A corporate model of sustainable business practices: An ethical perspective

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1. Introduction

A corporate model of sustainable business practices needs to contribute to the stakeholder value in a broader sense (Waddock, Bodwell, & Graves, 2002). Stakeholder value is a broad concept and implies that a company has responsibilities and commitments to many different internal and external stakeholders in the marketplace and society, not only to its investors and the owners of the company, but also to its employees, customers, suppliers, societies and the environment (Mathur & Kenyon, 1997). In fact, the planet Earth may be interpreted as representing a group of stakeholders consisting of the human, animal and vegetable kingdoms (Svensson, 2008).

The IPCC WGI Fourth Assessment Report (2007) is an intergovernmental UN-report and it describes: (i) human and natural drivers of climate change, (ii) observed climate change, (iii) climate processes and attribution, and (iv) estimates of projected future climate change (p. 2). This report supports implicitly the need for truly sustainable business practices in the marketplace and society—a field of research that so far has only to a minor extent penetrated previous business research. In fact, there is still no explicit link between research findings in natural sciences and current business research. Nevertheless, the scientific evidence regarding a progressive climate change is becoming an essential aspect that may influence the ongoing discourse across subject areas in business research. The evidence presented in the mentioned UN-report provides useful knowledge and valuable foresight to different stakeholders that may stimulate the global sustainability and the local adaptability of business practices (Svensson, 2008). The dilemma is that current and future sustainable business practices will have to take place in an era where economic conditions are affected and confronted with a supposed and fearsome climate change (Stern, 2007).

Interestingly, the concern for sustainable business practices in the marketplace and society is far from a recent topic (e.g., Carson, 1962). It has been concluded that sustainable business practices and their development should meet the needs and requirements of the present without compromising the ability of future generations to meet their own needs (Brundtland, 1987). Business research is, to our knowledge, far from addressing the core needs and requirements as well as the multiple aspects of sustainable business practices.

Hart (1997) pinpoints the complexity of achieving a sustainable global economy. The dilemma is that current economic models assume continuous growth in the marketplace and society. Wood and Callaghan (2003) believe that this quest to continually increase corporate wealth is at the centre of our commercial traditions. Senior executives usually have their remuneration packages tied to increased corporate wealth and as such, they are personally affected by their company's tangible performance in the marketplace. In the U.S.A. recently, we have seen executives artificially inflate their corporate bottom lines (e.g., Enron) in an attempt to placate stock market pundits and scrutineers: individuals whose every word is voraciously consumed by investors. The true financial position of these companies has been masked by deception. Any performance less than that which was expected, places the company's future in a tenuous and perhaps even a precarious position. If one's company is given an assessment of potential poor performance by these 'gurus', at best it can mean...
stock price instability and at worst a run to sell off the stock. The structure of 'the system' leads to the very sharp practices that the same system has enacted laws to minimise. The means of keeping score for corporate success, in and of itself, sets a culture and an environment that tempts one to flirt with danger. Invariably, the way 'the wealth game' is played leads executives and others to tinker about the edges of acceptability in the misguided hope and belief that the ends may justify the means. Such a situation is counter productive to sustainable business practices as immediacy, not necessarily longevity (sustainability), is the driver of individual and corporate decisions and actions.

The planet Earth needs to be capable of supporting ongoing and future business practices if they are to be considered genuinely sustainable from both an ecological and an economic perspective. There is no simple solution to this situation, but different perspectives may contribute to create conditions and models of sustainable business practices.

In the last twenty years, the terms such as corporate governance, corporate social responsibility, triple bottom line, and sustainability have all become part of the every day vocabulary of organizations. These concepts need to be embedded in the philosophical treatise that is business ethics. Not to clearly define these concepts leads to the vagaries of individual interpretation and they drift along in a sea of platitudes and vaguely defined hopes. Our great concern has been that corporate governance, for example, has become just another checklist to be completed and filed and forgotten until the next time the specific legislative requirement needs to be met. The philosophy of expediency is driving the agenda and practitioners tend to move over time away from the true philosophy that underpins the concept. We contend that one cannot have truly sustainable business practices without being focussed upon being ethical. We believe that the sustainability of business practices must be closely linked to the ethical aspects of these same business practices. We see them as intertwined and inseparable. If one adopts an ethical stance then one should naturally be doing business in a sustainable way. In line with this sentiment, the objective of this paper is to describe a corporate model of sustainable business practices from an ethical perspective. The model is outlined and described in the next section.

