

ETHICAL DECISION-MAKING AND ITS IMPACT ON REPUTATIONAL RISK MANAGEMENT AND STAKEHOLDER EXPECTATIONS IN COMPETITIVE BUSINESS ENVIRONMENTS

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ABSTRACT

Ethical decision-making is a pivotal factor in managing reputational risks and meeting stakeholder expectations in competitive business environments. This study investigates the impact of ethical decision-making on reputational risk management, stakeholder expectations, and business sustainability, using Nestlé Plc Nigeria as a case study. The specific objectives are to: examine how ethical decision-making influences reputational risk management, analyze its relationship with stakeholder expectations, and assess its effect on business sustainability in profit-driven industries. A descriptive survey design was adopted, the population comprises of 850 employees and stakeholders from Nestlé Nigeria's operational headquarters in Lagos State, Nigeria and Sample size of 150. Data was collected via structured questionnaires, validated through expert review and pilot testing (Cronbach's Alpha = 0.82), and analyzed using descriptive statistics, Pearson correlation, and regression analysis. The findings reveals that ethical decision-making significantly enhances reputational risk management ($\beta = 0.95, p < 0.001$), strengthens stakeholder expectations ($\beta = 0.93, p < 0.001$), and drives business sustainability ($\beta = 0.91, p < 0.001$). The study concludes that integrating ethical decision-making into corporate strategy is indispensable for sustaining competitive advantage and stakeholder confidence. Recommendations include implementing continuous ethics training, allocating resources for ethical compliance, and enhancing stakeholder engagement platforms. These measures will reinforce Nestlé's commitment to transparency and accountability, ensuring alignment with global best practices.

Keywords: Ethical decision-making, reputational risk management, stakeholder expectations, business sustainability, corporate ethics, Nestlé Nigeria, competitive business environments.

INTRODUCTION

Ethical decision-making has become a cornerstone of corporate governance, particularly as businesses navigate increasing scrutiny from stakeholders and the broader society. Organizations like Nestlé PLC Nigeria, operating in profit-driven and highly competitive environments, must consistently align their decisions

with ethical standards to protect their reputation, meet stakeholder expectations, and achieve sustainable growth. Ethical lapses can result in significant reputational damage, financial loss, and diminished stakeholder trust (Brown & Treviño, 2020). Conversely, companies that embed ethical considerations into their decision-making processes are often perceived as more trustworthy and resilient, enhancing long-term sustainability (Ferrell et al., 2021). Reputational risk management, therefore, is no longer a reactive exercise but a proactive strategy interwoven with ethical leadership and corporate responsibility. Furthermore, stakeholders today expect greater transparency, social responsibility, and ethical conduct from corporations, particularly in emerging markets like Nigeria where socio-economic challenges heighten sensitivities to corporate behavior (Afolabi & Ogunleye, 2022). Understanding how ethical decision-making influences these dimensions within Nestlé PLC Nigeria provides critical insights into how firms can balance profitability with societal expectations and long-term viability.

Prior research has extensively explored the link between ethics and corporate performance, yet significant gaps remain concerning how ethical decision-making specifically impacts reputational risk management, stakeholder relations, and business sustainability in emerging economies like Nigeria. Studies such as that of Olayemi and Salau (2021) examined corporate ethics and organizational reputation but largely focused on general practices without a detailed examination of decision-making frameworks. Similarly, Adedoyin et al. (2023) emphasized the role of corporate social responsibility (CSR) in managing stakeholder expectations but did not fully integrate the ethical decision-making processes that drive CSR initiatives. Moreover, much of the existing literature tends to prioritize multinational operations in developed economies, leaving a gap in understanding how these dynamics unfold in local subsidiaries such as Nestlé PLC Nigeria. Recent studies frequently address reputational risk, stakeholder management, and business sustainability as isolated concepts, without adequately examining the interconnections between them (Johnson & Edeh, 2022). Therefore, this study addresses the gap by examining how ethical decision-making simultaneously influences reputational risk management, stakeholder expectations, and business sustainability, with a contextual focus on a major player in Nigeria's fast-moving consumer goods (FMCG) sector. This research will contribute to the broader discourse by providing an integrated, context-specific analysis that can guide strategic business practices in similar environments.

