

Responsible Business – A Timely Introspection and Future Prospects

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Abstract

The concept of responsible business is well-known, but not necessarily known well. In this editorial, we seek to conduct a timely introspection of the term, clarifying its definition and characteristics, and launching future research prospects for scholars. Within this vein, it is evident that there is overall consensus as to the principles of responsible business, though there are ongoing debates as to how the term is manifested across different contexts comprising stakeholders with various priorities. For this reason, we argue that a contextual approach is needed, and that businesses need to align their organizational goals with wider expectations on environmental, social and corporate governance outcomes as informed by their ecosystems. Future studies should then be directed towards unpacking some of these cultural influences, and the effectiveness of the quadruple helix (business, academia, industry and society) in delivering responsible business outcomes. These can likewise be undertaken through cross-comparative and longitudinal studies to elucidate global best practices.

Keywords: Responsible business; Corporate social responsibility; Environmental, social and corporate governance; Business ethics.

Responsible Business

Although the word “responsible” dates back much further, “responsibility” only seems to have come into the English language in the late eighteenth century. As it is used today, “responsibility” is an interestingly ambiguous and multi-layered term. In one sense, someone who is responsible for an event can be said to be the author of that event (Giddens, 1999). This is the original meaning of “responsible”, which is linked to causality or agency. Responsibility is a duty or obligation for which a person is held accountable. It is the human condition in which people are answerable for the things they do or cause to happen according to certain norms. Responsibility is accompanied by three essential elements: 1) norms that determine accountability, 2) freedom or free will to act as a rational agent, and 3) results that can be either praiseworthy or blameworthy (New World Encyclopedia, 2021). Responsibility has been widely ‘borrowed’ by many interdisciplinary fields, such as Responsible Tourism (Cheer et al., 2021; Fennell, 2008; Lenny et al., 2022) and Responsible Journalism (McManus, 1997; Hautakangas & Ahva, 2018). Here, we present a timely introspection on the concept of responsibility in business, along with its tenets, challenges, and ways forward.

Responsible business is often characterised by an organisation’s demonstration of ethical and moral codes of conduct for its internal and external stakeholders (Gully, Stainer & Stainer, 2006). Based on these codes, one would expect that the organisation also subscribes to a sustainable business model so that it can comply with the national and international operating environments of present and future worlds (Latapi, Johannsdottir & Daviosdottir, 2021). In this vein, the extant literature points towards responsible business outcomes as the engine room for economic growth, particularly within the business fraternity. This is somewhat obvious, as responsible businesses are held liable and accountable to create jobs for local communities, stimulate the multiplier effect, and improve living standards based on ethical and equitable means, such as fair wages and gender equality (Avram & Kuhne, 2008; Moore, Slack & Gibbon, 2009).

A responsible business also plays a vital role within its ecosystem. For instance, such organisations consider their decisions and corresponding ramifications on supply chains, with a focus on how value can be co-created or potentially co-destructed (Silva & Figueredo, 2020). Likewise, a responsible business is careful with its environmental footprint, as it impacts the wider communities where it operates. Hilliard (2013) further postulated that responsible businesses result in improvements to productivity and employee morale at work, which increases profitability. In turn, responsible businesses boost consumer loyalty and become employers of choice (Parris et al., 2016).

Responsible Business and Corporate Social Responsibility

Responsible business is closely linked to its more illustrious derivative term, corporate social responsibility (CSR). CSR epitomises the need for a business to exhibit sound and ethical practices towards all its stakeholders, as well as to reduce or eliminate negative externalities (Fransen, 2013; Ryan, O’Malley & O’Dwyer, 2010). However, several scholars have made a clearer distinction between these closely associated terms; that is, responsible business is predicated by a greater push towards social partnerships and consultative decision-making (Hammann, Habisch & Pechlaner, 2009; Weller, 2017). It is this wider sociocultural framing of responsible business that creates resilient

communities, thriving workplaces, and sustainable futures founded on business continuity models and strategic foresight (Klettner, Clarke & Boersma, 2014). These ingredients aid in subsequently adopting a systems approach to navigate increasingly complex and unpredictable futures (Weaver et al., 2018). Evidently, the COVID-19 pandemic has led to greater calls to revisit the fundamentals of responsible business practices, as a momentary pause to reflect on why organisations exist and where they see themselves in the post-pandemic world (Reed, 2022).

