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The Ethics of Multinational Enterprises and ESG Response: Suggestions for Transparent Management*

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Abstract

Purpose – Through multinational corporate ethics and environmental, social, and governance (ESG), various policy and strategic countermeasures for transparent management in the management and economic fields are presented.

Research design, data, and methodology – A literature review is conducted to find important areas for transparent management and to summarize and present transparent management countermeasures based on simple brainstorming opinions from experts.

Result – Issues facing transparent management are presented. In particular, multinational enterprises present cases involving prevention of transfer prices and tax avoidance in relation to Industry 4.0. Additionally, a plan is presented to establish a corruption-free economic system through the practice of ESG transparency, ethical management of social enterprises, and transparent management.

Conclusion – According to the brainstorming opinions of experts, ESG management and ethical management should be the cornerstone of transparent management in the future. Therefore, it is necessary to institutionally supplement the imposition of digital taxes on fourth industrial companies.

***Keywords*: **Multinational Enterprises Ethics, ESG, Transparent Management Issues

JEL Classification Code: K20, K34. K42.

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1. Introduction

On December 2, 2001, with the United States still feeling the effects of the September 11, 2001, terrorist attacks, Enron, an American energy company with annual sales of $100 billion, filed for bankruptcy protection. As a result, 22,000 regular workers who had invested most of their retirement pensions in their own stocks suffered major economic losses. Additionally, the U.S. economy experienced a severe recession. Until just before Enron's closure, credit rating companies had rated Enron as having a high investment qualification, which made the ensuing economic shock even greater. The Enron case was the epitome of fraudulent accounting. It highlighted a variety of issues, including accounting transparency issues and entrepreneurial moral hazards. We need to be critical of companies' irregularities and overhaul companies' regulations and systems. The Corporate Restructuring Promotion Act, which aims to promote regular corporate restructuring and contribute to the development of the national economy, was first promulgated in the National Assembly in August 2001, the year Enron went bankrupt. The act requires poorly performing and problematic companies to examine their degree of transparency and corruption comprehensively and filter out corruption.

After the COVID-19 pandemic started, the flow and impact of the global economy changed significantly. COVID-19 was an important factor in accelerating the demand for and utilization of non-face-to-face innovation technologies and measures for preventing the spread of viruses. The need for transparent management increased because of the spread of environmental technology in the fourth industry. In the fourth industrial environment, it is necessary to eliminate corruption through transparent management and technology utilization including 5G, artificial intelligence, virtual reality, augmented reality, internet of things, autonomous driving, 3D printing, the sharing economy, the subscription economy, the robot industry, the bio-medical industry, big data, virtual currency, blockchain technology, and the metaverse. In particular, it is necessary to focus on areas in which these industries are affected, to improve the effectiveness of corporate compliance management systems, to improve the system of compliance in financial institutions, to improve corporate accounting, to support corporate ethics management, to strengthen corporate responsibility for corruption, to eradicate unfair subcontracting and collusion, and to prevent corruption in the field of reconstruction and redevelopment (comprehensive data from Korea's relevant ministries, 2021 and achievements by five-year comprehensive anti-corruption plan).

