

A Study on Ethical Challenges in MNCs

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Abstract

Ethical governance in multinational corporations has become increasingly important in today's global business environment, where companies operate across multiple countries with diverse legal systems, cultures, and stakeholder expectations. As multinational corporations expand their global presence, they face complex ethical challenges relating to corruption, labour standards, environmental responsibility, transparency, and human rights. This study examines how ethical governance structures can guide corporate behaviour and decision making in such complex environments.

The research explores key governance mechanisms such as board accountability, leadership integrity, internal controls, codes of conduct, and stakeholder engagement, and considers how these elements contribute to building an ethical organisational culture. It also analyses the influence of international regulatory frameworks and global best practice standards in shaping ethical policies and corporate reporting. Rather than viewing ethical governance solely as a compliance requirement, this study approaches it as a strategic function that supports long term sustainability and corporate credibility.

By reviewing existing literature and analysing contemporary corporate practices, the study identifies both strengths and gaps in current governance approaches within multinational corporations. The findings suggest that organisations that actively embed ethical values into their governance systems are better positioned to manage risk, protect their reputation, and maintain stakeholder trust. Ultimately, ethical governance is presented not simply as a regulatory obligation, but as a foundational element of responsible and sustainable global business practice.

Keywords: Ethical governance, Multinational corporations, Corporate accountability, Stakeholder engagement, Sustainability, Risk management, Business ethics.

Chapter 1 Introduction

1.1 Introduction

The rapid growth of multinational corporations (MNCs) has significantly changed the way business is conducted around the world. Today, companies are no longer limited to operating within one country; instead, they expand across borders, reaching customers, resources, and markets globally. This expansion has opened up many opportunities, such as increased economic growth, job creation, access to new technologies, and the sharing of ideas between countries. However, along with these benefits come several challenges especially when it comes to maintaining ethical practices in different parts of the world.

When a company operates in multiple countries, it has to deal with different legal systems, cultural norms, and government regulations. What is considered acceptable in one country may be viewed as unethical or even illegal in another. For example, business practices like gift-giving or negotiation styles can vary

widely across cultures. This makes decision-making more complicated for managers, as they must balance company policies with local customs. In such situations, ethical dilemmas often arise, and the consequences of making the wrong decision can be serious.

This is where ethical governance becomes extremely important. Ethical governance refers to the systems and processes that guide how a company behaves in a responsible and fair manner. It includes principles such as honesty, transparency, accountability, and respect for stakeholders. In simple terms, ethical governance ensures that a company not only follows the law but also does what is morally right, even when no one is watching.

For multinational corporations, ethical governance goes beyond just following local laws. Since these companies operate in many countries, they must create a consistent set of values and standards that apply everywhere. At the same time, they also need to respect local cultures and practices. This balance is not always easy to achieve. For instance, a company may have strict policies against corruption, but it may operate in regions where bribery is common. In such cases, the company must stand firm on its principles while finding ethical ways to conduct business.

Several key issues highlight the importance of ethical governance in multinational corporations. One major concern is corruption, which can damage both the company's reputation and the economy of the country in which it operates. Another critical issue is environmental sustainability. Companies are expected to minimize their environmental impact by reducing pollution, conserving resources, and adopting eco-friendly practices. Failure to do so can lead to long-term damage to the planet and public backlash.

Human rights and labour practices are also important aspects of ethical governance. Multinational corporations often operate in countries where labour laws may not be strictly enforced. This creates a risk of exploitation, such as low wages, poor working conditions, or even child labour. Ethical companies take responsibility for ensuring fair treatment of workers, regardless of where they operate. They implement policies that promote safe working environments, fair pay, and equal opportunities.

Financial transparency is another key area. Companies must maintain accurate records and provide clear information about their financial activities. This helps build trust with investors, regulators, and the public. Any form of financial misconduct, such as fraud or tax evasion, can lead to severe penalties and loss of credibility.

In today's world, stakeholders play a major role in influencing corporate behaviour. Stakeholders include investors, customers, employees, governments, and local communities. These groups expect companies to act responsibly and ethically. For example, customers are more likely to support brands that are environmentally friendly and socially responsible. Investors prefer companies with strong governance practices because they are seen as less risky and more sustainable in the long run.

When companies fail to follow ethical governance, the consequences can be severe. They may face legal action, financial losses, and damage to their reputation. In some cases, companies have taken years to recover from scandals involving unethical behaviour. Loss of trust is particularly difficult to rebuild, and it can affect customer loyalty and employee morale.

On the other hand, companies that prioritize ethical governance often experience long-term success. They build strong relationships with stakeholders, enhance their brand image, and create a positive work culture. Employees feel more motivated and engaged when they work for an organization that values integrity and fairness. This, in turn, improves productivity and innovation.

Ethical governance also contributes to sustainable development. By considering the social and environmental impact of their actions, companies can create value not just for themselves but for society as a whole. This approach helps ensure that business growth does not come at the cost of future generations.

In conclusion, ethical governance is a vital part of managing multinational corporations in today's interconnected world. It helps companies navigate complex challenges, maintain trust, and achieve long-term success. As global business continues to grow, the importance of ethical governance will only increase. Companies that integrate ethical principles into their core strategies will be better prepared to handle uncertainties and build a strong, responsible global presence.

1.2 Significance of the study

A study on ethical challenges in multinational corporations is highly important because it helps us understand the kind of moral issues companies face when they operate in different parts of the world. Since multinational corporations work across many countries, they have to deal with different laws, cultural values, and ways of doing business. What may be considered acceptable in one country might be seen as unethical in another. Because of this, companies often find themselves in difficult situations where they must decide what the right thing to do is. Studying these challenges gives us a clearer idea of how businesses can handle such situations responsibly.

One of the main reasons this study is significant is that it emphasizes the importance of ethical decision-making. In a global business environment, companies cannot focus only on profits; they also need to ensure that their actions are fair, honest, and transparent. Ethical decision-making helps organizations build trust with their stakeholders, including customers, employees, and investors. When companies act responsibly, people are more likely to support and believe in them. This trust plays a major role in the long-term success of any business.

Another important aspect of this study is that it helps in developing better corporate policies and governance systems. By understanding the common ethical issues faced by multinational corporations such as corruption, unfair labour practices, and environmental concerns. Companies can create clear rules and guidelines to prevent such problems. These policies not only guide employees in making the right decisions but also ensure that the company maintains consistent standards across all its operations, regardless of location.

This study is also useful for improving laws and regulations. Governments and regulatory bodies can use these insights to design better frameworks that encourage ethical business behaviour. Strong regulations help in holding companies accountable for their actions and ensure that they do not exploit differences between countries for their own benefit. In this way, ethical studies contribute not just to businesses but to society as a whole.

Protecting stakeholder interests is another key reason why this topic is important. Stakeholders include employees, customers, suppliers, investors, and local communities. Each of these groups is affected by the actions of multinational corporations. For example, employees expect fair wages and safe working conditions, while customers expect honest products and services. By focusing on ethical practices, companies can ensure that the rights and interests of all stakeholders are respected and protected.

A good reputation, on the other hand, attracts customers, investors, and talented employees. Companies known for their ethical standards are often seen as more reliable and trustworthy, which gives them a competitive advantage in the global market.

Managing risks is another important benefit of studying ethical challenges. Unethical practices can lead to serious consequences such as legal penalties, financial losses, and loss of public trust. By understanding potential ethical risks, companies can take preventive measures and avoid such situations. This not only protects the company but also ensures smooth and stable business operations.

Finally, this study encourages sustainable and responsible business practices. It reminds companies that their role is not limited to making profits but also includes contributing positively to society and the environment. Ethical businesses focus on long-term growth rather than short-term gains, ensuring that their activities do not harm future generations.

In conclusion, studying ethical challenges in multinational corporations is essential for understanding how global businesses can operate responsibly. It supports better decision-making, protects stakeholders, improves policies and regulations, and promotes sustainable growth. Overall, it plays a key role in shaping a more ethical and balanced global business environment.

1.3 Statement of Problem

The rapid expansion of multinational corporations (MNCs) across global markets has created significant challenges in maintaining consistent ethical standards in their operations. As these corporations function in diverse legal, cultural, and economic environments, they often face conflicts between global ethical principles and local business practices. This creates uncertainty in decision-making and increases the risk of unethical behaviour such as corruption, exploitation of labour, environmental harm, and lack of transparency.

Although many multinational corporations have established codes of conduct and governance frameworks, there is often a gap between policy and actual practice. Differences in regulatory systems, weak enforcement of laws in certain regions, and pressure to achieve financial targets can lead to ethical compromises. In some cases, companies may prioritize profits over ethical responsibilities, which can result in reputational damage, legal consequences, and loss of stakeholder trust.

Furthermore, stakeholders such as investors, employees, customers, and governments are increasingly demanding higher levels of accountability, transparency, and social responsibility from corporations. However, ensuring ethical governance across all levels of a multinational organization remains a complex task due to its size, structure, and geographical spread.

