

**Business Ethics**  
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**Lecture - 04**  
**Sustainability: a key goal for Business Ethics**

Welcome back. Now we are going to focus on Sustainability as a key goal for Business Ethics. Why we have taken this as a key goal for business ethics is, as we understood from the last discussion with globalization and which brings in deterritorialization there is an opening up of the social relationships, and business relationships, economic relationships, and the political boundaries have also opened up.

So, there is a free flow of activities across different territories with less of barriers and boundaries. But also it brings along with it different issues, like cultural issues, accountability issues, and also the legal issues. Because nothing remains well defined or to some extent there is a confusion regarding; I am accountable to whom; there a lot remains on the virtues of the organizations, the values of the organizations that they are doing business across the different borders is to respect the.

As we discussed the cultural differences in the ways that business ethics is understood across different regions of Europe, North America and Asia. The focus on the business; who is responsible for ethical conduct of business and to respect also the balance for or the equilibrium present in the developing country so that no injustice is being brought in introduced in terms of social injustice and environmental imbalance and economic imbalance. These types of factors are not introduced by the way in the developing country by the way that the organization is doing business over there or the activity of the business itself does not introduce these imbalances in the territory in which it is doing the business.

What else it has been seen like as the result of this globalization where there is organizations are moving freely from one country to the other, and the with the ease in the activity that it has brought to the business processes and opened the horizon for it, but on the other side what is also flip side of it, what is increased also is erosion of may be local culture, traditions then may be environmental pollutions, then also the waste

management how it is done, who is responsible for these things, the difference in the living status of people.

So, somewhat rather imbalances have been introduced into the system through the process of this opening up of the horizon and this globalization process. So, when globalization has become the key context of doing a business and the ethical issues related to it, so equally important has become the concept of sustainability as the key goal for doing business and the key goal for business ethics. So, here we will try to understand what we mean by the concept of sustainability.

Sustainability is mainly focused towards the end concept of sustainable development. What we understand by sustainable development is, it is the development which is geared towards the maintenance and flourishing of the present generation, present population, but not at the cost of the future population; means not at the cost like the future population becomes deprived of certain facilities, become deprived of certain resources that the present population present generation is enjoying.

So, when you are talking of development when sustainable development we understand the flourish and development of the present generation keeping into context also the flourishing and development of the future generation and not depriving them of the opportunity to flourish and develop, because we are flourishing and developing now. Not keeping them deprived of the resources and facilities and so that they cannot use them for their own purposes for the when required in future.

So, when you are talking of sustainability in the business processes we are focusing on the balance in or balance in the use of resources, balance in the how you are using it so that and we are preserving something for the future generation also, and we are not making any resources extinct of existing also. So, it is not only when you are talking of sustainability it is we are talking of a balance in the co existence of the use of resources and preserving it for the future also.

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## Sustainability: a key goal for business ethics?

- **Sustainability** refers to the long-term maintenance of systems according to environmental, economic and social considerations


So what you are trying to look into sustainability is; it refers to the long term maintenance of systems according to environmental, economic and the social considerations.

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## The three components of sustainability

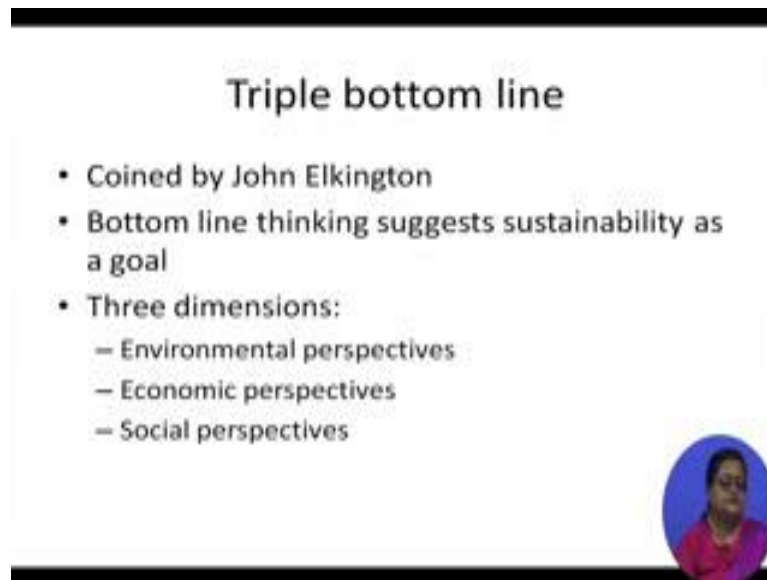


Adapted from Business ethics: Cases and Questions 2nd ed. G&P




So, this we talk to be the 3 components of sustainability: economic component, social component, and environmental component which according to Elkington these are called the triple bottom-line.

