The Changing Face of Corporate Ethics and Its Impact on Enhancing Corporate Governance

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Abstract

Corporate ethics is an inseparable part of corporate social responsibility and it has the ability to improve the overall business process of an organisation. The corporate ethic includes different theories and ideas that help to meet the corporate social responsibilities in an organisation. Corporate ethics plays a significant role in business governance from the beginning but in the present globalised scenario it changes its forms and that affects the business process in different ways. It changes the different aspects of business ethics that bring positive changes in business governance. This study is emphasising on the changing face of corporate ethics and its impacts on improving the business governance in the present globalised scenario. Besides, this study will focus on the importance of corporate ethics in a business process. This study also aims to evaluate the ethical practices in the business process and helps to make outline about the importance of ethical practices in business organisations. The qualitative design is adopted here in this study to evaluate the impacts of corporate ethics in an organisation and a qualitative data collection and analysis process is also adopted in this research to evaluate the impact of corporate ethics in business governance.

Keywords

Business process, changing face, Corporate ethics, corporate governance, organisation, and social responsibilities.

INTRODUCTION

Corporate ethics is an emerging factor that is followed by the business organisations to influence their overall business of an organisation. It refers to different theories, values and principles to govern the overall business practices of an organisation. Business ethics or corporate ethics refers to the various ethical codes that are applicable to the contemporary scenario and that help the organisation to follow basic corporate social responsibilities [1]. The ethical codes of an organisation help to improve their liabilities to society and it helps to improve their trust among the consumers. Ethical practices in business organisations affect the overall business process from the past but in the present globalised economy, it changes its form and evaluates with time to maintain overall business performance. Focusing on all these aspects, this study is performed to analyse the changing face of corporate ethics and its impact on the business governance in contemporary scenarios.

Aim of the study

Corporate ethics and business governance are interlinked and both are important for functioning of a successful business process. This study thus aims to find out the changing forms of corporate ethics and their impact on business governance in the contemporary period.

Objectives

- To determine and evaluate the corporate ethics and their importance on business governance in the contemporary period
- To identify the correlations between corporate ethics and business governance in the present scenario

- To analyse the changing face of corporate ethics in the present time
- To find out different types of corporate ethics and their impacts on business governance

Relevance of the study

Corporate ethics is the most significant way to maintain corporate social responsibilities in an organisation. It refers to the different ethical factors that help to maintain a business in an ethical way and avoid unfair practices. It has major impacts on the business governance and has the ability to maintain the overall business process in a systematic way. Ethical factors of an organisation help to improve their business along with the trust among its consumers. Almost every company has its own business ethics and technology or digitisation improves the overall process. This study tries to focus on the evolution of corporate ethics and its major impacts on overall business governance and also analyse the different aspects of business ethics to perform business efficiently. Therefore, analysing the changing way of business and how it affects the overall business governance is significant and that is relevant for business organisations.

MATERIALS AND METHODS

Research design

Research design is an important part of the methodology that helps the researchers to perform research studies in a systematic way. A well-structured research design ensures that the methods of the research match the main research aims [2]. A research design is a structural procedure or idea to carry out an overall research procedure efficiently. It is important for a researcher to know the research design and its

types to perform research work in the proper way. There are different types of research that are beneficial for different research. The *exploratory research design* is adopted here to analyse the overall research study. It makes it easier for the researchers to reach research goals more effectively.

Research type

Research type is an important part of research that helps to formulate the overall research process. There are two main research types that are widely used in the field of research that helps to determine the perfect data collection process [3]. The *qualitative research type* is adopted in this study and qualitative data are collected here to perform the research study more efficiently. Qualitative research helps to find out the changing forms of corporate ethics and their impact on the current business governance. It improves the overall research process by analysing different aspects of the research topic.

