

# Corporate Realities in Business Ethics: Contemporary Trends and Corporate Practices

Dr. Jaya Sharma\*

\*Asst. Professor (Commerce) Govt. Geetanjali Girls' PG College, Bhopal (M.P.) INDIA

**Abstract:** In nearly every academic discipline, monetary considerations appear either directly or indirectly, and the fields of commerce and management are particularly broad in their influence on social and economic development. As businesses expand rapidly and new technologies reshape industries, companies are increasingly expected to operate within clearly defined ethical boundaries—commonly referred to as business ethics. Over time, this concept has become a major concern of national and international governance related matters, organizational leadership, and corporate growth. Consumer awareness, technological progress, and globally liberalized markets have opened new opportunities for business expansion. However, these same forces have intensified the expectation that organizations uphold ethical standards in their operations.

This paper adopts a descriptive research approach to explore the growing importance of business ethics in the modern corporate world. Drawing on recent global data, cross-country ESG findings, and contemporary governance practices, the study investigates how ethical behaviour affects profitability, long-term sustainability, and stakeholder trust. It also highlights evidence that ethically governed firms tend to benefit from reduced fraud risk, higher-quality financial reporting, stronger investor confidence, and an improved market reputation.

Overall, the findings indicate that ethical conduct significantly shapes business growth and performance, though the extent of its impact varies across sectors and geographic regions. The paper concludes with recommendations emphasizing stronger governance mechanisms, policy reforms, and more focused ESG strategies to support sustainable and responsible corporate development.

**Keywords:** Business ethics, ESG (Environmental, Social and Governance), organisational leadership.

**Introduction** - In the high-speed world of global commerce, we often measure success through spreadsheets, stock prices, and quarterly growth. However, beneath the surface of every transaction lies an invisible architecture that determines whether a company will truly thrive or eventually crumble: **its ethics and values**. For decades, many believed that “business” and “morality” were two separate worlds—that a company’s only duty was to its bottom line. But the landscape has shifted. Today’s consumers are more informed, today’s employees are more purpose-driven, and today’s markets are more transparent than ever before. In this new era, a company’s “Value System” is no longer just a plaque on a lobby wall; it is a competitive advantage.

Business ethics are not merely about following the law; they are about the choices made in the “grey areas” where the law is silent but conscience is not. From the clothes we wear to the apps we scroll; every product we touch is a reflection of a company’s inner compass. This article explores how defining core values and maintaining high ethical standards serves as the ultimate insurance policy for a brand’s reputation and its long-term survival.

**Business Ethics as ESG (Environmental, Social and**

**Governance) measures** : Business ethics is the backbone of the ESG framework that in present times is used for the assessment of businesses. ESG indicators measure the ethical way in which businesses handle their effect on the environment, as well as their social responsibilities and governance practices. A business that is ethical in its practices, such as honesty in reporting, being accountable to stakeholders, as well as making ethical decisions, has a direct impact on the business’s ESG practices. For instance, ethical practices affect the environment in the best way possible, ethical practices in the business affect the well-being of employees as well as the community, and ethical governance practices affect the transparency of the business. Researchers as well as ESG services around the world have shown that businesses with good ethical foundations perform better in their ESG practices and are not as susceptible to risks. ESG, thus, is the measured concept of business ethics in the modern business world.

**Business Ethics as CSR measures:** Corporate Social Responsibility (CSR) is the operational area where the application of business ethics goes beyond the boundary of generating profits. Ethical responsibility emphasizes the

needs to consider the societal impacts along with environmental impacts on the operations undertaken by organizations. In India, the aspect of CSR has been included as an obligation to be complied with under the Companies Act, 2013, to introduce the acceptability of ethics on the operations undertaken by companies. Ethical companies consider CSR as an obligation to the companies, identifying societal concerns. Educational development programs under CSR emphasize the expression of societal concerns through the development of educational institutions. Ethical concerns on the protection of the environment create a distinct impression on the actions undertaken under CSR programs. Secondary information on CSR activities introduced within the framework of environmental protection and other activities emphasizes the societal profitability along with the increased corporate image.

