EVOLVING BUSINESS ETHICS AND CSR PRACTICES TOWARDS SUSTAINABILITY-THE FUTURE TREND

Abstract

As a result of expanding globalization and unethical supply chains, worldwide environmental problems have grown. Businesses contribute significantly to the damage caused. Therefore, adopting sustainable practices in the future can harmonize profitability with social and environmental responsibility. This chapter discusses the relationship between changing business ethics and corporate social responsibility programs, emphasizing how these strategies are currently moving toward sustainability. The chapter highlights the concept of sustainability as the future trend that management should follow in order to attain high standards of growth while also ensuring responsible behavior. The study explores the concept of corporate ethics and its importance in dealing with organizational stakeholders. Businesses that strive towards sustainability will contribute to global problem solutions and stay ahead in competition. In order for businesses to achieve quantifiable goals while fostering a positive global reputation, environmental, economic, and social sustainability should be incorporated into CSR activities. To do this, it is crucial for them to adhere to a reliable reporting strategy like the GRI that is discussed in this chapter. This chapter will serve as an ultimate resource for businesses worldwide to comprehend the essence of corporate ethics and social responsibility. It will also aid them in identifying their part in resolving current environmental issues by adopting sustainable CSR practices.

Keywords: Business ethics; Sustainability; CSR Practices; Corporates; GRI; Environmental concerns.

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I. INTRODUCTION

The corporate sector has seen considerable changes, with workplace norms and ethical guidelines evolving over time. The moral and social guiding principles of the management have made significant progress leading to innovation in their practices. The business landscape places great importance on ethical guidelines which not only protects the integrity of the management but also strengthens stakeholder and shareholder relationships, image building, and customer relations. The growing concern over environmental sustainability and other societal needs now urges corporates and managements to adopt socially responsible practices, ethical supply chains etc. This shift is clearly reflected in the CSR activities of business enterprises. The result of significant innovation in their CSR operations is the concept of shared value, which permits joint benefit of economic growth of the management and also addresses societal needs. The business sector has the ability to significantly improve society.

(***Business Ethics, 2019).*** Looking back, it is obvious that economic operations over time have aided and ramped up the socioeconomic growth and allowed India to acquire excellent standards of recognition in the international arena. The focus of the business world has expanded beyond metrics and profit to include global challenges and their role in problem solutions. Establishing strong connections between governmental and non-governmental groups is crucial for resolving challenges effectively, enabling the desired outcome to be achieved quickly and efficiently. This chapter focuses on how social responsibility and evolving trends in business ethics contribute to tackling global problems.

II. WHAT IS BUSINESS ETHICS?

The definition of business ethics revolves around what is deemed right or wrong in business activities. The concept of business ethics can be highly abstract in nature that operates with predetermined guidelines according to the company's interest. Business ethics includes policies, values and strategies that each of the company adopts to ensure ethical functioning. Although this may vary from company to company, some of the significant yet common ethics that corporates follow include Integrity, transparency, ensuring positive stakeholder relationships, accountability etc. The idea of ethics is much more than rules and regulations. It can be described as engaging in routine company operations while guaranteeing the wellbeing of the stakeholders and society. According to Raymond C. Baumhart, "The ethics of business is the ethics of responsibility. The business man must promise that he will not harm knowingly."

Dr. S Sankaran in his book ***Business Ethics and Values*** addresses the importance of ethics in business. He discusses that ethical considerations in business landscape holds much significance because it builds trust and reputation, loyal employees and customer base. This thereby leads to the establishment of setting an example for others to follow paths of responsibility.

Businesses that jeopardize their reputation by acting unethically, risk losing a significant portion of their client base to rivals and other competitors. Business ethics are thus essential, not because they are the right thing to do, but because ethical behavior is crucial for the sustainability and long-term profitability of businesses **(Donovan A. McFarlane).** To ensure long-term sustainability, it is crucial for employees and other

corporate associates to adhere to the bare minimum of ethical standards. If the fundamental tenets of business ethics are not upheld, a corporation might simply fail.