Research philosophy

Research philosophy is crucial for a research study to improve its overall understanding and also helps researchers by analysing different aspects of research topics. Research philosophy deals with the specific way of developing knowledge about the research topic [4]. The *interpretivism research philosophy* has been taken here to improve the knowledge about corporate ethics and its changing form in the contemporary period. The interpretivism research philosophy improves the knowledge about the impact of corporate ethics in business governance and ultimately improves the overall research process. Besides, it is helpful to perform in-depth analysis on small data samples and it also investigates the main purpose of the research more conveniently.

Inclusion and exclusion criteria

Inclusion and exclusion criteria are also important for a research study to determine which sources have to choose and which have to neglect during the data collection. It makes research more relevant and effective.

Inclusion criteria

- Authentic journals, articles, newspapers and websites are taken here in this research to collect data.
- Journal articles and newspaper articles that are published in and after 2018 are included in this research to collect data.
- Journals that are published by authentic authors and in the English language are selected here for data collection.

Exclusion criteria

- Blog articles and articles of individual people are excluded from taking data during the data collection process.
- Journals that are written in languages other than the English language are also excluded from collecting data.

Data collection and data analysis

Data collection and data analysis is the most crucial part of a research study that has the ability to improve overall research authenticity [5]. The *secondary qualitative data collection and analysis process* is adopted here for collecting data. The qualitative data collection process makes the research process more time efficient and it is also beneficial for the research study to improve its effectiveness of the study. The qualitative data collection and analysis give an insight into the impact of corporate ethics on business governance and the *thematic analysis* of the topic also gives an overall prominent understanding that makes the research study more relevant.

RESULTS

Evaluation of corporate ethics and its importance

Corporate ethics are the most important part of the business process that is crucial for increasing trust among the consumers. This ethics includes different theories, philosophies and ideas that help to maintain the corporate social responsibilities and makes it easier to reach the ultimate goal of the organisation [6]. It is important for businesses to understand different principles of corporate ethics that help to improve morale among the managers and all other employees of an organisation. There are different principles that have the ability to influence business governance and business process in contemporary days. Leadership, accountability, integrity, honesty, respect for laws, responsibility, fairness, compassion, Loyalty and environmental concerns are major principles that an organisation has to follow to maintain its corporate social responsibility and improve its overall business process. There are different ways of corporate ethics that can be influential for the organisation. Speaking up and asking questions, environment free toxic behaviours and commitment to shared values is the most important factor that can improve the overall business process of an organisation [7].
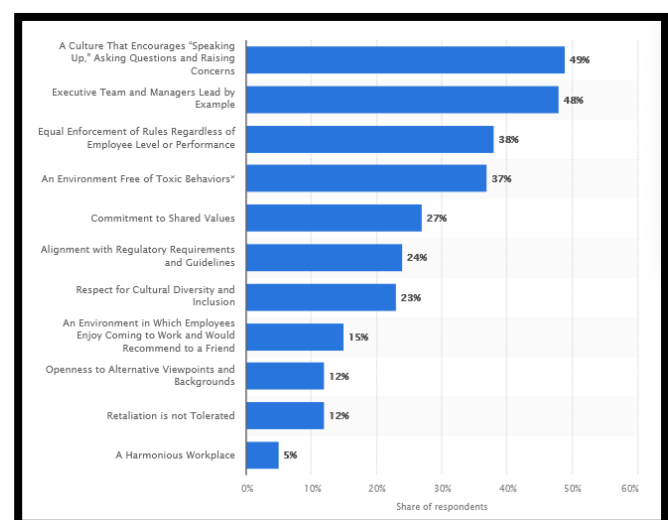

Figure 1. Different type of ethical cultures in a business organisation [7]

Every business organisation has to practise these principles in a positive way to avoid unethical practices in the business organisation and that is useful for them to reach the organisational goal more effectively. There are several reasons behind implementing corporate ethics in a business and it has major importance in an organisation. Corporate ethics has the ability to maintain the corporate social responsibility (CSR) in an organisation. Corporate social responsibility is a concept that refers to meeting the needs of all stakeholders of an organisation without affecting the environment and society [8] The ethical practices in an organisation help to maintain their responsibilities towards the society and environment. Ethical practices are also important for the organisation to improve transparency and trustworthiness among consumers. It has the ability to increase trust in products and services and that is helpful for the organisation for improving its business.

