

Analysis Of The Relationship Between Business Ethics and Sustainability in Companies Working In The Public Sector: A Systematic Literature Review

Original Article

Mirza Esvanti^{1*}, Budi Eko Soetjipto²

^{1,2}Departement of Management Science, Faculty of Economics and Business, State University of Malang, Malang, East Java, Indonesia

Email: ¹⁾ mirza.esvanti.2404139@students.um.ac.id

Received: 08 May 2025

Accepted: 12 May 2025

Published online: 13 May 2024

Abstract

This study aims to analyze the relationship between business ethics and sustainable business in companies that establish partnerships with the public sector through a Systematic Literature Review (SLR) approach. The background of this study is based on the increasing pressure on companies to not only pursue economic profit, but also pay attention to social and environmental responsibility, especially in the context of collaboration with government agencies. This study examines 16 scientific articles published between 2020 and 2025, obtained from the Scopus database. The analysis shows that applying business ethics principles such as transparency, accountability, fairness, and integrity has a positive correlation with the success of sustainability initiatives. Collaboration with the public sector reinforces the urgency of implementing ethics, given the demands of regulatory compliance and higher social expectations. In addition, business ethics is a foundation for building trust between parties, which is key to long-term sustainability. This study recommends the systematic integration of ethics into business strategy and the need for public policies that encourage sustainable business practices through ethical and responsible partnerships.

Keywords: Business Ethics, Sustainability Business, Public Sector, Systematic Literature Review,

1. Introduction

The rapid development of the economy and the growing awareness of sustainability issues have driven organizations across all sectors to reevaluate their business practices. To maintain long-term balance, companies must implement efforts and strategies to ensure their operations remain sustainable, balancing economic needs, environmental concerns, and social responsibilities over the long term (Čmelíková et al., 2024b; Hollstein & Rosa, 2023; Sasse-Werhahn et al., 2020). Business actors are expected not only to focus on financial profits but also to consider the impact of their actions on consumers and society. Healthily maintaining financial sustainability—through sound financial management, the development of valuable products or services, and ensuring customer satisfaction—is crucial. Economic sustainability ensures that companies remain competitive and innovative without compromising fundamental business principles (Atkins & Caldwell, 2020; Hollstein & Rosa, 2023). Additionally, companies are expected to minimize negative environmental impacts by offering products that support environmental sustainability. Business sustainability also extends to relationships within the company, including suppliers and customers.



Not only private companies but also entities collaborating with the public sector are now required to demonstrate social, environmental, and economic responsibility throughout their business processes. In this context, business ethics becomes a key element inseparable from efforts to achieve sustainability goals. The public sector, through procurement projects for goods and services, significantly influences market dynamics and the behavior of its partners. Therefore, collaboration between the public sector and suppliers must be based on principles of integrity, transparency, and accountability (Johnsen, 2021; Montiel et al., 2020; O'Higgins, 2024; Werner et al., 2024). Failure to uphold these ethical principles can lead to corrupt practices, resource wastage, and an inability to meet established sustainability standards. Meanwhile, companies partnering with the public sector also face ethical dilemmas in business processes such as bidding, procurement, and reporting. When business ethics are strongly internalized, companies are more likely to integrate sustainability strategies comprehensively into their operations and decision-making.

However, academic literature on the relationship between business ethics and sustainability performance in the context of public sector collaboration remains limited and lacks a systematic structure. There is a need to develop a comprehensive understanding of how business ethics principles drive sustainability practices among suppliers of goods and services involved in public procurement systems. Therefore, this study aims to conduct a Systematic Literature Review (SLR) to:

RQ1: Identify how the relationship between business ethics and sustainable business is explained in the context of public sector collaboration.

RQ2: Evaluate the theories and approaches used in previous research and formulate research gaps and future directions for developing ethical and sustainable business practices within the public sector.

2. Literature Review

2.1. Sustainability Business Theory

Sustainability business theory refers to a business approach that integrates social, environmental, and economic considerations into operations and corporate strategy. Its primary goal is to generate long-term profits without depleting natural resources or compromising social well-being. Key characteristics include:

- a. Triple Bottom Line (TBL): Businesses should measure performance not only by financial gains (*profit*) but also by social (*people*) and environmental (*planet*) impact.
- b. Sustainable Innovation: Developing products and services that minimize negative environmental and societal effects.
- c. Risk Management: Identifying and managing risks related to environmental and social issues.