2. A corporate model of sustainable business practices: an ethical perspective

A corporate model of ‘sustainable business practices’ from an ethical perspective may be divided into five separate but at the same time interconnected elements as follows (see also Fig. 1):

(I) foundation,
(II) communication,
(III) guidance,
(IV) outcome, and
(V) reconnection.

The model relates in part to the work by Wood, Svensson, Singh, Carasco, and Callaghan (2004), Singh, Carasco, Svensson, Wood, and Callaghan (2005) and Svensson and Wood (2008a). The elements of the model and their concomitant artefacts or areas require constant monitoring of the corporate actions and behaviours in the marketplace and society in order to determine whether these business practices are sustainable or not from an ethical perspective. On an overall level, the corporate model of ‘sustainable business practices’ should be seen as a continuous and iterative process.

The model is continuous because it contains a series of consecutive elements that are mutually interdependent—that is, one depends upon the other, and vice versa. We propose in our corporate model that the process may be initiated with an element of ‘foundation,’ which lays the ground to develop, manage and monitor sustainable business practices in the marketplace and society. In addition, it provides support for the element of ‘communication’ that demands that companies inform internal
and external stakeholders of the soundness of both current and future sustainable business practices. The next phase emphasizes the element of ‘guidance’ of the performance of sustainable business practices in the marketplace and society that in turn leads to the element of ‘outcome.’ The latter gives the opportunity to evaluate the sustainable business practices from an ethical perspective. The crucial fifth element of ‘reconnection’ serves the purpose of control and adjustment of business practices, whether they are sustainable or not from an ethical perspective. This element enables the monitoring and control of each previous element of the model.

The corporate model of sustainable business practices is iterative. It illustrates the ongoing and forthcoming reconnection between elements. Each element is in turn linked and evaluated in relation to the sustainability of business practices. The elements and related artefacts of the model are described and substantiated in the following paragraphs of this section. It should be noted that we do not argue that this model is complete, but it should be seen as a platform for further development and refinement in the field of sustainable business practices from an ethical perspective.

2.1. Sustainable business practices

It is difficult to determine what may be classified as sustainable and non-sustainable business practices. An essential aspect is that there are expectations and perceptions that vary across marketplaces and societies, and that influence the prevailing view of what may, or may not, be seen as sustainable business practices. There are several stakeholders that contribute to this conundrum. For example, government legislation may frame and define the criteria of sustainable business practices. In fact, all developed western style democracies have laws that govern the expected and perceived actions and behaviours in business practices as they tend not to be self-regulatory (Carson, 2003; Davies, 2001; Piety, 2004; Rondinelli, 2003). Governments have enacted legislation to provide the arena for business practices that are acceptable within the society (Hoffman et al., 2003). In extension, the legislation indicates those business practices that may be categorised as sustainable or not. Another stakeholder group that influences the view of sustainable business practices are lobbyists and their groups. Historically, they have been able to impact societies’ and their citizenry’s expectations and perceptions of companies’ business practices (Grit, 2004; Rosthorn, 2000; Whawell, 1998; Zylidopoulos, 2002). Companies are also confronted with societal expectations and perceptions beyond purely economic issues, such as environmental and social change responsibilities (Handelman & Arnold, 1999).

Increased education among stakeholders in societies plays a role in influencing the expectations and perceptions of sustainable business practices (Sørensen, 2002). Furthermore, the media has always occupied an important position in modern and open societies (Collier, 2000; Wheeler, Fabig, & Boele, 2002). Therefore, socially responsible managers (e.g., Jose Sergio Gabrielli de Azevedo, CEO of Petrobras) are the key to manage and monitor the performance of sustainable business practices and to avoid dilemmas in the marketplace and society (Sims & Brinkmann, 2003). Socially responsible managers do the right thing because it is the right thing to do. It is the correct action to take and an action that society expects. Executives should “act ethically not out of fear of being caught when doing wrong. Rather, they should embrace ethical actions and behaviour in sustainable business practices because of the freedom, self-confirmation, and success that it brings” (Thomas, Schermerhorn, & Dienhart, 2004, p. 64). Cragg (2000, p. 213) states that: “commerce without conscience is a formula for human exploitation, not human development.” Professional associations may be important too in influencing the expectations and the perceptions of sustainable business practices in the marketplace and society (Richardson, 2001). In addition, companies should not bring pressure to bear on their employees to violate their professional obligations (Carson, 2003).