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**Triple bottom line**

- Coined by John Elkington
- Bottom line thinking suggests sustainability as a goal
- Three dimensions:
  - Environmental perspectives
  - Economic perspectives
  - Social perspectives



Now, so we understand there are 3 perspectives environmental perspective, economic perspective, and social perspective when we are understanding sustainability. So, we will discuss each of these perspectives separately. When we are talking of the environmental perspective of sustainability we are focusing towards the physical resources that we are using as a input for our business process; as a raw material for our business processes. And also the output that we are producing whether it is producing any harm to the environment at large.

So, we are focusing into facts, like as a part of bringing in raw material we cannot go on using resources to such an extent that it becomes so less that nothing remains for the future generation, also to use that resource for. We should not be depleting, here mainly we are focusing towards the depletion of resources which are resources which again may be are not renewable in nature, which becomes may be extinct and we go on using it in such a way that it becomes extinct and it no longer exists. So, as a responsible business practice we cannot go on using; so we cannot go on using it in that way which talks of creating an imbalance in the ecosystem in that way.

When you are talking of the pollution part as a nature of the activities of our business, so we cannot go on again polluting the environment in terms of may be water pollution, air pollution, and sound pollution. So, because that is going to disturb the ecosystem which is there in place, the natural ecosystem which is there in place. And we can because they

cannot these are again the silent stakeholders who cannot speak for themselves, but still we have to be responsible towards the needs, towards the demands and our responsibilities to this stakeholder, because it is an important stakeholder not only for our business but also we have to understand, though it is a silent stakeholder but it is a very important stakeholder whom we cannot go on exploiting for the purpose of our business or whom we cannot go on harming as a resultant effect of what we produce, because this important stakeholder is not only is important resource for our business, but it is extremely essential part of our own survival and also the survival of our future generation.

And the environment per se though it is a silent stakeholder it has its own right to survive and not to be harmed misutilized for the sake of the business. So, the environment itself has its own right for survival, it has its own right for maintaining the balance in the way it has existed. And so for our own selfish nature of doing the business we just cannot go on providing harm to it depleting it or polluting it. We will be discussing at length about environment and ethical issues related to it in an upcoming module. The whole module we will be discussing on the role of business ethics, the responsibilities of business ethics and environment. Environment in business ethics, what are the mutual relationships for its coexistence and how they should coexist with each other is what will be discussed in the upcoming discussion.

When we are looking into the economic perspective of sustainability here the business organization can take either a broad view or a narrow view of what it understands by economic sustainability. First we will take a narrow view then we will discuss the broad view of economic sustainability.

When we are discussing economic sustainability from a narrow view of the topic what the corporations mainly understand by economic sustainability is not making short term profit for itself, but focusing into activities processes and venturing into business that the way of doing business which is going to give it a long term benefit or profit in a long run. And it is there to stay in the business and there to make profit and benefit not just for a short term, but in the long term perspective.

So, in the narrow way of looking into economic sustainability the corporation is looking at its own sustainability, its own long term existence, and not only the short term profit,

but also the future gain and future benefit and long term existence in the mind of stakeholders and also doing business in the long run in a profitable way. So, in that way it is trying to fix up its strategies and find out how to do its business.

However, when we are looking into economic perspective from a broad view of looking into the topic it is not only where the corporation is looking into its own sustainability which is the narrow way of looking into the aspect of it, but it is also focusing into the whole system, it is focusing into how the economic activities it is doing, how it is bringing impact to the larger economic perspective. And how it the steps that it is taking at present may create economic imbalances in the country in the region that it is functioning. And if the organization is taking a broader way of looking into the economic perspective of sustainability it will restrict itself from involving in activities like bribery, forming social cartels, in your like forming cartels, and other type of activities which helps them either them or a group of organizations to make benefits for itself.

And in that way creates imbalances in the society in terms of the economic imbalances so that it so much disparity is created like other competitors may not gain an access to the market and they are deprived of also having a share of the profits, and their existence may come to question also. And the whole economic system of the country may get disturbed by these types of practices taken by the organization or a group of organizations and it may result in the adverse effect to the economy of that region.

So, when you are talking of broader view of economic perspective of sustainability the organization is focusing on this broader aspect of how its activities is having an impact on other stakeholders, and it is also considering its competitors, the government, the citizens as stakeholders of its business. And trying to see how the activities it has taken up is going to create an imbalance in their state of existence also, and may be the other future organizations that may come up in future.

When we are looking into social perspective of sustainability; this is a new perspective and which has come up in the triple bottom-line where we are focusing on the social impact of the business. In the sense like by the way the nature that we do our business it should not be such like it creates a sense of social imbalance or we feel like social justice has not been done or social equilibrium has been disbalanced due to their activities. This has a direct connect with the nature of products and the services that are made accessible

through the process of globalization. We can get things at a cheaper rate, we can have access to different products and services, but so happen may be in this way there are certain division is created between people who can have access to these services and products and people who cannot have accesses to these services and products, but still their lives gets affected by the organization doing business in that region.