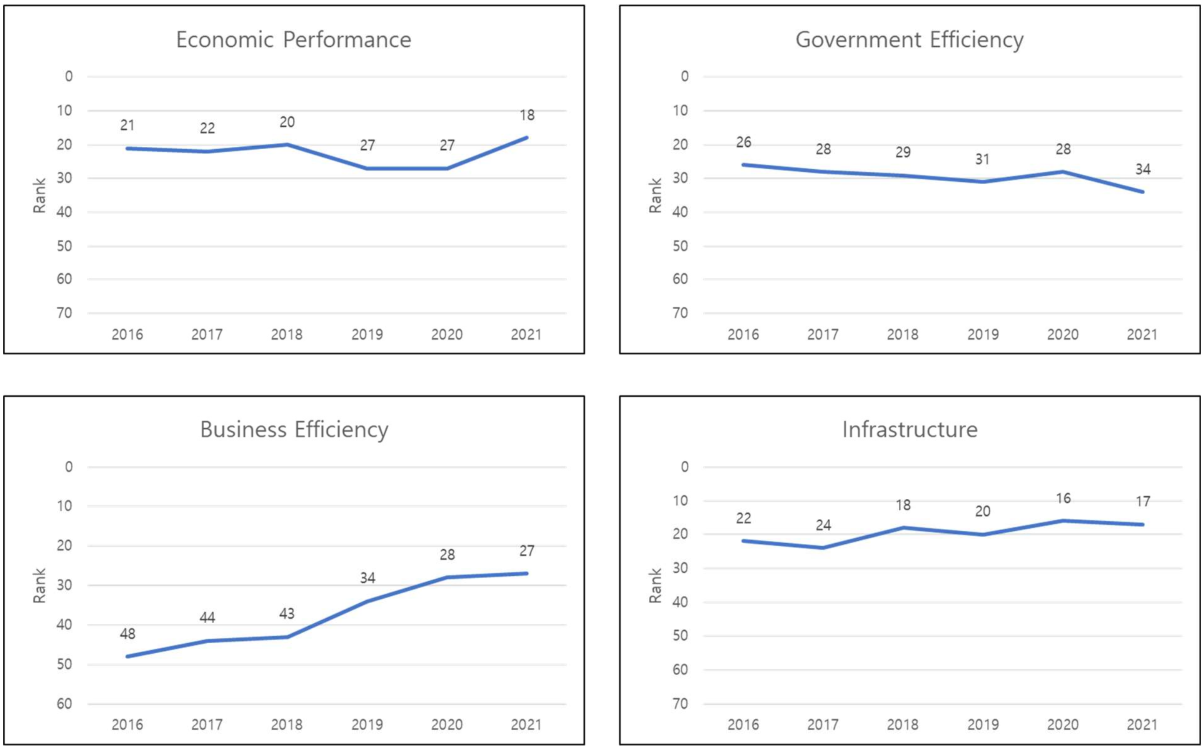
The purpose of this study is as follows. First, it aims to eliminate corruption in the management economy and discusses ethical issues facing transparent management. Second, the opinions of transparent management experts are presented, and the issues they raise are discussed. Third, the practice of ethical management through environmental, social, and governance (ESG) management, resolution of important digital platform tax policy issues, and value creation of social enterprises is discussed.

2. Theoretical Discussion

2.1. Transparent-management-related status

Since 1989, the International Management Development (IMD) Institute of Switzerland has published the IMD World Competitiveness Yearbook in the first half of each year. The IMD has defined national competitiveness as "the state's ability to provide an environment in which companies operating in the territory can maintain their competitiveness at home and abroad." After evaluating the national competitiveness of more than 60 countries around the world, policy directions have been announced to enhance the ranking and competitiveness of each country. Figure 1 shows trends in competitiveness of IMD in Korea's four major areas.

Table 1 shows the specific components of the four indicators representing national competitiveness. First, among the items constituting economic performance, domestic economy, international trade, and employment improved in 2021 compared to 2020, whereas international investment and consumer price indices deteriorated. Therefore, Korea's overall economic performance was ranked 18th (Figure 1), a 9-point increase from 2020. Second, in terms of government efficiency, there was a slight improvement in the public finance sector whereas the tax system, institutional conditions, corporate law, and social conditions significantly deteriorated, resulting in a 6-point decline from 2020 and achieving 34th rank overall. Third, the field of corporate efficiency shows the extent to which a country's environment encourages businesses to perform in an innovative, profitable, and responsible manner. In 2021, among the indicators constituting the efficiency field of a company, productivity, efficiency, financial sector, and management activity improved significantly, whereas attitudes and values deteriorated sharply.



Source: IMD,「2021 IMD World Competitiveness Yearbook」, 2021.6.

Figure 1: Trends in Competitiveness of IMD in Korea's Four Major Areas

Table 1: Ranking of IMD in Korea's National Competitiveness and Top 20 Sections

Year		2017	2018	2019	2020	2021
National competitiveness		**29**	**27**	**28**	**23**	**23**
Economic performance	Domestic economy	17	9	16	11	5
	International trade	35	35	45	41	33
	International investment	40	35	30	30	34
	Employment	7	6	10	12	5
	Consumer price index	47	54	53	48	51
Government efficiency	Public finance	19	22	24	27	26
	Tax policy	15	17	18	19	25
	Institutional conditions	29	29	33	29	30
	Corporate law	48	47	50	46	49
	Social conditions	42	38	39	31	33
Business efficiency	Productivity efficiency	35	39	38	38	31
	Labor market	52	53	36	28	37
	Finance	35	33	34	34	23
	Management activities	59	55	47	36	30