Companies usually experience competition and are geared up to meet it. When this competition is having a deleterious effect on the company, it can force individuals into situations that may lead them to compromise their values and ideals in sustainable business practices (Cohan, 2002; Fraedrich, 1992; McKendall, DeMarr, & Jones-Rikkert, 2002; Sethi, 2003). With the awakening of globalization has come a realization in first world economies that there are companies who appear to have diverse sets of actions and behavioural standards depending upon the country in which they find themselves at the time (McMurtry, 2002; Sørensen, 2002).

3. The element of ‘foundation’

The element of ‘foundation’ consists of a subset of artefacts that may guide companies in their efforts to manage and monitor sustainable business practices from an ethical perspective, in areas such as:

(I) a code of ethics,
(II) ethical audits,
(III) ethical performance appraisal, and
(IV) consequences for a breach of the code.

There is a need for an element of ‘foundation’ that surrounds the ways in which companies try to inculcate the sustainable business practices from an ethical perspective. Without it there are no measures in place to make an adequate evaluation of organizational and staff performance. In fact, this element serves as a point of reference that the company and its staff should be able to relate to at the strategic, tactical and operational levels of their sustainable business practices. It is also a point of reference to other stakeholders in the marketplace and society.

3.1. Code of ethics

3.2. Conduct ethical audits

Another essential founding artefact of the corporate model of sustainable business practices from an ethical perspective is the conduct of ethical audits. A number of authors have suggested the need to incorporate ethical audits into a company’s processes (Crotts, Dickson, & Ford, 2005; Laczniak & Murphy, 1991; Murphy, 1988). Garcia-Marza (2005) views the ethics audit as an integral part of the process of developing trust, with the other factors in developing trust being the existence of ethics codes and ethics committees in the organization. “Within this integrated system of ethics management in the company, ethics auditing can respond to the basic objective of ethics management, which is simply to integrate economic benefit with social and environmental benefit” (Garcia-Marza, 2005, p. 211).

It should be noted that ethical audits differ from the ethical performance evaluation of employees. Ethical audits are an examination of the company’s ethical performance, whilst the other is an examination on a personal level of the ethical performance of individuals within the company. Companies use evaluations in various facets of their business practices in order to monitor the adherence by their various staff units to the policies and guidelines of the company. Ethics should be one such area in which evaluations and/or audits are used to determine if employees are following the policies of the company. Ethical audits could be used to develop, manage and monitor sustainable business practices from an ethical perspective, and they may also pinpoint those practices that are not sustainable.

3.3. Ethical performance appraisal

The third founding artefact of the corporate model of sustainable business from an ethical perspective is the value of the ethical performance appraisal. The view that companies should formalize the ethical performance of employees through the employee appraisal system is supported by Fraedrich (1992), Harrington (1991), Laczniak and Murphy (1991) and Trevino and Brown (2004). Harrington (1991), in common with Fraedrich’s (1992) idea, suggests that ethical decision making should become a part of the performance appraisal of individuals. This idea is a commendable one in that it integrates ethics into one’s perceived corporate performance: it is another way of rewarding ethical behavior and discouraging unethical behaviour. The concern in this situation is with the way in which this process would be implemented and its probable vagaries and abuses. Like all performance appraisals that are not necessarily based upon quantifiable data, the subjective opinion of the line manager could be imposed upon the individual subordinate.

Companies are placing a lot of trust and faith in line supervisors. Therefore, this process would need to be scrutinized in great detail before its introduction and would need to be monitored once it has been introduced; however, the general principle is one that should be considered. The concern here is that according to Baumhart (1961) and Brenner and Molander (1977), it is one’s superior who is the one most likely to place the subordinate in an unethical position which may lead them to compromise their values. Ethical performance appraisal may contribute to strengthen corporate efforts to manage and monitor sustainable business practices from an ethical perspective.

