

## **BALANCING BUSINESS ETHICS AND PROFITABILITY: A THEORETICAL PERSPECTIVE**

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### **Abstract**

*This study explores the dynamic relationship between business ethics and profitability, addressing the long-standing question of whether ethical responsibility constrains or facilitates business growth. The principal objectives are to analyse how ethical business practices influence long-term profitability and to identify the ethical dimensions that significantly contribute to sustainable business performance.*

*Adopting a qualitative and descriptive research design, the study employs the case study method to examine three organizations that have successfully integrated ethical practices within profitable business models. Based on secondary data, the study used thematic analysis to identify patterns linking ethical orientation, stakeholder trust and financial outcomes.*

*The findings reveal that ethics and profitability are not contradictory but complementary. Ethical governance enhances corporate reputation, fosters customer and employee loyalty, mitigates risk, and builds stakeholder trust—all of which strengthen financial performance. The case analyses show that companies embedding social responsibility, sustainability, and fairness into their operations achieve enduring profitability and competitive advantage.*

*The study contributes to the growing discourse on sustainable growth of business by demonstrating that ethical values serve as catalysts for long-term financial success. It provides a strategic framework for harmonizing ethical conduct and profitability, emphasizing that in the contemporary marketplace, ethical integrity is not only a moral imperative but a strategic asset for business sustainability.*

**Keywords:** Business ethics, Profitability, Corporate social responsibility (CSR), Ethical practices, Sustainable growth, Fair trade practices

**JEL Classification:** M14, M21, L21

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### **Introduction**

Business is fundamentally a means of earning a livelihood, established with the objective of generating income. Profit serves as the primary driving force for sustaining and expanding business activities. Without profitability, businesses cannot ensure survival, let alone growth and value creation.

In today's competitive environment, while profitability ensures success of business firms, it can be the sole parameter of success. The business firms are scrutinized not only on the basis of profitability but also on the bases of ethical conduct and social contribution. It becomes necessary for the business to address broader business and ethical issues to remain competitive in the long-term. The changing expectations of stakeholders is greatly influencing the debate on the relationship between business ethics and profit. Some researchers argue that an emphasis on ethics may constrain profit maximization, while others contend that embedding ethics at the core of business functions fosters sustainable success and long-term profitability (Ferrell et al., 2019; Schwartz, 2021).

The focal point of this study lies in reconciliation of the trade-off between business ethics and profit maximisation and thus raises the fundamental research question- how business firms can sustain profitability while adhering to ethical norms in this ever-changing business environment.

The study tried to facilitate the framing of strategies to balance the dilemma between profitability vis-a-vis ethical conduct and moral responsibility towards customers, employees, investors, government, environment and the society at large. Profit earning is essential for the survival, growth and protection of financial interest of the investors. At the same time, ethical failures, moral degradation and socially irresponsible behaviour results in loss of public faith, gradual reduction of customer base, investor restraint, government sanctions etc. jeopardising the operations and financial performance of the business.

While profitability is essential for the short-term survival and long-term growth of businesses, a sole focus on maximizing profits without considering ethical responsibilities leads to negative outcomes. Balancing short-term profitability with long-term sustainability requires embedding ethics into core business strategies (Crane & Matten, 2016). Businesses that align profitability with ethical commitments are better positioned to strengthen stakeholder relationships, foster brand loyalty, and ensure enduring growth.

In this context, it becomes a necessity for business to frame balanced strategies to harmonise profitability and ethics; financial performance and social responsibility. The principal objective of this study is to examine whether ethics acts as constraint or facilitator for long-term growth of business and how businesses can integrate ethical principles into their corporate strategies. This study is expected to throw lights on the dynamics of corporate governance and sustainable growth.

## **Review of Literature**

The relationship between business ethics, corporate social responsibility (CSR), and profitability has been widely debated in academic and business circles. Earlier works emphasized that CSR activities, such as community development and environmental sustainability, enhance corporate reputation and stakeholder trust, which in turn contribute to long-term financial performance (Carroll & Shabana, 2010; Crane & Matten, 2016). Similarly, Ferrell et al. (2019) and Schwartz (2021) highlight that ethical practices not only reduce reputational and legal risks but also improve customer loyalty, employee commitment, and investor confidence, thereby strengthening profitability.