Businesses and organizations regularly deal with a range of challenges and thus it's important to approach these matters ethically. It's essential to comprehend the challenges that business ethics addresses, which can be divided into three main groups: systemic, corporate, and individual. Systematic issues are the ethical concerns brought up concerning the political, legal, economic, and other social systems that the company operates. These characteristics have a significant impact on how the business operates. The primary thrust of corporate issues is on the overall operations, rules, and procedures of a corporation as a whole. Individual issues in a business ethics is where the individuals or leaders of the company are questioned about their practices and decisions. The actions of these individuals have a great impact and influences the company's image to a great extent.

One of India's most successful airlines, Kingfisher Airlines, ceased down in 2012 after suffering a substantial loss. According to research, there were several business factors that contributed to this chaotic collapse. The decline of the economy in 2008 and the increase in landing fees as a result of fuel prices were both recognized as contributing factors to the collapse of the KFA. The misguided government policies had a significant impact on domestic aviation in India as well. The absence of proper management, frequent changes in CEOs, and dysfunction in the top level management are a few corporate concerns that can be emphasized. These things all show that there were problems with the morality of the actions and practices conducted as a firm. There were several questions raised about the poor decision making of Mr. Vijay Mallya which concerns the individual issues of the business. He gave the airline to his son Siddarth Mallya as a birthday gift, who received harsh criticism for lacking the maturity, experience, and expertise needed to run such a large airline. The unfavorable publicity Mr. Vijay Mallya received had an impact on KFA's glamorous reputation.

III. UNDERSTANDING CORPOATE SOCIAL RESPONSIBILITY (CSR)

The introductory phase of corporate social responsibility has its roots in the late 1800s when businesses reconsidered their production models due to deteriorating working conditions. Activities of responsible corporations started with reducing working hours and community donations **(Casey Schoff, 2023).** An article published by the Bay Atlantic University states four types of business ethics including Corporate social responsibility, Technology ethics, personal responsibility and fairness.

The term "corporate social responsibility" describes a company's duties or commitments to society. Many at times, people confuse the term CSR with business ethics though the terms are related but not the same **(Manuel G. Velasquez).** CSR initiatives of business can be seen as the bridging concept between corporates and societies. The commitment to safeguard, promote, strengthen, and improve the quality of life of stakeholders and society at large is known as social responsibility. Companies engage in CSR activities to demonstrate their social duty. These programs greatly contribute to societal growth while also enhancing the company's brand image. Corporate social responsibility is a business strategy that encourages businesses to work in ways that benefit society and the environment rather than harming them **(Jason Fernando,2023).**

A research by Chahoud et al. (2007) shows the emergence and nature of CSR initiatives. Early CSR initiatives largely emphasized charitable giving, which was seen as a key expression of their traditions, beliefs, ancestors' ideals, and industrialization process. The second phase of CSR was fully overtaken by the struggle for independence, and the corporate community adopted Mahatma Gandhi's philosophy of trusteeship. Industrialists at that period were convinced that a number of reforms might lead to societal advancement. The whole business community established trusts for the advancement of women, children, and society in an effort to realize the ideal state of an independent and progressive India. Using the mixed economy theory as a guide, legislation covering labor and environmental standards was created during the third stage of CSR. The public sector gained more significance in the development process, pushing the private sector to the side. During the fourth CSR phase, enterprises started adopting sustainable business practices. Globalization and liberalization increased India's economic growth and moved the country's economy ahead. Due to its extensive acceptance across multiple worldwide markets, Indian CSR activities also adhered to international criteria during this time by following labor and environmental laws.

