

Ethical conduct for multinational corporation managers

[Business](#), [Company](#)



Ethics deals with questions of right and wrong. Business ethics deals with questions of right and wrong in business. What is wrong in daily life could become right in a business context. For example, if one were to ask a friend to change a Rs. 500 note for him, he expects to receive in return Rs. 500 in smaller notes. But if one were to go to a moneychanger for the same transactions, he would expect to get back only lesser value after deduction of some commission.

It would be wrong for the friend to make such a deduction, because he is not in business. Ethics are contextual. There are often grey areas as to what is right and wrong. Standards of rights and wrongs are called values. They vary between persons. Every member of an organisation must understand its values. Otherwise, they will act in a manner contrary to what the company thinks is right. Conformity in behavior is achieved easier through values than through rules and regulations.

This is particularly so because of intense competition in the market place and employees may be called upon to respond quickly in order to counter the strategies of the competitors or to recover an aggrieved customer. Value dissemination is also necessary for empowerment. The Multinational Corporations/Managers The multinational corporation (MNC) is a mixed blessing. It is the major vehicle in the contemporary world economic system for technology transfer and the production of the goods and services that cross national borders.

But it is also the means by which substantial social and environmental dislocation can be precipitated when considerations of capital accumulation

clash with material provisioning. In diverse ways the MNC may contribute to social injustice manifested in the use of sweated labor, discriminatory practices based on differences in race, gender, class, and national origin, the denial of effective workplace and political participation, and in practices that damage biodiversity and environmental sustainability.

Social economics emphasizes the dichotomous nature of the MNC, captured in the phrase "making goods versus making money", to explore the ways in which conflict between these motives may precipitate social injustice. Often this social dislocation prompts collective action to redress the injustice, in effect lowering the social costs of the MNC's actions. The multinational corporation (MNC) is dichotomous in nature. While on the one hand it is a vehicle for private capital accumulation, when socially-embedded it may serve as a means to further social provisioning and social justice.

A social economics approach to the MNC is developed to incorporate both private and social transaction costs in international production and trade where the divergence in these costs may require collective action to mitigate the effects of social dislocation. These issues are illustrated by experiments in corporate codes of conduct related to child labor and environmental sustainability. Since corporate codes may be insufficient to socially embed the activities of MNCs, efforts to develop supranational governance mechanisms to better achieve social justice are also considered.