3.4. Consequences for a breach

A last, but not least important, founding artefact of the corporate model of sustainable business from an ethical perspective is that there should be consequences for a breach of the corporate code of ethics. A number of writers contend that within a code one should outline enforcement provisions for those individuals who do not uphold the code (Fraedrich, 1992; Lere & Gaumnitz, 2003; Schwartz, 2002; Seidman, 2004; Stoner, 1989; Thomas et al., 2004; Trevino & Brown, 2004). The concern here is that consequences for a breach, should not be just placed in the code as a public relations exercise, but they should be implemented in all good faith as a measure of commitment to developing the ethos of the code and the betterment of the company. The company, by having procedures for a breach of the code, signals to employees the significance of the need to abide by the code for both themselves and the company and affected stakeholders. Subsequently, consequences for a breach of the code may encourage staff or other involved stakeholders in the company to perform sustainable business practices from an ethical perspective.

4. The element of ‘communication’

The element of ‘communication’ consists of a subset of artefacts that may aid companies to inform stakeholders about their efforts in performing sustainable business practices from an ethical perspective, in areas such as:

(I) communication of code to company’s workers,
(II) company information about of the code to new staff,
(III) information about the code to customers,
(IV) information about the code to suppliers, and
(V) communication of the code to other stakeholders.

There is support for an element of ‘communication’ in which companies may inform or promote their sustainable business practices from an ethical perspective internally and externally. Without it there is no evident medium as to how and to whom it should be communicated. The way that the company chooses to interact or ignore the expectations and perceptions in the marketplace and society with respect to ethical concerns provides its own consequences. Companies need to be aware of the impacts of their practices in a number of areas. These areas of business practices will have an impact on the company’s continued success in the marketplace and society (Wiley, 1995). Codes should be known, visible and accessible documents that have an external and internal focus and as such companies should be aware of the relationships between the company and all of its stakeholders (Benson, 1989; Fraedrich, 1992; Murphy, 1988; Townley, 1992; Wood, 2002).

4.1. Communication of the code to the company’s workers

The company’s workers are a crucial element of communication to the corporate model of sustainable business practices from an ethical perspective. The code has to be communicated to staff effectively and provide good examples of what is required. Rushton (2002) suggests that progress towards an ethical company that is meaningful and real can only be achieved when the corporate leaders bring about these changes. It has been also suggested that leaders must become models for positive learning by others (Graham, 1995; Miller, 2002; Paine, 1994; Rushton, 2002; Thomas et al., 2004; Jarnagin & Slocum, 2007). As Sims and Brinkmann (2003, p.249) contend, “employees often emulate leader behaviour and look to the leaders for cues to appropriate behaviour”. This leadership behaviour needs to be in concert with the espoused leadership behaviour which may encourage staff or other involved stakeholders in the company to perform sustainable business practices from an ethical perspective.
were strongly committed to their organizations ...". Employees should feel positive about their companies. They should feel proud to work there and not see work as a burdensome chore. In a company that does not engage satisfactorily with its new employees, new staff will be less than satisfied. Companies need to ensure that they and their new staff are moving towards the same goals and this includes the manner by which these goals are achieved. New staff members need to be active participants in the company (Crane, Matten, & Moon, 2004). Employees should not have to compromise their ethical standards to fulfill the company's requirements (Lovell, 2002). Satisfied staff members do not feel the need to become whistleblowers.

4.2. Information about the code to customers

Customers may be seen as important in the element of communication of the corporate model of sustainable business practices from an ethical perspective. In recent years, concepts such as ‘relationship marketing’ have become a part of business vocabulary (e.g., Grönroos, 2004; Gummesson, 1994). Theorists have endeavoured to try to bring attention to the undeniable truth that companies need repeat customers in order to thrive and prosper (e.g., Grönroos, 1994; Gummesson, 2004). Companies, therefore, need to focus upon their actions and those of their agents and employees to make sure that they act ethically and consider customers’ views in all matters (Wood, 2002). Customers and other stakeholders should be seen as partners in the process of developing company wealth, not as the means by which one develops it (Metcalf, 1998). Customers may be part of or are influenced by companies’ efforts to maintain and develop sustainable business practices in the marketplace and society.

4.3. Information about the code to suppliers

Suppliers may also be seen as important in the element of communication of the corporate model of sustainable business practices from an ethical perspective. Many suppliers rely extensively on the continued goodwill of the company. The power in the relationship usually resides with the company. In most industries, a range of alternate suppliers can be sourced. This company flexibility places pressure upon the incumbent supplier to abide by the rules of the employing company (Crane et al., 2004). Whilst suppliers should observe the company’s protocols (such as the code of ethics), they should not be viewed as subservient in the relationship. A relationship that relegates suppliers to a subordinate position should not be tolerated in ethical inter-company relationships. The suppliers should be treated as an equal in the venture, and accorded respect. They should be seen as partners in a mutually inclusive mission to create value in the marketplace for everyone in the business relationship. It is advisable to get suppliers to embrace and contribute to the company’s values and ethical viewpoints—in extension, sustainable business practices.