**Business Ethics as an integral part of Indian Knowledge Systems (IKS):** Business Ethics is an element that's been practiced in Indian Knowledge Systems (IKS) for countless generations. Indian Knowledge Systems (IKS) offer a robust and indigenous ethics framework for carrying out business activities, which is in complete harmony with contemporary ethics. The ideals of Dharma (righteousness), Nishkama Karma (selfless action), and Trusteeship promote ethics such as moral accountability, equality, and serving society. Such ideals promote corporations to behave in a responsible manner, without giving much emphasis to personal and financial benefits. Indian corporations act in a good manner by adopting ethics in governance and acting as responsible citizens of society by undertaking social responsibilities. Comparing contemporary ethics with IKS values, sustainability, transparency, and inclusive growth become part and parcel of IKS values.

#### Review of literature

**(Bora & Bora, 2020):** This study explores how a formal code of conduct serves as an accelerator for modern businesses. It highlights that ethical standards are vital for present corporate world and it support them to fulfil their desired goals effectively. The authors suggest that while established firms can enhance existing practices, new businesses should use these findings to improve their initial performance.

**(Kumar & Srivastava, 2018):** Using co-word network analysis, this research tracks the evolution of business ethics from 1991 to 2018. It notes a shift in focus from basic ethical decision-making toward leadership ethics and a significant increase in studies regarding Corporate Social Responsibility (CSR). It identifies gaps in research, particularly regarding ethical issues in business-to-business (B2B) contexts

**Cai, H., Hope, OK., Li, Y. et al. (2025)** in their recent research highlights a critical transparency gap regarding corporate political ties. Their study on corruption investigations reveals that while most investors remain unaware of a firm's political connections due to a lack of

mandatory disclosure, a select group of institutional investors leverage private information to exit positions early. This creates an "uneven playing field," where retail investors suffer from delayed reactions to material risks. The study suggests that without mandatory disclosure, the high cost of information acquisition prevents market transparency and unfairly disadvantages the general public.

#### Research objectives

1. To understand the evolution of business ethics.
2. To find out the importance of business ethics for society
3. To present some recent examples from Indian as well as foreign companies

**Research methodology :** This study follows a descriptive research approach to explore the growing importance of business ethics in the modern corporate world. The purpose of descriptive research is to clearly explain and present existing practices, trends, and developments without testing any hypothesis or establishing cause-and-effect relationships. In the present study, business ethics is examined as an evolving concept that has gained importance due to increased corporate accountability, regulatory reforms, stakeholder awareness, and sustainability expectations. The research relies entirely on **secondary sources of data** such as academic journals, corporate governance reports, sustainability and ESG disclosures, policy documents, and published literature. By analysing these sources, the study describes how ethical principles such as transparency, fairness, responsibility, and integrity are being integrated into corporate decision-making and governance systems. The descriptive approach helps in understanding the role of business ethics as a strategic and governance-oriented requirement rather than a voluntary moral practice in today's corporate environment.

#### Discussion

**Evolution of business ethics :** Commerce, in its earliest days, was personal. Ethical behavior was not a formal code, but something societal and shaped by the norms of a community and local relationships. Quite understandably, a dishonest merchant would lose their reputation in town in no time and thus had no other way to survive but be honest. India has been quite rich in inculcation of values and ethics in business; we find many details in our ancient treatises like The Arthashastra, Manusmriti, etc., where it is elaborately discussed how every business activity was first considered about its social implications.

As the industrial revolution took businesses out of people's homes into large factories during the 18th and 19th centuries, the personal bond between owners and their workers broke down. New ethical difficulties emerged for which simple neighbourly trust could not resolve, such as poor working conditions, unquality products, and early environmental damage. It became obvious that formal ethical guidelines were needed to protect the vulnerable.

we step up into the 20th century the regulations for accountability took their shape. The term Corporate Social

Responsibility was well known and become a key term of interest for business regarding their brand value. Businesses accepted that they had responsibilities beyond just earning a profit, particularly towards the society that supported them. Major events like the Great Depression made society aware that corporate greed could lead to economic collapse. This awareness forced some changes like companies were made accountable and their code of conduct was to be publicise. With the rise of Multinational Corporations (MNCs) type of business operations it became mandatory for corporates to adapt to different cultures and legal systems.

Finally, in the 21st Century a digital revolution occurred and again it reshaped the ways businesses used to work. With Digital Era everything becomes easier and so as the activities of the businesses were also open and accessible to public. Today, business ethics is no longer a side project; it is a key part of a company's identity. The focus has shifted toward:

1. **Sustainability:** Making sure that today's profits do not harm the planet for future generations.
2. **Digital Integrity:** Tackling modern issues like Artificial Intelligence, data privacy, and the effects of social media.
3. **Total Transparency:** In a connected world, companies are expected to be open about everything from their supply chains to their political connections.

