Ethics and corporate strategy in a global marketplace

In my initial studying of the topic of business ethics I have grasped and embraced the understanding of the importance of a Stakeholder Framework (Freeman, Martin, Werhane & Wicks, 2010) and the understanding, that how it is perceived will define the goodness or badness of a company. In this reading I have shifted my thinking. I am a capitalist at heart and have always leaned toward the Managerial View with the belief that since all other forces seemed to be against the company it needed to keep that focus. Though I held this view I still believed ethics was a key factor and any company that did not have morality would not succeed. Conversely, in my mind the stakeholder view was equal and opposite and was only interested in Social Responsibility. This view sought to take from the company what it could, to benefit itself and also that it took things personally and would therefore be at odds with the goals of the company. As my thinking has shifted I see that there is a balance that needs to be sought to make a company good. The balance is found in the Stakeholder Framework and how it is viewed. With the Framework working at 3 levels, to be profitable, work within its community and also with systems outside of the company (Freeman, Martin, Werhane & Wicks, 2010) it creates a balance that keeps a company moving in a positive direction with all stakeholders. What must be kept in mind is that on either side of the balance are forces that are seeking to tip it one way or the other. The Managerial View seeks to tip the scale to a profit focus. Social Responsibility seeks to tip the scale to a personal and external focus. These two forces not only oppose each other but they seek to topple the scale and create a bad company. Companies that see the value of the Stakeholder Framework will find themselves to be successful and will be considered a good company.

What is the separation fallacy? What is the integration thesis (I and II)? Why are they important to business?

The separation fallacy and integration theses (I and II) are two opposing points of view. You cannot hold to both views. The separation fallacy is born more out of a business' desire to stretch or ignore ethics in making their business decisions. The separation fallacy purports that there are two basic types of decisions. These are business decisions and ethical decisions. It imagines that making a decision about how to operate within a business suggests in and of itself that it is not ethical in nature. It then postulates that ethical decisions are discussing the best thing to do and have no basis in the value creation of the business (Freeman, Martin, Werhane & Wicks, 2010). This fallacious thesis reduces to welfare economics by separating the is from the ought (Hartman, 2011).

The integration theses move past the narrow mindedness of the separation fallacy. Thesis number once seeks to explain that the boundaries purported by the separation fallacy do not exist. It does this by stating that not only do most business decisions have some implicit ethical view, but also within most ethical decisions there are business implications (Freeman, Martin, Werhane & Wicks, 2010). Thesis number two takes this perspective further by tying into the integration of business and ethics the component of humanity and suggests it is pointless to discuss either ethics or business without talking about people. The integration theses are important to businesses because they contain three concepts that a company needs to be successful. This is business, ethics and people. Within a business each of these have overlaps of connection and in affect support the two integration

theses. Companies must understand the opposition of the separation fallacy to the integration theses and know the importance of embracing the integration theses.

What are some of the key ethical questions facing companies doing business in a global context? What is your view on how well business has done in facing and addressing them?

Three important ethical questions that face companies in a global context are, what the local customs are, how a business will affect the local area, and how best can a company do business to have a positive net affect on all stakeholders. With the advances in technology companies are able to learn about opportunities and do business across the globe (Hikichi, 2010). Ironically, as businesses begin to work globally they must think locally about the foreign areas into which they are moving. The first step to success is to learn about the local area how they do business and what the customs are. Using this knowledge about the local area, business can then begin to explore how their business will affect the local area. This includes not only economic impacts but social impacts as well. Employing the Stakeholder Framework to keep the balance in these local areas is an important thing to keep in mind. A company must determine how in that local area they will be profitable, work the local community and also with organizations locally and across the globe.

It is difficult to make generalizations of the success of the businesses globally. Some have done a great job while others have failed miserably. While there is not necessarily an intent to be unethical companies such as in

the case of Nike (Freeman, Martin, Werhane & Wicks, 2010), there is still a danger of not knowing and understanding the local area in which companies are doing business. In the case of Nike they appeared to have learned from this experience and created an ethical code of conduct for their vendors.

Working globally becomes more of a journey as companies work to learn about local areas, understand affects and apply this successfully to stakeholders.

What is relativism (all four types), ethnocentrism, and principalism? Use an example to illustrate how each is different?