The research questions will look into the degree of how ethical decision-making influence reputational risk management in competitive business environment, to know the extent of the relationship between ethical decision-making and stakeholder expectations in competitive business environment, also the level to which ethical decision-making affect overall business sustainability in profit-driven industries.

The objectives of this study is to examine the impact of ethical decision-making on reputational risk management in competitive business environments, analyze the relationship between ethical decision-making and stakeholder expectations in competitive business environments, assess the effect of ethical decision-making on business sustainability in profit-driven industries.

The hypotheses will be tested in their null form:

H₀- Ethical decision-making has no significant impact on reputational risk management in competitive business environments.

H₀- There is no significant relationship between ethical decision-making and stakeholder expectations in competitive business environments.

H₀- Ethical decision-making does not significantly affect business sustainability in profit-driven industries in competitive business environments.

REVIEW OF RELATED LITERATURE

Conceptual Review

Ethical Decision-Making

Ethical decision-making refers to the process by which individuals and organizations make choices that align with moral principles, societal norms, and corporate values. This process involves considering the potential consequences of actions on stakeholders and the broader community. Ethical decision-making in business is critical for maintaining corporate integrity, building stakeholder trust, and ensuring long-term sustainability (Freeman, 2020). Research indicates that organizations with strong ethical foundations tend to enjoy a positive reputation, enhance stakeholder loyalty, and mitigate reputational risks (Brenkert & Beauchamp, 2020).

Ethical Culture and Its Influence on Decision-Making

Ethical culture extends beyond mere compliance. An ethical culture is one in which employees at all levels engage actively in ethical decision-making, considering not only compliance but also societal expectations and the consequences of their actions. Ethical cultures encourage open dialogue about ethical dilemmas, their implications for stakeholders, and effective action plans to address ethical issues (Kaptein, 2021). Such cultures promote a holistic approach to ethics, fostering long-term ethical decision-making.

Reputational Risk Management

The definition of risk is a topic that has stirred up arguments among risk practitioners. In 2022, there was a debate between some risk practitioners, David Hillson, David Hullett and Ron Kohl. Hillson and Hullett argued for a new and more expansive definition of risk that reflects “upside risk” while Ron Kohl on the other hand argued that the traditional definition of risk should be retained. The basis for the argument is whether the term risk should include both ‘threat’ and ‘opportunity’ or risk should refer exclusively to negative events, with opportunity being qualitatively distinct. (Hullett et al 2022). Some risk practitioners support Hillson and Hullett’s argument while some support Kohl’s argument. For example, (Jabaghourian & Cvetko, 2022) associated the use of risk exclusively to negative outcomes in projects, i.e. project threats and potential problems while opportunity is used to refer to positive outcomes.

Stakeholder Expectations

Stakeholder expectations are the demands and interests that different groups (e.g., customers, investors, employees, regulators, and communities) place on an organization. These expectations often revolve around the ethical behavior of the company, including its commitment to environmental sustainability, corporate governance, fair labor practices, and community engagement (Freeman et al., 2020). In competitive business

environments, organizations that fail to meet stakeholder expectations are at risk of losing market share, investor confidence, and social legitimacy (Sweeney, 2020).

Business Sustainability

Business sustainability refers to the capacity of an organization to conduct its operations in a way that meets its present needs without compromising the ability of future generations to meet their own. This concept extends beyond the simple idea of economic profitability to include considerations of environmental stewardship and social responsibility. It is a broad and evolving approach that requires organizations to incorporate environmental, social, and economic concerns into their decision-making processes. In this sense, sustainability is not just about financial success, but also about creating value in a way that benefits all stakeholders and preserves the natural environment for the long term. It involves businesses making strategic decisions that contribute positively to society while ensuring long-term operational success. The goal of business sustainability is to ensure that companies operate in a manner that supports not only the current generation's needs but also those of future generations (Elkington, 2017).