Therefore, the core problem addressed in this study is the challenge of implementing and maintaining effective ethical governance in multinational corporations while balancing global standards with local practices. This research seeks to examine how ethical governance frameworks can be strengthened to ensure responsible decision-making, protect stakeholder interests, and promote sustainable business practices in a global environment.

Research Objectives:

1. To identify the major ethical challenges faced by multinational corporations. This includes issues like corruption, cultural differences, labour practices, and environmental concerns.
2. To analyse the effectiveness of existing ethical governance frameworks in multinational corporations. This focuses on understanding how well current policies and systems ensure ethical behaviour in global operations.

Scope of the Study

The scope of this study focuses on understanding ethical governance in multinational corporations (MNCs) by combining both theoretical knowledge and primary data collected through a questionnaire. The study aims to examine how ethical practices are perceived and followed in global business environments, especially from the perspective of individuals who are either preparing to enter the corporate world or are already part of it.

The research covers important aspects of ethical governance such as transparency, accountability, integrity, and corporate social responsibility. It also explores major ethical challenges faced by multinational corporations, including corruption, cultural differences, labour practices, environmental concerns, and financial transparency. These factors are analysed to understand their impact on corporate behaviour and long-term sustainability.

A key part of this study involves primary data collected from two groups of respondents: students and working professionals in multinational corporations. Students provide insights into awareness, expectations, and perceptions of ethical practices before entering the workforce, while working professionals contribute practical knowledge based on real corporate experiences. This combination helps in gaining a more balanced and realistic understanding of ethical governance.

The study does not focus on any specific company, industry, or country but instead provides a general overview of ethical practices followed by multinational corporations globally. However, the findings are limited to the responses collected from the selected sample group and may not fully represent all multinational corporations or regions.

The research also attempts to evaluate how effectively ethical governance frameworks are implemented and whether organizations are able to maintain consistent ethical standards across different locations. Based on the findings, the study suggests possible measures to improve ethical governance and promote responsible business behaviour.

In conclusion, the scope of this study includes both conceptual analysis and practical insights into ethical governance in multinational corporations. It aims to provide a clear understanding of ethical challenges and practices, based on the views of students and working professionals, making it relevant for academic and practical purposes.

Research Gap

Although there is a lot of research on ethical governance in multinational corporations, most of it focuses on corporate policies, theoretical frameworks, or case studies of large organizations. These studies often explain what ethical governance should look like, but they rarely show how it is actually perceived and experienced by individuals who are part of or entering the workforce.

A major gap exists in understanding the perspectives of students studying professional courses, who represent future employees and bring new expectations and awareness, and working professionals currently employed in multinational corporations, who have direct experience with corporate ethical practices. Few studies have combined these two groups to provide a balanced view of ethical governance from both educational and practical perspectives.

Another gap lies in examining the difference between formal ethical policies and how they are actually implemented in day-to-day corporate operations. Even though multinational corporations may have codes

of conduct and governance frameworks, there is limited research on whether employees perceive these policies as effective and consistently applied across different locations.

Most previous research also tends to focus on specific industries, countries, or organizations, which limits the understanding of ethical governance in diverse global contexts. In addition, very few studies collect primary data to capture the real opinions, awareness, and attitudes of students and professionals regarding ethical governance.

This study seeks to fill these gaps by collecting primary data through questionnaires from both students pursuing professional courses and working professionals in multinational corporations. By combining the perspectives of future and current employees, the research aims to provide a more realistic and comprehensive understanding of ethical governance in today's global business environment.

1.4 Data collection method

For this study, both primary and secondary data were used to gain a comprehensive understanding of ethical governance in multinational corporations.

The primary data was collected using a structured questionnaire. The questionnaire was designed to gather information about perceptions, awareness, and experiences related to ethical governance from two groups: students studying professional courses and working professionals employed in multinational corporations. The questions focused on areas such as transparency, accountability, corporate social responsibility, ethical challenges, and the effectiveness of corporate governance practices.

The questionnaire was distributed electronically and in person to ensure a wider reach. Students were selected from professional courses in colleges, while working professionals were approached from different multinational corporations. This approach allowed the study to capture both the perspective of individuals preparing to enter the corporate world and those who have practical experience in ethical governance within multinational companies.

Secondary data was collected from academic journals, books, research articles, and reliable online sources. This helped to build a theoretical understanding of ethical governance, corporate policies, and common challenges faced by multinational corporations worldwide. The combination of primary and secondary data ensured that the study was both evidence-based and conceptually informed.

The collected data from questionnaires were then organized, coded, and analysed to identify patterns, trends, and key insights. This method helped in understanding how ethical governance is perceived by students and professionals and provided practical insights that support the research objectives.

In conclusion, the data collection method ensured a balance between theoretical knowledge and practical perspectives, making the study relevant and reliable.

1.5 Limitations of the Study

1. The study focuses only on students studying professional courses and working professionals in multinational corporations. Therefore, the findings may not fully represent the perceptions of all employees or students in other fields or organizations.
2. The data collected through questionnaires is based on self-reported opinions and experiences, which may include personal bias or inaccurate responses.
3. The research is limited to a general overview of ethical governance and does not provide an in-depth analysis of specific companies, industries, or country-specific regulations.

Chapter 2 Literature Review

1. Mohamed and Elboukhari (2026)

Mohamed and Elboukhari (2026) examine the role of ethical leadership in enhancing ESG disclosure in emerging markets. The study finds a strong positive relationship between leadership ethics and transparency in sustainability reporting. It highlights that ethical leadership acts as an internal governance mechanism that promotes accountability and responsible decision-making. The research emphasizes that firms with strong ethical leadership are more likely to adopt comprehensive ESG practices. However, the study is limited to a specific regional context, which may affect generalizability. Overall, it reinforces the importance of leadership behaviour in strengthening ethical governance frameworks.

2. Pérez-Temprano et al. (2025)

Pérez-Temprano et al. (2025) analyze the relationship between corporate culture and sustainability governance maturity. The study finds that governance effectiveness is not driven by a single factor but by a combination of cultural elements such as digital orientation and organizational values. It highlights that governance maturity emerges through complex configurations rather than linear relationships. Interestingly, ESG values alone were not sufficient to ensure strong governance outcomes. This suggests that internal culture plays a critical role in ethical governance. The study contributes by linking organizational culture with governance performance, though it focuses on a specific market context.

3. Gupta and Symss (2025)

Gupta and Symss (2025) provide an integrative review of corporate governance and risk disclosure. The study highlights that governance mechanisms significantly influence the quality and extent of risk reporting. It emphasizes the role of institutional environments in shaping disclosure practices across countries. The research identifies inconsistencies in prior studies and attempts to provide a unified framework. It also stresses that transparency is essential for ethical governance. However, variations across regions create challenges in standardization. The study contributes by bridging gaps in governance and disclosure literature, particularly in multinational contexts.

4. Frontiers ESG Review (2025)

A systematic review (2025) on ESG regulatory transformation highlights how mandatory disclosure frameworks are reshaping corporate governance. The study identifies key themes such as accountability, standardization, and methodological evolution. It finds that regulatory pressures significantly improve ESG performance consistency. However, firms still prioritize financial materiality over broader stakeholder concerns. The research also highlights challenges in cross-border governance due to differing regulatory frameworks. While comprehensive, it notes gaps between regulatory intent and actual corporate practice. Overall, the study emphasizes the growing importance of regulation in driving ethical governance in multinational corporations.

5. Cui (2025)

Cui (2025) investigates the impact of digital innovation on ESG performance, with a focus on AI technologies. The study finds that technological advancements significantly enhance governance effectiveness by improving data transparency and decision-making. It highlights AI as a mediating factor that strengthens ESG outcomes. However, the impact varies across industries and firm sizes. The study also raises concerns about ethical risks associated with technology use. While empirical, it suggests the

need for stronger governance frameworks to regulate digital transformation. Overall, it contributes to understanding the intersection of technology and ethical governance.

6. Mirishli (2025)

Mirishli (2025) explores the role of legal frameworks in governing ethical AI use within corporate governance systems. The study emphasizes the need for adaptable and principle-based regulations to address emerging technological risks. It highlights challenges such as lack of standardization and enforcement mechanisms. The research argues that governance must evolve alongside technological advancements to ensure accountability and fairness. While largely conceptual, it provides important insights into future governance challenges. The study contributes by integrating legal and ethical perspectives into corporate governance discussions.

7. Asem, Fan, and Tian (2025)

Asem et al. (2025) conduct an AI-assisted systematic review on ESG and cost of capital. The study finds that strong ESG governance is associated with reduced financial risk and improved investor confidence. It highlights the growing importance of ESG in financial decision-making. The research also demonstrates how AI tools can enhance literature analysis and governance research. However, it notes variations in findings across industries and regions. The study contributes by linking governance practices with financial outcomes, reinforcing the economic relevance of ethical governance.