	Attitudes and values	36	30	25	15	21
Infrastructure	Basic infrastructure	27	22	23	20	18
	Technical infrastructure	17	14	22	13	17
	Scientific infrastructure	8	7	3	3	2
	Health and environment	35	32	32	31	30
	Education	37	25	30	27	30

Source: IMD, 「2021 IMD World Competitiveness Yearbook」, abstracted from and summarizing; KSTEP Statistical Bulletin No. 9 of 2021

Therefore, the composite index rose by one point to 28. Fourth, among the components of infrastructure, basic infrastructure, scientific infrastructure, health, and environment slightly increased, and technical infrastructure and educational infrastructure deteriorated, ranking 17th overall. Comprehensive national competitiveness was ranked 23rd with no change from 2020.

Table 2: Current State of Technology Infrastructure Indicators in Korea by IMD

Year and rank	Rank		Rank change
	2020	2021	
Technical infrastructure	13	17	- 4
Proportion of investment in telecommunications to GDP	42	44	- 2
Mobile broadband subscriber share (4G and 5G basis)	10	9	+ 1
Average monthly mobile phone rate per person	55	57	- 2
Satisfaction of communication technology of enterprise's needs	10	12	- 2
Share of computers used worldwide	11	12	- 1
Number of computers per thousand people	17	26	- 9
Internet users per thousand people	16	7	+ 9
Broadband subscribers per thousand people	27	26	+ 1
Average internet bandwidth rate	2	12	- 10
Ease of use of digital technology	18	33	- 15
Level of engineering degree supply	25	37	- 12
Public and private sector ventures support for technology development degree	29	38	- 9
Legal environment support for technology development and application degree	44	45	- 1
Sufficiency of technology development funds	38	34	+ 4
Exports of high-tech products	4	6	- 2
Proportion of high-tech products in export volume of manufacturing industry	6	7	- 1
Proportion of ICT services among service exports	41	41	-
Extent to which cybersecurity is adequately addressed in enterprise	21	23	- 2

Source: IMD, 「2021 IMD World Competitiveness Yearbook」, abstracted from and summarizing; KSTEP Statistical Bulletin No. 9 of 2021

Table 2 shows the technical infrastructure indices in more detail. Whereas most of the technology infrastructure indicators fell, the average internet bandwidth rate, ease of use of digital technology, level of engineering degree supply fell sharply by more than 10 points. At the same time, internet users per thousand people rose by 9 points, sufficiency of technology development funds rose by 4 points, and mobile broadband subscriber share (4G and 5G basis) and broadband subscribers per thousand people rose by 1 point each.

2.2. Previous research trends

2.2.1 Business Ethics Research

Focusing on propositions such as "corporate ethics are essential and a single failure can lead to fatal risks such as bankruptcy" and "ethical management activities will go through a virtuous cycle and maximize synergy," Lee and Kim (2015) investigated a case of corruption in Siemens in Germany. Figure 2 systematically presents the model that Siemens has adapted. In the past, Siemens practiced many corrupt and unethical management activities, such as cartel-led bribery and slush fund creation. However, through various self-rescue efforts, it remained a healthy company (Figure 2).

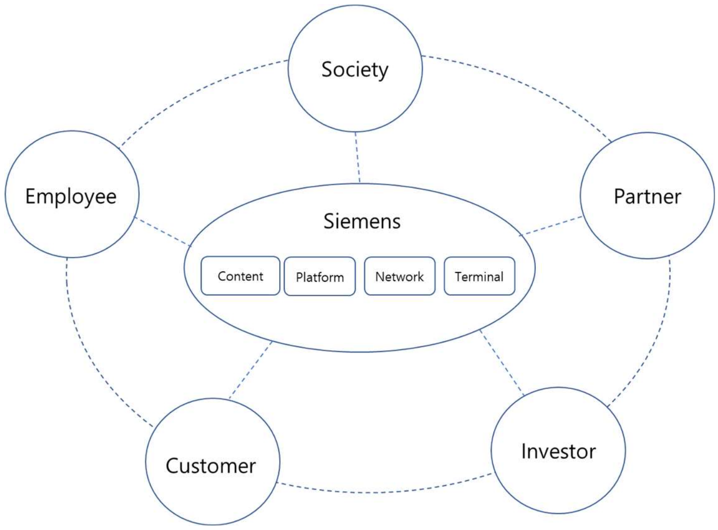


Figure 2: Siemens's CPNT-SPICE Model

The content, platform, network, terminal (CPNT) model is one of the measures used for strategic analysis and valuation of companies. The model is used in the information, communication, and technology field, but it is also widely used in the ecological analysis field. The CPNT model is mainly composed of four parts: contents, platform, network, and terminal. Siemens's business ethics can be explained through the CPNT model.