According to Crane et al. (2019), sustainability is not merely about regulatory compliance but also encompasses social responsibility and ethical business practices. This includes corporate efforts in:

- a. Economic Sustainability: Running a financially viable and profitable business.
- b. Social Sustainability: Ensuring the well-being of employees, communities, and society at large.
- c. Environmental Sustainability: Protecting natural resources and reducing ecological harm.

2.2. Business Ethics

Business ethics refers to a set of moral principles and values guiding corporate behavior in dealings with internal and external stakeholders. As defined by Crane and Matten (2016), business ethics involves applying values such as honesty, responsibility, fairness, and transparency in corporate decision-making. In public-sector partnerships, ethical conduct is crucial because companies operate under strict regulations, high societal expectations, and the need to safeguard public interests.

2.3. The Intersection of Business Ethics and Sustainability

The concept of sustainable business emphasizes integrating environmental, social, and economic aspects into corporate strategy for long-term viability (Elkington, 1997). Elkington's Triple Bottom Line (TBL) theory underscores that business success should be measured not just by financial performance but also by contributions to society and environmental preservation.

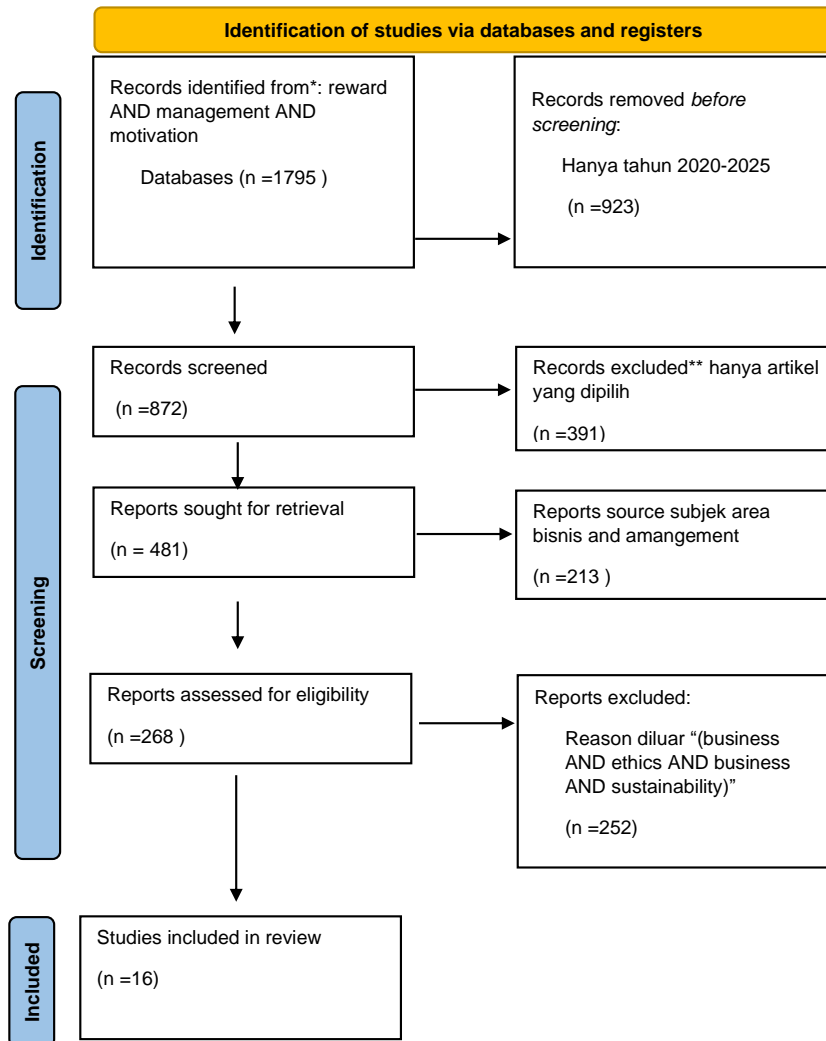
In public-private partnerships, the synergy between ethics and sustainability ensures that projects are not only effective but also morally responsible. Stakeholder Theory (Freeman, 1984) further reinforces the argument that businesses must consider the interests of all involved parties—including governments, communities, and the environment—to create shared value and long-term sustainability.