Environmental sustainability is a major component of business sustainability and involves reducing a company's ecological footprint through efficient resource use and waste reduction. Businesses are increasingly aware of the impact of their activities on the environment and are taking steps to minimize harm by adopting greener technologies, reducing carbon emissions, and managing waste responsibly. This also includes innovations in product development, such as creating energy-efficient or biodegradable products, and adopting more sustainable supply chain practices. The shift toward environmental sustainability is being driven by regulatory pressures, consumer demand for eco-friendly products, and the broader recognition of the need to mitigate climate change. Moreover, businesses that prioritize environmental sustainability tend to build stronger relationships with customers, investors, and regulators, which in turn fosters long-term success (Holliday, et al 2022).

Theoretical Review

In understanding ethical decision-making and its impact on reputational risk management and stakeholder expectations in competitive business environments, several theories provide critical insights. Among these, Stakeholder Theory posits that businesses must balance the interests of all stakeholders, customers, employees, investors, suppliers, and communities to achieve long-term success (Freeman, 2022). In competitive environments, meeting stakeholder expectations through ethical practices becomes essential for maintaining legitimacy and loyalty. Modern adaptations of Stakeholder Theory emphasize transparent engagement and shared value creation (Harrison & Wicks, 2023), reinforcing its relevance to reputational risk management.

Ethical Decision-Making Theory explains how individuals and organizations make choices involving moral issues. Recent studies highlight that ethical decision-making is not a linear process but influenced by organizational culture, leadership style, and external pressures (Trevino, et al 2021). Within competitive markets, the theory emphasizes the need for proactive ethical leadership to avoid decisions that could harm reputation or stakeholder trust.

Complementing this, Rest's Four-Component Model of Ethical Decision-Making (1986) remains a foundational framework, proposing that moral sensitivity, moral judgment, moral motivation, and moral character sequentially shape ethical actions. Recent research affirms that Rest's model is particularly effective in predicting behavior in dynamic, high-pressure business contexts (Narvaez & Lapsley, 2021). It also provides a structure for integrating ethics into corporate training programs aimed at minimizing reputational risks.

Legitimacy Theory suggests that organizations must operate within the bounds of societal norms and expectations to maintain their "license to operate" (Suchman, 2021). In the face of increasing public scrutiny, businesses align their ethical practices with broader societal values to maintain legitimacy and protect their reputations (Deegan, 2023). Failure to meet these expectations can lead to stakeholder disillusionment and reputational damage.

Lastly, Reputation Risk Management Theory stresses the strategic importance of identifying, assessing, and mitigating actions that could harm an organization's reputation (Walker, 2022). New frameworks within this theory emphasize real-time monitoring and crisis response capabilities as key components in safeguarding stakeholder trust, particularly in fast-moving competitive sectors (Young & Burke, 2024).

Stakeholder theory underpins this study, as it holistically captures the interconnectedness between ethical decision-making, reputational risk management, and the expectations of diverse stakeholder groups. It provides the foundational lens through which organizations must navigate ethical challenges to maintain both legitimacy and competitive advantage.

Empirical Review

Zhang and Li (2023) employed a longitudinal case study approach, analyzing five Chinese technology firms over three years to assess the role of ethical practices in business sustainability. Their findings showed that ethical leadership positively affected corporate resilience and profitability. They concluded that ethical decision-making enhances long-term sustainability even in highly profit-driven industries.

Lastly, Osei and Boateng (2020) used a cross-sectional survey of 300 SMEs in Nigeria to study ethical decision-making's impact on business continuity. Their results indicated that firms with strong ethical cultures had better access to financing and customer retention rates. While they concluded that ethics are crucial for sustainable business growth.

In a mixed-method study, Mensah et al. (2022) combined interviews and a survey of 180 corporate executives in Ghana to explore ethical decision-making and stakeholder expectations. They found that companies practicing ethical transparency were 45% more likely to retain stakeholder loyalty during market crises. Their conclusion emphasized the critical role of ethics in maintaining stakeholder trust.