8. Mokander and Floridi (2024)

Mokander and Floridi (2024) examine ethics-based auditing as a governance mechanism in AI systems. The study finds that auditing helps bridge the gap between ethical principles and practical implementation. However, challenges such as coordination, communication, and measurement remain significant. The research highlights that governance issues in AI mirror traditional corporate governance challenges. It emphasizes the need for structured auditing processes to ensure accountability. While based on a case study, the findings provide practical insights into implementing ethical governance in technologically advanced organizations.

9. Aziz et al. (2023)

Aziz et al. (2023) conduct a systematic review of ESG and corporate governance literature. The study identifies key themes, including the integration of ESG into governance frameworks and its impact on strategic decision-making. It highlights that ESG factors influence board composition and corporate policies. The research also identifies gaps in measurement and implementation. It emphasizes that governance and ESG must be aligned to ensure sustainability. While comprehensive, the study calls for more empirical research. Overall, it reinforces the importance of ESG integration in ethical governance.

10. Ethical Culture Study (2024)

A 2024 study on ethical culture and leadership examines how leadership behavior influences ESG compliance. The research finds that ethical leadership reduces integrity violations and promotes a strong governance culture. It highlights that organizational culture acts as a mediator between leadership and governance outcomes. The study emphasizes the importance of internal governance mechanisms in achieving sustainability goals.

However, it is limited

to the public sector context. Despite this, it provides valuable insights into the role of culture in ethical governance.

11. Friede et al. (Updated ESG Meta-Analysis, 2021– 2024 discussions)

Recent updates building on ESG meta-analyses show that the majority of studies find a non- negative relationship between ESG and financial performance. The research highlights that governance quality plays a key role in this relationship. It emphasizes that ethical governance reduces risk and enhances firm value. However, the strength of the relationship varies across sectors and regions. The study suggests that ESG integration is increasingly becoming a standard expectation. It contributes to validating the business case for ethical governance.

12. ESRS Implementation Studies (2024–2025)

Recent studies on European Sustainability Reporting Standards (ESRS) highlight the role of mandatory disclosure in improving governance transparency. The research finds that firms face challenges in balancing financial and impact materiality. It emphasizes that regulatory frameworks drive accountability but require strong enforcement. The study also identifies increased compliance costs for multinational corporations. Despite challenges, ESRS improves comparability and standardization. The findings suggest that regulation is a key driver of ethical governance.

13. KPMG ESG Readiness Report (2023)

The KPMG (2023) report highlights that a majority of firms are not fully prepared for ESG requirements. It emphasizes gaps in governance systems and internal controls. The study finds that only a small proportion of companies have robust ESG frameworks. This lack of preparedness raises concerns about ethical governance implementation. The report underscores the need for stronger governance structures and strategic alignment. It contributes practical insights into real-world governance challenges.

14. Reuters Governance Reform Analysis (2025)

Recent governance reform studies highlight growing investor support for transparency and accountability measures. The research finds increasing emphasis on shareholder rights and board independence. It suggests that governance reforms are gaining traction globally. However, environmental and social issues receive comparatively less attention. The study highlights evolving priorities in governance practices. It contributes to understanding the dynamic nature of governance reforms in multinational corporations.

15. Carbon Governance Studies (2025)

Recent research on carbon governance highlights the role of standardized frameworks in improving accountability. The study emphasizes the importance of transparency and third- party verification in ESG reporting. It finds that new standards increase regulatory scrutiny and compliance requirements. However, implementation challenges remain significant. The research contributes to understanding environmental governance in multinational corporations.

16. Dynamic Materiality Theory (2022–2024)

Recent studies on dynamic materiality emphasize that governance must consider both financial and societal impacts. The research highlights the evolving nature of materiality in ESG reporting. It suggests that governance frameworks must adapt to changing stakeholder expectations. However, firms often

prioritize financial outcomes. The study contributes to understanding the complexity of ethical governance.

17. Institutional Theory Applications (2020–2024)

Recent research applying institutional theory shows that governance practices are influenced by regulatory and cultural environments. The study highlights the role of isomorphic pressures in shaping corporate behaviour. It emphasizes that multinational corporations adapt governance practices across regions. However, this may lead to inconsistencies. The study contributes to understanding global governance dynamics.

18. Stakeholder Governance Studies (2020–2025)

Recent stakeholder-focused studies highlight the increasing importance of stakeholder engagement in governance. The research finds that firms adopting stakeholder-oriented governance achieve better sustainability outcomes. It emphasizes trust and accountability. However, balancing diverse interests remains challenging. The study reinforces stakeholder theory in modern governance.

19. Digital Governance Research (2022–2025)

Recent studies on digital governance highlight risks such as data privacy and algorithmic bias. The research emphasizes the need for updated governance frameworks. It finds that digital transformation creates both opportunities and ethical challenges.

The study contributes to emerging governance literature.

20. Board Diversity Studies (2021–2024)

Recent research highlights the positive impact of board diversity on governance effectiveness. The study finds that diverse boards improve decision-making and ethical oversight. However, implementation varies across regions. The study contributes to governance reform discussions.

21. Sustainability Strategy Studies (2023–2025)

Recent studies show that integrating sustainability into corporate strategy enhances governance effectiveness. The research emphasizes long-term value creation. However, challenges in implementation persist. The study contributes to strategic governance literature.

22. ESG Measurement Challenges (2022–2025)

Recent research highlights inconsistencies in ESG measurement standards. The study emphasizes the need for standardized metrics.

It finds that lack of comparability affects governance evaluation.

The study contributes to improving governance frameworks.

23. Ethical Risk Management Studies (2021–2024)

Recent studies emphasize the role of governance in managing ethical risks. The research highlights risk disclosure and transparency. It suggests that governance reduces corporate scandals. The study contributes to risk governance literature.

24. Corporate Transparency Studies (2020–2025)

Recent research highlights transparency as a key element of ethical governance. The study finds that disclosure improves stakeholder trust. However, excessive reporting may create complexity. The study contributes to governance practices.

25. Global Governance Convergence Studies (2022–2025)

Recent studies highlight convergence in global governance standards. The research finds increasing harmonization of ESG frameworks. However, regional differences persist. The study contributes to understanding global governance trends.

26. Kim and Yang (2025)

Kim and Yang (2025) conduct a large-scale systematic review of ESG-performance relationships across 67 countries. The study finds that over half of the analyzed research reports a positive link between ESG practices and firm performance, particularly in AsiaPacific regions. It highlights that governance mechanisms play a crucial role in strengthening this relationship by ensuring accountability and transparency. However, the results vary across industries, with manufacturing and finance showing stronger outcomes than technology sectors. The study also identifies inconsistencies in ESG measurement. Overall, it reinforces the growing importance of governance in achieving sustainable performance.

27. Cunha et al. (2025)

Cunha et al. (2025) develop a conceptual framework linking ESG indicators with corporate performance. The study emphasizes governance as a central pillar that integrates environmental and social dimensions into business strategy. It highlights the need for standardized ESG metrics to improve comparability across firms. The research also identifies challenges in measuring governance effectiveness due to varying institutional contexts. While theoretical, it provides a structured approach for evaluating ESG performance. The study contributes significantly to understanding how governance mechanisms influence sustainability outcomes in multinational corporations.

28. Frontiers ESG Review (2025)

A 2025 systematic review highlights the impact of mandatory ESG disclosure frameworks on corporate governance. The study finds that regulatory changes have significantly improved transparency and standardization in reporting practices. However, it also notes that firms often struggle with compliance, particularly in adapting to new reporting standards. The research emphasizes that governance systems must evolve to meet regulatory expectations. While it provides valuable insights, the study is limited by its focus on early-stage implementation. Overall, it underscores the role of regulation in shaping ethical governance practices.

29. Pérez Escamez et al. (2026 early data 2020–23)

Pérez Escamez et al. (2026) analyze governance characteristics influencing ESG adoption in European firms. The study finds that board independence and ownership structures significantly affect sustainability practices. It highlights that strong governance frameworks facilitate ESG integration into corporate strategy. However, the study also notes variations across firms due to institutional and cultural differences. While focused on Europe, it provides valuable insights into governance mechanisms. The research

contributes to understanding how governance structures drive ethical practices in multinational corporations.

30. Gratcheva and Gurhy (2024)

Gratcheva and Gurhy (2024) examine ESG integration in sovereign investment strategies. The study highlights governance challenges in aligning sustainability goals with financial objectives. It finds that inconsistent ESG standards and lack of reliable data hinder effective implementation. The research emphasizes the need for stronger governance frameworks to improve accountability and transparency. While focused on sovereign investments, the findings are relevant to multinational corporations. The study contributes to understanding governance complexities in large-scale sustainability initiatives.

31. Cui (2025 – Digital Innovation Study)

Cui (2025) investigates how digital innovation influences ESG performance, with AI acting as a mediating factor. The study finds that firms adopting advanced technologies demonstrate improved governance efficiency and transparency. It highlights that digital tools enhance decision-making and accountability. However, the impact varies across industries and firm sizes. The research also raises ethical concerns related to AI usage. Overall, it emphasizes the need for governance frameworks to evolve alongside technological advancements.