This integrated approach helps businesses maintain competitiveness while adhering to ethical and sustainable principles, particularly in collaborations with the public sector.

3. Methods

This study employs a Systematic Literature Review (SLR) approach to identify, evaluate, and synthesize relevant scientific evidence on the role of Business Ethics and Sustainability in companies collaborating with the public sector. The review process follows a systematic protocol based on PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses), which consists of four key stages: identification, screening, eligibility assessment, and inclusion. During the identification phase, scholarly articles were sourced from reputable databases such as Scopus, using keywords like “business ethics AND business sustainability”. The inclusion criteria were limited to peer-reviewed articles published between 2020–2025, written in English, and directly relevant to the intersection of business ethics and sustainability in a public-sector collaboration context.

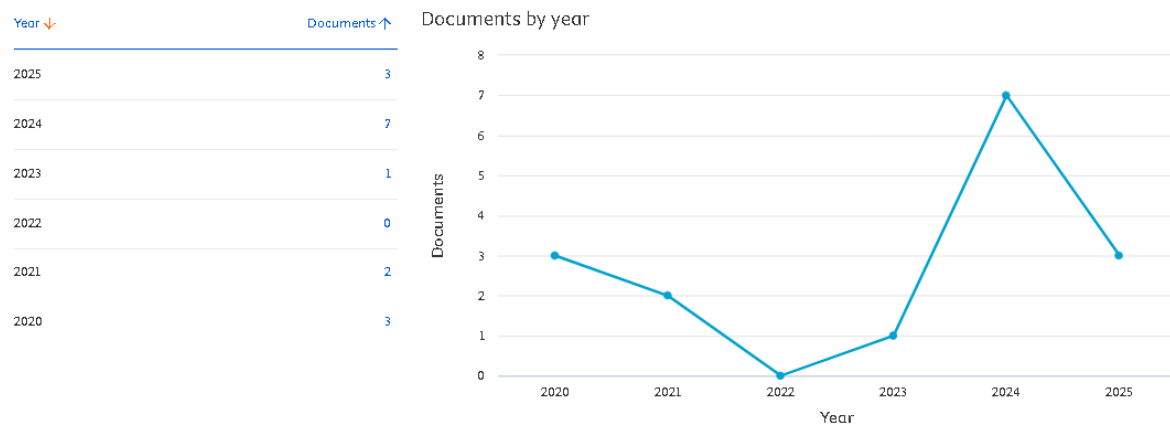
For data analysis, this study applies thematic analysis (Braun & Clarke, 2006) to identify recurring patterns and key themes across the reviewed literature. Extracted data includes study identifiers (authors, year, journal source), research methodologies (quantitative, qualitative, or mixed-methods), key findings, and contextual factors (industry, country, and organization type). To ensure research quality and validity, the PRISMA framework (Moher et al., 2009) was strictly followed in reporting the literature selection process. The analyzed studies were systematically compared to uncover emerging trends, research gaps, and evolving patterns in the field. This structured approach allows for a comprehensive understanding of how business ethics and sustainability practices are integrated within public-sector partnerships, while also highlighting areas requiring further academic exploration.



The Systematic Literature Review process was conducted rigorously through several selection stages to ensure only relevant and high-quality studies were included. The identification stage resulted in 1,765 articles from various databases, with the initial filter being the keywords “reward AND management AND motivation”. However, 923 articles were eliminated as they did not fall within the 2020-2025 timeframe. At the filtering stage, of the remaining 872 articles, 391 articles were excluded because they were not in the form of fully accessible scientific articles. Furthermore, of the 481 articles that entered the advanced screening stage, 213 studies were excluded because they did not come from the subject area of business and management. At the eligibility assessment stage, 268 articles were further examined, but 252 of them were eliminated because their topics did not explicitly address the link between “business AND ethics AND business AND sustainability”. Only 16 final articles were deemed eligible and relevant for analysis in this review. These results show that while there is a large body of literature related to management and motivation, only a small proportion directly addresses the relationship between business ethics and sustainability in the context of public sector partnerships, signaling the need for more focused research attention in this area.