Companies should consult with suppliers since they can contribute to the business practices in ways that may be surprising. Suppliers see the company from a different perspective than the employee and/or a consumer, and they can often provide insights that can benefit both parties (Wood, 2002). Therefore, suppliers should be informed about the corporate code to maintain and develop, manage and monitor sustainable business practices from an ethical perspective in the marketplace and society.

4.4. Communication of the code to other stakeholders

Another crucial artefact in the element of communication in the corporate model of sustainable business practices from an ethical perspective is to keep other stakeholders informed (Svensson & Wood, 2008a). The sentiments and views of other stakeholders are important to any company as they may be affected by the success and/or failure of the company (Heath & Norman, 2004). Whilst stakeholders can be located far from the day to day business practices of the company, they can nonetheless impact on the reputation of the company in the marketplace and society. One seeks to ensure that stakeholders view the company as a positive force for the society and that they deem the company to be an acceptable purveyor of its products. Not to include stakeholders in one’s thinking is an invitation for trouble in the future: to ignore them is a recipe for disaster.

Good companies do not differentiate between institutional stakeholders and other stakeholders in the marketplace and society. The welfare of all stakeholders should be treated equally regardless of the value they represent to the company. For example, if companies ignore their shareholders then inevitably this will lead to shareholder activism (Sparkes, 2001; Crane et al., 2004). In sum, all stakeholders of the company may potentially be important to develop, manage and monitor sustainable business practices from an ethical perspective.

5. The element of ‘guidance’

The element of ‘guidance’ consists of a subset of artefacts that may support companies in their efforts to manage and monitor sustainable business practices from an ethical perspective, in areas such as:

(I) the support of whistle blowers,
(II) an aid in strategic planning,
(III) the provision of an ethics ombudsman,
(IV) an ethics committee,
(V) ethics training committee, and
(VI) staff training in ethics.

There is a need to guide the members of the company in different ways, otherwise they will not know the corporate view on sustainable business practices from an ethical perspective and how to act and behave in situations requiring ethical considerations. In other words, they need assistance to determine what is acceptable and unacceptable sustainable business practices. It is not a “matter of course” or “just knowing” what is ethical or unethical, but inevitably in any situation demanding an ethical response there will be ambiguity regarding what to do or what not to do on these occasions and in these circumstances. One needs to be aware that ethical values and principles change over time and vary across cultures. It is therefore crucial to create a framework that regulates one’s corporate sustainable business practices, but also there must be artefacts in place to guide staff in their ethical actions and behaviors.

The element of ‘guidance’ may guide the strategic, tactical and operational sustainable business practices. It may be used to develop, manage and monitor the tactical decision-making of the company and related procedures. It may also be crucial in influencing the operational behaviors at different levels of the company. In sum, it does not provide a complete framework, but it pinpoints and sheds light upon some essential artefacts that need to be considered in corporate efforts to establish, maintain and/or enhance the sustainable business practices from an ethical perspective taking into consideration the framing element of ‘foundation.’

5.1. Support of whistle blowers

A guiding artefact in the corporate model of sustainable business practices from an ethical perspective is the support
given to whistle blowers. In situations revealing unethical actions and behaviors, and in taking steps to expose them, the dilemma that many employees face, is in knowing to whom one can take an issue so as to ensure it is dealt with appropriately and that the integrity of all persons involved is protected. Most importantly, for the person making the complaint, there needs to be a guarantee of freedom from reprisals (Gellerman, 1989; Labich, 1992; Stoner, 1989; Wood & Callaghan, 2003). By its very nature, whistle blowing is a dangerous path to take for any employee. Even though companies may have procedures in place to protect the whistle blower, the act of whistle blowing has historically been fraught with personal danger and the ever-present threat of recrimination (Barnett, Cochran, & Taylor, 1993; Keenan, 1995; Keenan & Krueger, 1992; Mclain & Keenan, 1999; Miceli & Near, 1984; Miceli, Near, & Schwenk, 1991).

