

# Notes on ethics of international business assignment

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Different in political systems, law, economic development, culture a) 5 common ethical issues: Employment practices: establishing minimal acceptable standards that safeguard the basic rights and dignity of employees, auditing foreign subsidiaries and subcontractors on a regular basis to make sure those standards are met, and taking restrictive action if they are not is a good way to guard against ethical abuses (Note! Example: Nike, Apple, Levi Strauss Human rights: freedom of association, speech, assembly, movement, political repression.. Example: General Motors & South Africa (Sullivan principles to against the apartheid laws) Environmental pollution: when environmental regulations in host nations are inferior Tragedy of commons: individual overuse a resource held in common by all but owned by no one, resulting in its degradation Corruption: paying bribes to foreign government officials to gain business COED & Convention on Combating Bribery of Foreign Public officials in B Transactions: make it a criminal offense Facilitating payments\* Corruption decreases the returns and leads to low economic growth Moral obligation: power comes with social responsibility both good economic and social consequences Give something back to societies, enhance social welfare b) Causes of unethical behavior (why? Personal ethics: principles of right or wrong governing the conducting of individuals Comes from parent, schools, religion, the media Ethical standards Decision-making processes: fault lies in process that do not incorporate ethical incinerations into Decision-making Organization culture: should legitimate unethical behavior or reinforce the need for ethical behavior, has an important influence on the ethics of business decision making Example: Enron - Energy Company, culture emphasized greed and

deception Unrealistic performance expectations: pressure from the parent company to meet unrealistic performance goals that can be attained only by cutting corners or acting in an unethical manner Leadership: manager help establish the culture of an organization and set the examples that others follow B.

Philosophical Approaches to Ethics a) Straw Men: deny the value of business ethics or apply the concept in a very unsatisfactory way Friedman doctrine: the only social responsibility of business is to increase profits, so long as the company stays within the rules of law and not use deception and fraud Cultural relativism: ethics is the reflection of a culture and culturally determined; company should adopt the ethics of the culture in which it is operating I see religious moralist: Tallow none-country standards AT tenets; associated with managers from developed nations Opponents: not always appropriate The Naive moralists: if a manager of a multinational sees that firms from other nations are not following ethical norms in a host nation, that manager should not either b) Most moral philosophical approaches Utilitarian: the moral worth of actions or practices is determined by their consequences Kantian Ethics: people should be treated as ends and never purely as means to the ends of others; people are not machine and have dignity and respect C. Rights Theories: human beings have fundamental rights and privileges that transcend national boundaries and cultures D. Justice Theories: two principles each person be permitted the maximum amount of basic liberty compatible with a similar liberty for others inequality in basic social need is to be allowed only if benefit everyone E.

Implication for managers Hiring and promotion: people with strong sense of personal ethics and would not engage in unethical or illegal behavior

Organization culture and leadership: build an organization culture that values ethical behavior Explicitly articulate values that emphasize ethical behavior (code of ethics) Leaders should emphasize their importance and act on them Build that organization culture also requires incentives and reward systems (e. G. Promotion) Decision-making processes: think through the ethical implications of decision in a systematic way (moral compass) Identify which stakeholders a decision would affect and in what ways Judging the ethics Establish moral intent Engage in ethical behavior Audit and review decisions

Ethics officers: responsibility for making sure that all employees are trained to be ethically aware, ethical considerations in decision making, code of ethics is followed Moral courage