More recent scholarship has explored the role of ethical orientations in shaping governance and financial outcomes. Rakesh and Srivastava (2024) provide significant insights by distinguishing between two ethical approaches: Ethics of Care and Ethics of Justice. Their study finds that firms adopting the Ethics of Care—emphasizing empathy, stakeholder well-being, and relationship building—develop stronger and more resilient governance structures. This orientation aligns closely with Ethical CSR, which integrates moral responsibility into business operations. In contrast, the Ethics of Justice, while positively associated with Legal CSR (compliance-driven) and Economic CSR (profit-focused responsibilities), is less effective in contributing to holistic governance outcomes.

The findings suggest that while Legal and Economic CSR are necessary, they are insufficient when considered in isolation. Instead, Ethical CSR and the Ethics of Care emerge as the most influential predictors of strong governance and sustainable profitability. Rakesh and Srivastava (2024) further argue that embedding values of care into governance requires firms to move beyond compliance and adopt principle-based approaches. This involves creating dynamic key

performance indicators (KPIs) to measure care-driven outcomes, enhancing transparency grounded in ethical values, and investing in training programs that integrate ethics into organizational culture.

Freeman's (1984) Stakeholder Theory, states that businesses must create value for all stakeholders rather than only for shareholders. Recent studies by Harrison and Wicks (2021) reaffirm that organizations embracing a stakeholder-centric model show higher levels of innovation, customer satisfaction, and brand loyalty. These factors lead to better financial performance. However, business firms that prioritize short-term shareholder wealth encounter ethical lapses and reputational crises, leading to only short-term profitability.

Similarly, Porter and Kramer (2019) advocate the concept of "Shared Value," which calls for ethical practices and social progress as the part of competitive advantage. They are of the view that companies fulfilling societal needs—such as sustainability, equitable wages, and responsible sourcing perform better than the competitors that treat ethics as a compliance obligation.

Kotsantonis et al. (2022) suggest that firms integrating ESG strategies (Environmental, Social and Governance) demonstrate lower capital costs, reduced volatility and higher Return on Assets (ROA).

Eccles & Strohle, 2020 remarked that the integration of ethical and environmental standards into governance frameworks shows ethical responsibility and this is an essential driver of resilience and profitability.

Elkington's (1997) suggests that businesses firms undergo scrutiny from conscious consumers and investors. Companies that successfully balance People, Planet, Profit, known as Triple Bottom Line demonstrate superior financial stability and stakeholder loyalty.

Overall, the literature underscores that sustainable growth and profitability are best achieved when ethics are not treated as peripheral or compliance-driven, but rather embedded into the very core of business strategies. While prior research has extensively examined the relationship between Corporate Social Responsibility (CSR) and profitability, limited attention has been given to how ethical principles can be systematically embedded within profitability-driven strategies. This study seeks to bridge that gap by exploring the integration of ethics into core business functions, thereby highlighting pathways through which firms can achieve sustainable growth without compromising their moral responsibilities.

### **Objectives of the Study**

1. To analyse how ethical business practices influence profitability in the long run
2. To evaluate ethical dimensions that significantly contribute towards sustainable business performance

### **Rationale of the Study**

The rationale for this study arises from the fact that in the context of a globalized and socially conscious marketplace, profitability alone cannot serve as the only standard of measuring business success. Organizations are now judged not only by their financial results but also by their ethical behaviour and social responsibility. The persistent debate between profit maximization and ethical responsibility forms the foundation of this study.

Profitability remains essential for survival and growth of any business. However, an exclusive focus on this may lead to ethical compromises. Consequently, the business will face challenges

in the form of reputational damage and stakeholder distrust. Conversely, ethical governance and social responsibility can foster customer loyalty, investor confidence, and employee commitment. These factors are essential for strengthening profitability in the long-term.

This study, therefore, seeks to explore the interdependence between ethics and profitability, addressing the idea that these two goals are contradictory. It aims to state that ethical conduct is not merely a moral obligation but a strategic asset that build-up competitiveness and sustainability of business. By analysing real-world case studies of companies, the study provides empirical insights into how ethical business practices can drive profitability and can secure stakeholder trust.

### **Research Methodology**

The present study is a descriptive and analytical study. The study adopts a qualitative approach to examine the inter-connectedness between business ethics and profit. The study concentrates on ethical practices and how these can facilitate long-term business performance with sustainable growth.

Case study method has been adopted to further supplement the findings of the qualitative analysis. Cases of selected organizations have been considered based on their successful integration of ethics and profitability. Three companies—Patagonia, Ben & Jerry's, and Starbucks—were purposively selected as representative cases for the study. These organizations were chosen based on the following considerations-

- Ability to integrate ethics and sustainability into business strategy.
- Demonstrating financial success with ethical practices.
- The comparative analysis of these cases provides practical insights into the mechanisms through which ethics and profitability can be balanced.

