% of the variability in job performance. The significance of the influence of ethics on job performance is underscored by a p-value of .001, with  $p < 0.05$  at a 0.05 significance level (see [Table 4](#)). Thus, the evidence supports the assertion that ethics plays a significant role in shaping job performance, ultimately leading to the validation of hypothesis 2.

Moving on to hypothesis H3, which delves into potential gender variations among employees in small and medium-sized enterprises regarding ethics and job performance. The analytical tools of t-test and Anova are enlisted to meticulously explore any demographic distinctions. We delineate the ensuing the t-test and ANOVA analyses to unravel nuance in gender-related dynamics within the realms of ethics and job performance.

**Table 5.** Descriptive data for gender differences in the context of ethics.

Gender	N	Mean	Standard deviation
Female	56	4.593	0.331
Male	44	4.625	0.255
Total	1000	4.609	0.293

**Table 6.** T-test for gender differences in the context of ethics.

Levene's test for equality of variances					t-test for equality of means				
T-test for gender differences	F	Sig.	T	Df	Sig. (2-tailed)	Mean difference	Std. error difference	95% confidence interval of the difference	
								Lower	Upper
Equal variances assumed	1.080	0.301	-0.536	98	0.593	-0.032	0.6060	0.060	0.877

Looking at the means achieved by females and males in [Tables 5](#) and [6](#), it is observed that females have an average score of ethics at work ( $M = 4.59$ ), while males have an average score of ethics at work ( $M = 4.62$ ). The standard deviation for females is  $D_s = 0.33$ , while for males, it is  $D_s = 0.25$ , and the standard error of the mean for females is  $G_s = 0.04$ , and for males, it is  $G_s = 0.03$ . The significance is 0.59,  $p > 0.05$  at a significance level of 0.05. This indicates a significant difference in workplace ethics between males and females.

**Table 7.** Descriptive analysis for gender differences in the context of job performance.

Gender	N	Mean	Standard deviation
Female	56	1.448	0.239
Male	44	1.437	0.236
Total	1000	1.442	0.238

**Table 8.** T-test for gender differences in the context of job performance.

Levene's test for equality of variances					t-test for equality of means				
T-test for gender differences	F	Sig.	T	Df	Sig. (2-tailed)	Mean difference	Std. error difference	95% confidence interval of the difference	
								Lower	Upper
Equal variances assumed	0.043	0.837	0.237	98	0.813	0.011	0.048	-0.083	0.106

Looking at the means achieved by females and males in [Tables 7](#) and [8](#) it is observed that females have an average job performance score ( $M = 1.44$ ), while males have an average job performance score ( $M = 1.43$ ). The standard deviation for females is  $D_s = 0.23$ , and for males, it is also  $D_s = 0.23$ , while the standard error of the mean for females is  $G_s = 0.03$ , and for males, it is  $G_s = 0.03$ . The significance is 0.81,  $p > 0.05$  at a significance level of 0.05. We can conclude from this that there is no significant difference in job performance between males and females.

## 5. DISCUSSION

Based on the analysis of the results, we observe a significant correlation between the organizational ethics variable and job performance, as indicated by the Pearson correlation coefficient (-0.334). This correlation is negative, suggesting that higher organizational ethics are associated with lower job performance among employees of small and medium-sized enterprises. The result is statistically significant at a significance level of 0.05. This confirms Hypothesis H1, which suggests that organizational ethics have an impact on job performance.

These results suggest that when organizational ethics are high, employees of small and medium-sized enterprises tend to have lower job performance. This may be related to the fact that when organizations are ethically oriented, there may be additional rules and constraints that affect the freedom and autonomy of employees, thereby negatively impacting their performance. Compared with [Ichsan and Nasution \(2022\)](#) the results of the study show that work ethic has a significant effect on work performance. This can be seen from the value of  $t_{count}$  in  $X_1 = 2.946 > t_{table}(0.05;77) = 1.991$ .

The linear regression analysis in [Table 3](#) indicates that there is a significant influence of organizational ethics on job performance. The negative coefficient (-0.264) suggests that higher levels of organizational ethics are associated with lower job performance among employees of small and medium-sized enterprises. This result is statistically significant at a significance level of 0.05. The  $R^2$  value of 11% indicates that approximately 11% of the variations in job performance can be explained by changes in organizational ethics. These findings confirm hypothesis H2, which suggests that organizational ethics has an impact on the improvement of job performance.