Challenges in Responsible Business

Whilst there is an overall consensus on the benefits associated with responsible business, there exist inherent challenges in bridging theory and practice. The case of Enron is a clear example of the lapse in business integrity that compromised trust and the goodwill of businesses to serve humanity (Seeger & Ulmer, 2003). Such failures of governance and ethics affect the innate potential for responsible business to realise sustainable development goals.

Another challenge of responsible business is the problem of greenwashing, which is when corporate marketing or advertising misrepresents the environmental friendliness of a company's products or policies (Berrone et al., 2017). These days, consumers can quickly see through greenwashing practices and call out (ir)responsible business activities (Gatti et al., 2019). This raises the need for more checks and balances to ensure that organisational claims towards sustainability can be verified. It also demands that businesses be held accountable to their environmental reporting.

The third challenge is related to the bombardment of information, where fake news and mis/disinformation jeopardise the core tenet of (socially) responsible communication (referring to CSR). COVID-19 has witnessed a surge of partisan polarisation, distrust, sensationalism, and conspiracy (Lee, 2021), which breeds binary opinions, tribalism, and contradictions that can cripple the business industry. In this digitalised and mediatised era, utilising social media for marketing communication requires a responsible approach and a clear strategy. In practise, however, many companies lack a systematic approach in using media (such as for fact-checking mechanisms or crisis communication) and have limited knowledge on the opportunities or ways to use media effectively within a socially responsible context. Consequently, this communication challenge stands in the way of more (social) responsibility in business (Lee et al., 2013; Gong et al., 2022).

The fourth challenge is related to the lack of universal indicators or indices to measure responsible business practices (Shah & O'Reilly, 2022). While business school curricula now incorporate responsible management in course content, operationalising some of these key outcomes in the real-world is context-specific (Dyllick, 2015). For this reason, this timely introspection of responsible business presents opportunities to identify future prospects and bring desired goals to fruition.

Future Prospects

Drawing from the extant literature (or the lack thereof), the careful navigation of responsible business is encouraged as we enter a highly unpredictable operating environment. Future prospects need to increase transparency and accountability in terms of green compliance, in line with Gatti et al.'s (2019) recommendation that standards and regulations be set by international bodies or local governments. Regulatory pressure compels organisations to adopt and comply with responsible business practices, thus providing a level playing field for organisations large and small. For example, a legislative mechanism already in place in some European countries is the ban on combustible fuel motor vehicles within the next two decades (Dyrhaug, 2021).

Another prospective path is to ensure diversity at the top level of corporate boards of directors. Studies have corroborated the positive effect of corporate board diversity on better environmental, social, and governance (ESG) performance (Chouaibi, Chouaibi & Zouari, 2021; Yao, Chen & Zhong, 2022). Correspondingly, the change in business operations towards a work-from-anywhere environment also requires organisational commitment to ensure that employees are provided fair and equitable support mechanisms in terms of wages, career development/disruption, hours of work, and superannuation. This is especially the case when probing responsible business through the lens of the gig economy or other emerging business models like ghost kitchens.

Communication that bridges (rather than widens) divides is needed. Focusing on responsible communication can connect stakeholders, community members, and the public. This includes interacting with stakeholders and servant leaders, as well as effectively utilising (social) media for branding and tourism destination promotion. The harm reduction principle, which is a public health paradigm, is also pertinent in responsible business. Harm reduction is an evidence-based, person-centred approach that seeks to reduce health and social harms associated with a particular attitude or behavior without necessarily requiring people to abstain from or stop the behavior (Riley et al., 1999; Vanderloo et al., 2020). Here, we apply harm reduction principles to address contradictions and promote the wellbeing of stakeholders in the business setting (Gong et al., 2022).

Last but not least, schools and universities have a mandate to revamp their curriculum to integrate the sense of responsibility and sustainable practices across their courses as part of the learning process (Menon & Suresh, 2020). Considering the continued occurrence and recurrence of global crises, we are now living in a world of heightened "responsibilities" where mindfulness about the consequences of our individual behaviours and collective actions has taken on new urgency (Cheer et al., 2021; Ting et al., 2020). As such, technical and analytical skills must now be accompanied by other soft skills, including human rights, biodiversity, social justice, stakeholder management, and climate change adaptation and mitigation, among others (Annan-Diab & Molinari, 2017). This will create graduates who are not only employable but also empathetic and resilient in working in the corporate world.

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