EDITORIAL: Responsible business practices towards current challenges and future prospects

Dear readers!

In the field of responsible management, there are various approaches to its concept and definition, however, to date, there is no universally accepted solution on this issue (Carroll et al., 2020). It is a fact that by choosing and implementing core values, an entity transmits various messages within the society where it operates and, in particular, to all stakeholders. These messages may concern the identity that each entity wishes to present, the expected behavior with the contracting parties within the entity, either within it or outside this organization. Undoubtedly, the effective communication of the values it advocates and their unwavering application can be the guide for ethical guidance in all aspects of the operation of each entity (Robin & Reidenbach, 1987). So, a first approach, one could say, about how an entity can improve relationships and results towards all stakeholders, is to try to promote transparency as a core value and integrate it through various processes in the culture and communication within and outside the entity.

In recent decades, it has been observed that the concept of ethical evaluation by various individuals or entities can be significantly influenced by the cultural, professional, or other social characteristics (common religion among them, subject of work accepted by the whole society, e.g., no tobacco or gambling, etc.) of the business activity (Parris et al., 2016). Consequently, the concept of ethical and responsible action of any business activity is constantly being redefined within society, and there is a steadily increasing number of stakeholders who are more concerned with the aspects and characteristics of business actions in their way of thinking. Thus, stakeholders are now actively interested in both the consequences of professional actions and what they cause, as well as the ultimate purpose behind each action, and this makes them skeptical to distrustful of entities that are active in businesses (Darke & Ritchie, 2007).

In relation to the above, transparency can again serve as a key tool for addressing stakeholder mistrust and improving responsible management practices of entities. The need for greater organizational transparency and orientation towards responsible actions of businesses without a universal definition has become a popular topic in the media, among managers, and academic researchers (das Neves & Vaccaro, 2013). However, such a complex issue should be managed with care in order to ultimately meet the expectations that various stakeholders have of businesses. Furthermore, in the recent past, there has been an expectation or legal direction that stakeholders, whether internal or external, should have access to detailed data about the business activities of each entity. This expectation stems from the development of technology, the ease of access to data, and the demand for information without restrictions or “filters” in the reality of the business world, thus promoting the concept of transparency in every way and as something to be expected (Parris et al., 2016).

On the other hand, the development and implementation of ethical behaviors towards customers is evaluated within a society and by all stakeholders almost always as a responsible and correct model of behavior that can exist (Ferrell & Gresham, 1985). However, this can prove particularly difficult if the issues mentioned earlier that can influence the way stakeholders perceive and act, such as cultural, professional, or other social factors, are also taken into account (Parris et al., 2016). Finally, it should not be ignored that the challenge that always exists for development on a responsible basis is business actions aimed at improving performance, competitiveness, and profitability (Zadek, 2006).

Therefore, the academic and professional interest in recognizing and promoting responsible and sustainable business action has been growing steadily in recent years (Geissdoerfer et al., 2018). According to Stubbs and Cocklin (2008), sustainability is defined as a model in which sustainability concepts shape the business’s driving force and decision-making process and the dominant neoclassical business model is transformed, rather than complemented, by social and environmental priorities.

Previous research has also suggested that investors are attracted to socially responsible investment (SRI) options (Domini, 2001; Fowler & Hope, 2007). This is again driven by various cultural, professional, or other social characteristics that are important to investors in their investments, according to the ethical values they espouse (as mentioned earlier). Historical evidence suggests that about 10% of all investment funds in the United States were influenced by some form of personal, professional, or other social characteristic (Sauer, 1997; Fowler & Hope, 2007). As of late 2003, investments influenced by some form of specific social characteristic amounted to approximately $2.164 trillion in the United States (Social Investment Forum, 2003). In particular, a large part of the investment capital, influenced by specific social characteristics, came from pension plans, which did not want to invest in companies involved in the production of cigarettes and tobacco, but also in the manufacture of military equipment (Social Investment Forum, 2003; Fowler & Hope, 2007).

In addition, the choice for responsible business action by adopting the circular economy option constitutes a regenerative business and industrial system that aims to restore natural and social capital by ensuring the efficient circulation of materials and energy (Witjes & Lozano, 2016; Stahel, 2016). Approaching that every element of the economy can constitute a significant asset, this strategy attempts to reduce energy consumption in the production process and promote renewable energy sources (Kafestidis et al., 2024). According to Van Buren et al. (2016), the goal is to create an economy where waste is minimized during the production and consumption processes, while maintaining the value of resources and materials for as long as possible.

Mayer et al. (1995) argue that an individual or an entity is considered trustworthy based on positive evaluations in three dimensions: ability, benevolence, and integrity. In continuation with them, limited transparency towards stakeholders ends up increasing skepticism, while at the same time leading to a decrease in trust for responsible business actions in the various entities (Parris et al., 2016). For this reason, the future that follows is expected to push business entities to the necessity of conducting their business activities in a different and more responsible way (Zadek, 2006).

Michail Pazarskis,
Associate Professor,
Department of Economics, International Hellenic University, Serres, Greece,
Editorial Board Member, Responsible Business Review

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