Content (C) can be viewed as core content. The core contents of Siemens ethical management are sustainable management through clean business and corporate social responsibility (CSR). Specifically, Siemens's core management issues in regard to transparent management are shown in Figure 2. They are balance of stakeholders' and Siemens's interests, prohibition of collusion, prohibition of false contracts, prohibition of export and import restrictions, submission of false information, submission of semi-annual reports, best quality provision, honesty and integrity, reputation management, information security ombudsman system, and no transactions with dangerous countries. The platform (P) sets the core values necessary for the direction Siemens wants to move in by synthesizing Siemens's, stakeholders', and society's interests. At the center of the network (N) that will transfer these core values to the field is the compliance organization. Compliance and ethical management are also applied to all business partners related to Siemens through training for employees and transaction policies with partners. The terminal (T) is a field organization that provides he basic guidelines for ethical management of Siemens. The organization includes a legal compliance team dedicated to ethical management. The team monitors employees' compliance with the business conduct guidelines.

In summary, based on the concepts Siemens follows, the platform sets the core values for implementing them and then executes them. Further, the network and terminal play a role in specifying, applying, and monitoring compliance regulations. Through CPNT, therefore, Siemens realizes transparent management.

The SPICE model is based on the ecosystem business model. In the model, the company is not an isolated entity but an organically interlinked one with stakeholders and society (Sisodia et al, 2003). In particular, business ethics is a factor that affects corporate success and value creation.

SOCIETY: Siemens emphasizes social responsibility in ethical management above all else. By establishing a relationship with stakeholders and all related parties, Siemens eradicates fraud and makes it the basis of ethical management.

PARTNER: Siemens strives to establish relationships with partners to share Siemens's ethical management values with them and to maintain lasting relationships with them.

INVESTOR: Siemens pursues transparent management by disclosing various business performance reports for a healthy relationship with investors and by frequently contacting them through open channels such as road shows and conferences.

CUSTOMER: The company's relationship with customers is directly related to its performance. Siemens maintains the best quality system for better customer management and offers customized sales while sharing specific and easily accessible information with customers.

EMPLOYEE: Employees must comply with Siemens's code of ethics and are subject to supervision. In particular, Siemens's code of ethics, responsibilities, and authority are applied more strictly to management, and all employees are severely punished for any misconduct.

If the CPNT model reflects Siemens's internal decisions on ethical management, the SPICE model highlights the aim of Siemens's ethical management across the business ecosystem through Siemens's relationships with all stakeholders related to the company and Siemens's relationship to society to society.

Zhu et al. (2019) recognized that today's companies must create an environment for achieving customer satisfaction and achieving their own purpose as responsible companies before they can generate financial profits. Through their analysis, the authors showed the effect of leadership on the management performance of domestic companies operating in China and the significant mediating effect of the "ethics climate" on CSR. Leadership was found to have a significant effect on management performance, but CSR was not found to have a directly significant effect on management performance. In other words, CSR well explained the importance of managing the ethics climate of Korean companies entering China by exerting a significant impact on management performance on the basis of the ethics climate. In the study, the ethics climate of a company showed a significant mediating effect, indicating the importance of the ethics climate in corporate management. Therefore, the authors recommend developing an effective ethical management plan based on the ethical culture and ethics climate.

Lee and Choi (2021) argued that ESG is a management method that pursues social value corresponding to economic value from an investor's point of view, compared to corporate social responsibility (CSR) and creating social value (CSV). However, the authors positioned the scope and speed of the actual spread of ESG management as a new paradigm for overall management that went beyond the existing concept of ethical management. Unlike ethical management of companies such as CSR and CSV, ESG management can be seen as a shift in the management paradigm that is different from the existing ethical management paradigm in that disclosure obligations such as financial statements are promoted or act as an important criterion from a large-scale investor perspective. Nevondwe et al. (2015) concluded that the direction and control of ethics in any organization are vital, especially in cases where the line between corporate governance and ethical leadership has become blurred.

2.2.2 ESG Research

Jung et al. (2022) recognized that global trends in ESG management were moving toward an inevitable demand for fundamental changes in corporate management. The existing ethical-management-level responses are inadequate, and preemptive responses and preparation are needed. They also argued that the necessity of such a response naturally exists in not only domestic management but also global management.