If companies are to evolve into ethical entities with sustainable business practices, individuals must take both individual and collective action to change the business practices that they see may be an antithesis to the ethical health of the company. Someone must make the move to expose violations of the company's ethical principles. Formal guidelines to support whistle blowers should be considered, because if standards are to be set then one needs ways to ensure that either violations or breaches will be reported, reviewed and corrected. If companies are going to expect ethical behavior from their employees then whistle blowing (someone who reports wrongdoing by the company) should be considered by the company (Wood, 2002). Support to whistle blowers may serve the purpose of avoiding undesirable business practices that may be categorized as non-sustainable, unethical or both.

5.2. Aid to strategic planning

Another essential guiding artefact in the corporate model of sustainable business practices from an ethical perspective is as an aid to strategic planning. Thomas et al. (2004) contend that leaders must think strategically about how they ensure that they engender an ethical culture within the company. Leaders must have a vision to move their company towards a better ethical culture of sustainable business practices. They must empower their employees to act in ethical and sustainable ways. The test of whether senior leadership in companies is doing these actions in reality is to see if the company is utilizing the Robin and Reidenbach (1987) suggestion that a method for closing the gap that they perceived existed between concept and practice in the areas of ethics, sustainability and corporate planning was that a company that is committed to ethics and sustainability should inculcate those espoused corporate values into the strategic planning process. The focus of their attention was upon strategic marketing planning, but the principles that they proposed can be adapted to all forms of strategic planning in all companies. This view that if the company is serious about inculcating ethics and sustainability into the business practices, then ethics should be an integral part of the strategic planning process is in part supported by Harrington (1991) and Wood (2002). Companies should consider and review their plans in light of the ethical and sustainable principles that the company believes that it should apply and upon which it has predicated its decisions in respect to its participation in the marketplace and society. It may lead to enhanced development, management and monitoring of sustainable business practices.

5.3. Ethics ombudsman

A fourth guiding artefact in the corporate model of sustainable business practices from an ethical perspective is the presence of an ethics ombudsman. It is an area that has a relationship with the issue of whistle blowing. Companies need individuals who are designated in this position, in order that individuals within the company who have genuine concerns can feel free to voice these concerns to an independent arbiter (Crofts et al., 2005; Lacziak & Murphy, 1991; Murphy, 1988). If a company has a person designated as a confidante to whom staff can go with ethical concerns, hopefully employees will be encouraged to volunteer information about unethical actions and behaviors that they perceive are damaging to the company. One could assume that such a position in place within the company can only but enhance the ethical health of its business practices. If the role of an ombudsman was set up with the specific purpose of protecting whistle blowers and resolving the concerns that they raise, then the company may not only have ethical guidelines, but they may be able to see the actual implementation of these guidelines come to fruition in order to develop, manage and monitor the sustainability of ongoing business practices.

5.4. Ethics committee

A fifth guiding artefact in the corporate model of sustainable business practices from an ethical perspective is the development of an ethics committee. If sustainable business practices are viewed as an important part of the company’s activities, then an ethics committee may have been contemplated by businesses and an area in which they may have initiated action (McDonald & Zepp, 1989; Rampersad, 2003; Weber, 1981). The development of Ethics Committees is an important area recommended by a number of authors (Center for Business Ethics, 1986; Weber, 1981; Wood, 2002), and as such they have been incorporated by companies in many countries (Wood et al., 2004) and it is believed that they may support the development, management and monitoring of sustainable business practices.

5.5. Ethics training committee and staff ethics training

Two final guiding artefacts in the corporate model of sustainable business practices from an ethical perspective are the availability of an ethics training committee and staff ethics training. The areas of ethics training committee and staff ethics training are linked from a theoretical perspective because of the belief that one cannot just expect employees to be ethical to the level of the company’s expectations without having some involvement with training. Such a committee can provide a fruitful environment in which employees can engage in discussion and have education in ethics in situations that they might face whilst in the company’s employ. A number of writers have advocated the use of training programs as a means of institutionalizing ethics within the corporate business practices (Axline, 1990; Dean, 1992; Harrington, 1991; Lacziak & Murphy, 1991; Maclagan, 1992; McDonald & Zepp, 1990; Rampersad, 2003; Schwartz, 2002; Sims, 1992; Trevino & Brown, 2004; Wood, 2002). Ethics Training may also influence the development, management and monitoring of sustainable business practices.