32. Asem, Fan, and Tian (2025)

Asem et al. (2025) use AI-assisted methods to review ESG's impact on the cost of capital. The study finds that firms with strong governance practices tend to have lower financial risk and improved investor confidence. It highlights governance as a key determinant of financial outcomes. The research also demonstrates the usefulness of AI in analysing complex governance data. However, variations across industries remain a challenge. The study contributes to linking ethical governance with financial performance.

33. ESG Disclosure and Green Finance Studies (2024)

Recent studies emphasize the importance of corporate-level ESG disclosure in facilitating green finance. The research highlights that transparent governance systems attract sustainable investments and reduce information asymmetry. It also identifies risks such as greenwashing, which undermine credibility. The study suggests that standardized disclosure frameworks are essential for effective governance. While regulatory efforts are increasing, implementation challenges remain. Overall, the research underscores the critical role of transparency in ethical governance.

34. ESG Readiness and Governance Gaps (2023)

Recent reports indicate that a significant proportion of firms are not adequately prepared for ESG requirements. The study highlights gaps in governance systems, particularly in internal controls and strategic alignment. It finds that only a minority of organizations have robust ESG frameworks. This lack of preparedness raises concerns about effective governance implementation. The research emphasizes the need for stronger governance structures. Overall, it provides practical insights into real-world governance challenges.

35. Sustainability Reporting Evolution (2024)

Recent research shows that sustainability reporting has become more detailed and complex. The study highlights that firms are increasingly incorporating governance-related disclosures, including ethical AI practices. It emphasizes that reporting trends reflect growing stakeholder expectations. However, excessive reporting may reduce clarity and effectiveness. The study suggests that governance frameworks must balance transparency with usability. Overall, it contributes to understanding evolving governance practices in multinational corporations.

36. ESG and Investor Behaviour Studies (2020–2024)

Recent studies highlight the growing influence of ESG factors on investor decision-making. The research finds that governance quality significantly affects investor confidence and capital allocation. It emphasizes that ethical governance reduces perceived risk and enhances firm value. However, investor preferences vary across regions. The study contributes to understanding the financial implications of governance practices.

37. Climate Governance Studies (2021–2025)

Recent research on climate governance highlights the role of corporate governance in addressing climate risks. The study emphasizes board oversight and risk management systems. It finds that firms with strong governance frameworks are better equipped to manage environmental challenges. However, implementation varies across industries. The study contributes to sustainability governance literature.

38. ESG Backlash and Governance Debate (2024–2025)

Recent studies highlight growing criticism of ESG practices, particularly in certain regions. The research finds that governance priorities are shifting toward financial performance. However, governance-related resolutions continue to gain support. The study emphasizes the evolving nature of governance practices. It contributes to understanding challenges in ESG implementation.

39. AI Governance and Ethics Studies (2023–2025)

Recent research highlights the need for governance frameworks to address ethical challenges in AI. The study identifies issues such as bias, accountability, and transparency. It emphasizes that traditional governance models are insufficient. The research suggests adopting new governance mechanisms. Overall, it contributes to emerging governance literature.

40. Global ESG Convergence Studies (2020–2025)

Recent studies highlight increasing convergence in global governance standards. The research finds that regulatory frameworks are becoming more aligned across regions. However, differences in implementation persist. The study emphasizes the need for harmonization. It contributes to understanding global governance trends.

1.6 Overall Takeaway from the Study

From 2020 to 2025, ethical governance in multinational corporations has evolved beyond simple compliance to a broader focus on transparency, accountability, sustainability, and ethical responsibility. Companies today are judged not just on profits but also on their social and environmental impact, making ethical governance essential for long-term success.

A key trend is the integration of ESG (Environmental, Social, and Governance) into core governance systems. Governance acts as the foundation that ensures ESG practices are genuinely implemented rather than just symbolic. At the same time, firms are shifting from a shareholder-focused approach to a stakeholder-oriented model, considering employees, customers, communities, and the environment. While this promotes long-term value, it also makes decision-making more complex.

Leadership and organizational culture play a crucial role in ethical governance. Ethical leaders set the tone, but strong governance also requires shared values and consistent behaviour across all levels. Additionally, digital transformation has introduced new challenges like data privacy, cybersecurity, and algorithmic bias, requiring updated governance frameworks.

Global operations further complicate governance, as firms must balance international standards with local practices. Transparency and ESG reporting have become more important, but lack of standardization makes comparison difficult. Similarly, gaps often exist between formal policies and actual practices, with some firms focusing more on compliance than real ethical commitment.

Strong governance also improves risk management, enhances reputation, and supports long-term value creation. Board diversity and regulatory frameworks are improving governance quality, but implementation remains uneven.

Overall, ethical governance is now a strategic necessity rather than just a legal requirement. While progress is evident, challenges like inconsistent standards, implementation gaps, and global differences still need to be addressed for more effective governance in multinational corporations.

Chapter 3 Research Methodology

3.1 Research Design

This study follows a descriptive research design with elements of exploratory research. The main aim is to understand perceptions of ethical governance in multinational corporations from two groups: students pursuing professional courses and working professionals employed in MNCs. By combining these perspectives, the study seeks to identify common ethical challenges, evaluate awareness of governance frameworks, and understand how ethical practices are perceived in real corporate environments.

The research uses a mixed-method approach, but primarily relies on quantitative data collected through structured questionnaires. The questionnaire is designed to measure factors such as transparency, accountability, corporate social responsibility, leadership ethics, and the effectiveness of governance policies. The responses are analysed statistically to identify patterns, trends, and differences between students and working professionals.

Additionally, secondary data from books, research articles, journals, and reports is used to provide a theoretical background and support the primary data findings. This combination allows the study to connect conceptual understanding with real-world perceptions, making the research both practical and academically grounded.

The study focuses on students in professional courses and working professionals in multinational corporations without targeting any specific company, industry, or country. While this provides a broad perspective, it also helps in generalizing insights about ethical governance practices across global corporate environments.

3.2 Hypotheses

Based on the research objectives and the literature review, the study proposes the following hypotheses:

1. H1: There is a significant difference in the perception of ethical governance between students studying professional courses and working professionals in multinational corporations.
2. H2: Awareness of ethical governance practices positively influences the perceived effectiveness of corporate ethical policies among respondents.
3. H3: Strong ethical governance in multinational corporations is associated with higher levels of trust and credibility as perceived by students and working professionals.
4. H4: Cultural and organizational factors significantly affect the perception and implementation of ethical governance practices in multinational corporations.

These hypotheses will be tested using the data collected from the questionnaire to explore the relationships between individual perceptions, awareness, and the effectiveness of ethical governance frameworks.

3.3 Data Collection

This study uses both primary and secondary data. Primary data was collected through a questionnaire given to students studying professional courses and working professionals in multinational corporations. The questions focused on ethical governance, including transparency, accountability, leadership ethics, and corporate social responsibility. Secondary data was collected from books, journals, and online articles to support the study.

3.4 Sample Selection

The study included two groups of respondents: students in professional courses and working professionals in MNCs. A purposive sampling method was used, meaning participants were chosen because they could provide relevant information. The total number of respondents were 33, with both groups represented fairly.

3.5 Data Analysis Techniques

The data from the questionnaires was organized and analyzed using simple statistical methods. Descriptive statistics like percentages, averages, and charts were used to summarize the data. Inferential statistics, such as t-tests and correlation analysis, were used to test the research hypotheses and understand relationships between awareness, perceptions, and effectiveness of ethical governance.

3.6 Period of Study

The study was conducted over 3 months. During this period, questionnaires were distributed, responses collected, and data analysed.

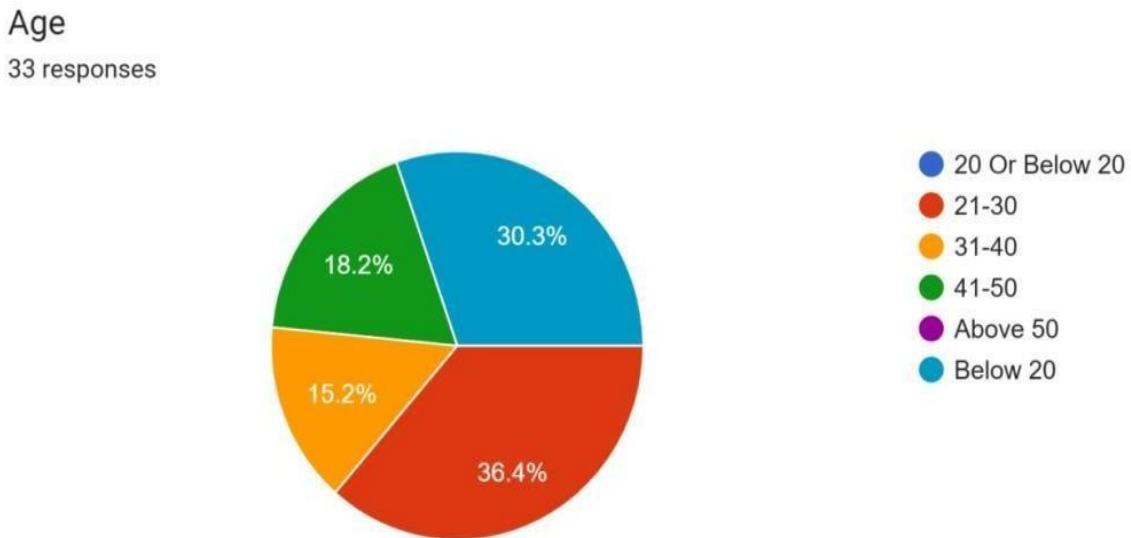
3.7 Tools and Software

Microsoft Excel was used to organize data, calculate averages, percentages, and make charts.