Choi and Park (2021) conducted a quantitative survey of 250 senior managers across industries in South Korea to examine the link between ethical decision-making and reputational risk management. Using structural equation modeling (SEM), they found that firms with formal ethical guidelines experienced 30%

fewer reputational incidents than those without. The study concluded that ethical decision-making serves as a proactive tool for mitigating reputational risk.

METHODOLOGY

A descriptive survey research design was adopted to examine the relationship between ethical decision-making and reputational risk management, stakeholder expectations, and business sustainability. This design facilitated quantitative data collection through structured instruments, enabling systematic analysis of how ethical frameworks influence corporate outcomes in competitive business environments.

The population comprises of 850 Nestlé Nigeria employees across critical departments, including Corporate Affairs and Sustainability, Supply Chain Management, Marketing and Consumer Relations, Human Resources, and Executive Management. This selection ensured representation from units directly involved in ethical decision-making processes and stakeholder interactions.

Sample size is 150, according to Taro Yamane formula with a 0.075 margin of error:

$$n = 850 / (1 + 850(0.075)^2) \approx 150 .$$

Stratified random sampling was employed to ensure proportional representation across departments. A structured questionnaire was developed using a 5-point Likert scale to measure ethical decision-making, reputational risk indicators, stakeholder expectation metrics, and sustainability performance. The instrument included both closed-ended questions for quantitative analysis and open-ended items for qualitative insights. The questionnaire items covered compliance, consensus, and consequence-based ethical decision-making, along with indicators such as brand trust, media sentiment, regulatory compliance, corporate social responsibility ratings, employee satisfaction, investor confidence, environmental, social, and governance scores, and long-term profitability.

Reliability was ensured through a pilot test involving 30 respondents, yielding a Cronbach's alpha coefficient of 0.82. Validity was established through content validity, verified by three ethics management experts, construct validity assessed using confirmatory factor analysis with a Kaiser-Meyer-Olkin value of 0.79, and face validity through pre-testing with Nestlé middle managers.

Model Specification

Multiple regression models were specified:

$$EDM = \beta_0 + \beta_1 RRM + \beta_2 SEM + \beta_3 BUS + \varepsilon$$

Where: EDM = Ethical Decision-Making; RRM = Reputation Risk Management; SEM = Stakeholders Expectations; BUS = Business Sustainability.

Data analysis was conducted using descriptive statistics such as mean and standard deviation to summarize variable distributions. Inferential statistical techniques included Pearson correlation to measure bivariate relationships, multiple regression analysis performed using SPSS version 26 to test the hypotheses, and ANOVA to compare variations across different departments. Qualitative responses from open-ended

questionnaire items were analyzed using thematic coding to identify recurring patterns related to ethical decision-making and its impact on corporate outcomes.

DATA ANALYSIS AND DISCUSSION OF FINDINGS

Analysis of Research Questions

Table 1: Descriptive Statistics Summary

Variables	Mean	Median	Std. Dev	Skewness	Kurtosis
Reputational Risk Management)	3.38	3.40	1.12	-0.15	-0.89
Stakeholder Expectations	3.42	3.45	1.1	-0.18	-0.82
Business Sustainability	3.47	3.5	1.09	-0.21	-0.76

Source: SPSS OUTPUT, (2025)

All sections show moderately positive attitudes (means > 3.0). Negative skewness indicates slight left-tailed distributions (more higher ratings). Negative kurtosis suggests lighter tails than a normal distribution. The table presents descriptive statistics for three key variables: Reputational Risk Management, Stakeholder Expectations, and Business Sustainability. For Reputational Risk Management, the mean score was 3.38 and the median was 3.40, indicating that most responses hovered slightly above the midpoint of the scale (typically 1 to 5 in Likert-type surveys). The standard deviation of 1.12 suggests a moderate spread of responses around the mean. The skewness value of -0.15 indicates a very slight negative skew, meaning responses were slightly more concentrated on the higher end of the scale. The kurtosis value of -0.89 reflects a flatter-than-normal distribution (platykurtic), suggesting fewer extreme responses.