John Elkington's **Triple Bottom Line theory** of CSR offers a comprehensive view of the organization's impact on social well-being, environmental health, and economy. People, planet, and prosperity are the three Ps, or bottom-line categories discussed in the theory. When these interconnected elements are used by corporate companies, it has a significant effect on people and the society. The relationship with CSR is crucial to the concept of the triple bottom line because it focuses equal emphasis on all stakeholders, the environment, and a safe and healthy environment.

In accordance with this, **Hindustan Unilever** Limited adopts sustainable business practices and holds that healthy planet and society are necessary for the success of their commercial endeavors. The sustainable agenda focuses on topics that are significant to the stakeholder concerns, such as inequality, plastic pollution, and climate change. The company has a strategy known as Unilever Compass to produce growth that is reliable, competitive, profitable, and ethical. By fostering a waste-free society, safeguarding nature, and reaching net zero emissions from their products by 2039, the organization is dedicated to enhancing the health of the earth. Up until now, the Hindustan Unilever Foundation has produced a total of 2.6 trillion liters of water, an overall 44% decrease in energy usage per ton of production across all companies in India. Compared to 2008, they have reduced their overall energy use by 44%. The logistic carbon intensity decreased by more than 60% during the last decade.

IV. GROWING ENVIRONMENTAL CONCERNS

Growing environmental concerns are a direct result of increased anthropogenic activity. The evidence of this can be seen in the depletion of non-renewable energy sources, the loss of biodiversity, the disruption of ecosystems, the rise in pollution, climate change, waste generation, global warming etc. The tension and mounting loss are also increased by adhering to the same course of action and ignoring the significance of individual action. With technology expanding and innovative development projects being carried out, there have undoubtedly been incredible worldwide breakthroughs and accomplishments, but this has also resulted in a number of environmental risks to both the current generation and generations to come. According to climate assessments, humans are responsible for nearly all of the rising global heat. Due to increased greenhouse gas emissions brought on by human

activity, the earth's surface temperature has increased. Additionally, the unpredictable climate occurrences might be considered as a major result of human activity. According to the 6th IPCC climate report, human activities are causing climate change to have an impact on every region of the world.

V. GLOBALIZATION AND SHIFTING PATTERNS OF SOCIAL RESPONSIBILITY

Increasing Globalization has offered numerous opportunities to business conglomerates letting them expand their horizon worldwide. Multinational firms have access to supply chains and workers all over the world, and this has resulted in criticism for their exploitation of workers in developing nations and environmental destruction, among other things. Recent shifts and developments in the global economy have highlighted the need for a new framework for corporate ethics. (Business Ethics, 2019). The process of globalization is the main cause of many important problems in business ethics (Manuel G. Velasquez). We can argue that the phenomenon of globalization has brought about a number of advantages for countries all over the world, but we also cannot deny that the actions of multinational corporations have also brought about risks for developing countries that are not yet prepared to handle its repercussions. Discussing conflicting views like this raises concerns about whether rising globalization means to bear responsibility for the trash that they make in an equitable way. Natural resources are widely used in industrial and business activities, which has led to extensive exploitation of non-renewable and other natural resources over time. Businesses across the country are implementing eco-friendly measures to mitigate such losses. Businesses that commit to environmentally responsible methods not only become more environmentally conscious, but they also profit financially. Using renewable energy sources can provide long-term reliability, higher amounts of power supply, and can be budget-friendly. As a result of global development activities, deforestation has increased, and it is the responsibility of institutions to stop this loss of biodiversity by putting in place sustainable CSR projects that have a big positive environmental impact.