Chapter 4

Data Analysis and Interpretation

Table 1

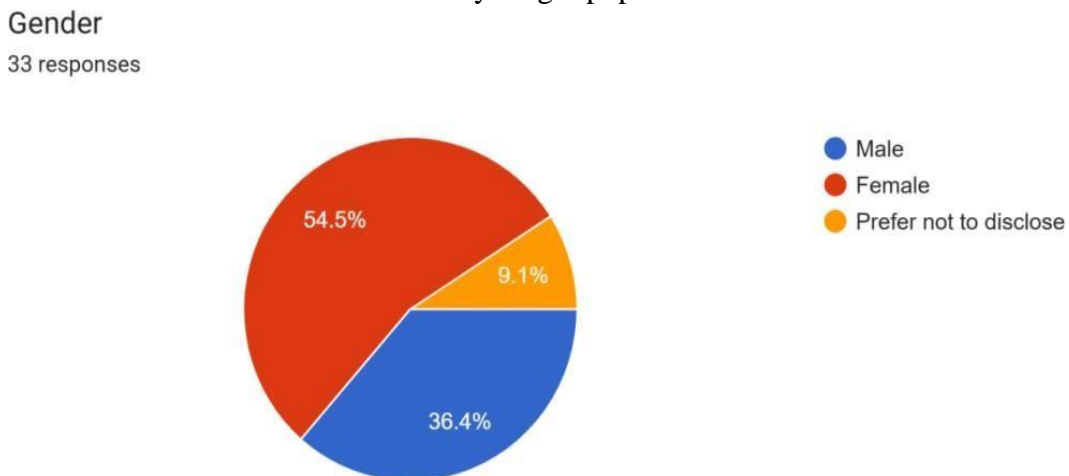


Interpretation:

The age distribution of respondents shows that the majority belong to the 21-30 age group (36.4%), indicating that young adults form the largest portion of the sample. This is followed by respondents below 20 years (30.3%), suggesting a strong representation of younger individuals. The 41-50 age group (18.2%) and 31-40 age group (15.2%) have comparatively lower participation. There are little to no respondents above 50 years, indicating minimal representation from older age groups. Overall, the data is skewed

Table 2

towards a younger population.



Interpretation:

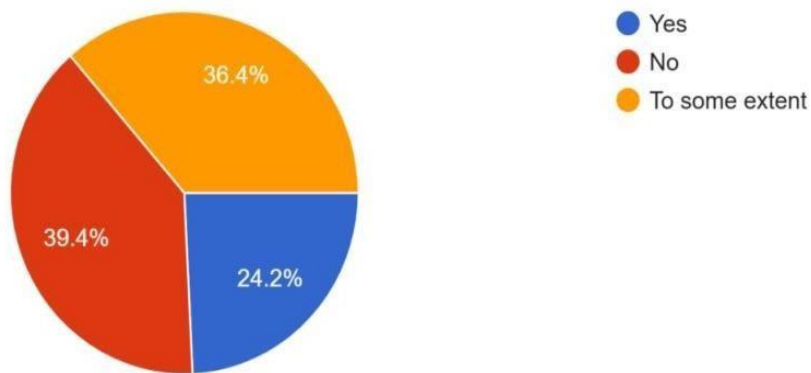
The gender distribution of the respondents indicates a higher representation of females in the sample. Out of the 33 responses collected, 54.5% identified as female, making them the majority group. Male respondents accounted for 36.4% of the sample, while 9.1% of participants preferred not to disclose their

gender. This distribution suggests a moderate gender imbalance, with females being more prominently represented. The presence of respondents who chose not to disclose their gender, although relatively small, reflects an element of inclusivity and respect for privacy within the data collection process. Overall, the findings highlight a predominantly female sample, which may influence the perspectives and outcomes of the study and should be considered when interpreting the results.

Table 3

Do cultural differences create ethical challenges in MNCs?

33 responses



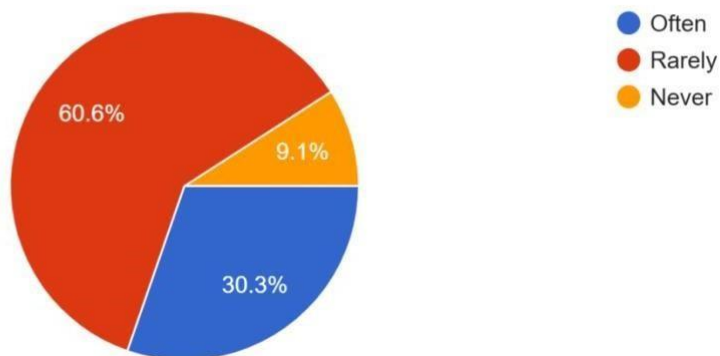
Interpretation:

The responses indicate mixed opinions on whether cultural differences create ethical challenges in MNCs. The majority of respondents (39.4%) believe that cultural differences do not create ethical challenges, while a significant portion (36.4%) feel that they do so to some extent. A smaller group (24.2%) strongly agrees that cultural differences do create ethical challenges. Overall, this suggests that while many respondents do not see it as a major issue, a considerable number acknowledge that cultural differences can pose ethical challenges at least to some degree.

Table 4

Do employees experience pressure to act unethically in MNCs?

33 responses



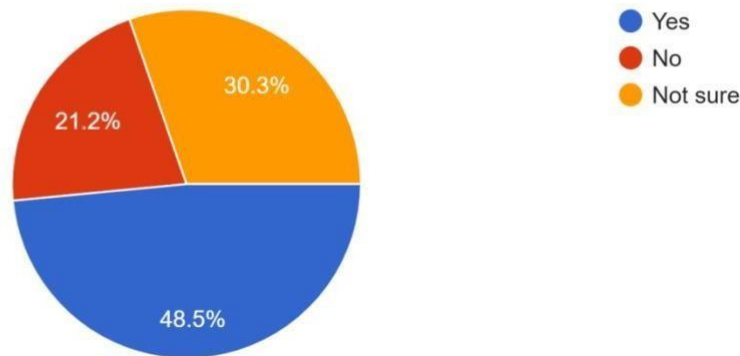
Interpretation:

The data shows that most respondents believe employees rarely experience pressure to act unethically (60.6%) in MNCs. However, a notable portion (30.3%) feel that such pressure is experienced often, indicating that unethical pressure is still present to a significant extent. A small percentage (9.1%) believe employees never face such pressure. Overall, this suggests that while unethical pressure is not considered very frequent by the majority, it is still a concern for a considerable number of employees.

Table 5

Do weak regulations contribute to unethical practices in MNCs?

33 responses



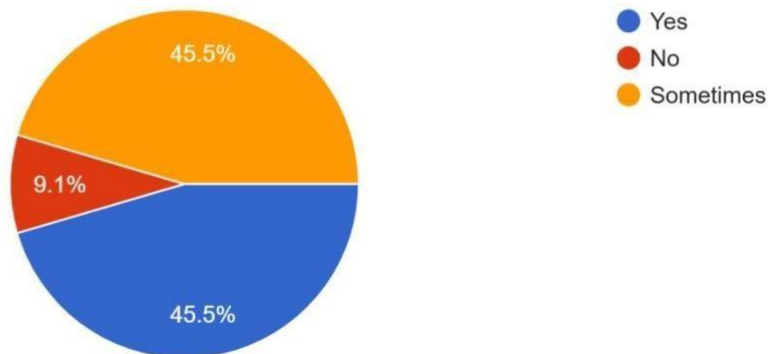
Interpretation:

The findings indicate that a majority of respondents (48.5%) believe that weak regulations do contribute to unethical practices in MNCs. Meanwhile, 30.3% of respondents are not sure, showing some uncertainty or lack of awareness about the issue. A smaller group (21.2%) feel that weak regulations do not contribute to unethical practices. Overall, this suggests that weak regulatory frameworks are generally perceived as an important factor influencing unethical behaviour, although a significant portion of respondents remain unsure.

Table 6

Is maintaining transparency difficult in multinational operations?