### *Sources of Data*

Secondary sources of data have been used in the study, which have been collected from the published books and academic journals on business ethics, corporate governance, and sustainability; Company reports and official websites of selected case study organizations.

### *Data Analysis Method*

The study used thematic analysis to identify the patterns across the case studies, focusing on:

- Ethical dimensions in organizational culture
- Impact of ethical practices on stakeholders' trust, brand loyalty and financial performance
- Challenges faced in maintaining a balance between ethics and profitability
- Measures adopted to integrate ethics into corporate decision-making

### **Findings and Discussion**

The perception that ethics and profitability are inherently in conflict is a common misconception. In fact, adopting ethical business practices can even enhance the profitability in uncountable ways. Research has also shown that the companies with strong ethical standards often stay ahead of their competitors in the long run (Ferrell et al., 2019). Here are some key ways in which, ethics can positively impact the profitability of a business:

1. *Reputation and Trust:* Businesses that operate ethically tend to build a positive reputation, which in turn fosters trust among consumers, employees, and investors. Trust, driver of customer loyalty and long-term business relationships, contributes to repeat purchases, employee retention, and favourable partnership, all of which have a direct impact on the business profitability (Crane & Matten, 2016). Reputation and customer trust are intangible properties of a company which helps in building a strong and sustainable business.
2. *Risk Management:* Ethical practices significantly reduce the risk of legal issues, scandals, and penalties. Businesses that avoid unethical behaviours like, fraud, discrimination, or environmental violations, are less likely to face costly fines, lawsuits, or public relations crises, which can be financially devastating (Schwartz, 2021). Ethical business practices provide safeguard against these financial and reputational risks.
3. *Long-Term Growth:* Companies that prioritize ethical business practices, including corporate social responsibility (CSR) initiatives, are more likely to achieve sustainable growth. Ethical companies tend to attract socially conscious consumers and investors, creating a competitive advantage that supports long-term financial performance (Carroll & Shabana, 2010). Value-driven customers are more likely to associate with those businesses which show higher ethical norms in their business operations.
4. *Employee Morale and Productivity:* Ethical companies often cultivate positive work environments, leading to higher employee satisfaction and productivity. When employees are motivated and feel respected, they are more likely to provide superior customer service and contribute to innovation, all of which enhance profitability (Schwartz, 2021). The human resource of an organisation is very important and ethical business operations cultivate a sense of respect and fairness among the employees. All these enhance employee morale and productivity.

### **Challenges in Balancing Ethics and Profitability**

Despite the clear benefits of ethical practices, balancing ethics with profitability can be challenging. Some of the key challenges include:

1. *Short-Term Financial Pressure:* Businesses, particularly publicly traded companies, are often under pressure to deliver short-term financial results to satisfy shareholders. This pressure can sometimes lead to ethical compromises, such as cutting corners on product quality, neglecting environmental regulations, or exploiting labor in low-cost regions (Brigham & Ehrhardt, 2016).
2. *Cost of Ethical Practices:* Implementing ethical practices like, using sustainable materials, paying fair wages, or investing in local communities that often comes with increased costs. For small and medium-sized businesses, these additional costs may seem like a financial burden in the short term (Crane & Matten, 2016).
3. *Globalization and Cultural Differences:* In a globalized marketplace, businesses operate across regions with varying ethical norms and legal standards. What is deemed ethical in one country may not be considered as such in another, making it difficult to maintain consistent ethical practices globally (Ferrell et al., 2019).
4. *Competitive Pressure:* In highly competitive industries, some companies may feel compelled to engage in unethical behaviour like, misleading advertising, tax evasion,

or environmental negligence, to cut costs or gain market share. These practices can temporarily boost profitability but pose significant long-term risks (Schwartz, 2021).