**Importance of Business Ethics for society:** Business ethics is the systematic study of moral principles that govern decision-making and behaviour in commercial organizations. It goes beyond mere legality by embedding normative values—such as integrity, fairness, accountability, and respect—into the strategic and operational fabric of a business. A number of interrelated theoretical dimensions underpin the importance of business ethics, including those now supported by academic research.

Theoretically, the ethical behavior of organizations will reinforce their legitimacy by making corporate conduct conform to the norms of society and the expectations of various stakeholder groups. When firms continuously apply ethical standards throughout their daily transactions, they build trust and gain credibility with customers, investors, employees, and regulators; these are basic elements of long-term business relationships. Research has pointed out that ethics represent a type of social contract between a firm and its stakeholders. Any violations of ethical norms entail reputation loss and loss of market legitimacy. Empirical investigations underline that ethical conduct improves trust, thus boosting customer loyalty and contributing to long-term stakeholder involvement.

The theoretical basis of business ethics consists of normative ethical theories, including utilitarianism, virtue ethics, and deontology. These constitute frameworks that guide choice when there are conflicting interests. Ethical systems support managers and employees in weighing against profitability the moral consequences of corporate decisions. In this way, they avoid misconduct and reduce

risk. This proactive ethical reasoning also aids an organization in avoiding legal sanctions, corruption, and reputational damage emerging from unethical behavior. Both classical and contemporary literature suggest that strong ethical frameworks act as deterrents to malpractice. Business ethics has become increasingly perceived as a core driver of corporate sustainability. Other than finance, ethical frameworks prompt firms to consider environmental, social, and governance aspects that inherently align the business strategy with the greater societal objectives. According to various scholars, ethics and sustainability go hand in hand. Ethical leadership promotes environmental responsibility and social engagement, thus reinforcing long-term economic viability. Theoretical models in organizational behavior indicate that high ethical cultures lead to accountability, justice, and intrinsic motivation in employees. Such an environment improves morale among employees, reduces workplace conflicts, and results in increased productivity. All these ultimately helps to build a better social atmosphere.

**Case studies to present the scenario-** The present study has tried to reveal the scenario of business ethics in current business world presenting some case studies from two foreign and two Indian companies, as following-

1. **The first Case Study is from Adobe Inc.,** which is a leading American multinational software company. It has been famous for providing digital document experience solutions. the company was made accused of charging **“Hidden” Subscription Fees.** In June 2024, the U.S. Federal Trade Commission (FTC) sued Adobe, the creator of Photoshop. It involved an ethical issue that was related with transparency and deception as Adobe was accused of “trapping” customers into year-long subscriptions without clear disclosure. They allegedly hid expensive early-termination fees in fine print and made the cancellation process a “digital obstacle course.” It was a very new perspective of business ethics and their implementation in practice. The case highlighted a unique perspective of the dark patterns that companies use digitally. It shows that even if a company provides a world-class product, being unethical in how you charge for it can lead to massive legal and reputational damage. Presently many businesses offer subscription charges and are a major part of subscription economy. Customers are engaged in the products and often fail to check the charges being auto deducted. Thus, without informed consent any charges are proven as an action against business ethics.

2. **The second case study is from an Indian “Quick Commerce” company “Zepto”,** which is known for delivering groceries and daily essentials in minutes. The company worked using Dark Stores network which are located near the location of the customers. The idea was welcomed by the industry and also in initial stage the on-time delivery attracted customers too. The company was in headlines regarding a case from modern gig economy.



As it evolved labour dilemma to complete 10-minute delivery service. Soon the Employee Wellness vs. Efficiency related terms become a matter of concern as many short calls and continuous pressure of quick delivery became a cause of many casualties. While the company saw massive growth, it faced scrutiny over the safety and pressure placed on delivery partners. The ethical debate centres on whether the “need for speed” encourages reckless driving and physical burnout for gig workers. It had to take action regarding safety and also had to pay a gratification Zepto responded by investing in “Dark Stores” optimized for safety and providing insurance, attempting to balance ultra-fast business goals with worker welfare. The case is an example how business ethics proved to be an important factor and also made us give a thought towards, *Is a 10-minute delivery worth the risk to the worker?*