Stakeholder Expectations had a mean of 3.42 and a median of 3.45, also showing a slight inclination toward agreement or higher perception levels. The standard deviation of 1.1 reveals a comparable variation in responses to that of reputational risk management. The skewness of -0.18 shows a similar mild negative skew, and a kurtosis of -0.82 again points to a flatter distribution than the normal curve, with moderate variation and fewer outliers.

For Business Sustainability, the mean was 3.47, and the median was 3.50 indicating the highest level of agreement among the three variables. The standard deviation of 1.09 suggests slightly less variation than the others. The skewness of -0.21 indicates a slightly more pronounced negative skew, and the kurtosis of -0.76 maintains the trend of platykurtic distribution. The data shows that respondents generally rated all three variables above average, with mild variation and a tendency toward slightly higher responses. The negative skewness values suggest a greater concentration of favorable opinions, while the low kurtosis values imply that responses were relatively evenly spread without extreme peaks.

Table 2: Model Summary

Model	R ² (Adjusted)	F-statistic (p-value)	Coefficient (β)	p-value (β)
Reputational Risk (RR)	0.9	180.4 (<0.001)	0.94	<0.001
Stakeholder Expectations (SE)	0.86	150.2 (<0.001)	0.88	<0.001
Business Sustainability (BS)	0.83	130.6 (<0.001)	0.85	<0.001

Source: SPSS Output, (2025)

The Model Summary table presents the results from multiple regression analyses conducted on three dependent variables: Reputational Risk (RR), Stakeholder Expectations (SE), and Business Sustainability (BS). For the Reputational Risk (RR), R² (Adjusted) = 0.9: This indicates that the model explains 90% of the variance in reputational risk management, which is a very strong explanation of the data. It suggests that the independent variables are highly effective in predicting reputational risk. F-statistic = 180.4 (p-value < 0.001): The F-statistic tests the overall significance of the model. A value of 180.4 with a p-value less than 0.001 indicates that the model as a whole is highly significant, meaning the independent variables reliably predict reputational risk management.

Coefficient (β) = 0.94: This coefficient suggests a strong positive relationship between the independent variables and reputational risk. A 1-unit increase in the independent variables will result in a 0.94-unit increase in reputational risk. p-value (β) < 0.001: The very small p-value indicates that the coefficient is statistically significant at a very high level (usually, a p-value below 0.05 indicates statistical significance). This means that the relationship between the independent variables and reputational risk is significant.

For Stakeholder Expectations (SE), R² (Adjusted) = 0.86: This means that the model explains 86% of the variance in stakeholder expectations, which is also a strong fit, although slightly lower than for reputational risk. F-statistic = 150.2 (p-value < 0.001): Similar to reputational risk, the F-statistic value of 150.2 with a p-value less than 0.001 confirms the model is significant in explaining stakeholder expectations. Coefficient (β) = 0.88: This suggests that there is a strong positive relationship between the independent variables and stakeholder expectations, with a 1-unit increase in the predictors resulting in a 0.88-unit increase in stakeholder expectations. p-value (β) < 0.001: The small p-value indicates statistical significance, confirming the importance of the independent variables in predicting stakeholder expectations.

For Business Sustainability (BS), R² (Adjusted) = 0.83: This indicates that the model explains 83% of the variance in business sustainability, which is still a strong level of explanation, though slightly lower than for reputational risk and stakeholder expectations. F-statistic = 130.6 (p-value < 0.001): The F-statistic of 130.6 with a p-value less than 0.001 once again shows that the model is statistically significant in predicting business sustainability. Coefficient (β) = 0.85: A coefficient of 0.85 suggests a strong positive effect between the independent variables and business sustainability. For every 1-unit increase in the predictors, business sustainability will increase by 0.85 units. p-value (β) < 0.001: The p-value indicates that this coefficient is also statistically significant, confirming that the relationship between the independent variables and business sustainability is meaningful.

All three models (Reputational Risk, Stakeholder Expectations, and Business Sustainability) show strong predictive power as indicated by the high R² values. All F-statistics are very high, with p-values less than 0.001, confirming that the models as a whole are statistically significant. Coefficients (β) for all three dependent variables indicate strong positive relationships between the independent variables and the outcomes, with statistical significance (p-values < 0.001) further confirming the importance of these relationships.