6. The element of 'outcome'

The element of 'outcome' consists of a subset of artefacts that may be used to evaluate sustainable business practices from an ethical perspective, in areas such as:

(I) resolving ethical and sustainable problems in the marketplace and society,
(II) effects on the bottom line.

Theorists, such as Levi (1958) and Friedman (1962), would contend that the only outcome worthy of examination is whether
the company made a profit or a loss and how its business practices in the marketplace have impacted upon its shareholders. Today, business practices require a different view, and in particular, with respect to the ethical and sustainable aspects of the company's business activities. Terms such as triple bottom line, corporate governance, corporate social responsibility, and balanced scorecard (Carroll, 1979; Heath & Norman, 2004; Joyn & Payne, 2002; Lovell, 2002; Spiller, 2000) indicate a major change from the previous paradigm that companies are only in existence to make profits. On the contrary, sustainable business practices are becoming increasingly influential in corporate efforts of being a good corporate citizen in the marketplace and society.

Different stakeholders in the marketplace and society examine the economic outcomes of companies. Profit should be the natural outcome of their business practices (Lea, 1999). Profit is the way that the company keeps score as to its success or failure. In capitalist economies the pursuit of profit is not seen as counter productive, but as an essential feature of the ethos of the economic underpinnings of the systems that we have in place. As Le Menestrel (2002, p. 158) says there is no contradiction between ethical concerns and profits.

Governments establish taxation regimes that in essence are designed to ensure that businesses practices contribute to the maintenance of the society of which they are a part (Solomon & Martin, 2004). Layoffs are never in the best interests of employees and their families and their communities (McCall, 2002; Piety, 2004). The sad situation is when one sees a company declare a profit, but under the guise of the improved use of technology employees are not still retained. There are companies that change their suppliers from country to country chasing cheaper sourcing of their products or as McMurty (2002, p. 204) terms them, “lowest-cost zones”. Concerns may be raised whether this kind of business practices are sustainable from an ethical perspective.

### 6.1. Resolving ethical and sustainable problems in the marketplace and society

An important outcome of the corporate model of sustainable business practices from an ethical perspective is whether the elements and their concomitant artefacts are contributing to resolve ethical problems in the marketplace and society and contribute to the development, management, and monitoring of sustainable business practices. If not, then what are, for example, the codes used for in companies? Are codes of ethics, then, the founding element if it does not assist in resolving ethical and sustainable problems in the marketplace and society. If so, what is the reason that it does not work, or at worst, is not used?

Society and marketplace stakeholders no longer judge company performance on profit alone. Consideration of the ethics and socially responsible actions underlying profitability, in conjunction with the other elements of the model, should lead to companies to aspire to being better corporate citizens in order to achieve sustainable long term profit. There is a tendency towards an expectation of more. Therefore, companies should ensure that they do no harm and not knowing is no longer an adequate enough defence. As more individuals became investors in companies, either directly or as a part of an institutional investment in superannuation funds, their view of companies have changed. As the social conscience of many in the developed world became more acute in the latter years of the twentieth century, then so too was there a corresponding rise in the expectations of companies to be better corporate citizens and to invest to make the society a better place (Campbell, Moore, & Metzger, 2002; Rodgers & Gago, 2004; Rondinelli, 2003). Companies themselves began to realize that, “they could earn higher profits if they were good citizens of the community” (Rodgers & Gago, 2004, p.359). One such example was the development of ‘cause related marketing’ (CRM), where companies such as American Express, Johnson & Johnson, KFC, Kelloggs, IBM, Sony, Visa (Svensson & Wood, 2005) form alliances with charitable organizations for the betterment of the people who were supported by the charity (Carringer, 1994; Davidson, 1997; Ptacek & Salazar, 1997; Svensson & Wood, 2008b).

One would also hope that the elements of the model encourage companies to be engaging in sustainable business practices and determined to avoid ethical problems in the marketplace and society. For example, companies are scrutinised as to their performance in their use and/or abuse of the environment. Environmental concerns are not new (Hoffman, 1991). Westra (1995) contends that this is one of the few causes that moves and unites almost everyone in the world. Companies in developed nations are now compelled by legislation to ensure that their business practices in developing countries are above and beyond reproach. For many citizens, however, this ideal is not enough as the globalization of business practices can lead to a degradation of the environment in jurisdictions that do not have in place legislation to protect their environment (Asgary & Mitschow, 2002; Olsen, 2001). This is hardly in accordance with what is perceived to be sustainable business practices from an ethical perspective.