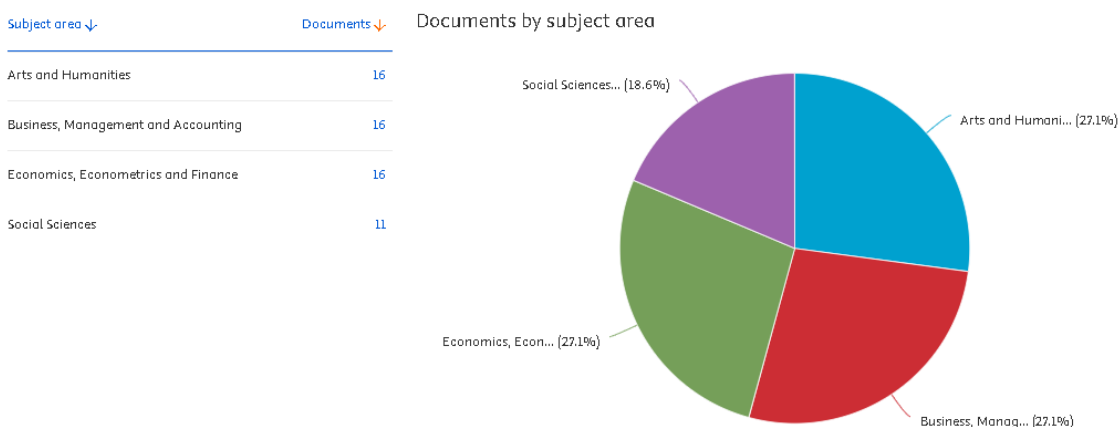
4. Results and Discussion

4.1. Distribution of literature reviews



Graphics 1. Distribution of literature reviews

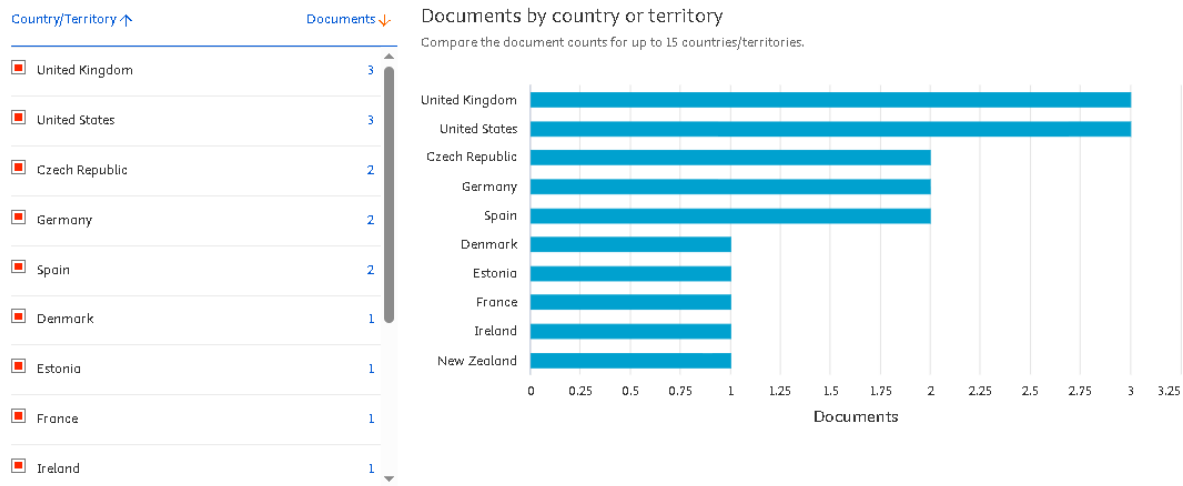
The “Documents by Year” graph shows fluctuations in the number of documents produced from 2020 to 2025. In 2020, 3 documents were recorded, then decreased to 2 documents in 2021, and reached its lowest point in 2022 with no documents recorded (0 documents). However, this trend began to increase again in 2023 with 1 document, and experienced a significant spike in 2024 with the highest number of documents at 7. After that, the number of documents decreased to 3 in 2025. This pattern shows a sharp increase in documentation activity or productivity in 2024, although it is not stable from year to year. This inconsistency could indicate the influence of internal and external factors, such as institutional policies, research projects, or organizational dynamics that affect annual document production.