Corporate ethics makes business negotiation more effective as this helps to attract more investors. Loyalty, honesty and fairness are the most effective principles that have the ability to maintain good relations with all the business partners and investors. It also has the ability to improve customer retention and organisational growth. Responsibility, transparency and compassion are the most important principles that can improve customer retention rate and enhance the overall business for the organisation [9]. Corporate ethics helps to attract talent and increase the manpower in an organisation and that is important to add value to the product and services of an organisation. Hence, it can be stated that corporate ethics is a deciding factor that is essential for the organisation to improve the overall business process of an organisation.

Correlation between corporate governance and business ethics

Corporate ethics and corporate governance are both interlinked with each other. Business ethics and corporate governance are the two essential factors that impact the overall business process. Business ethics refers to the values, philosophies and characteristics that an organisation follows when conducting business in the global market [17]. Every organisation and their progress depends on different stakeholders which include employees, shareholders, customers, the community, and vendors. For the organisation's survival, they have to rely on ethical practices that can change the way of corporate governance. The purpose of business ethics includes providing people with the different tools by which the organisation can deal with the moral complexity in the business process. The business decision depends on the different ethical components that have an active role in the overall business governance of the organisation.

Corporate ethics provides moral guidelines in a business organisation and they have to follow these guidelines in decision making and the decision-making influences the business governance in an organisation. Good business ethics is important to formulate business governance and good

corporate governance is a key to empowering the profits and the reputation of an organisation [18]. Corporate accountability is also a major factor that is important for the organisation and accountability can be improved by business ethics and corporate governance. Every organisation has to rely upon healthy relations with all the stakeholders of the organisation and healthy relationships can be maintained by good business governance business governance is widely dependent on good corporate ethics.

Governance rules are important because they outline overall ethical beliefs and provide a roadmap to attain objectives and activities [19]. Business governance depends on business ethics and that has an effective role in the overall business process. Therefore, it can be stated that business governance is influenced by business ethics and that influences the working process of the organisation and ultimately helps the overall business process of an organisation.

Changing the face of corporate ethics in the contemporary scenario

Corporate ethics is an emerging factor that influences the overall business process worldwide and it has major impacts on the current globalised business scenario. Corporate ethics is a system that has the ability to control the activities of an organisation directly and indirectly [10]. The main purpose of corporate ethics is to make an environment that improves trust, accountability, integrity and financial stability in a business organisation. Corporate ethics are the set of morals that helps the organisation to maintain relationships among all the stakeholders and influence the overall growth of an organisation. Corporate ethics changes a lot in the current globalised scenario. Critical thinking is an important aspect in a globalised market that gives a competitive advantage to the organisation in the current globalised scenario. Companies are presently thinking critically to improve their ethical corporate behaviours.

Gender discrimination in the workplace is a crucial factor that affects the business process. In the present scenario, different multinational and regional companies hire an equal number of female employees to reduce gender discrimination and that is a common ethical perspective that helps the business organisation in the competitive market. Wage discrimination was a major factor that affected the business process negatively over the past decade. Organisations nowadays give equal wages for equal work to their employees to reduce wage discrimination from the organisation. It is also an ethical factor that has the ability to improve business governance in a competitive globalised market [11]. Improvement in leadership protocol is also a major factor that has the ability to improve business governance in the present market condition.

Technology is the main factor that influences the overall business process worldwide and it changes the way of business ethics globally. Due to digitisation all over the world, data privacy has become a major concern for people all over the world but a technological advancement in

security software makes it easy for the organisation to keep consumer data safe and it improves the overall business ethics. Technology also makes monitoring all aspects of corporate ethics and enables companies to track all the ethical practices of employees [12]. It makes ethical practices easier and more convenient. Nowadays, the main focus of every organisation is to improve their sustainable development programme. In order to do that organisations are working on reducing carbon emissions and taking part in the betterment of the environment. This is also an important aspect of corporate ethics that helps them to maintain corporate social responsibility. Creating a positive work culture is also an important strategy in the present time that affects the overall business of an organisation. Companies nowadays create a positive work culture for their employees and that influences business governance more significantly.