33 responses



Interpretation:

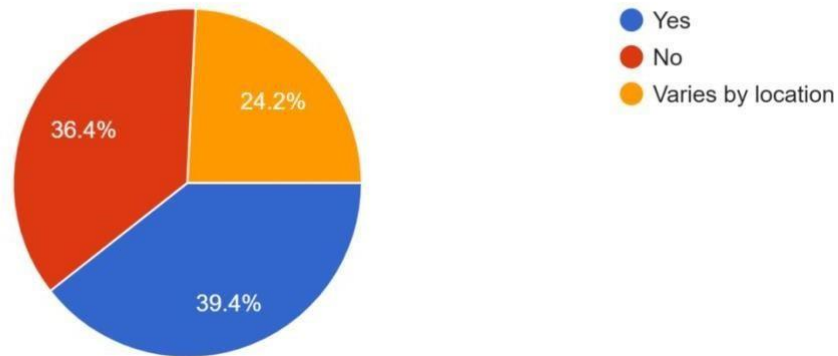
The responses show a divided opinion on whether maintaining transparency in multinational operations is difficult. An equal proportion of respondents (45.5%) believe that it is difficult and that it is sometimes difficult, indicating that transparency is a significant challenge in many situations. Only a small percentage

(9.1%) feel that it is not difficult. Overall, this suggests that maintaining transparency in MNCs is generally perceived as challenging, either consistently or under certain circumstances

Table 7

Are ethical standards inconsistent across different branches of MNCs?

33 responses



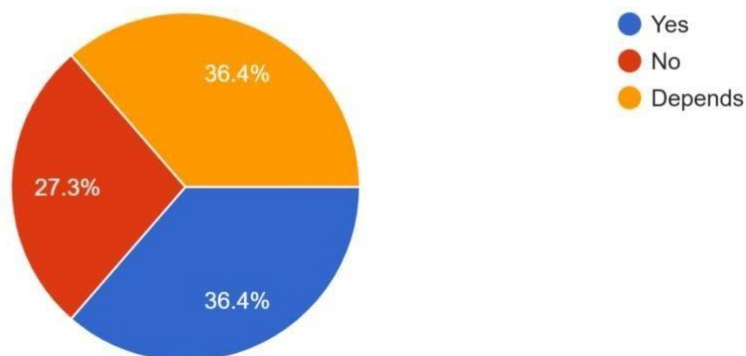
Interpretation:

The findings indicate a divided perception regarding the consistency of ethical standards across different branches of multinational corporations. A plurality of respondents (39.4%) believe that ethical standards are inconsistent, suggesting concerns about variations in practices across locations. However, a nearly comparable proportion (36.4%) disagree, indicating that many perceive a level of uniformity in ethical conduct. Additionally, 24.2% of respondents feel that ethical standards vary depending on location, highlighting the influence of regional, cultural, and regulatory factors. Overall, the results suggest that ethical consistency in MNCs is viewed as a complex and contextdependent issue, with no clear consensus among respondents.

Table 8

Do MNCs prioritize profit over ethical responsibilities?

33 responses

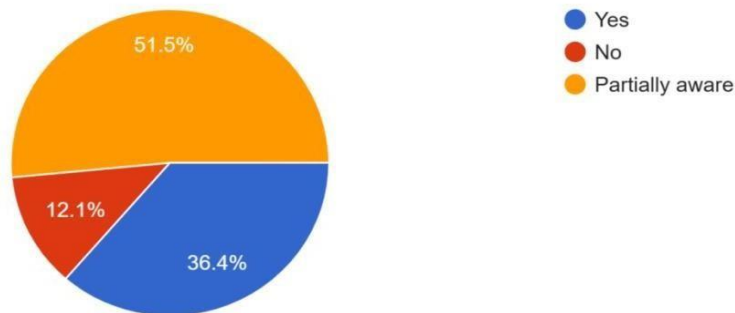


Interpretation:

The findings reveal mixed opinions on whether multinational corporations prioritize profit over ethical responsibilities. A significant proportion of respondents (36.4%) believe that MNCs do prioritize profit over ethics, while an equal percentage (36.4%) feel that it depends on the situation, indicating that ethical considerations may vary based on context, industry, or management practices. Meanwhile, 27.3% of respondents disagree, suggesting that a notable group perceives MNCs as maintaining a balance between profitability and ethical obligations. Overall, the results highlight a lack of clear consensus and suggest that the relationship between profit motives and ethical responsibility in MNCs is viewed as situational and complex.

Table 9

Are employees aware of ethical policies in MNCs?
33 responses



Interpretation:

The findings indicate that respondents demonstrate a moderate level of awareness regarding the issue presented. A majority of respondents (51.5%) reported being partially aware, suggesting that while they possess some knowledge, it may not be comprehensive. This highlights a gap in complete understanding and indicates the need for greater awareness or information dissemination. Meanwhile, the remaining respondents are divided between those who are fully aware and those who are not aware, reflecting varied levels of familiarity with the subject. Overall, the results suggest that awareness is present but not sufficiently deep, emphasizing the importance of improving knowledge and clarity on the issue.

Table 10

Are ethics training programs effective in MNCs?
33 responses



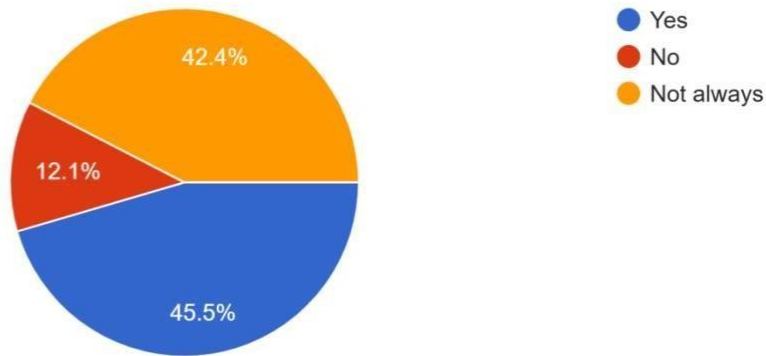
Interpretation:

The findings indicate that respondents generally perceive ethics training programs in multinational corporations as moderately effective. A plurality of respondents (42.4%) considered these programs to be moderately effective, suggesting that while such initiatives have a positive impact, they may not fully achieve their intended outcomes. Additionally, 39.4% of respondents believe that the training programs are effective, reflecting a significant level of confidence in their usefulness. In contrast, a smaller proportion (18.2%) view them as not effective, indicating some dissatisfaction or perceived limitations. Overall, the results suggest that ethics training programs are viewed positively but with scope for improvement to enhance their effectiveness.

Table 11

Do employees feel safe reporting unethical practices in MNCs?

33 responses



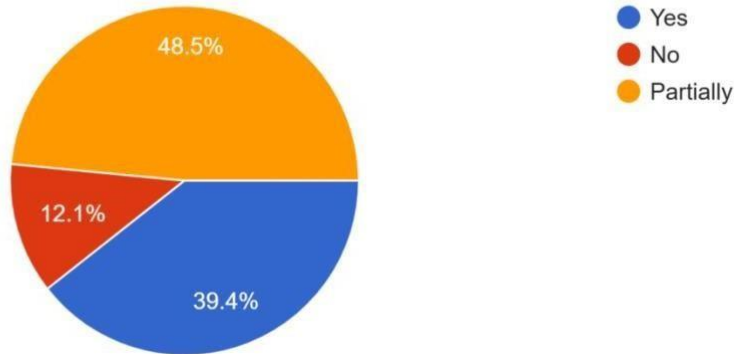
Interpretation:

The findings suggest that employees’ perceptions of safety in reporting unethical practices in multinational corporations are generally positive but not fully assured. A majority of respondents (45.5%) feel safe reporting such issues, indicating a relatively supportive reporting environment. However, a nearly comparable proportion (42.4%) believe that they are not always safe, highlighting uncertainty and possible inconsistencies in organizational support or protection mechanisms. Additionally, 12.1% of respondents feel unsafe, pointing to existing concerns regarding fear of retaliation or lack of trust in reporting systems. Overall, the results indicate that while many employees feel secure, there remains a significant need to strengthen trust, transparency, and protective measures to ensure consistent reporting safety across organizations.

Table 12

Is the ACCA code of conduct properly implemented in MNCs?

33 responses



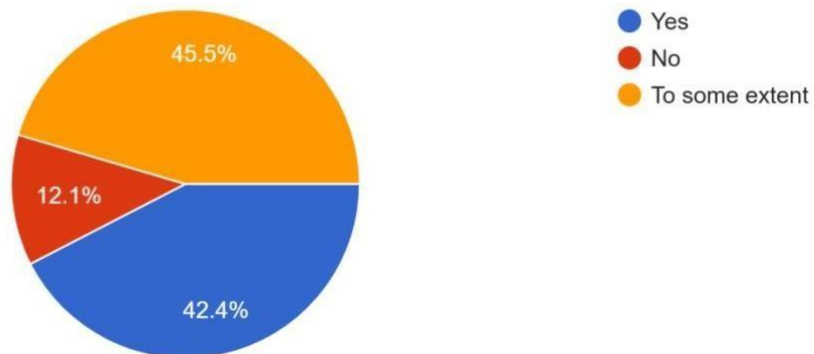
Interpretation

The chart shows responses from 33 participants on whether the ACCA code of conduct is properly implemented in MNCs. The largest group, 48.5%, believe it is partially implemented, indicating that while some ethical practices exist, they are not fully or consistently followed. 39.4% of respondents feel that it is properly implemented, suggesting a significant level of confidence in ethical compliance among some participants. However, 12.1% believe it is not implemented, pointing to gaps or failures in certain organizations.