### **Strategies for Balancing Ethics and Profitability**

Businesses can adopt various strategies to balance ethics with profitability, ensuring that their ethical values are aligned with financial objectives. Some effective strategies include:

1. *Embedding Ethics into Corporate Culture*: To achieve long-term success, companies must develop a corporate culture that emphasizes ethical behaviour. This can be done through regular ethics related training programs, leadership that promotes ethical decision-making, and a clear code of ethics that outlines acceptable practices. When ethics are deeply integrated into the organizational culture, employees are more likely to align their decisions with both ethical and business goals (Carroll & Shabana, 2010).
2. *Transparency and Accountability*: Organizations should cultivate a culture of transparency and accountability, ensuring that employees, customers, and stakeholders have confidence in the company's integrity. This includes being transparent in financial reporting, marketing efforts, and communications. Companies that are accountable for their actions often build strong relationships with stakeholders, which can lead to long-term profitability (Schwartz, 2021).
3. *Corporate Social Responsibility (CSR) Initiatives*: CSR is a powerful tool for balancing ethical principles with profitability. By engaging in CSR activities like, reducing carbon emissions, improving labour conditions, and supporting local communities, businesses demonstrate their commitment to the social good. These initiatives not only enhance the company's reputation but also opens new market opportunities along with increased customer loyalty (Elkington, 1997).
4. *Sustainability Focus*: Investing in sustainability initiatives, such as eco-friendly products, renewable energy, and waste reduction, can result in long-term financial gains. As consumers become more environmentally conscious, they are drawn to businesses that prioritize sustainability. Moreover, sustainable practices often result in cost savings through energy efficiency and reduced waste (Crane & Matten, 2016).
5. *Ethical Supply Chain Management*: Companies must ensure that their supply chains are ethically managed. This involves partnering with suppliers who comply with labour laws, environmental regulations, and fair-trade practices. Ethical supply chain management helps businesses avoid potential scandals and contribute to building a positive brand image (Brigham & Ehrhardt, 2016).
6. *Stakeholder Engagement*: Actively engaging with stakeholders like, employees, customers, investors, and local communities, businesses make informed decisions that align with both ethical standards and profitability goals. Incorporating stakeholder feedback into decision-making ensures that companies maintain ethical integrity while pursuing financial success (Ferrell et al., 2019).

### **Case Studies: Ethical Businesses Driving Profitability**

Several companies have successfully balanced business ethics and profitability, showing that it is possible to achieve both. And moreover, equal importance to both has added benefits in the long- run of the business.

### *1. Patagonia: Commitment to Environmental Sustainability*

Patagonia, an outdoor clothing company founded in 1973, is well-known for its deep commitment to environmental responsibility and sustainability. The company has taken bold steps to ensure that their products and operations are eco-friendly, making sustainability an important component of its business model (Patagonia, n.d.).

#### Ethical Practices:

- *Use of Eco-friendly Materials:* Patagonia prioritizes the use of organic cotton, recycled polyester, and other sustainable materials. They had further reduced their environmental impact by improving water usage, lowering carbon emissions, and adopting renewable energy (Lutz, 2019).
- *Repair and Recycling Programs:* Patagonia runs the Worn Wear program, which encourages customers to repair their products rather than buying new ones. It also offers recycling services for old gear, reducing landfill waste (Patagonia, n.d.).
- *Environmental Activism:* The brand takes direct action on environmental issues, such as donating 1% of its, through the “1% for the Planet” initiative. It also promotes responsible consumption with campaigns like “Don’t Buy This Jacket” (Patagonia, n.d.).

Patagonia's emphasis on ethics has built a loyal customer base that shares its values, leading to steady growth. Its customers are willing to pay premium prices for products aligned with sustainability. Patagonia’s revenue surpassed \$1 billion in 2018, and the company has continued to experience success without sacrificing its ethical principles (Lutz, 2019). Thus, from the case, it is evident that focusing on environmental ethics not only protects the planet but also strengthens customer loyalty and drives long-term profitability.

### *2. Ben & Jerry’s: Social Responsibility and Activism*

Ben & Jerry’s, founded in 1978, is an iconic ice cream company known for incorporating social justice and sustainability into its business strategy. The company has taken initiative on various social and environmental issues, often integrating activism directly into its marketing and operations (Cavanagh, 2020).

#### Ethical Practices:

- *Fair Trade Commitment:* Ben & Jerry’s uses Fairtrade-certified ingredients in its products, ensuring that farmers in developing countries receive fair compensation and work under safe conditions. This commitment applies to ingredients such as cocoa, vanilla, and sugar (Ben & Jerry’s, n.d.).
- *Environmental Sustainability:* The company implements eco-friendly practices, such as reducing greenhouse gas emissions at its facilities and using environmentally responsible packaging (Ben & Jerry’s, n.d.).
- *Social Justice:* Ben & Jerry’s actively campaigns for causes such as racial justice, climate change action etc. This social activism is embedded in the company’s DNA and shapes its brand identity (Cavanagh, 2020).