According to Lee (2021), ESG is attracting attention in the global market by changing consumer perceptions around the world, strengthening regulations by governments around the world, and expanding ESG-based global finance. All three of these are important issues related to international management that multinational companies face.

Kong and Lee (2021) recently focused on ESG, emphasizing its interpretation at the business level from the CSR perspective. ESG is embedded in all areas of management and poses new challenges in unexpected situations and in various forms. In spring 2021, Myanmar's military coup and oppression of democracy raised global concerns. POSCO International's Myanmar project, which is in charge of POSCO Group's global business, is related to the military dictatorship and democratization crisis situation in Myanmar. Kong and Lee's case study provided an opportunity to understand ESG issues encountered in global business through overseas business development and expansion. These are strategic issues companies face, and the authors interpreted them from various perspectives.

Jung and Yu (2021) investigated how companies that receive a high rating in ESG evaluations and have a good image in society show tax avoidance behaviors that are unknown outside of the company. The study confirmed that ESG management has a significant positive relationship with tax avoidance. This result is consistent with the existing argument that tax avoidance is carried out for minimizing risk, and the social responsibility costs are reduced by developing a positive image of the company using ESG management. In addition to analyzing the relationship between individual factors and tax avoidance in environmental activities, social responsibility, and corporate governance, the authors examined the relationship between corporate outer and inner ethics using ESG evaluation measures. Last, the authors empirically suggested the need to include a company's "tax transparency" item in its future ESG disclosure items.

3. An Analysis of Transparent-Management-related Issues

3.1. Transparent management brainstorming

There are many issues facing transparent management. In particular, as society has advanced and developed innovative technologies, new crimes that use corruption intelligently have emerged. An e-mail survey was sent to management and economy experts to obtain their opinions on this topic.

Table 3: Transparent Management Brainstorming

Questions:
I would like to ask you some questions about the new government's basic anti-corruption strategy as if you were brainstorming from an expert's point of view. I would appreciate it if you could tell me what you need or are interested in. Are there any areas that you think are important regarding the transparent business environment? If so, why? What are the precautions against corruption and unfairness? What are the ways to report, detect, punish, and recover from corrupt and unfair practices? Examples of corruption related to the transparent business environment are provided below. I would appreciate it if you could look at the examples and choose some elements of interest.
Examples of Corruption Related to the Transparent Business Environment
- Improving the effectiveness of the corporate compliance management system - Improvement of the compliance officer system of financial institutions - Internalization of corporate accounting - A review of the link between corporate accounting and tax audits - Corporate ethics management support - A review of strengthening corporate responsibility for corruption - Eradication of unfair subcontracting and collusion - Eradication of technology leaks - Eradication of unfair practices in the areas of membership, distribution, and agency - Prevention of corruption in reconstruction and redevelopment - Abuse of import and export transactions and eradication of tariff evasion - Blocking of offshore tax evasion to prevent leakage of local wealth - Prevention of technology leakage - Improvement of unfair trade in the capital market

Professor Y of Keimyung University stated, "first of all, transparency in corporate accounting is the area that I personally think is important in relation to a transparent business environment. In fact, I know that many companies' irregularities and corruption, regardless of domestic and foreign companies, are often caused by violating corporate accounting rules and incorrectly manipulating and writing corporate accounting books. In addition, I think the best way to prevent corruption and corruption in corporate accounting is to strengthen the ethics of entrepreneurs. In other words, today's entrepreneurs seem to need a kind of obligation and attitude to break away from the biased idea that companies should simply pursue profit and ultimately do business for society, the country, and the people. However, there will always be companies that have illegally written accounting in the future, so I think they should be strictly held accountable when they are caught. In addition, I thought it would be good for the government, businesses, and civic groups to form governance nationwide to monitor and supervise such accounting manipulation companies."

Professor K, an accounting and finance major at Pukyong National University, stated, "1. Areas and reasons that consider the transparent business environment important are improvement of corporate governance. Protection of property rights is essential for investment to be activated as a company. It is also ethical compliance with corporate product development and launch. Humidifier disinfectants have caused a lot of damage, but there are no measures to impose sanctions on companies, which can cause widespread damage to consumers. 2. Prevention measures for a transparent business environment. There are three ways to recover the punishment for reporting detection: 1) the overall legal system related to corporate activities, in particular, the establishment of a new legal system to activate insider accusations (such as presentation of compensation and personal protection), 2) the formation of an effective board to check the transfer of major shareholders or controlling shareholders, and 3) the analysis of commercial laws against international standards. In many areas, including telecommunications and food and beverage, regulations do not work properly, causing enormous damage to consumers and often requiring idle hands.