As companies determine how to adapt to working globally they must consider if they will adapt and then how they will adapt. To determine this a company may use one of the four types of relativism, ethnocentrism or principalism (Freeman, Martin, Werhane & Wicks, 2010). First, cultural relativism focuses on what is right for a given culture. This type of relativism wraps itself around the word culture. As example of this a company may consider doing business in a country whose laws are immoral by the company's standards but is allowed in the foreign country. NaÃ¯ve relativism looks at the person and makes ethical decisions based on individual values and does not question the values of others. This for example, allows different managers within a company to make different decisions based on their individual thinking. Role relativism suggests that your ethical behavior should be based upon your role within the organization. What is right for role A may be wrong for role B and vice versa. Applying this form of relativism, a vice president of a company may believe that his position dictates that he

can receive gifts of a greater value than someone of a lower position because of what he represents within the company. The fourth and final type of relativism is social group relativism. This version suggests that what prominent groups in society are doing dictates what is right. An example of this is many of the politically correct beliefs in our society. Some, but not all, politically correct attitudes are embrace because it is socially the right thing to do, and it is therefore followed by masses usually out of fear.

Ethnocentrism takes the mold of a person's cultural beliefs and rigidly applies it to the decision. The ethnocentrist is difficult to have a meaningful conversation with concerning a decision as they are very closed in their thinking. A manager who comes from a cultural that purports that a male should be in charge of all major decisions and attempts to do business in the United States would fit this mold if they refused to work at a decision making level with female workers.

Relativism and ethnocentrism present extreme views that prevent them from having reasonable discussions. The flow between these two thought processes is principalism. This is the belief that there is great value in conversational decisions. This approach calls for input from different vantage points and if it had to be boiled down to a single word it would be tolerance. In the example given about ethnocentrism that principalist would enter into discussions with other organizations that embraced the female worker as a decision maker and would listen to reason before making a final decision on how to act.

A company can use relativism, ethnocentrism or principalism in the decision making process. The closed and extreme nature of the former two is constraining and in the long run it is best for companies to concentrate on principalism as the best approach for ethical decisions.

Review the " GE Healthcare In India: An (Ultra) Sound Strategy" on pages 121 – 132 of your textbook. Provide a synopsis of the discussion and apply it, in particular, not necessarily solely, to the content of chapter 4 in this module.

This case exhibits the challenges of working in a global economy. The challenges that it discusses demonstrates that the aggressive and innovative nature of a capitalist company can make bad decisions even with good intentions. It is important for companies working globally to understand the foreign cultures in which they are working. In this case it was important for GE to understand India's cultural bias toward males within their population. In the Indian culture this was very important due to what they believed that males offered and females did not offer. Indian men were believed to sustain the blood line of a family, provide the support needed, and care for the aging family members (Freeman, Martin, Werhane & Wicks, 2010). Women on the other hand were considered a burden. This was because they were usually homebound workers since their virginity was so closely guarded. Additionally, girls came with great cost when it came to pay a dowry to her future husband's family. This cultural position led the Indian society, in general, to find ways to maximize the male population. The government of India, understanding this issue, made it illegal to determine the sex of an unborn child creating a quandary for GE. GE's approach to the Indian market,

especially in rural areas, seemed to follow the first two levels of the Stakeholder Framework. They had certainly established a value proposition for their organization by creating an effective sales strategy that increased their numbers. They did this be aggressively selling to the rural areas where there was greater opportunity and by providing good credit offerings. Secondly, they employed a process that provided good stakeholder cooperation. They understood the issues within the culture and sought to follow the rules to be in proper compliance by providing affidavits and frequent audits. Unfortunately, as with any unethical behavior, it learns the process and seeks to work around it by doing things such as reselling to unapproved users. GE executed on level one and two of the framework, but their failure was at level three. They did not seek to reexamine their practices to adjust for the unethical practices on the other side of the sales, nor were they proactive in what needed to be done. To some extent they operated under cultural relativism in that the culture called for them to follow certain rules to get the sale but they did not take a principaled look to determine where the ethical snares may exist. In addition, GE could have found more success in applying bench marks to the process (Freeman, Martin, Werhane & Wicks, 2010). Industry Initiatives could have been used by GE to either identify or create an association that could work to fight the issues around the unethical actions. Also, involving and using efforts of prominent national and international organizations could be of value. This could not only be used to fight the unethical actions but could also raise their political capital internationally.

Utilizing a solid Stakeholder Framework, a principaled approach and the utilization of benchmarking may have created more effective outcomes that would have positioned GE as a much stronger ethical organization.