Corporate ethics and its impact on corporate governance

Corporate ethics is a significant way of improving business in the globalised market and it affects the business governance widely. Corporate ethics and business governance both are interlinked and one influences the other significantly. Corporate ethics refers to the values, ideas and philosophies that influence the business process [13]. On the other hand, business governance refers to the functioning of a healthy business process. Corporate ethics has the ability to improve the leadership process of an organisation. When the prevailing management philosophy is based on ethical practices, leaders within the organisation can direct their teammates by instructing different ethical factors. It improves the leadership process in the organisation and that is also a part of corporate governance. On the other hand, different research shows that there are different types of challenges that were faced by the company in 2018. Limited hours of training, insufficient resources and difficulties to cover all the topics in an organisation were the top three challenges that affected the business ethics [14].
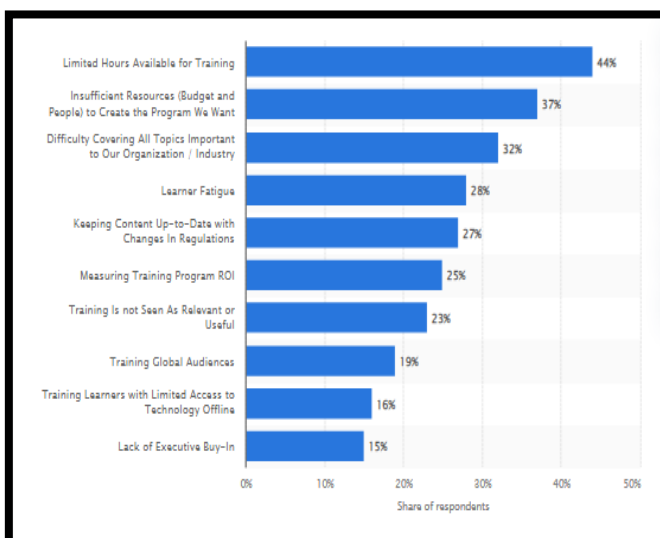

Figure 2. Top 3 challenges of ethics in an organisation [14]

Improvement and positive changes in ethics help to improve employees' ethics and that leads the organisation the way to success. It helps the organisation to perform business in an ethical way. It also increases productivity and overall employee morale. It is an important aspect of corporate governance that influences the overall organisational performance. Corporate ethics also plays a significant role in attaining clients and enhancing the performance of the business [15]. Ethical consideration in business practices helps to meet client's requirements in an ethical way and that is the most influential factor among all and it is also an important aspect of business governance. Corporate ethics attract investors and also help to meet the requirements of all the stakeholders which is an important aspect of a business. Corporate ethics or business ethics primarily improves the corporate social responsibilities and improves consumer engagements and affects overall business governance.

All companies voluntarily work with other ethical companies that have a clean background. Well, corporate ethics helps organisations make joint ventures with other companies and this gives a positive push to the organisation. Ethical consideration of business practices reduces the risk factors of all the stakeholders and it helps the organisation to make it profitable [16]. Consequently, it improves the capital of the organisation and that leads them to implement positive changes in the organisational governance. Therefore, it can be stated that corporate ethics has an influence on the corporate governance and it improves the overall business performance.

DISCUSSION

Corporate ethics are a crucial factor that refers to the different values, theories, and philosophies that affect the overall working process of an organisation. Every organisation has to perform ethical practices in a positive way to avoid unethical practices in the business organisation. There are reasons behind implementing corporate ethics in a business organisation and it has major importance in an organisation. Corporate ethics has the ability to maintain corporate social responsibilities and that helps to provide a competitive advantage in the contemporary period [20]. Corporate ethics helps to meet all the needs of existing stakeholders without affecting the environment and society. Ethical practices also help to maintain their responsibilities towards the society and environment. Ethical practices help to improve overall transparency and trustworthiness among consumers. Consequently, it improves profit-making and improves the overall business process.