Professor R, an international trade major at Pukyong National University, stated, “Three months have passed since the severe disaster punishment law took effect, but concerns have been raised that various mandatory regulations are regressing safety capabilities at industrial sites. For example, as the CEO puts forward regarding the chief security officer (CSO), they operate in such a way that they are not interested in safety and health at all and do not make related remarks or instructions. This is because there is a greater possibility that the CEO will avoid his obligation as a management manager under the Serious Accident Penalty Act through CSO. In the event of a serious accident, even if a CSO is established, it seems necessary to supplement the law to hold the CEO responsible for the actual and final management. This is because there is a possibility that the CEO may avoid the original purpose of the Serious Accident Penalty Act by entrusting the CSO with personnel, budgets, and organizations related to safety and health. Although the public service direct payment system was implemented in 2020, farmers, who should be subject to direct payment benefits even though they actually produce the public interest, seem to be unable to receive direct payments because landlords do not write lease contracts to tenant farmers. There is an unfairness in which the direct payments to farmers go to absentee landlords. It seems that legal and institutional supplementation is needed to enable direct payments to be provided to farmers who are actually engaged in agriculture, not absent landlords.”

Professor K, who has a Ph.D. in business administration from Hoseo University, stated, “I think firm and strong law enforcement is necessary for illegals! In Korea, there are times when people who obey the law get unfair points.”

3.2. International transfer price and tax issues facing digital platform companies

International transfer price refers to the price determined internally by the corporation through internal transactions among the manufacturing department of a specific company or group of companies, international departments, headquarters, and overseas subsidiaries. The international transfer price is the transaction price among related companies in international transactions, which makes it possible to avoid tax through transfer price manipulation. It is easy to make arbitrary decisions and use different tax systems (tax rates) in each country. International transfer prices often cause international friction as well as disputes among tax authorities that have unilaterally reduced tax revenues. Cho and Lee (2019) examined cases related to international transfer prices of Renault, Samsung, and GM Korea. Further, the precedents of the Supreme Court and the Seoul High Court regarding the international transfer price was examined, and the difference in positions between the National Tax Service and the Korea Customs Service on the international transfer price was examined. Finally, the tax authorities’ countermeasures, such as the mutual agreement procedure and advance pricing arranging method, to solve the rational international transfer price problem were discussed. The authors concluded that an organization and a consultative body jointly reviewed by the National Tax Service and the Korea Customs Service need to manage the issue of manipulating the transfer price of multinational companies.

Numerous efforts have been made to prevent national wealth outflow. Investigation planning divisions of competent departments have made strict responses to intelligent offshore tax evasion, such as the use of tax havens or manipulation of transfer prices. Efforts to establish and revise tax laws and improve the system to strengthen responses to offshore tax evasion continue to be made. For example, the exclusion period for offshore transactions (e.g., 10 years for nonsubstantial reporting) (from January, 2019) has been extended, the base amount of overseas financial accounts has been reduced to 500 million from 1 billion (from June, 2019), and the burden of proof of international transactions has been relaxed. Additionally, a transfer price verification model has been developed (December, 2020) and, for employees’ ease of use, been posted on the National Tax Service’s computer network (Big Data Portal) to strictly respond to tax avoidance through transfer price manipulation by multinational companies. The National Tax Service, Korea Customs Service, Financial Supervisory Service, and Korea Deposit Insurance Corporation take the lead in tracking and responding to offshore tax evasion, recovery of overseas hidden assets, and participation in prosecution. The tax infrastructure for responding to offshore tax evasion is continuously expanding, such as through the implementation of “automatic exchange of financial information” by 109 countries, including tax havens (Switzerland, Hong Kong, etc.). To cope with tax avoidance by multinational IT companies, the international community is actively participating in discussions on digital tax and securing taxation rights. Since 2017, through offshore tax evasion investigations, about 5 trillion won in tax evasion has collected about 5 trillion won in tax evasion.

These tax issues also apply to global information technology (IT) companies. Foreign IT companies have been criticized for not paying corporate and other taxes properly even after making massive profits in Korea. Accordingly, the government increased the value-added tax (VAT) on digital services at the end of 2019. However, the tax foreign companies pay remains insignificant.

