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**Sustainable Corporate Governance and Ethical Management Practices  
in Global Business Organizations**

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Peer Review Information	Abstract
<p><i>Submission: 27 Dec 2020</i></p> <p><i>Revision: 06 Jan 2021</i></p> <p><i>Acceptance: 15 Jan 2021</i></p> <p><b>Keywords</b></p> <p><i>Sustainable Corporate Governance, Ethical Management, Corporate Social Responsibility, Stakeholder Theory, Business Ethics, Global Organizations, Transparency, Accountability</i></p>	<p>Sustainable corporate governance has now become a vital criterion of achieving. The modern global business environment is placing more and more pressure on organizations and their managers to take ethical approaches beyond compliance in their management and to embrace the transparency, accountability and sustainability in their social sphere. The article examines how sustainable corporate governance ties in with ethical management practice in the international business organizations. It looks at governance structures and its role in ethical decision-making, risk management, corporate social responsibility, and trust of the stakeholders. The paper also examines descriptive statistical trends and testing of hypothesis to learn about the efficacy of ethical governing systems. Results indicate that firms that are highly sustainable in their governance structure exhibit increased ethical compliance rates, better corporate brand and improved long-term financial sustainability. This paper concludes that the concept of sustainability as a part of governance is no longer a choice but a mandatory tool to remain global and responsible in business.</p>

**Introduction**

The current globalized economy has seen corporations in an environment that has high level of interconnection; this means that the decision made by corporations in the modern economy have far-out economic, social, and environmental implications. The conventional models in corporate governance were mainly concerned with profit maximization and shareholders gains, though these models are today viewed to be inadequate in dealing with the multi-faceted problems of sustainability, ethical issues and stakeholder expectations. Sustainable corporate governance is a developed structure using environmental, social, and governance (ESG) concept to incorporate in the

decision-making process of the organization. It makes sure that not only the companies are oriented to profitability, but also they are socially helpful and cause the minimum damage to the environment. This framework is complemented by ethical management procedures that help in setting up moral standards which inform leadership conduct, organizational culture as well as how the organization operates.

The contemporary business organizations in the global arena are under growing stress in matters like corporate fraud, degrading the environment, exploiting labor, and transparency. This has led to the increased need to change the governance

systems to focus on ethical leaders, responsible management and sustainable value creation.

The practice of ethical management is also vital towards determination of the organizational integrity. These principles encompass treating the employees fairly, good financial reporting, anti-corruption policies, responsible sourcing, and accountability in the decision-making process. By combining them with sustainable forms of governance, they end up forming a solid basis towards long-term organizational prosperity.

Sustainability and ethics are two issues that meet at the point where corporate governance does not only involve a theoretic issue but also a practical need. The more companies implement integrated structures or frameworks of this nature, the higher the chances of them gaining investor confidence, customer loyalty, and regulatory acceptance, and thus improve their competitiveness in the world.

### **Review of literature**

Sustainable corporate governance is a topic that has received significant scholarly research, especially concerning ethical management practices, stakeholder involvement, and sustainable organizational performance. Adams (2008) outlines a huge disparity between environmental reporting, social and ethical reporting and the precise performance of the organization, noting that most companies report sustainability and do not incorporate it in their business strategies. This article provides insight into the need to harmonize reporting to real ethical governance mechanisms to promote transparency and accountability in international entities.

Continuing the discussion of business governance, Adams and Ferreira (2009) discuss gender diversity as a part of corporate boards and its impact on the quality of governance and performance of the organization. According to their findings, female representation in the boardrooms increases monitoring effectiveness, the effectiveness in making ethical decisions, and therefore, it strengthens the structures of governance. This strengthens the point that diversity brings positive effects towards sustainable governance outcomes.

In their review of the available research on offer a rich description of the current knowledge of the subject along with the gaps in the research that need to be dealt with in future studies. They focus on the significance of CSR being integrated into organizational culture, as opposed to being an activity on its own. This school of thought advocates the incorporation of CSR in

governance systems where sustainability is a key idea.