Table 13

Are employees treated fairly across all locations in MNCs?

33 responses



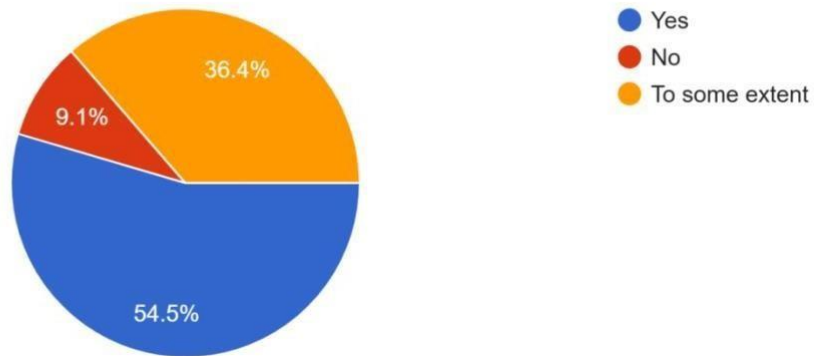
Interpretation:

The perceptions about fair treatment of employees across locations in MNCs are mixed. While 42.4% of respondents believe employees are treated fairly, a slightly higher 45.5% feel this happens only to some extent, and 12.1% disagree entirely. This suggests that consistency in employee treatment across different regions remains a concern and may vary depending on local practices or management.

Table 14

Do MNCs consider environmental ethics in their operations?

33 responses



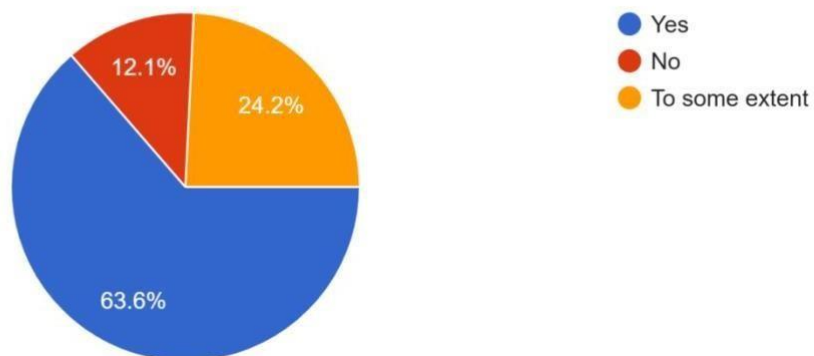
Interpretation:

Table 14 indicates that a majority (54.5%) of respondents agree that MNCs consider environmental ethics in their operations. However, 36.4% believe this is only practiced to some extent, and 9.1% disagree. This reflects that although environmental responsibility is recognized, its implementation may not be uniform or fully effective across all organizations.

Table 15

Does globalization increase ethical challenges in MNCs?

33 responses



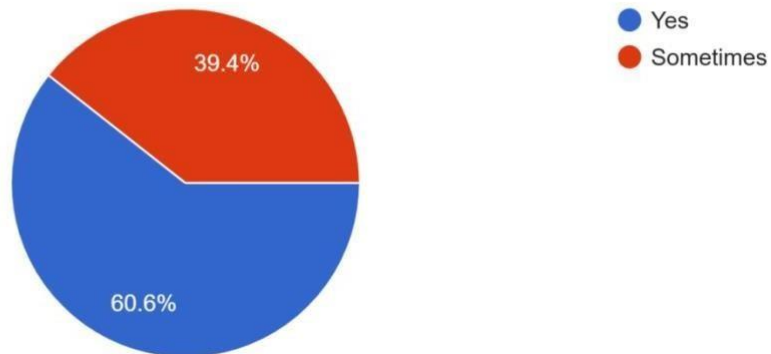
Interpretation:

Table 15 reveals that 63.6% of respondents believe globalization increases ethical challenges in MNCs, while 24.2% think it does so only to some extent, and 12.1% disagree. This highlights a strong perception that operating across diverse regions exposes companies to more complex ethical issues.

Table 16

Do ethical issues affect the reputation of MNCs?

33 responses



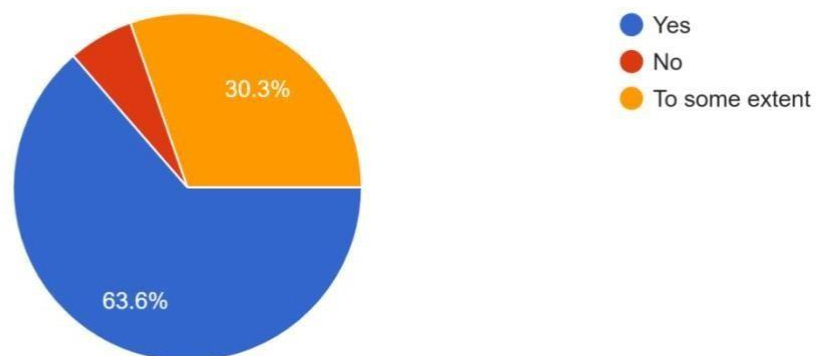
Interpretation:

The responses to the question on whether ethical issues affect the reputation of multinational corporations (MNCs) indicate a strong consensus among participants. Out of the 33 respondents, a majority of 60.6% affirmed that ethical issues do impact the reputation of MNCs. Meanwhile, 39.4% of respondents selected “sometimes,” suggesting that while they acknowledge an effect, they perceive it as situational or dependent on specific circumstances. Notably, there were no responses indicating that ethical issues have no impact at all. Overall, the findings highlight a clear recognition of the importance of ethical conduct in shaping corporate reputation. The majority view underscores that unethical practices can significantly influence public perception and stakeholder trust, while the considerable proportion selecting “sometimes” reflects an understanding that the extent of impact may vary based on factors such as the severity of the issue, media coverage, and organizational response.

Table 17

Do internal controls help reduce unethical practices in MNCs?

33 responses



Interpretation:

Table 17 shows a clear majority (63.6%) agreeing that internal controls help reduce unethical practices in MNCs. Meanwhile, 30.3% feel these controls are only somewhat effective, and a small percentage

disagree. This suggests that internal control systems are generally viewed as an important mechanism for maintaining ethical standards.

Table 18

Do MNCs take strict action against ethical violations?

33 responses



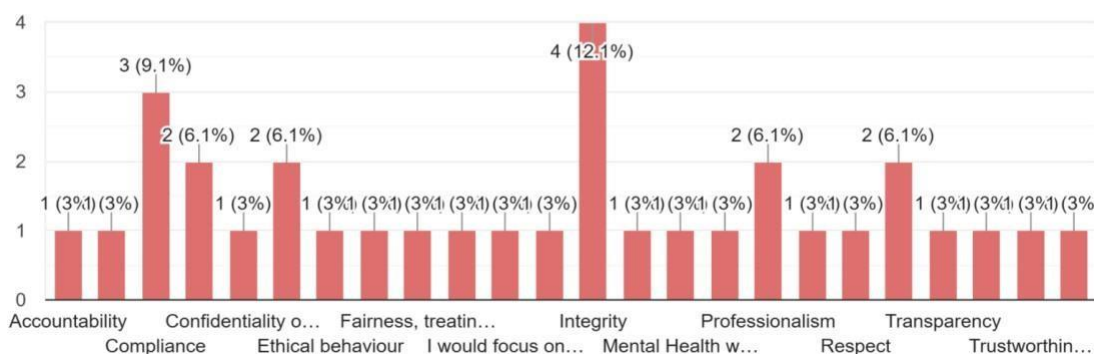
Interpretation:

Table 18 reflects divided opinions on whether MNCs take strict action against ethical violations. While 51.5% agree that strict action is taken, a significant 42.4% believe it depends on the situation, and a small portion disagree. This indicates that enforcement of ethical standards may not always be consistent and could vary based on circumstances.

Table 19

If you were leading an MNC, what is one ethical value you would never compromise on?

33 responses



Interpretation:

The responses to the question on the most important ethical value that should never be compromised when leading a multinational corporation (MNC) reveal a diverse range of priorities among participants. Among the 33 respondents, integrity emerged as the most emphasized value, with 12.1% of participants identifying it as their top priority. This was followed by compliance, which accounted for 9.1% of the responses. Other values such as confidentiality, ethical behaviour, professionalism, and respect were each chosen by 6.1% of respondents, indicating moderate importance across these areas. Additionally, several

values including accountability, fairness, transparency, trustworthiness, and considerations related to mental health and well-being were selected by smaller proportions (3% each), reflecting a broad but less concentrated distribution of ethical concerns. Overall, the findings suggest that while integrity stands out as the most critical ethical principle, there is no single dominant value, as respondents highlighted a wide spectrum of ethical considerations. This diversity underscores the multifaceted nature of ethical leadership in MNCs, where multiple values collectively contribute to responsible and effective organizational governance.