Despite being acquired by Unilever in 2000, Ben & Jerry’s has maintained its ethical core. The company has enjoyed continued growth and profitability while staying true to its values. Its alignment with socially conscious consumers has helped it maintain a strong market presence, expanding to over 30 countries (Cavanagh, 2020).

Ben & Jerry's demonstrates that a business can stay profitable while maintaining a strong commitment to social and environmental ethics. Integrating activism into the core strategy can further foster brand loyalty and differentiation in the marketplace.

### *3. Starbucks: A Commitment to Fair Trade and Employee Welfare*

Starbucks, the world's largest coffeehouse chain, has set an example for integrating ethical business practices with profitability. Founded in 1971, Starbucks has grown into a global powerhouse by blending a commitment to social responsibility with its business operations (Gallo, 2020).

#### Ethical Practices:

- *Fair Trade Coffee:* Starbucks is one of the largest buyers of Fairtrade-certified coffee globally. It aims to source 100% ethically sourced coffee through its Coffee and Farmer Equity (C.A.F.E.) practices, which ensure fair wages, better working conditions, and sustainable farming methods for coffee farmers (Starbucks, n.d.).
- *Employee Benefits:* Starbucks is known for offering comprehensive benefits to its employees (whom it refers to as "partners"), including health insurance, stock options, and tuition coverage. These benefits help reduce turnover and foster employee loyalty (Gallo, 2020).
- *Sustainability Initiatives:* Starbucks has made significant efforts to reduce its environmental footprint, including reducing plastic waste, implementing recycling programs, and investing in renewable energy. The company has committed to becoming resource-positive, aiming to give more than it takes from the planet by 2030 (Starbucks, n.d.).

Starbucks' ethical practices have not only built a trusted global brand but also contributed to its financial success. Starbucks shows how a strong focus on ethical sourcing, employee welfare, and sustainability can drive brand loyalty, consumer trust, and long-term profitability.

#### **Findings from the Case Studies**

##### **1. Patagonia: Commitment to Environmental Sustainability**

- **Eco-friendly Materials:** Utilizes organic cotton and recycled polyester.
- **Repair and Recycling Programs:** Encourages product repair through the Worn Wear program.
- **Environmental Activism:** Donates 1% of profits to environmental causes.
- **Financial Success:** Revenue surpassed indicates that ethical practices can lead to profitability.

##### **2. Ben & Jerry's: Social Responsibility and Activism**

- **Fair Trade Commitment:** Sources Fairtrade-certified ingredients to ensure fair compensation for farmers.
- **Eco-friendly Practices:** Reduces greenhouse gas emissions and uses sustainable packaging.
- **Active Campaigning:** Advocates for social justice issues, including racial equality and climate change.

- Continued Growth: Maintains profitability and a strong market presence even after acquisition by Unilever.

### **3. Starbucks: A Commitment to Fair Trade and Employee Welfare**

- Ethical Sourcing: Aims to source 100% ethically sourced coffee through C.A.F.E. practices.
- Comprehensive Employee Benefits: Offers health insurance, stock options, and tuition coverage to partners.
- Sustainability Initiatives: Reduces plastic waste and invests in renewable energy.
- Financial Performance: increased revenues shows that ethical practices enhance consumer trust and brand loyalty.

### **Findings of the Study**

The findings derived from the qualitative analysis and the case studies of Patagonia, Ben & Jerry's, and Starbucks reveal that ethical business practices and profitability are not mutually exclusive; rather, they are mutually reinforcing. The study identifies key thematic insights as follows:

#### *1. Integration of Ethics Enhances Long-Term Profitability*

Firms that embed ethical values into their organizational culture achieve sustained financial performance. Ethical conduct enhances brand reputation, customer loyalty, and stakeholder confidence—all of which translate into consistent profitability and competitive advantage over time.

#### *2. Ethical Conduct Strengthens Corporate Reputation and Stakeholder Trust*

Companies that demonstrate integrity, transparency, and responsibility in their operations attract consumer trust and investor confidence. This trust serves as a significant intangible asset that improves customer retention, market share, and overall financial health.

#### *3. Risk Mitigation through Ethical Practices*

Ethical firms experience fewer regulatory penalties, legal disputes, and public controversies. Compliance with moral and legal standards helps avoid costly litigation and reputational damage, ensuring business continuity and stability.

#### *4. Employee Morale and Productivity Improve with Ethical Governance*

An ethical workplace culture fosters fairness, respect, and motivation among employees. The study finds that companies like Starbucks demonstrate higher employee engagement, which enhances productivity and reduces turnover—contributing positively to profitability.