Because, may be there they could have been displaced from their place where they were staying could be the environment of that region where they are staying have got either depleted or polluted. The economy in which they were sustaining in which they were earning their livelihood that has got disturbed. And in many cases people remain with no other choices they may become jobless also. The indigenous companies who were thriving, who were making business earlier they are not able to thrive anymore because of the global competitions coming from the competitors who are also giving things at a cheaper rate may be.

So, this creates a social imbalance and this brings in a question of social justice done to the people of that particular area where the MNC is doing a business. And whether we have to understand by the nature of products that we are producing or by the nature of services that we are introducing are we creating more social imbalances or we are making products and we are introducing services which are geared towards closing this or decreasing this social injustice or decreasing this social imbalance, which may exist due to the economic conditions or due to the facts that we have access or we do not have access to certain products and services.

So, what is the responsibility of the corporation towards reducing these social imbalances in terms of maybe rich and poor, the gender imbalances in representations in the corporation itself in terms of also the job, may be in terms of education, and may be age wise differences. So, what the organization is doing to take care of the diversity that is existing, and diversity which creates like diversity in terms of this rich and poor gender representations at more or less represented, and age wise diversity, then accessibility to services and products. These diverse phenomena that exists and that gets introduced by the way that some organizations are doing their business is the corporation has to think of do I add to this disparity or imbalance or how do I do my business so that I am able to reduce this imbalance and injustice that may have been created. And try to bring in some social justice and balance so that the way that I am doing the business is not going to add

more to it, but lessen it to some extent. There lies the responsibility of the organization in terms of its responsibility towards the society at large.

And if all the 3 aspects are covered properly, like the environmental aspect, economic aspect, and the social aspect, we may tell the sustainability has been reached to certain extent. So, these have been focused in the millennium development goals and it has been told like how the organization has to see like how it can contribute towards eradicating, poverty, hunger, then may be achieving primary education; reduce child mortality, take care of maternal health, then combat the effect of HIV- aids, malaria and other diseases. How to move towards environmental sustainability, how to reach into a global partnership for development though these goals have been given as the government goals as millennium development goals, but how the corporation has to see, how it can contribute towards these millennium development goals, and then bring in a balance in the whole system so that it moves towards the sustainable development.

So, the focus should be how the organizations can contribute towards these developmental goals which have been set as the millennium development goals, positively contribute towards these millennium development goals so that a balance in the system can be brought in towards the social perspective, economic perspective, and environmental perspective, which will reach towards sustainability. And if sustainability is reached in holistically in each and holistically in together in all the 3 perspectives we can move towards the direction of sustainable development, where the business is doing a business not only for the flourishing and development for the present generation which it is addressing too, but it is doing a business in such a way like the it will gives scope for flourish and development of the future generation also.

So, in this module of overview of business ethics that we have covered in the 5 different sub modules, we had discussed about the definition of business ethics where we understand business ethics is a field of study, it is a specialized field of study, where we focus on application of ethics into different business situations. By ethics we understand it is a field of study where we study morality, and want to see how the study of morality helps us in arriving at right and wrong with respect to a particular situation and helps us in forming certain rules and principles which are applicable in particular situations. These rules and principles are called ethical theories for ethical decision making. So, we



see business ethics as a subject matter which helps us in making ethical decisions with respect to particular business situations.

When we talking of ethical decisions with respect to particular business situations we have understood like the business situations vary according to the nature of the business and according to the nature of the corporation also. We have studied 4 different types of organizations where we have focused into large organizations, small organizations; we have focused into the civil society organizations and also into public sector organizations. And we have studied how the business situations, responsibilities, constraints, focus, varies across these 4 different types of organizations.

We have also focused into the globalization as a key context of doing the business where we have understood globalization as a process of deterritorialization which makes social activities, economic activities, political activities make easier across different boundaries with a point of understanding also. However, there are cultural issues, accountability issues, and political issues, which though by the process of deterritorialization we make think like all have become same, but still this exists. And in these contexts we have studied the European aspect, the American aspect and the Asian ways of looking into the conduct of business ethics, who is responsible; the individual or the group, and who makes decisions and in what way. So, this we have to be careful towards these differences so that we perform accordingly when we are there in that particular region to show that our activities and decisions become ethical in nature.

We have also focused into one of the very important aspect of sustainability which is of it is systems of balance between the economic perspective, your environmental perspective, and social perspective of how you do your business, and how you maintain a balance in the coexistence of these 3 different perspectives together. And within each of the perspectives itself so that the your activities the processes and ultimate decisions the output that you give back to the society, that you give back to your stakeholders at large does not introduce any imbalances in their present existence and not also in the future existence of these stakeholders. Because, sustainability is focused mainly geared mainly towards sustainable development, where you are looking into the flourishing of the present, the growth and development of the present generation present stakeholders, but not at the cost or of the future generation by depriving them of the chance of a flourishing and development which is also a right of the future generation.

So, if we can do business in which keeping into focus the flourishing and development of the future generation also and maintain a balance on all the 3 like co-subsystems of the specific system which we talk of the business and doing business in a holistic way we can aim towards doing our sustainable business practices.

Thank you.