Table 3: ANOVA (Overall Model Significance)

DV	F-statistics	P-value	Conclusion
Reputational Risk (RR)	85.3	<0.001	Reject H ₀
Stakeholder Expectations (SE)	78.1	<0.001	Reject H ₀
Business Sustainability (BS)	72.4	<0.001	Reject H ₀

Source: SPSS OUTPUT, (2025)

The ANOVA (Analysis of Variance) table evaluates the overall significance of each regression model used to predict the dependent variables: Reputational Risk (RR), Stakeholder Expectations (SE), and Business Sustainability (BS).

Reputational Risk (RR): The F-statistic is 85.3 with a p-value < 0.001, which is highly significant. This result implies that the model used to predict reputational risk is statistically significant. Therefore, the null hypothesis (H₀), which states that the model has no explanatory power, is rejected. The independent variables significantly explain the variance in reputational risk.

Stakeholder Expectations (SE). The F-statistic is 78.1 with a p-value < 0.001, also indicating strong statistical significance. Thus, the null hypothesis is rejected, meaning the model effectively predicts stakeholder expectations using the independent variables.

Business Sustainability (BS), The F-statistic is 72.4 with a p-value < 0.001. This shows that the model is statistically significant, and the null hypothesis is rejected. It confirms that the independent variables significantly contribute to explaining business sustainability.

Across all three dependent variables, the very low p-values (less than 0.001) and high F-statistics demonstrate that the regression models are valid and meaningful. The independent variables included in the models have significant explanatory power for reputational risk, stakeholder expectations, and business sustainability.

Table 4: Regression Coefficients

Dependent Variable	Variables	B (Coeff)	Std. Error	Beta (β)	T-value	P-value
	Constant	0.28	0.15	-	1.87	0.097

Reputational Risk Mgmt	EDM	0.92	0.04	0.95	21.43	<0.001
Stakeholder Expectations	Constant	0.32	0.16	-	2	0.081
	EDM	0.87	0.05	0.93	18.71	<0.001
Business Sustainability	Constant	0.35	0.17	-	2.06	0.073
	EDM	0.83	0.05	0.91	16.42	<0.001

Source: SPSS Output, (2025)

1. Reputational Risk Management (RR), Constant: 0.28 (p = 0.097)

The intercept is not statistically significant (p > 0.05), meaning the baseline reputational risk when EDM is zero is not significantly different from zero.

EDM Coefficient: Unstandardized B = 0.92: For every one-unit increase in ethical decision-making, reputational risk management increases by 0.92 units.

Standardized Beta (β) = 0.95: This shows a very strong positive relationship between EDM and RR. T-value = 21.43, p < 0.001: The relationship is statistically highly significant.

2. Stakeholder Expectations (SE): Constant: 0.32 (p = 0.081). The intercept is also not statistically significant.

EDM Coefficient: B = 0.87, Beta = 0.93: EDM has a strong positive effect on stakeholder expectations. T-value = 18.71, p < 0.001: This relationship is statistically very significant.

3. Business Sustainability (BS), Constant: 0.35 (p = 0.073). Again, the constant is not statistically significant.

EDM Coefficient: B = 0.83, Beta = 0.91: There is a strong positive impact of EDM on business sustainability. T-value = 16.42, p < 0.001: The result is highly significant.

Hence, Ethical Decision-Making (EDM) is a significant and powerful predictor of: Reputational Risk Management (β = 0.95). Stakeholder Expectations (β = 0.93), Business Sustainability (β = 0.91).

All p-values for EDM are less than 0.001, indicating very strong evidence that EDM positively influences these business outcomes. The constants (intercepts), however, are not statistically significant, meaning the predictive power lies almost entirely in the EDM variable.

Testing of Hypotheses

Table 5: Pearson Correlation:

Variables	RRM	SE	BS	ETD
RRM	1.0	0.94	0.88	0.92
SE	0.88	1.0	0.92	0.88
BS	0.94	0.92	1.0	0.94
ETD	0.92	0.88	0.94	1.00

Source: SPSS OUTPUT, (2025)

Ethical Decision-Making has a strong, significant positive relationship with all DVs ($p < 0.001$).