Graphics 2. Distribution of literature reviews (Documents by Subject Area)

The “Documents by Subject Area” graph shows that three fields have an equally high number of documents, namely Arts and Humanities, Business, Management and Accounting, and Economics, Econometrics and Finance, each with 16 documents or about 27.1% of the total. Meanwhile, the Social Sciences field has the least number of documents, with 11 documents or about 18.6%. This distribution shows a balance of research interests and contributions in the three main fields, with a slight lag in the Social Sciences field. The dominance of these three fields indicates a strong focus on the humanistic and economic

aspects of document production, which likely reflects ongoing research priorities or academic trends.



Graphics 3. Distribution (Documents by Country or Territory)

The chart “Documents by Country or Territory” shows that the most documents came from the United Kingdom and the United States, each with 3 documents. This is followed by the Czech Republic, Germany, and Spain, with 2 documents each. Meanwhile, countries such as Denmark, Estonia, France, Ireland, and New Zealand only contributed 1 document each. This distribution shows the dominance of English-speaking and Central European countries in document contributions, which may reflect the high academic activity or availability of research resources in these countries. Although some countries contributed only a few documents, this regional diversity suggests a cross-country contribution to the development of literature on the topic.

4.2. Discussion

The results obtained from the literature review regarding an in-depth understanding of business ethics practices and sustainability are presented in Table 1 below.

Table 1. Review of Research Literature

No .	Author & Year	Title	Main Focus	Contribution to Analysis of Business Ethics & Sustainability in Public Sector Collaborations
1	Torelli (2021)	<i>Sustainability, Responsibility and Ethics: Different Concepts for a Single Path</i>	Business ethics as a moral foundation ensuring CSR/SER practices are authentic, not symbolic or manipulative (e.g., greenwashing).	1. Emphasizes holistic integration of ethics and sustainability. 2. Provides a theoretical basis to avoid manipulative practices (e.g., greenwashing, pseudo-ethics).
2	Hasko von Kriegstein & Kristyn A. Scott (2023)	<i>Business Ethics Denial: Development and Validation of a New Scale</i>	Factors influencing Business Ethics Denial (BED): Psychological Egoism, Corporate Law Psychopathy,	1. Identifies risks of ethical denial: BED Scale measures organizational attitudes. 2. Strengthens ethics-

			Competitive Pressures, Ethical Markets.	based procurement policies. 3. Facilitates partnership monitoring.
3	John Nkeobuma Nnah Ugani (2019)	<i>Business Ethics and Its Effect on Organizational Sustainability</i>	Examines how business ethics practices impact organizational sustainability.	Reveals a strong positive link between business ethics (e.g., integrity, governance) and sustainability.
4	Włodzimierz Sroka & Marketa Lórinczy (2015)	<i>The Perception of Ethics in Business: Analysis of Research Results</i>	Ethics in controversial industries (pharmaceuticals, tobacco, alcohol) in Poland/Czech Republic.	Sectoral/national differences: Pharmaceuticals show higher ethical adherence than alcohol/tobacco (due to social/regulatory pressures).
5	Göran Svensson, Greg Wood, & Michael Callaghan (2009)	<i>An Ethical Perspective on Corporate Sustainability and Business Practices</i>	Conceptual model integrating ethics and sustainability.	Key insights: <ul style="list-style-type: none"> • Altruistic, mercenary, and regulatory motivations drive sustainability. • Ethical artifacts (codes, audits, whistleblower support) are critical. • A 5-element corporate model (foundation, communication, guidance, outcomes, reconnect) ensures iterative improvement.
6	Filho (2023)	<i>Assessing Ethics and Sustainability Standards in Corporate Practices</i>	Investigates ethics/sustainability implementation and strategies to prevent greenwashing.	Highlights: <ul style="list-style-type: none"> • Need for clear regulations and holistic governance. • Best practices from multinationals as benchmarks.
7	Jun Yu (2022)	<i>Corporate Ambidexterity: Uncovering the Antecedents of Enduring Sustainability Performance</i>	Role of <i>Entrepreneurial Moral Self-Awareness (EMSA)</i> alongside instrumental factors (Green HRM, tech capabilities).	EMSA is key to long-term sustainability; stakeholder pressure and Green HRM are enabling factors.
8	Sinkovics et al. (2021)	<i>Sustainable Business Model Innovation: An</i>	Classifies antecedents/outcomes of sustainable business models	Sustainable innovation is multifaceted, requiring value