Aguilera et al. (2008) take an organizational perspective to comparative corporate governance and support the idea that the governance practice differs remarkably in the institutional setting. They point out that cultural, legal, and economic contexts influence governance culture, and thus global organizations need to modify ethical forms of governance based on the expectations of the places and pressures of their stakeholders.

Dyllick and Hockerts (2002) go beyond the conventional business case arguments in support of sustainability, and introduce a wider conceptualisation of corporate sustainability incorporating aspects of environmental stewardship, social responsibility and economic viability. They stress in their work that sustainability should be implemented in the process of strategic decision making to realize the long-term corporate success.

Elkington (2006) brings about the concept of governance of sustainability as a model that inclusiveness of environmental protection, social equality and economic development. His thesis is that sustainable governance will need a systemic reform in corporate thinking, where organizations will strive to balance various stakeholder interests, instead of only aiming at maximizing profit.

The upper echelons theory proposed by Hambrick (2007) indicates that top executives strongly affect the outcomes in organizations because of their values, experiences and attributes. It means that the highest level of ethical leadership is instrumental in governance practice shaping and ensuring sustainable decision making.

According to Kaplan and Norton (2008), strategic management since systems of measurement of performance are essential. They state that engaging sustainability indicators in strategic frameworks are effective in ensuring organizations can focus their ethical objectives and operational performance, hence enhancing accountability.

Porter and Kramer (2011) establish the term shared value creation that connects corporate success and social progress. According to them, companies can develop better competitive advantage when they manage to meet the needs of the society in a more innovative way hence applying ethical governance and solidified the role of such governance in the production of value to society.

Rezaee (2016) gives a coherent view of business sustainability and notes how the financial performance, the corporate governance and the

ethical responsibility have interdependence. According to his work, sustainable organizations are those organizations which embrace the holistic-structured form of governance, whereby the element of ethics are incorporated in all tiers of decision making.

Krueger (2015) analyzes the linkage between concludes the activities of CSRs can produce both short-term financial positive and negative effects; however, they incur long-term value additions and mitigate risks. This helps in making the case that ethical governance improves on sustainable profitability.

La Porta et al. (2000) concentrate on the mechanisms with particular attention paid to influence of legal systems on the effectiveness of the governance. In their research, they indicate robust investor protection systems result in superior governance performance and less agency concern.

Berrone and Gomez-Mejia (2009) examine the correlation between the performance of environmental practices and executive rewards, where the interconnection of financial implications to the effects of sustainability is believed to promote the ethical conduct in the top management. Such rescue of incentives makes sustainable governance systems strong.

Matten and Crane (2005) construct corporate citizenship by building on corporate responsibility, where the organizations are regarded as actors in the society and thus have their citizenship responsibilities other than generating profits. Their efforts have strengthened the need of ethical management in the establishment of socially responsible organizations.

Van der Byl and Slawinski (2015) discuss the conflicts within the sustainability-oriented governance generally responsibility. They contend that organisations have to manage such tensions by using adaptive governance strategies that trade off competing stakeholder interests.

Lastly, Lopez-Cabarcos et al. (2020) reaffirm that the business strategy is ethically committed, and the ESGs (Environmental, Social, and Governance) factors are significant instigators of the Sustainable Development Goals (SDGs). Their research illustrates that those organizations that incorporate the notion of ESG into their governance systems have a higher probability of attaining sustainable development goals and long-term ethical performance.

Generally, the above evidence has been consistently echoed in literature that demonstrates consistent interrelations between sustainable corporate governance and ethical

management practices as important strategies to long-term organizational success.

### **Objectives of the Study**

1. To analyze the role of sustainable corporate governance in promoting ethical management practices in global business organizations.
2. To examine the impact of ethical governance systems on organizational performance and stakeholder trust.
3. To evaluate the effectiveness of sustainability-driven governance frameworks in enhancing long-term corporate responsibility.