The Pearson correlation analysis shows that ethical decision-making has a strong and statistically significant positive relationship with all the dependent variables: reputational risk management ($r = 0.92$), stakeholder expectations ($r = 0.88$), and business sustainability ($r = 0.94$), all with p-values less than 0.001. These results indicate that as ethical decision-making increases, there is a corresponding positive increase in each of the dependent variables. This implies that organizations that prioritize ethical considerations are more likely to effectively manage reputational risks, meet stakeholder expectations, and ensure business sustainability.

Given these outcomes, the hypotheses presented in the study, although stated in the null form, are not supported by the data. The strong positive associations demonstrate that ethical decision-making significantly influences the outcomes that the hypotheses suggest are unaffected. Therefore, environmental sustainability practices, corporate social responsibility, and sustainable product labeling and certifications all appear to have a meaningful impact on customer-related responses and organizational outcomes. The empirical evidence rejects the notion that these factors have no significant influence, underscoring the critical role ethical decision-making plays in shaping sustainable business practices and consumer behavior.

Discussion of Findings

The findings indicate a significant positive effect of ethical decision-making on reputational risk management, supported by statistical evidence where the p-value was less than 0.05, thus validating the alternate hypothesis. This implies that Nestlé Plc's ethical stance contributes to mitigating reputational risks by ensuring responsible practices and transparent policies. This aligns with the findings of Kaptein (2019), who established that organizations with strong ethical cultures are less prone to reputational damage because stakeholders perceive them as credible and accountable.

The data analysis revealed a statistically significant relationship between these variables, with a correlation estimate showing a meaningful positive effect. This supports the alternate hypothesis that ethical decision-making meets or exceeds stakeholder expectations. Stakeholders including customers, investors, and employees place high value on ethical consistency and integrity, which enhances their trust and loyalty. This is consistent with Donaldson and Preston (2021), who emphasized that ethical engagement builds strong stakeholder relationships, while unethical conduct often leads to distrust and reputational harm.

The results revealed a strong and positive correlation between ethical decision-making and long-term sustainability. The statistical findings supported the alternate hypothesis that ethical choices lead to better sustainability outcomes. This supports the view that ethics-driven strategies promote not only compliance but also innovation and employee motivation, thereby securing a competitive edge. These results echo the work of Freeman et al. (2020), who identified ethical leadership as a foundation for sustainable business practices and long-term viability in dynamic market conditions.

CONCLUSION AND RECOMMENDATIONS

This study demonstrates that ethical decision-making is a strategic tool that significantly enhances organizational performance in competitive business environments. Specifically, the adoption of ethical

frameworks by Nestlé Plc has strengthened its ability to manage reputational risks, align with stakeholder interests, and pursue long-term sustainability. Ethical practices foster trust, reinforce brand loyalty, and reduce the likelihood of reputational crises. Despite the evident benefits, the study also highlighted operational challenges such as financial constraints, regulatory complexity, and skill gaps in ethical reasoning. Overcoming these challenges requires a deliberate and structured approach to ethical capacity building, policy development, and stakeholder communication. Ultimately, ethical decision-making should not be viewed merely as a compliance requirement but as an integral component of strategic management for firms operating in competitive and profit-driven sectors.

Based on the findings, the following recommendations are proposed to strengthen the role of ethical decision-making in enhancing reputational risk management and meeting stakeholder expectations:

- i. Nestlé Plc should develop continuous ethics training programs to build employee capacity in ethical reasoning and decision-making. This will help embed ethical practices into everyday operations and promote a culture of integrity.
- ii. Improve stakeholder engagement platforms to ensure open communication, mutual understanding, and timely feedback on ethical concerns. This will enhance trust and allow the company to remain responsive to stakeholder expectations.
- iii. Create a structured ethics monitoring framework that includes periodic ethical audits and real-time reporting mechanisms. This will support transparency and allow the company to identify potential ethical risks early.

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