VI. SOCIAL SUSTAINABILITY – THE FUTURE TREND

It is very important for corporates to be sustainable in today's changing work norms. When we discuss sustainability, factors concerning its environmental, economic and social impact should also be kept in mind. Social sustainability is a wise tool to human resource. The concept of social sustainability is broken down into six main elements by **Nobel laureate Amartya Sen,** including equity, diversity, social cohesion, quality of life, democracy and governance, and maturity. According to these six aspects, there must be fair chances for a diverse society to maintain a livable standard of living, take part in democratic processes, and embrace the duty to advance society's goals in order to achieve true social sustainability. Components of social sustainability are interlinked in nature and play a major role in the survival of the society. Everybody benefits when the ideas from the three areas of sustainability are used in practical settings. The quality of life for our people is enhanced or maintained while natural resources are preserved, the environment is safeguarded, the economy is unharmed (Christopher Wanamaker,2022). The **Infosys** sustainability management system takes into account the expanding concerns and demands of the international stakeholders in the areas of governance, social issues, and the environment. The founders' objective to gain the respect of all stakeholders was highlighted **in Infosys' 2022– 23 ESG report**. The organization has been recognized by Ethisphere as the World's most

ethical company for the third row in the year. Building sustainable communities is made possible by the Infosys- designed carbon neutral program. More than 102,000 families benefit completely from Infosys projects, which also empower women and provide more than 2400 rural jobs. By lowering one million tons ofCO2e and supporting in climate mitigation, these not only seek to enhance society but also assist environmental concerns, addressing 11 sustainable development goals.

Corporates need to collectively understand the impact of their business on people and its society. Sustainability is the long-term maintenance of systems according to environmental, economic and social considerations. While ethical values of corporates are taken up to attract and maintain stakeholder relationships. The social sustainability efforts that the company initiates also have an ideal role to play in the stakeholder engagement. This implies that socially sustainable corporates are a direct win- win situation that benefits both the management and the society. Several trends have evolved over time in business and maintaining a high standard of sustainability in their actions is the need of the hour.

The idea of building a purposeful ecosystem through technology and innovation by **TCS** promotes sustainability at its core. The sustainability services of the organization is to build a sustainable future by using an ecosystem approach. The organization believes that in order to succeed business needs to shift from mitigation to regeneration from a reactive mind set of doing less harm to proactive one of doing better. TCS integrates sustainability into its operations because it believes that it is the only realistic course for the future. Moreover, the organization believes that industries that do not embrace sustainability would fall behind as the corporate world is changing rapidly.

VII. SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY

The task of fostering harmony between human progress, racial survival, and a secure environment falls on commercial enterprises. Progress in industry and the economy should be made at the same time as environmental goals are upheld. It is not just development that any business strategy should aim rather sustainable development should be kept in mind. In order to accomplish this, business entities must adhere to sustainable workplace regulations. Let's focus on some of the major issues we are encountering, such as the rise in pollution, climate change, plastic waste, the degradation of water bodies, etc. This is largely due to the fact that corporations and international enterprises placed greater emphasis on corporate expansion than environmental protection. However, businesses now need to focus on stakeholder well-being as well, giving environmental and social concerns a higher priority, in addition to focusing on revenues and profits for shareholder satisfaction. The CSR activities of business entities have evolved from mere charities to rethinking their goals and actions. This has made it possible for businesses to incorporate sustainability into their operations by making them more aware of their practices and the impact that their operations have on the environment. Some of the biggest issues we are currently experiencing are combated in large part by the CSR activities of various institutions. For instance, Cummins India invested CSR funds in the development of oxygen hubs, an initiative that intended to improve the air quality. Up to 35,000 trees were planted as part of efforts to improve air quality and thereby promoting sustainability. Both CSR and sustainability are interrelated ideas that firms should adopt in order to strengthen their commitment to environmental concerns and develop ethical business practices. Businesses that connect with sustainable CSR practices are more likely to benefit

from a good reputation and loyal clients. Ethical behavior is valued by customers and investors, which raises the likelihood of long-term survival.