**3. The third case study is from Patagonia**, which is very popular with Patagonia’s “Earth as Only Shareholder” initiative. Patagonia is a famous American company that deals with outdoor clothing and gear for activities like hiking, climbing, surfing etc. It has proposed a new way of corporate ownership and responsibilities associated with the same. The new redefined move is actually not new but based on the core moral values inculcate within humanity that we are a part of this giant world thus can play only a tiny role. The other natural and social factors are more important than us thus we must acknowledge their contribution and pay them back what is expected from us. Patagonia’s founder Yvon Chouinard transferred 100% of the company’s voting stock to a trust dedicated to fighting environmental crises. This step changed the way we looked towards corporate social responsibility as it was such an innovative ethical action that supported purpose over profit. The company could make a lot of profit and used it for its growth but it ensured all future profits (roughly \$100 million a year) go toward protecting the planet. It proves that a business can remain highly profitable while legally binding itself to an ethical mission.

**4. The fourth Case Study is from “Patanjali”**, the Indian company, famous for its motive to promote swadeshi and spread awareness about Yoga and ancient medicinal practices. It has been working very hard and has a great goodwill with its effective medicines and practices proposed. The customers rely heavily on what was claimed by the brand, and trusted the assumptions made. In early 2024, the Supreme Court of India issued a strong reprimand and contempt notice to Patanjali Ayurved for misleading advertisement made by the company regarding curing some diseases permanently. The company claimed its products could “cure” chronic diseases like blood pressure and diabetes, disparaging modern medicine (Allopathy) in the process. While the products may be effective but making such claims are somewhere compromising with **Honesty in Marketing**. This case highlights **Medical Ethics** and the responsibility of influential brands. The court ruled that

“vulnerable” consumers must be protected from false hope created by misleading ads. This is a great example of the **Legal vs. Ethical** boundary. Even if a product is “natural,” the way it is sold must meet the ethical test of truthfulness.

**Conclusion:** These case studies revealed that business in today’s scenario can progress only if they pay equal attention towards business ethics and duties towards nature, employees, and all other stakeholders have to be taken care of very seriously. It is not a one-sided decision but a mutual one that impacts positively to both parties, companies as well as stakeholders. The studies also tell us that may it be ESG, CSR IKS business ethics acts as the connecting link between ESG frameworks, CSR practices, and Indian Knowledge Systems. While ESG provides measurable indicators and CSR represents ethical action, IKS offers moral guidance and value-based leadership. Together, they promote responsible governance, sustainable development, and long-term value creation. Secondary literature indicates that companies integrating ethical values with ESG strategies and CSR initiatives perform better in terms of trust, reputation, and resilience. The integration of traditional ethical wisdom with modern governance tools creates a holistic corporate ethics model suited to the Indian business environment.

#### References:-

1. Vivek Kumar, Arpita Srivastava (2018) “Mapping the Evolution of Research Themes in Business Ethics”, VINE Journal of Information and Knowledge Management Systems. DOI:10.1108/VJKMS-10-2020-0199
2. B. Nagarjuna, V. Ambika, U.R. Rakshith, Gitanjali Singh, E. Devashree, A. Sulthan Mohideen (2022) “Business Ethics Practices in Pharmaceutical Companies in India, Journal of Pharmaceutical Negative Results. DOI: <https://doi.org/10.47750/pnr.2022.13.S06.183>
3. Dr. Kasturi Borah, Ms. Upasana Borah (2020), “Business Ethics in Modern Indian Businesses”, International Journal of Business and Management
4. Cai, H., Hope, O.K., Li, Y. *et al.* The (In)Visibility of Undisclosed Political Connections. *J Bus Ethics* 200, 927–956 (2025). <https://doi.org/10.1007/s10551-024-05898-3>
5. Federal Trade Commission. (2024, June 17). *FTC takes action against Adobe and executives for hiding termination fees and making it difficult to cancel subscriptions*. [Press Release]. <https://www.ftc.gov/news-events/press-releases/2024/06/ftc-takes-action-against-adobe>
6. The Hindu. (2024, April 16). *Supreme Court’s warning to Patanjali on misleading ads: A timeline of events*. <https://www.thehindu.com>
7. Chouinard, Y. (2022). *Earth is now our only shareholder*. Patagonia. <https://www.patagonia.com/ownership/>
8. Freeman, R. E., Harrison, J. S., & Wicks, A. C. (2007). *Managing for stakeholders: Survival, reputation, and success*. Yale University Press.