

Bridging the Ethical Gap: Insights from Global Best Practices for Indian Corporate Management

Dr. Rajesh H. Bhoite

Associate Professor & HOD in Economics, AI's Akbar Peerboy College of Commerce and Economics
Grant Road, Mumbai-08

Abstract

This research examines the disparity between ethical concepts and management practices within Indian corporations, with a focus on global leaders. It analyses the integration of ethical accountability into management, innovation, and workforce well-being by companies such as Patagonia, Microsoft, Unilever, and the Tata Group. Employing a qualitative, opinion-based methodology and case study data, the study identifies shortcomings in ethical performance among Indian corporations. It addresses these gaps by drawing lessons from international best practices in transparency and sustainability. The findings indicate that, although some Indian companies prioritise ethics, this commitment is not consistent across the sector. The research concludes with recommendations for incorporating global ethical principles into Indian corporate strategy to foster trust, strengthen governance, and promote sustainable growth.

Keywords: Ethics, Global Leaders, Governance, Growth

I. INTRODUCTION

• Background of the Study

Ethical management involves leading an organisation in accordance with moral principles, fairness, and integrity, ensuring respect for all stakeholders, including employees, customers, investors, and society. This approach extends beyond profit generation to emphasise long-term value creation and stakeholder welfare. Ethical management is most effective when leaders act responsibly and remain accountable for their decisions. Policies and directives must comply with legal requirements and uphold moral standards. Key elements include fairness in decision-making, operational transparency, and empathy toward employees and communities. Aligning profitability with accountability fosters trust, credibility, and social legitimacy. Ethical management supports organisational reputation, employee loyalty, resilience, and public confidence. It cultivates a culture where responsibility, respect, and justice guide leadership. Ethical practices are the practical application of these principles, encompassing honesty in corporate governance, fairness in employee relations, transparency in customer interactions, environmental stewardship, and meaningful community engagement. These practices go beyond legal compliance and reflect a genuine commitment to moral conduct as essential for sustainable success. Consistent adherence to ethical practices creates a culture of integrity and trust that extends beyond the workplace, benefiting the broader social and business ecosystem. This alignment of actions and values strengthens both internal cohesion and external reputation.

Ethical management establishes the framework, while ethical practices represent its implementation. Together, they convert intentions into measurable actions. Companies such as Patagonia, Unilever, Microsoft, and the Tata Group exemplify how integrating both elements fosters innovation, trust, and sustainable growth.

- **Problem Statement**

Although many Indian companies have formal codes of conduct and corporate social responsibility (CSR) mandates, inconsistent application persists due to weak enforcement mechanisms and a predominant focus on profit. The lack of robust ethical management and culture results in reputational damage, employee dissatisfaction, and governance failures

- **Objectives of the Study**

1. To discuss the ethical management gaps and challenges prevalent in Indian corporate organisations.
2. To examine global best practices in ethical management and derive lessons applicable to Indian corporate governance and leadership.

- **Significance of the Study:**

It contributes to both academic understanding and practical policymaking. It offers insights for developing corporate culture in India by drawing lessons from global leaders. The findings aim to benefit business leaders, human resource professionals, policymakers, and management students seeking to integrate ethics with organisational performance and profitability.

II. LITERATURE REVIEWS:

Many researchers highlight the growing importance of ethical leadership. It shapes corporate image, credibility, and long-term sustainability (Ferrell & Fraedrich, 2020; Crane & Matten, 2019). Core theories such as stakeholder theory by Freeman (1984) and the CSR pyramid by Carroll (1991) show that companies must meet economic, legal, ethical, and philanthropic duties to maintain legitimacy. Donaldson and Dunfee (1994) added to the debate with Integrative Social Contracts Theory. They stressed that managers must balance ethical standards with cultural norms in business decisions.

Researchers like Weaver, Treviño, and Cochran (1999) and Kaptein (2008) found that ethics programs succeed when leadership is committed, culture supports ethics, and communication is clear. Brown and Treviño (2006) and Mayer et al. (2012) showed that ethical leadership—marked by fairness, moral actions, and employee empowerment—affects ethical behaviour in organisations. Valentine and Fleischman (2008) provided evidence that strong ethical climates are associated with higher job satisfaction and loyalty. This shows the link between moral management and strong employee performance.

Comparative research, such as that by Treviño and Nelson (2017), indicates that Western companies often embed ethics into corporate governance structures, focusing on value-oriented leadership rather than compliance-focused strategies. Case studies involving Unilever, Patagonia, and Microsoft illustrate that open stakeholder involvement, sustainability-focused approaches, and social accountability greatly improve ethical credibility and international competitiveness (Hartman et al., 2021; Crane & Matten, 2019).

In the context of India, researchers have examined ethics from both cultural and regulatory viewpoints. Balasubramanian (2005) linked India's business ethics to traditional values grounded in dharma and moral obligation, whereas Fernando (2019) contended that Indian firms often have clearly defined ethical codes but face challenges in enforcing them due to hierarchical decision-making and inadequate accountability frameworks. Dharmapala and Khanna (2018) analysed India's compulsory.