[Table 6](#) reveals a significant difference in organizational ethics between males and females. Males have a slightly higher average score on organizational ethics compared to females. However, it is important to note that the difference is relatively small. This suggests that while there is a gender difference in the perception of organizational ethics, the magnitude of the difference is not substantial. These results contradict the study [McDaniel, Schoeps, and Lincourt \(2001\)](#) where it is seen that women have more predispositions compared to men. However, these results may be controversial, and it is not proven to substantiate these claims or gender differences among employees. [Table 8](#) indicates that there are no significant differences in job performance between males and females. This implies that, in the context of small and medium-sized enterprises, gender does not play a significant role in determining job performance. Other factors may have a stronger influence on job performance, irrespective of gender. The study shows that organizational ethics influence job performance in small and medium-sized enterprises, while gender differences in ethical perceptions have little impact on performance. Compared to [Chen \(2022\)](#) study on SMEs in Taiwan, our research emphasizes CSR's potential for enhancing business model innovation, highlighting the mediating role of corporate culture.

## 6. CONCLUSIONS

The study presents compelling conclusions that shed light on the intricate relationship between organizational ethics and job performance among employees in small and medium-sized enterprises (SMEs). The key findings and their implications are summarized in the following paragraphs:

The research uncovers a substantial and noteworthy correlation between organizational ethics and job performance. Specifically, it reveals a negative trend where heightened organizational ethics are linked to a decrease in job performance. This finding underscores the nuanced interplay between ethical considerations and the effectiveness of employees within the SME context.

An essential revelation from the study is the pivotal role played by organizational ethics in shaping the job performance of SME employees. This highlights the critical need for cultivating an ethical work environment and positioning ethical management as a foundational element of overall organizational strategy.

While the research identifies slight variations in the level of organizational ethics between male and female employees in SMEs, it underscores that these differences do not exert a significant impact on job performance. This suggests effective implementation of gender equality policies within SMEs, particularly in the domain of organizational ethics. In essence, the study emphasizes the crucial significance of organizational ethics in influencing job performance within the distinctive landscape of small and medium-sized enterprises. The observed inverse relationship underscores the need for organizations, particularly SMEs, to navigate ethical considerations carefully as part of their strategic decision-making. Moreover, the study implies that fostering a strong ethical culture can positively contribute to employee performance. The findings also indicate that gender differences in ethical perceptions, although present, do not hinder job performance in SMEs.

The interaction between organizational ethics and job performance helps identify effective ways to improve organizational outcomes. Practitioners and managers should use these findings to develop strategies that enhance organizational ethics while simultaneously improving employee performance.

**Policy Implications/Contributions:** The findings of this study have significant policy implications for SMEs, highlighting the importance of integrating ethical considerations into organizational strategies. Managers and practitioners should prioritize the development of robust ethical frameworks and policies to foster a culture of integrity and trust within their organizations. This can lead to improved job performance and overall organizational effectiveness.

## **7. RECOMMENDATIONS FOR FUTURE RESEARCH**

Future research should explore additional factors that may influence the relationship between organizational ethics and job performance in SMEs. Additionally, longitudinal studies could provide insights into the long-term effects of organizational ethics initiatives on employee performance. Moreover, investigating the role of leadership styles and organizational culture in shaping ethical behavior and job performance could further enhance our understanding of this complex relationship. By incorporating these recommendations into future research endeavors, scholars can continue to advance our understanding of the dynamics between organizational ethics and job performance in SMEs, ultimately contributing to the development of effective strategies for organizational success.

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### **INSTITUTIONAL REVIEW BOARD STATEMENT**

The Ethical Committee of the University “HaxhiZeka” Peje UCK, Kosovo has granted approval for this study on 3 January 2023 (Ref. No. 090/24).

### **TRANSPARENCY**

The authors confirm that the manuscript is an honest, accurate, and transparent account of the study; that no vital features of the study have been omitted; and that any discrepancies from the study as planned have been explained. This study followed all ethical practices during writing.

### **COMPETING INTERESTS**

The authors declare that they have no competing interests.

### **AUTHORS' CONTRIBUTIONS**

All authors contributed equally to the conception and design of the study. All authors have read and agreed to the published version of the manuscript.

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