

International business morality

Experience, Human Nature



Society's general conception of the fundamental marketplace has dramatically changed within recent years. Throughout most of history, commerce has existed primarily (and, at times, solely) in the domestic realm, only on rare occasions interacting on an international level.

However, with major technological advances occurring within the past century (and even more so, during the past decade) concerning both transportation (air travel, better seafaring and larger ships) and communication (telephones, the Internet), almost all business conducted by a mediocre to major firm operating from within a semi-industrialized to industrialized nation can be (and most often is) considered multinational.

With the everyday business arena now expanded to include a variety of cultural and moral norms which are dependent upon their respective nations (and their intrinsic ideologies), corporations are currently forced to deal with an important issue; how should they conduct their affairs in foreign markets (When in Rome, should they do as the Romans do) (ETB 514)

Broadly speaking, there are two paths which may be taken: either a company can (a) adhere to both the universal and domestic moral modes of business which they would regularly apply in their affairs at " home" or (b) they can conform to the ethics and morals of the host country (the country in which they are conducting the business). In this essay I will seek to provide two arguments, one which concentrates on supporting path " a" and another which refutes " a" and supports " b".

In Defense of Retaining Domestic Practices in Foreign Markets As American modes of ethical business standards continue to evolve and become

increasingly better, it becomes more and more obvious that it should be regarded as the model for all markets, foreign and domestic. Despite criticism from other nations, our multinational business policies should reflect what we hold true in our affairs at home. Two maxims of American ideology rebuke the opinion of “ When in Rome, do as the Romans do. ”

First, no one, including businesses, should morally be permitted to “ freeloading” (simply put, “ freeloading” is the practice of accepting advantages offered by a certain situation while not accepting its disadvantages) (EDB 531). When placed in a situation where “ freeloading” is a viable option, many businesses are eager to take advantage of it due to its profitability (most often this is in the case of bribery). There is something essentially wrong with this practice in our society, however. Most modern societies function on a system of benefits and burdens.

Each member of society is expected to accept both the benefits and the burdens adherent to their situation and actions. For example, when you steal money you are attempting to acquire a benefit without the adjunct burden (earning it). When such a person is caught doing such, they are almost certainly prosecuted and made to accept the burden (usually in the form of jail time or fines). When a business receives a bribe or a kickback, they are essentially accepting a benefit of the laws against those practices while not suffering the burdens associated with those laws (EDB 531).

The second idea which American morality supposes is that of inalienable human rights. Presently, it can be assumed that there is (in most cases) international standards of human rights as designated by the signatories of

the United Nations Declaration of Universal Human Rights and by various treaties addressing the issue (EBD 516). Unfortunately, often times, the differing business and social standards in foreign markets/countries allow for firms to take advantage of that country's populace in ways which are not available (or even legal) in our society.

While companies certainly should not be required to provide aid for the people of the countries they are dealing with, they should be aware of the people in these nations that they are affecting by means of their business within those borders. A clear example of the all-to-common disregard for the welfare of those of foreign countries is that of the Nestl corporation and its profit maximizing techniques in third world nations.

Because of declining sales of infant formula in industrialized countries, Nestl and other corporations) made a decision to aggressively market its product in developing nations and thus open up new arenas in which to become profitable once again. Despite the fact that these countries lacked clean water, adequate sanitation, and sufficient education (all of which are essential to proper and safe use of infant formula), Nestl continued to sell its product. As a result, infant mortality rate increased significantly in these countries (EDB 606). This situation was clearly an abuse of universal human rights and should be dealt with as such.

In Defense of Adhering to Foreign Practices in Foreign Markets When confronted with the problem of whether or not multinational companies should act in ways which are consistent with the ideologies of the host country in which they are doing business, it's a basic reaction governed by

our human nature to say that such firms should, in fact, conform to the indigenous ideas of that foreign nation (EDB 515). Much like my argument supporting the ideas contradictory to this view, this position will be defended using two basic axioms. One of these beliefs is essential to the existence all nations.

Namely, it is the existence of something called “ state sovereignty. ” In brief, state sovereignty is the incontestable right of every nation to make its own laws and to govern as it sees fit, free from external control. In effect, if the practices of a multinational business is contradictory to the ethical standards of its host country, those practices will be counter to the sovereignty of that state. In no way should a business be allowed to, “... [dis]respect the aims, goals, and directions of a host country’s economic and social development and its cultural and historical traditions...

Nor should they interfere in the internal political affairs of host countries through improper political activities, political bribes, or questionable payment of any kind made to political candidates or public officials. ” (EDB 579) If firms were to conduct their affairs in such manners, it can easily be seen that they are not respecting a nation’s sovereign rights and, as such, will be opposing one of its fundamental rights as a nation. The other notion is that of cultural relativism. Ultimately, it is accepted that what is believed to be morally correct by a certain culture is actually morally correct for that culture (EDB 526).

In other words, what may be considered “ right” for the citizens of the United States may not be regarded as “ right” for the people of a country such as

Indonesia. In essence, no country's morals are "better" than those of another country (EDB 527). Being that the ability to do business in foreign nations should be considered a privilege endowed on them by those countries (as it is obviously not a right), multinational firms should be considerate of the ideologies natural to these markets. Conclusions

From a personal examination of these two modes of foreign business policy, I have come to the conclusion that the best way to conduct international commerce is to blend certain parts of each ethical argument. Like most people's initial reactions, I also believe in the autonomy of foreign governments and their rights to only permit businesses to conduct their affairs in ways which are consistent with the host nation's domestic ethics and morality. There is a limit to this way of thinking, however.

While it may appear to be a nationalistic view, there are some laws in foreign countries which are simply unjust. When faced with business situations involving such laws, it is morally permissible to act in ways corresponding to the domestic ideologies of one's own country just as it is immoral to obey such unjust laws (EDB 515). With an understanding of what is universally moral and practicable while respecting a nation's sovereignty, I believe that multinational firms can carry out ethical foreign business with minimal controversy.

Interestingly, even if one were to assume that America's business ethics were superior to that of the international markets they did business in, the end result would still be to follow the foreign ideologies. Inherent in American ethics is the stakeholder theory in which a firm should maximize profits to

the best of their ability. What this usually results in is a necessity for the multinational firm to do business in a way congruent to that of foreign market (EDB 528).