VIII. GLOBAL ISSSUES PROBLEM SOLVING (GIPS)

Throughout history, modern firms have provided material wealth. It has also resulted in unprecedented environmental hazards to ourselves and future generations. Growing economic practices and productivity have resulted in rapid depletion of natural resources, putting the globe in peril. For generations, business organizations have failed to notice their environmental impact. **(Business Ethics, 2012).** Actions and measures against environmental concerns must be taken by corporate enterprises. Positively, a number of countries around the world have taken action to reduce the issues Global concerns about climate change can be addressed more realistically if business ethics and policies are developed with this in mind. Andrew Crane in his book Business Ethics states that business malpractices have the potential to inflict enormous harm on individuals, communities and the environment. In order to minimize the damage, it is high time enterprises start inculcating sustainable CSR options that will aid in global problem solving. Reliance Industries Limited, the largest private sector company in India, has demonstrated its dedication to sustainable development by operating with the goal of building a better future. The environment policy of the institution states that protection of environment is one of their prime business values. This MNC has been concentrating on five strategic pillars including Energy management, Environment responsibility, Product stewardship, Occupational health and safety and social institution building thereby addressing global trends and stakeholder needs. Mukesh D Ambani quoted in 2016 that, "Our commitment to sustainable development goes beyond our operating boundaries, as we continuously aim to add value to our stakeholders by advancing knowledge and improving lives". Activities of this enterprise and their business priorities co-exist along with social commitments which again reflects their ethical practices.

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IX. GLOBAL REPORTING INITIATIVE

We have already discussed some of the most important ecological issues, and it is crucial that companies of all sizes incorporate sustainability standards into their daily operations. Positively, a number of large international firms have started using these new methods to support sustainable development. Businesses should start adopting the Global Reporting Initiative, the only reporting framework authorized by the UN, in order to achieve the goal of fostering a responsible business environment. The major purpose of the standards of GRI is to provide transparency on how organizations contributes to sustainable development. It aids businesses in creating quantifiable reports on their economic, social, and environmental performance. Following the GRI framework for sustainability reporting is crucial for MNCs because it helps them achieve their sustainability goals through defined benchmarks and enables them to compare their efforts, which improves outcomes in the future and promotes ethical conduct. Business owners are not the only ones who may benefit from the information acquired using the GRI standards; stakeholders and investors can also use it to further evaluate the data and make future-oriented choices. Organizations that use these standards benefit from a good corporate structure for organizing data, greater risk mitigation, and sustainability practices, among other things.

Companies pointed out in this chapter, such as Reliance Industries, Tata Consultancy Services, Infosys, and Hindustan Unilever, have also adhered to the GRI guidelines outlined in their sustainability reports. Aside from these organizations, institutions such as Wipro, Mahindra Groups, ICICI Bank, and others have also adopted and maintained their GRI index on a regular basis.

X. CONCLUSION

This chapter has demonstrated the importance of business ethics and the need for innovation in the values adopted by corporates. As we've seen, the organizations covered in this chapter engage in corporate social responsibility initiatives that not only meet global needs but also work to improve socioeconomic and standards of sustainability. This chapter highlights the successful implementation of sustainable techniques by multinational corporations in their CSR efforts. Assessing their performance on a regular basis using GRI criteria is a critical step for companies to retain knowledge of their operations and its impact on the environment. The initiatives and programs put in place, such as Reliance Industries' energy management, TCS's reduction of carbon footprint, Infosys' Environmental Stewardship, and Hindustan Unilever Limited's establishment of an ambitious sustainable agenda, all show progress. These initiatives and programs are examples of sustainable business models that support sustainability. We can see a clear growth in the ethics espoused by businesses through their CSR activities, which is no longer restricted to monetary contributions but includes responsible decision making that articulates their true values and duties to society and the individuals involved.

Business owners will need to incorporate the emerging trends of social sustainability into their business ethics in the years to come. Corporates ought to start putting the aspect of

ethical business practices that supports resolving global issues into practice. Sustainable development should be the overarching goal for every organization in any future action or innovation. Organizations should adopt environmentally friendly policies that support multiple global goals because, if action is conducted collectively, rapid success can be witnessed.

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