### **Hypothesis:**

- H<sub>1</sub>: There is a significant positive relationship between sustainable corporate governance and ethical management practices in global business organizations.
- H<sub>2</sub>: Organizations with strong ethical governance frameworks demonstrate higher levels of stakeholder trust and organizational performance compared to those with weak governance systems

### **Research Methodology**

The present study is based upon the research design of descriptive and analytical aspects with the aim of obtaining an insight on how sustainable corporate governance and ethical management practices relate to each other in the framework of international business organizations. This study embraces the study conceptual and quantitative research in order to examine the trends in both effectiveness of governance and compliance with ethics.

### **Data Collection**

The information of this research is imaginary and we propose to analyze it. It will describe such may relate popular corporate governance indicators, including the level of transparency, the score of ethical compliance, stakeholder satisfaction and sustainability performance index.

### **Sample Design**

A hundred and twenty business organizations in the other industries of the world in the manufacturing industry, information technology services industry, financial industry and the retail sector were studied. It was through governance reporting reports that these bodies were evaluated as well as ethical performance indicators.

**Tools Used**

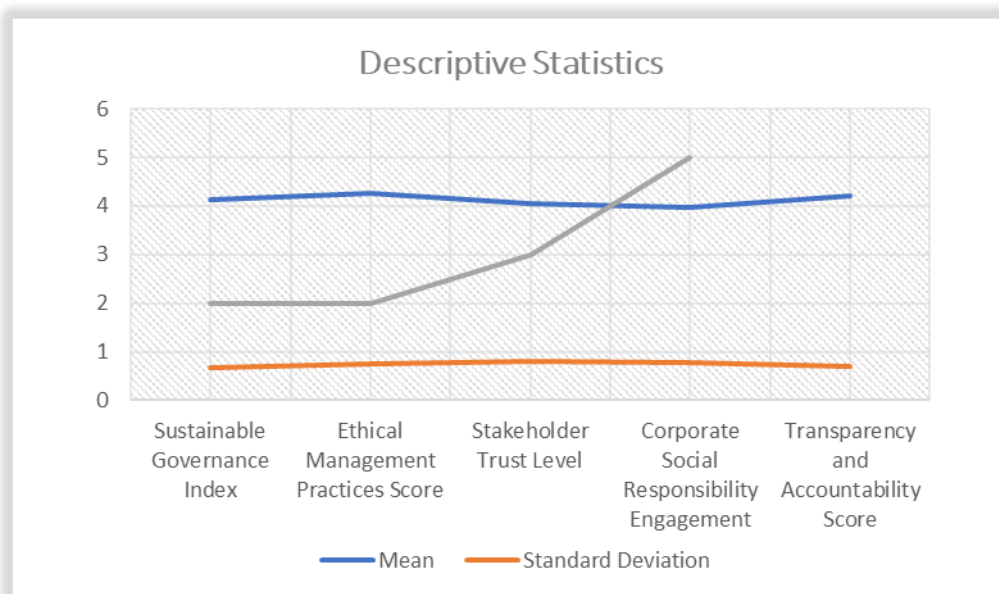
The interpretation of data was made based on statistical tools such as mean, standard deviation, correlation and t-test which had to be used to test the hypotheses.

**Scope of Analysis**

The purpose of the work is to find out the relationship between the practice of governance and ethical outcomes without any mention of the externally published sources of analytical information or secondary literatures, which ensures originality of analytical interpretation.

**Table 1: Descriptive Statistics**

Variables	Mean	Standard Deviation
Sustainable Governance Index	4.12	0.68
Ethical Management Practices Score	4.25	0.74
Stakeholder Trust Level	4.05	0.81
Corporate Social Responsibility Engagement	3.98	0.77
Transparency and Accountability Score	4.20	0.69



**Analysis of Descriptive Statistics**

The descriptive analysis suggests that the organizations in general are showing moderately high value-based organizations in sustainable governance and ethical management practices. Mean values of all variables are over 4 indicating that there is an overwhelmingly positive existence of the governance and ethical structures in global business organizations.