Corporate ethics makes business negotiation more effective and it helps to meet all requirements of clients and which is helpful for the organisation to improve its revenue. Loyalty, honesty, and fairness in business practices are the most effective principles that are useful for the organisation to improve relationships with its investors and ultimately help to grow the business for the organisation.Responsibility, transparency and compassion are the most important principles that are important to increase customer retention

rate and enhance the overall business of the organisation [21]. Often corporate ethics helps to attract talent and increase productivity in the organisation and that influences the business governance in an organisation.

Corporate ethics and business governance both are interlinked and corporate ethics are the influential factor for business governance that helps to mobilise the overall business process in an organisation. Every organisation and their progress are depending on the different stakeholders that include employees, customers, community, shareholders, and vendors. For the organisation's survival, they have to rely on ethical practices that can change the way of governance of the businesses. Business decision-making depends on the different ethical components and that has an active role in the overall business working process of the organisation [22]. Corporate ethics provides moral guidelines in a business that helps to reach the organisational goal more effectively and efficiently. Governance rules are important because they outline ethical beliefs and provide a roadmap to attain organisational objectives and activities.

Corporate ethics are the deciding factor to influence business governance around the world and it has the ability to improve the overall working process of the organisation from the beginning. It has changed its face in the current scenario and effects and also changed the way of business in the contemporary period. Critical thinking is the most influential factor in corporate ethics that helps to improve the way of business governance in the present time [23]. Reducing gender-based discrimination is also an important factor of corporate ethics that also helps to improve the overall business process in an organisation. Different companies nowadays hire an adequate number of female employees in their organisation and that is important for them to improve their ethical practices. Reducing wage discrimination is also a deciding factor in an organisation that is also an essential part of corporate ethics nowadays. In the present scenario, many organisations reduced wage-based discrimination by providing their employees with an equal salary package.

Corporate ethics has an enormous impact on corporate governance as it improves the business in the globalised market. Improvement and positive changes in the ethics of employee's affects the overall business governance and help the organisation to reach its organisational goal more effectively. Corporate ethics or business ethics primarily improves corporate social responsibilities and that helps to improve consumer engagement and affect the overall business governance. Often well-structured corporate ethics helps the organisation to make joint ventures with other companies and this is a positive push to the organisation [24]. Ethical practices in a business reduce the risk factors of all the stakeholders and it helps the organisation to make it profitable. Therefore, it can be stated that corporate ethics and business governance both are important for the organisation as they can help the organisation to meet its mission and vision in the competitive globalised market.

CONCLUSION

Corporate ethics is an important aspect of modern-day business and it has the ability to improve the overall performance of an organisation by mobilising business governance. Corporate ethics has major importance in an organisation as it has the ability to modify the business governance in a positive way that helps to improve the overall business process for an organisation. Leadership, accountability, integrity, honesty, respect for laws, responsibility, fairness, compassion and loyalty are the deciding factors of corporate ethics. These factors help the organisation to maintain corporate social responsibility and also help to improve customer engagement towards the organisation. The changing face of corporate responsibility also helps the organisation to run the organisation in a functional way.

In the globalised market, the changing face of corporate ethics helps the organisation to modify corporate governance according to the market requirements and that helps to give a competitive advantage in the contemporary scenario. Corporate ethics and business governance both are effective for an organisation to maximise its performance. Corporate ethics impacts the business's governance and influences the overall functioning of the organisation and help the organisation to react to its organisational mission and vision more effectively. Corporate ethics help the organisation perform well in the competitive globalised market and that is important for an organisation to maximise its profit and improve the revenue of the organisation consequently.

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