		<i>Umbrella Review</i>	(economic, social, environmental).	creation/delivery across all three pillars.
9	Puti Sinansaria et al. (2022)	<i>Value of Sustainable Business Model in Mining Company: A Case</i>	Mining sector's shift to sustainability via waste-to-value innovation.	Demonstrates: 1. Ethical integration in extractive industries. 2. Sustainability metrics beyond profit (social/ecological accountability).
10	Stefan Reindl (2024)	<i>Business Sustainability</i>	Evolution from compliance to competitive innovation; challenges (trade-offs, greenwashing).	Key points: • Sustainability enhances financial performance/reputation. • Leadership commitment and organization-wide integration are vital. • Consistent metrics ensure transparency.
11	Dahlmann (2024)	<i>Conceptualising Sustainability as the Pursuit of Life</i>	Philosophical framework for sustainability as human well-being.	Offers ethical guidance for public-private sustainability strategies.
12	Čmelíková et al. (2024)	<i>Global Survey of Business Ethics 2022–2024 – Slovak Republic Report</i>	European business ethics benchmarks.	Provides cross-cultural insights for public sector partnerships.
13	Palakshappa et al. (2024)	<i>Tension and Paradox in Women-Oriented Sustainable Hybrid Organizations</i>	Ethical dualities in hybrid social enterprises.	Relevant for public-private entities balancing social/commercial goals.
14	López-Cabarcos et al. (2025)	<i>The Ethical Commitment of Business Strategy: ESG-Related Factors as Drivers of the SDGs</i>	ESG strategies for SDG alignment.	Highlights ethical sustainability in public-sector-aligned businesses.
15	Johnsen (2021)	<i>Sustainability Beyond Instrumentality</i>	Intrinsic organizational environmental ethics.	Advocates non-instrumental ethics for government collaborations.

16	Atkins & Caldwell (2020)	<i>Supply Chain Responsibility and Sustainability</i>	Individual accountability in ethical supply chains.	Guides public-sector suppliers in sustainable procurement.
----	--------------------------	---	---	--

Sumber : (Atkins & Caldwell, 2020; Chen et al., 2021; Čmelíková et al., 2024c, 2024a, 2024b; Dahlmann, 2024a, 2024b; Hollstein & Rosa, 2023; Jaganjac et al., 2024; Johnsen, 2021; López-Cabarcos et al., 2025; Montiel et al., 2020; O’Higgins, 2024; Palakshappa et al., 2024; Sasse-Werhahn et al., 2020; Werner et al., 2024)

Based on the Systematic Literature Review (SLR) of 16 selected international journals, the relationship between business ethics and sustainability in the context of public-private collaborations is complex and highly contextual. For Indonesian companies, the perspective offered by Torelli (2021) is particularly relevant, as it positions ethics as the foundational pillar of responsible business management, especially for firms operating in sectors directly tied to public interests. Many Indonesian companies leverage Corporate Social Responsibility (CSR) and socio-environmental reporting (SER) to cultivate a positive public and regulatory image. However, these practices often risk becoming mere symbolism, bordering on greenwashing, particularly in controversial projects such as land reclamation, mining, or state-owned enterprise (SOE) procurement. There are concerns that CSR is used as a legitimization tool without substantive ethical or sustainable reforms. Thus, a clear integration of ethics, responsibility, and sustainability is critical to ensure strategies transcend short-term optics and reflect deeper moral commitments to public welfare, social justice, and environmental preservation.