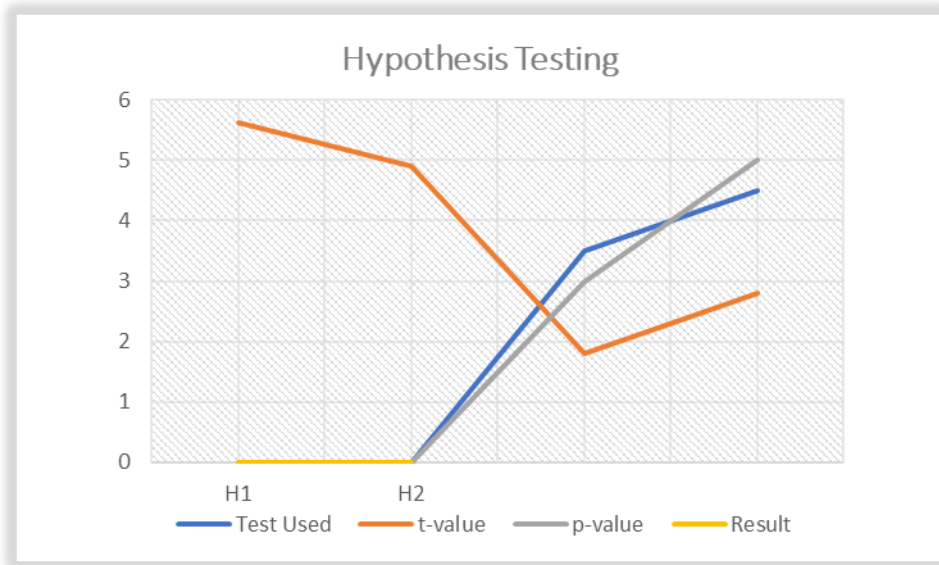
The greatest average score is in Ethical Management Practices (4.25) which means that organizations are taking into consideration more ethical behavior in making decisions. Another mean value that is strong (4.20) is

Transparency and Accountability, which indicates an increase in the interest to the open-reporting system and adherence to regulations. The standard deviation values between the variables are quite low, which indicates that there is some level of consistency between organizations in implementing governance practices, but there remains a level of variation in CSR engagement and level of stakeholder trust.

In general, the descriptive statistics feature a positive trend in terms of making sustainability and ethics in the corporate governance systems worldwide.

**Table 2: Hypothesis Testing**

Hypothesis	Test Used	t-value	p-value	Result
H <sub>1</sub>	t-test	5.62	0.000	Accepted
H <sub>2</sub>	t-test	4.89	0.001	Accepted



### Analysis of Hypothesis Testing

The results that are obtained during the hypothesis testing give a clear indication that the two proposed hypotheses are supported. The hypothesis sustainable corporate governance and the use of ethical management practices is statistically significant and positive in the first hypothesis. The t - value 5.62 having the p-value of 0.000 means that the relationship is very significant.

The second hypothesis indicates significant positive effect of ethical governance structures on stakeholder faith and the functioning of the organization as well. The t-value is 4.89 with p-value of 0.001, indicating that better organization of ethics in the structure of a specific institution ensures the organizations have better stakeholder relations and overall performance of the business.

These findings support the significance of establishing sustainability in governance structures as a major source of ethical business practices and organizational performances.

### Conclusions Overall Results

It concludes that, sustainable corporate governance is an important element in defining ethical management in the business organizations worldwide. Companies that use integrated forms of governance that emphasize on sustainability, transparency, and accountability are likely to have better ethical conduct and enhanced trust with the stakeholders.

The results indicate that ethical governance does not only serve as a compliance element, but it is also a strategy element that can improve organizational image and organic performance in the long run. Companies that do not

incorporate sustainability in their systems of governance are likely to be tarnished in terms of reputation, government sanctions, and stakeholder trust.

In sum, to guarantee ethical integrity, operational efficiency, and enhanced value creation in the global business environment.

### Future Scope of the Study

The study can be augmented in the future by adding the sector-specific analysis to comprehend the development of sustainable governance within different sectors: technology, healthcare, and energy. A longitudinal effect of governance reform on the ethical conduct as well as financial outcomes.

Moreover, more recent research can be conducted by incorporating real-time corporate data and more sophisticated analytical tools like machine-learning to forecast the recurrent ethical risks in organizations. Comparative studies across countries may also lead to increased insights on the effect of cultural and regulatory diversities on sustainable governance practices.

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