#### *5. Corporate Social Responsibility (CSR) as a Profit Driver*

CSR activities, when aligned with business strategy, foster community goodwill and open new market opportunities. Initiatives such as environmental conservation, fair trade practices, and community development contribute to brand differentiation and consumer preference.

## *6. Challenges Persist in Balancing Ethics and Profitability*

Despite evident benefits, businesses face challenges such as short-term profit pressure, high costs of sustainable operations, and differing global ethical standards. However, firms that prioritize long-term ethical commitments successfully overcome these challenges through innovation and stakeholder collaboration.

## *7. Case Study Findings*

- Patagonia demonstrates that environmental ethics and sustainability can coexist with profitability. Its eco-friendly initiatives and activism have built strong consumer loyalty and steady revenue growth.
- Ben & Jerry's integrates social justice and fair trade into its brand identity, maintaining profitability while advancing global ethical causes.
- Starbucks exemplifies ethical sourcing, employee welfare, and sustainability as core drivers of brand trust and financial performance.

## *8. Strategic Synergy Between Ethics and Profit*

The study concludes that ethical strategies act as facilitators—not constraints—of profitability. Businesses that institutionalize ethics through transparent governance, sustainable supply chains, and stakeholder engagement secure both financial success and social legitimacy.

## **Conclusion**

The example of Patagonia, Ben & Jerry's, and Starbucks illustrates that businesses can effectively balance ethical practices with profitability. Each of these companies has demonstrated a profound commitment to social responsibility and environmental sustainability, integrating these values into their core business strategies.

Patagonia's dedication to eco-friendly materials and environmental activism not only enhances its brand loyalty but also drives significant financial success. Similarly, Ben & Jerry's has successfully aligned its product offerings with social justice initiatives, maintaining profitability while advocating for important causes. Starbucks exemplifies how ethical sourcing and comprehensive employee benefits can contribute to a trusted global brand, resulting in robust financial performance.

The findings from these case studies highlight several key insights: first, consumer trust and loyalty are cultivated through genuine ethical commitments, which can lead to a competitive advantage in the market. Second, integrating social and environmental ethics into business models enables differentiation, attracting a growing segment of ethically-conscious consumers. Lastly, these cases affirm that a strong ethical foundation can result in long-term sustainability, ensuring not only the viability of the business but also a positive impact on society and the environment.

In conclusion, the case presented demonstrates that prioritizing ethics does not conflict with profitability; rather, it can enhance a company's success and reputation in today's increasingly conscious marketplace. As consumers continue to seek brands that align with their values, the lessons learned from these companies will serve as a blueprint for future businesses aiming to harmonize profitability with ethical responsibility.

## **Recommendations**

The following recommendations may be put forwarded based on the study-

- *Strengthen Corporate Governance and Accountability:* The norms of corporate governance and accountability must be followed by the internal stakeholders. Firms must ensure the implementation transparent governance structures, ethical audits and accountability to ensure adherence to ethical standards by all employees.
- *Develop a Value-Based Corporate Culture:* Value- based corporate culture is utmost important in the context of ethics and profitability paradox. Ethical awareness and moral sensitivity should be cultivated and reinforced among the staff through regular training programmes.
- *Adopt Sustainable and Responsible Practices:* Being an indispensable part of the society, businesses should embrace environmentally sustainable practices, fair trade practices and community welfare initiatives that contribute to long-term profitability while fulfilling moral responsibilities toward the society.
- *Engage Stakeholders Proactively:* Organizations must adopt a stakeholder-centric approach that recognizes the interests of employees, consumers, investors, suppliers and communities. Continuous dialogue with stakeholders enhances trust and reduces ethical risks.
- *Implement Ethical Performance Metrics:* Ethical standards need to be made an essential part of performance appraisal. Business should incorporate ethical performance indicators- such as, transparency, employee well-being and environmental impact etc. into performance evaluation system alongside financial metrics.
- *Encourage Ethical Leadership:* Leadership must reflect ethical behaviour. Senior management must exemplify ethical behaviour, setting the tone for organizational conduct and cultivating ethical culture. Leadership integrity directly influences employee ethics and corporate reputation.
- *Promote Global Ethical Standards:* Businesses serving global customers should follow consistent ethical policies across regions. While maintaining cultural differences across regions, universal standards of fairness, transparency and accountability need to be inculcated in the organisations.

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