The adoption of frameworks like the *MultiCapital Scorecard* (McElroy & Thomas) could be transformative in Indonesia, where corporate performance metrics remain heavily financial. This approach emphasizes measuring impacts on natural, social, and human capital—a shift that, if rigorously applied, could revolutionize practices among SOEs and private firms engaged in national strategic projects. Similarly, the *Business Ethics Denial (BED) Scale* (Kriegstein & Scott, 2023) could help gauge ethical resistance among Indonesian business leaders, where competitive pressures and individualism often fuel unethical decisions, such as corruption or tender manipulation in public-sector collaborations.

Ugani’s (2019) findings underscore that organizational sustainability hinges on integrity, CSR, and sound governance—dimensions aligned with Indonesia’s bureaucratic reform and *good governance* agenda. The need for localized ethical adaptations is also evident, as highlighted by Sroka and Lórinčy (2015), who show that sectors like tobacco, mining, and alcohol require stricter ethical oversight due to their socio-regulatory sensitivities.

While a paradigm shift toward long-term sustainability is emerging in Indonesia, evident in ESG policies adopted by firms like Pertamina, PLN, and Gojek, implementation consistency and transparency remain challenges. Svensson et al.’s (2009) five-element ethical corporate model (foundation, communication, guidance, outcomes, and iterative *reconnect*) could guide Indonesian companies in designing strategies that balance profit with social and environmental impact.

Filho’s (2023) research exposes global gaps between sustainability reporting and actual practices, a recurring issue in Indonesia. Despite ethical policies and sustainability reports, greenwashing and weak oversight threaten credibility. Tighter regulations and independent audits are essential to ensure accountability. Jun Yu’s (2022) emphasis on *Entrepreneurial Moral Self-Awareness (EMSA)* is equally pertinent for Indonesia’s thriving startup and SME ecosystem, urging a focus on sustainability alongside growth.

Dahlmann (2024) frames sustainability as a pursuit of life, resonating with Indonesia's development philosophy that prioritizes social-environmental welfare in public-private partnerships—a critical lens for controversial national projects. Čmelíková et al.'s (2024) European ethics survey offers lessons for Indonesia in strengthening cross-sector governance, while Palakshappa et al. (2024) reveal ethical dilemmas in hybrid organizations, mirroring challenges faced by Indonesian SOEs balancing commercial and social mandates.

López-Cabarcos et al. (2025) stress ESG's role in advancing SDGs, aligning with Indonesia's push for green procurement. Johnsen (2021) critiques instrumental ethics, advocating intrinsic environmental motivation—a mindset needed in Indonesia's public-private contracts to avoid tokenism. Finally, Atkins and Caldwell (2020) highlight individual accountability in ethical supply chains, crucial for Indonesia's public procurement, where transparency gaps persist.

In conclusion, robust business ethics and sustainability are not just strategic imperatives but moral obligations in public-private collaborations. For Indonesia, this synergy demands ESG-integrated policies, enhanced ethical literacy in the public sector, and vigilant oversight to safeguard public interests as the ultimate priority.

5. Conclusion

The literature on the relationship between ethics, sustainability, and business is vast and covers a wide range of important subtopics. Some of the main clusters in this research include social responsibility, environmental management and climate change, stakeholder roles and education, human resources and leadership, codes of conduct and human rights, and philanthropy and investment. An ethical perspective alone can be a valuable tool to improve accuracy and truth in business decision-making. In the context of sustainability, sustainability standards designed with ethics in mind can be used to improve customer satisfaction by addressing important environmental and social issues. Therefore, it is important to ensure that ethical considerations are integral in designing and implementing sustainability standards in companies. In addition, clear regulatory guidance is needed to support this practice. Strict supervision and regulation from the government and authorized regulatory agencies are also indispensable. Equally important, the involvement of other stakeholders such as non-governmental organizations and civil society must be strengthened. This collaborative approach is needed to ensure effective implementation of ethics and sustainability in business practices and prevent unethical practices such as greenwashing.