### 7. Managerial relevance

Some stakeholders in a society may think that if a company earns a profit then that in itself the end of the story. Profit was the goal and once that goal has been attained in a legal manner, as Friedman (1962) contends, the company should be allowed to proceed ahead relatively unchecked. This view may well be a simplistic one. Today it would appear that the stakeholders of first world economies look more deeply at such profit declarations. The declaration of a profit or a loss is only the first of a set of criteria upon which the marketplace and society evaluates the performance of the company. This is where sustainable business practices from an ethical perspective become crucial and may benefit the company in both the short and the long run.

The effects on the bottom line may be classified into three types (Wood et al., 2004): (i) altruistic, (ii) mercenary and (iii) regulatory. ‘Altruistic’ ideals are those that highlight the company benefiting the community, such as: (i) being a good corporate citizen, (ii) earning respect of stakeholders, (iii) integral to company performance, (iv) customer loyalty. The regulatory ones could be: (i) to avoid potential problems, (ii) to focus on employee efforts, and (iii) to avoid litigations and fines.

The emphasis on sustainable business practices from an ethical perspective raises some interesting questions. Are companies being driven to be ethical and sustainable by the mercenary consideration of profit generation? Or are companies just acknowledging the obvious flow on effect that being ethical and sustainable leads to enhancing profit, but they may not be viewing...
this realization from a mercenary perspective, but just one of inevitability and reality? Is being ethical and sustainable seen by companies as a tool of competitive advantage? Is good ethics and sustainability good business? There is more research work to be done in this area in the future and it may be linked to corporate efforts of developing, managing and monitoring sustainable business practices from an ethical perspective in the marketplace and society.

The marketplace and society laud profit and dislike loss, and in such cases, the marketplace and society watchdogs swoop down on errant companies in order to investigate their particular situation. Yet, profit does not guarantee that the business practices undertaken by companies to achieve profit are in the best interests of the society, such that it is ethical and/or sustainable. Society goes through a set of checks and balances to ensure that the profit declared by the companies has been earned in ways that do not compromise the integrity of the company, the shareholders, the stakeholders and the society in general.

Once (see Fig. 1) the element of outcomes has been managed and monitored, then the model returns to each element for control and adjustment. It becomes the ground upon which subsequent corporate development, management and performance (in terms of their sustainable business practices) will proceed. The model may appear to be discontinuous during periods in which the marketplace appears to be stable, but in essence society continues to move forward and to develop more expectations of the actions and behaviours involved in sustainable business practices. The process is iterative and should never stop.

8. Conclusions and suggestions for further research

We contend that the introduced framework makes a contribution to the creation of a corporate model of sustainable business practices from an ethical perspective. The proposed model rests upon the challenge of combining the sustainability of business practices with ethical concerns in the marketplace and society.

The model provides an approach to solving the issue of the complexity in developing, managing and monitoring sustainable business practices from an ethical perspective. Future research may gather further empirical support to apply and refine the model. The complexity of the model is required in order to provide a debatable point of reference in business research. The fact that there appears to be no such model in literature that has tried to integrate sustainable business practices from an ethical perspective. We have made an attempt to fill this knowledge gap.

A few tentative conclusions may be drawn from the introduced model of corporate business practices from an ethical perspective. In the first place, the model aspires to be highly dynamic. The model proposes that it should be a continuous and an iterative process. There is no actual end of the process, but a constant reconnection to the initiation of successive process iterations of the model. In the second place, the elements and artefacts of the model construct the dynamics of this continuous process. They provide guidance on what and how to explore our common efforts to understand sustainable business practices.

Market and societal expectations and perceptions initiate or trigger the process by determining the issues to be addressed in sustainable business practices. The corporate values, norms and beliefs considered in operational, tactical and strategic business practices should match these expectations and perceptions. Once the sustainable business practices are performed, they will be the fundament of internal and external perceptions that will be connected to the company’s achieved outcomes. In turn, these perceptions underpin the evaluations that the society will subsequently undertake. At this stage the process starts again and is reconnected to the commencement of a new iteration of an ethical perspective to sustainable business practices. Therefore, it is important to see sustainable business practices from an ethical perspective as a highly dynamic and continuous process without an end. It is a process, however, that is predicated on the interrelationship between business practices, marketplace and society where each one is interdependent and responsible together for the outcomes.

References


