

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

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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 CSR practices. The chapter emphasizes 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 and companies. Environmental, economic, and social sustainability should be incorporated into CSR activities in order for businesses to meet quantifiable goals while establishing a positive global image. 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; enterprises

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*). The focus of the business world has expanded beyond metrics and profit to include global challenges and their role in problem solutions. This chapter focuses on how social responsibility and evolving trends in business ethics contribute to tackling global problems.

II. WHAT IS BUSINESS ETHICS?

Definition of business ethics circles round to what is morally 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. Simply put, business ethics is the application of daily moral or ethical values to business (Bennett, 2003; Boylan, 1995). 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**). Manuel G. Velasquez in his book *Business Ethics* points out business cannot exist unless the people involved in the business and its surrounding society adhere to some minimal standards of ethics. Failure to follow minimal ethics can lead to the collapse of the business.

III. UNDERSTANDING CORPORATE SOCIAL RESPONSIBILITY (CSR)

The early days 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.

Corporate social responsibility refers to a corporation's responsibilities or obligations toward the 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. Social responsibility is the obligation to protect, foster, increase and enhance the benefit of stakeholders and social people (**Fang-Mei Tai, 2014**). 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**).

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. 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.

V. 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. "Social sustainability occurs when the formal and informal processes; systems; structures; and relationships actively support the capacity of current and future generations to create healthy and sustainable communities. Socially sustainable communities are equitable, diverse, connected and democratic and provide a good quality of life." - **WACOSS**, Western Australia Council of Social Services. 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 of CO₂e 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.

VI. GLOBAL ISSUES 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. Business institutions were able to ignore their impact on environment for centuries (**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.

VII. CONCLUSION

This chapter has demonstrated the importance of business ethics and the need for innovation in the values adopted by corporates. We have seen that corporate social responsibility

undertaken by the enterprises discussed not just aims to contribute to the betterment of the social, economic and environmental standards but also addresses the global needs and aids in problem solving. The strong multinational corporations have implemented sustainable techniques in their CSR efforts, as shown by the cases covered in this chapter. 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.

Business owners will need to incorporate the emerging trend 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. 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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