III. METHODOLOGY

- **Research Design**

This qualitative, opinion-based study employs a comparative design and subjective analysis. It utilizes secondary case studies from global companies and reviews academic journals, reports, and corporate ethical policies.

- **Data Analysis**

This secondary study applies thematic analysis to identify patterns in case data and compare ethical gaps between Indian companies and their global counterparts. Responsible practices have become central to global corporate strategy, with leading organisations demonstrating that ethics can be integrated into core operations. For example, **Patagonia (USA)**, a leader in outdoor retail, places environmental sustainability and activism at the forefront of its mission. Guided by the statement “*We’re in business to save our home planet,*” Patagonia donates 1% of sales to environmental causes, offers paid volunteer leave, and publishes open impact reports, thereby aligning purpose with ethical practice. **Microsoft (USA)** also exemplifies ethical leadership by promoting responsible technology and ethical policies, investing in diversity, accessibility, and data security. The establishment of the Office of Responsible AI and the protection of whistleblowers further demonstrate Microsoft’s commitment to fairness, transparency, and integrity in technology.

Unilever (UK/Netherlands) sets a global standard for ethical consumer goods by integrating sustainability, fair trade, and human rights into its Sustainable Living Plan. Its global living-wage policy and sustainability scorecard demonstrate that profits and social welfare can coexist.

Salesforce (USA) adopts the “1-1-1 philanthropy model,” donating 1% of its profits, products, and employee time to community causes. It demonstrates ethical leadership through regular pay-equity reviews and ethical use frameworks for emerging technologies. **Google (USA)** prioritizes data ethics and employee empowerment by implementing AI ethics principles, mandatory compliance training, and supporting employee activism on labour and social justice issues, emphasizing transparency and accountability in innovation.

In healthcare and pharmaceuticals, **Johnson & Johnson (USA)** exemplifies ethical practices in patient safety and crisis management. Its proactive decision to voluntarily recall millions of product units during contamination concerns reflects its long-standing ethical credo prioritising patients and public trust. In the cooperative retail and finance space, **The Co-operative Group (UK)** operates on democratic ownership, profit-sharing with members, and strong commitments to fair trade and community investment, reinforced through annual ethical performance reporting.

Singapore Airlines (Singapore) demonstrates service-driven ethics by prioritising employee development, fair appraisal systems, and transparent grievance mechanisms, thereby enhancing workforce well-being and customer trust. **IKEA (Sweden)** advances labour rights, affordability, and environmental sustainability through its IWAY supplier code of conduct, commitment to renewable energy, circular-economy practices, and annual sustainability reporting. Tata, grounded in principles of integrity, national development, and employee welfare, upholds strict anti-corruption standards and community development priorities, exemplifying responsible leadership in emerging markets.

Collectively, these companies illustrate diverse approaches to ethical leadership, demonstrating that values such as sustainability, transparency, fairness, and social responsibility are essential for long-term competitiveness and stakeholder confidence.

V. SUGGESTIONS

1. Integrate Purpose with Profit

Align business strategy with ethical and social missions by moving beyond CSR formalities and embedding values into daily operations and decision-making.

2. Strengthen Internal Reporting Systems

Build strong internal reporting and whistle-blower mechanisms to promote integrity, accountability, and a transparent organisational culture.

3. Ensure Fair Labour & Wage Practices

Implement living-wage policies and fair labour standards across supply chains, ensuring safe working conditions, workplace diversity, and inclusive hiring practices.

4. Prioritise Environmental Sustainability

Set measurable environmental goals, publish sustainability reports periodically, and invest in renewable energy, recycling, and eco-friendly production methods.

5. Empower Employees

Encourage employee participation in ethical discussions and community initiatives, provide paid volunteering opportunities, and offer mandatory ethics training.

6. Invest in Training & Ethical Culture

Provide continuous professional development, fair appraisal systems, and efficient grievance-redressal mechanisms while cultivating ethical leadership at all organisational levels.

7. Lead by Example

Demonstrate ethical conduct in actions and decisions by adopting welfare-oriented practices that priorities stakeholder trust and societal well-being.

VI CONCLUSION

Ethical management is fundamental to building sustainable and globally competitive organisations. Although many companies participate in CSR activities, leading corporations illustrate that consistent ethical values enhance integrity, transparency, employee welfare, environmental responsibility, and governance, thereby improving credibility and long-term performance. In India, ethical considerations are frequently addressed through CSR mandates and formal codes; however, significant gaps persist, often because these measures are procedural rather than genuinely integrated into culture. Bridging this gap requires Indian organisations to embed ethical decision-making, operational systems, leadership behaviour, and a robust ethical culture. Comprehensive policies addressing labour, employees, the environment, and all stakeholders are essential. Organisations that maintain ethical practices achieve long-term success, retain customer trust, and secure a strategic advantage that fosters resilience, innovation, and sustainable growth.

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