According to Maeil Business Newspaper(2020), in 2019, global IT companies provided services such as videos and games to domestic consumers, and the total sales they earned exceeded at least 2 trillion won. However, the value-added tax 134 global IT companies such as Google, Apple, Facebook, Netflix, and Airbnb paid was 236.7 billion won. This was the first reported amount after the National Assembly passed a bill at the end of 2018 to amend the VAT Act and impose VAT on the profits of "internet advertising," "cloud computing service," "sharing economy service," and "online to offline (intermediation) service."

Many foreign corporations have been operating in an opaque manner and have not disclosed their financial information. Although taxation has been expanded through the revision of the law, it is still not fair compared to the taxes domestic corporations pay. According to electronic disclosure data from the Financial Supervisory Service, Google Korea's 2020 sales were about 220 billion won, with an operating profit of 15.5 billion won and corporate tax of 9.7 billion won. However, the 2020 sales estimate of the Google Play Store will reach a minimum of KRW 3 trillion and a maximum of KRW 6 trillion.

When similar tax issues arose in many countries, the Organization for Economic Cooperation and Development /G20 Inclusive Framework (IF) discussed them in 2021. The IF was a meeting in which 139 countries participated to discuss BEPS (Measures to Prevent Tax Avoidance through Encroachment of Tax Sources by Multinational Corporations) and lead discussions on Pillars 1 and 2. Pillar 1 is designed in a way that distributes taxation powers so that global companies pay taxes even in countries that actually provide services and generate profits. Pillar 2, the introduction of the minimum tax rate of 15%, contains ways to prevent tax evasion. Although no consensus was reached on digital tax, the concept gained general support (YTN News, 2021).

Many foreign corporations operate without disclosing financial information to their local countries. Although taxation has been expanded through the revision of the law, foreign companies' tax equity is still insufficient compared to domestic companies. Sanctions should be applied to foreign companies that do not properly report taxes, such as major overseas companies.

4. Conclusion

In this study, alternatives for transparent management in the future were suggested through ESG management and the construction of social enterprises.

"E" stands for corporate eco-friendliness, "S" stands for CSR, and "G" stands for corporate transparent governance. Companies have been making efforts to conduct sustainable management (economic responsibility, social responsibility, and environmental responsibility) activities for sustainable growth and development. Companies have carried out management activities that focus on CSR and CSV. However, with the recent emphasis on ESG management, companies have begun to pay attention to it to build corporate trust and corporate reputation. ESG management is a prerequisite for sustainable management and has three key contents: eco-friendly management, activities for achieving social values, and transparent corporate governance (Lee and Park, 2022).

Social values include content related to environmental protection and the society (human rights, welfare, win-win cooperation, regional development, ethical management, etc.). Social enterprises have been proposed as a new alternative to compensate for market failures and government failures caused by the development of a capitalist society (Hwang et al., 2022). In Korea, social enterprises emerged in earnest in 2007 under the leadership of the government, with the aim of creating jobs and providing social services. Social enterprises are new types of mixed organizations that simultaneously pursue social and economic values and include the characteristics of both for-profit and non-profit organizations (Cho et al., 2021).

Social enterprise's and social entrepreneurship's definitions are not settled or used in combination. One of the main goals of social enterprises is to serve the community or a particular group of people. One of the main characteristics of social enterprises is their promotion of social responsibility at the local level. Social enterprises are the result of voluntary and dynamic participation of people in communities or groups that share specific goals and needs. True social enterprises must maintain spontaneity (Defourny, 2001, pp. 16–18). For transparent management, ESG management and social enterprise characteristics and efforts to create social value must be adopted.

In 2022, the New Government Transition Committee suggested, “We will advance our economic structure and lay the foundation for innovative growth . . . We will drive the economic leap forward by fostering core strategic industries. There is a need to strengthen punishment regulations and measures to recover criminal proceeds for major issues related to management and economy . . . We will create an innovative financial system for digital converters”.

This study has some limitations. Future studies need to conduct empirical analyses using larger samples of experts' brainstorming opinions. Additional measures should be prepared to respond to future transparent management issues and fields. It is necessary to discuss the derivation of strategic countermeasures by extracting variables from international standards for ethical management and ESG management and by applying SWOT-AHP methodology (Lee et al., 2021; Jin et al., 2020).

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