Chapter 5 Findings, Suggestions And Conclusion

5.1 Findings

1. The growing importance of ethics in corporate conduct has emerged as a defining feature of contemporary business discourse. Companies today are held to increasingly high standards of responsible behaviour and transparency, and any failure to meet these expectations carries significant consequences for organisational reputation and the trust placed in them by their stakeholders. This shift reflects a broader societal demand for businesses to account not only for their financial performance but also for the moral integrity of their operations.

2. Closely linked to this is the role of governance, which has proven indispensable to the effective functioning of ethical frameworks within organisations. Without robust governance structures, policies concerning sustainability and corporate responsibility risk remaining aspirational rather than operational. Governance provides the control mechanisms and accountability systems necessary to translate ethical commitments into consistent practice.

3. Despite this recognition, a persistent gap exists between policy and practice in many organisations. Ethical frameworks are frequently documented in formal policies and corporate literature, yet their application in real operational situations often falls short of what is promised. This discrepancy between stated values and actual conduct represents one of the more pressing challenges identified in the existing literature.

4. Leadership has also been found to exert a considerable influence on the ethical culture of an organisation. The behaviour and decisions of senior management set the tone for the entire workforce, and where leaders model ethical conduct, employees are more likely to adopt and sustain responsible practices. Conversely, ethical failures at the top tend to permeate the wider organisation, underscoring the critical importance of integrity in positions of authority.

5. For multinational corporations, maintaining consistent ethical standards across geographically and culturally diverse operations presents a distinct set of challenges. Differences in national legal frameworks, cultural norms, and regulatory environments make it difficult to enforce a uniform approach to ethics across all jurisdictions. This complexity requires organisations to balance adherence to core principles with a degree of contextual flexibility.

6. Transparency, while increasingly championed as a corporate value, has not been fully achieved in practice. Although many organisations publish sustainability and governance reports, the information presented is not always comprehensive or accessible. In some instances, material details are omitted or presented in ways that obscure rather than illuminate the true nature of corporate conduct, limiting the ability of stakeholders to make informed assessments.

7. Finally, the absence of standardised measurement frameworks for ESG performance continues to hinder meaningful evaluation and comparison across organisations. The diversity of methodologies in current use means that ESG disclosures vary widely in scope, depth, and reliability. Without a common standard, it remains difficult for investors, regulators, and other stakeholders to assess and compare the genuine ethical performance of different companies.

5.2 Suggestions

1. Companies must move beyond treating ethics as a matter of formal documentation and ensure that ethical principles are embedded into the day-to-day functioning of the organisation. Real implementation requires that stated values be reflected in operational decisions, resource allocation, and employee behaviour across all levels of the business, rather than remaining confined to policy manuals or mission statements.

2. Regular training and awareness programmes should be established to equip employees with a clear understanding of ethical conduct and its practical application within their specific roles. Such programmes not only reinforce organisational values but also help employees navigate complex or ambiguous situations with greater confidence and consistency, reducing the likelihood of ethical breaches arising from uncertainty or ignorance.

3. Organisations should make a deliberate effort to identify, develop, and promote leaders who demonstrate ethical integrity in their decision-making. Strong ethical leadership serves as a visible reference point for the wider organisation, reinforcing a culture in which fairness and responsibility are not merely expected but actively modelled from the top. Leadership development programmes should therefore incorporate ethical reasoning as a core competency.

4. Multinational companies should work towards maintaining a coherent set of ethical principles that applies consistently across all countries of operation. While minor adjustments to accommodate local legal or cultural contexts may be necessary, these should not compromise the organisation's fundamental ethical commitments. A clear framework of non-negotiable core standards can help achieve this balance and prevent the erosion of values across different operating environments.

5. Corporate reporting should be made more transparent, accessible, and honest, ensuring that stakeholders at all levels can readily understand the actions and performance of the organisation. This requires simplifying the language and structure of sustainability and governance reports, disclosing material information in full, and avoiding the selective presentation of data that presents an unduly favourable picture.

Clarity and candour in reporting are essential foundations of genuine accountability.

6. Robust internal monitoring and audit systems should be put in place to ensure that ethical policies are being followed consistently throughout the organisation. Regular independent reviews, coupled with clear mechanisms for reporting concerns, help to identify gaps between policy and practice and provide the means to address them promptly. A culture of accountability, supported by effective oversight, is essential to sustaining ethical standards over time.

7. Finally, there is a need for concerted effort, both within individual organisations and at the industry and regulatory level, to develop common standards for ESG measurement and reporting. The adoption of shared frameworks would enable more meaningful comparisons between organisations, improve the reliability of ESG data, and enhance the ability of stakeholders to assess corporate performance

objectively. Progress towards standardisation would represent a significant step forward in translating the growing commitment to ethical conduct into demonstrable and verifiable outcomes.

5.3 Conclusion

In conclusion, the study of ethical governance in multinational corporations highlights how significantly the role of governance has evolved in the modern business environment. Earlier, corporate governance was mainly focused on ensuring compliance with laws and protecting the interests of shareholders. However, in recent years, it has expanded to include broader responsibilities such as sustainability, transparency, accountability, and ethical decisionmaking. This shift reflects the growing expectations of stakeholders and the increasing complexity of global business operations.

The research clearly shows that ethical governance is no longer just a supporting function but a core element of organizational success. Multinational corporations operate in diverse environments with different legal systems, cultural values, and regulatory frameworks. This makes it challenging to maintain consistent ethical standards across all operations. Despite these challenges, companies are expected to uphold strong governance practices to build trust and credibility. Ethical governance helps organizations not only avoid risks and scandals but also enhance their reputation and long-term performance.

One of the key insights from the study is the strong connection between governance and ESG (Environmental, Social, and Governance) practices. Governance acts as the foundation that ensures environmental and social initiatives are properly implemented and monitored. Without effective governance, such initiatives may remain superficial and fail to create real impact. Therefore, governance plays a crucial role in making sustainability efforts meaningful and reliable.

The study also highlights the importance of leadership and organizational culture in promoting ethical governance. It is evident that ethical behaviour must start from the top management and be reflected throughout the organization. Leaders who demonstrate integrity and responsibility influence employees to follow similar values. At the same time, a supportive organizational culture is necessary to ensure that ethical practices are followed consistently in day-to-day operations. This shows that governance is not only about systems and policies but also about people and behaviour.

Another important finding is the gap between formal policies and actual practices. While many organizations have well-defined codes of conduct and governance frameworks, their implementation is often weak. This gap indicates that simply having rules is not sufficient; companies must ensure proper monitoring, enforcement, and accountability. Bridging this gap is essential for achieving true ethical governance.

The impact of technological advancements has also introduced new challenges in governance. Issues such as data privacy, cyber security, and algorithmic bias require updated governance frameworks. Multinational corporations must adapt to these changes and develop systems that can effectively manage both traditional and emerging risks.

Based on the findings, it can be concluded that ethical governance is a strategic necessity for multinational corporations. It contributes to risk management, enhances stakeholder trust, and supports sustainable growth. Companies that prioritize ethical governance are better positioned to handle global challenges and maintain a competitive advantage.

Overall, ethical governance is not just about following rules but about doing the right thing in a consistent and responsible manner. It requires commitment from leadership, active participation from employees, and continuous improvement in governance practices. As the global business environment continues to

evolve, ethical governance will remain a key factor in determining the success and sustainability of multinational corporations.

5.4 Executive Summary

This study focuses on understanding ethical governance in multinational corporations (MNCs) and how it has evolved in recent years. The main objective of the research is to analyze how companies follow ethical practices while operating across different countries and environments. With increasing globalization and stakeholder awareness, ethical governance has become a key area of concern for organizations.

The study is mainly based on secondary data collected from recent research articles, reports, and published studies between 2020 and 2026. It examines important aspects such as ESG practices, transparency, leadership, corporate culture, and the challenges faced by MNCs in maintaining ethical standards globally. The findings of the study show that ethical governance is no longer just about following rules, but it has become essential for building trust and ensuring long-term success. It was observed that governance plays a major role in making sure that environmental and social policies are properly implemented. However, there is still a gap between what companies claim and what they actually practice.

The research also highlights the importance of leadership and organizational culture in promoting ethical behaviour. It was found that companies with strong and responsible leadership are more likely to maintain proper governance. At the same time, multinational companies face difficulties in maintaining consistent ethical standards due to differences in laws and cultures across countries.

Based on the findings, the study suggests that companies should focus more on practical implementation rather than just policies. They should also improve transparency, provide proper training to employees, and maintain consistent ethical standards across all operations.

In conclusion, ethical governance has become a crucial factor for the growth and sustainability of multinational corporations. Companies that follow strong ethical practices are more likely to gain trust, reduce risks, and achieve long-term success.

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