6. References

- Atkins, R., & Caldwell, C. (2020). Supply chain responsibility and sustainability: The role of the individual in building a business case for ethical decisions. *Business and Professional Ethics Journal*, 39(2), 147–168. <https://doi.org/10.5840/bpej202052993>
- Chen, I. J., Hasan, I., Lin, C. Y., & Nguyen, T. N. V. (2021). Do Banks Value Borrowers' Environmental Record? Evidence from Financial Contracts. *Journal of Business Ethics*, 174(3), 687–713. <https://doi.org/10.1007/s10551-020-04621-2>
- Čmelíková, Z., Reisenbuchlerová, K., & Minářová, M. (2024a). Slovak Republic: Reports from Europe, Global Survey of Business Ethics 2022–2024. *Business and Professional Ethics Journal*, 43(3), 283–293. <https://doi.org/10.5840/bpej20241213158>
- Čmelíková, Z., Reisenbuchlerová, K., & Minářová, M. (2024b). Slovak Republic: Reports from Europe, Global Survey of Business Ethics 2022–2024. *Business and Professional Ethics Journal*, 43(3), 283–293. <https://doi.org/10.5840/bpej20241213158>
- Čmelíková, Z., Reisenbuchlerová, K., & Minářová, M. (2024c). Slovak Republic: Reports from

- Europe, Global Survey of Business Ethics 2022–2024. *Business and Professional Ethics Journal*, 43(3), 283–293. <https://doi.org/10.5840/bpej20241213158>
- Dahlmann, F. (2024a). Conceptualising Sustainability as the Pursuit of Life. *Journal of Business Ethics*. <https://doi.org/10.1007/s10551-024-05617-y>
- Dahlmann, F. (2024b). Conceptualising Sustainability as the Pursuit of Life. *Journal of Business Ethics*, 196(3), 499–521. <https://doi.org/10.1007/s10551-024-05617-y>
- Hollstein, B., & Rosa, H. (2023). Social Acceleration: A Challenge for Companies? Insights for Business Ethics from Resonance Theory. *Journal of Business Ethics*, 188(4), 709–723. <https://doi.org/10.1007/s10551-023-05506-w>
- Jaganjac, B., Abrahamsen, L. M., Olsen, T. S., & Hunnes, J. A. (2024). Is It Time to Reclaim the ‘Ethics’ in Business Ethics Education? *Journal of Business Ethics*, 190(1), 1–22. <https://doi.org/10.1007/s10551-023-05400-5>
- Johnsen, C. G. (2021). Sustainability Beyond Instrumentality: Towards an Immanent Ethics of Organizational Environmentalism. *Journal of Business Ethics*, 172(1). <https://doi.org/10.1007/s10551-019-04411-5>
- López-Cabarcos, M. Á., Ziane, Y., López-Pérez, M. L., & Piñeiro-Chousa, J. (2025). The Ethical Commitment of Business Strategy: ESG-Related Factors as Drivers of the SDGs. *Journal of Business Ethics*. <https://doi.org/10.1007/s10551-025-06002-z>
- Montiel, I., Delgado-Ceballos, J., Ortiz-de-Mandojana, N., & Antolin-Lopez, R. (2020). New Ways of Teaching: Using Technology and Mobile Apps to Educate on Societal Grand Challenges. *Journal of Business Ethics*, 161(2), 243–251. <https://doi.org/10.1007/s10551-019-04184-x>
- O’Higgins, E. (2024). Ireland: Reports from Europe, Global Survey of Business Ethics 2022–2024. *Business and Professional Ethics Journal*, 43(3), 401–434. <https://doi.org/10.5840/bpej20241227163>
- Palakshappa, N., Dodds, S., & Grant, S. (2024). Tension and Paradox in Women-Oriented Sustainable Hybrid Organizations: A Duality of Ethics. *Journal of Business Ethics*, 190(2), 327–346. <https://doi.org/10.1007/s10551-023-05422-z>
- Sasse-Werhahn, L. F., Bachmann, C., & Habisch, A. (2020). Managing Tensions in Corporate Sustainability Through a Practical Wisdom Lens. *Journal of Business Ethics*, 163(1), 53–66. <https://doi.org/10.1007/s10551-018-3994-z>
- Werner, A., Elf, P., Lyon, F., & Vickers, I. (2024). Beyond Novelty and Growth: A Virtue Ethics Enquiry into Fashion Entrepreneurs’ Responsible and Harmonising Practices Towards Sustainability. *Journal of Business Ethics*, 196(4), 845–861. <https://doi.org/10.1007/s10551-024-05875-w>