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Business Ethics Comparison

INTRODUCTION

The People's Republic of China has evolved into becoming a major actor in the global economic system. The population of the People's Republic of China is assessed at 1.3 billion people. The GDP of the People's Republic of China has been experiencing unprecedented increase over the past decade. Notwithstanding, the GDP per capita is less than a number of developing nations. The People's Republic of China demonstrates market potential that very few countries have shown (Fang 10). This research paper will review the differences in business ethics, legal systems and business practices of The People's Republic of China and the United States. Comparison will be made. The works of BBC (2008), Brannigan (2008), Fang (2008), Irwin (2012) McDonald (2008) and Xinhua (2008) were accessed in the composition of this research paper.

The United States has been proven to be a global superpower with regards to the cultural, financial technological and economic aspects. The Chinese market is a desirable market for U. S. producers. There is a substantial amount of business transactions that take place between the United States and the People's Republic of China. The People's Republic of China has developed into the United States second largest commercial trading associate (Fang 10).

James Brusseau holds a PhD in philosophy and teaches at Pace University in New York City. He is author of *The Business Ethics Workshop*, *Decadence of the French Nietzsche*, and *Isolated Experiences*, as well as numerous articles

in the history of philosophy and ethics. In an interview with James Brusseau, PhD, the following questions were asked:

Question:

Answer:

Business ethics study the values that guide and justify decisions in the economic world. For example, one problem multinational corporation's case involved cultural differences and bribery. Walmart has received criticism in the United States for using bribery in Mexico, where the practice is common. If a corporation values honesty highly, the members probably won't resort to bribery even in those places where it is common. On the other hand, if the corporation most highly values fidelity and the responsibility to shareholders to make a profit, then some dishonesty and bribery may be acceptable. So, what we do on business ethics is look at difficult decisions and try to understand how they are shaped by specific values (Brusseau 1).

Question:

Why are business ethics important for workplace?

Answer:

Business ethics is important in the workplace if people want to understand why they are doing one thing or another (why they are giving a bribe, or refusing to give a bribe). It's important so that people can act independently in the world instead of just following instructions like a machine (Brusseau 1).

LITERATURE REVIEW

Differences in the Roles of Government in business in the People's Republic of China and the United States

The People's Republic of China has always been a Communist society. The minority of the commercial enterprisers were owned by the Chinese government until the past decade. There are no distinctions that are present between business and the government. There has been a privatization that has been taking place in the Chinese economy over the past decade. The Chinese Communist Party and the government maintain administration over a variety of commercial activities. This type of administration is manifest in the quantity of administrative regulations to which commercial concerns are subjected (Fang 2).

The People's Republic of China has also been a nation that has been administrated by men instead of the rule of law. An influential person can substantially impact an organization's commercial decision making processes and its potential of succeeding in the Chinese market. The Chinese civil law system has experienced substantial modifications over the past several years. The civil law system in the People's Republic of China is fairly new and demonstrates inadequacies for the extent of the growth manifested by the Chinese economy. This characteristic infers that the Chinese government and the Chinese Communist Party have a wide range of authority in the application of decisions in the People's Republic of China (Fang 2).

The Chinese are accustomed to reliance on rapports with government officials in order to accomplish their goals. This quality may cause the

Chinese entrepreneurs in the United States to become impatient and frustrated. In the People's Republic of China, in the event that a Chinese enterprise were to encounter barriers in negotiating with another business concern, there would be an anticipation of the state representative who was responsible for their appointment to provide assistance in resolving the challenge (Fang 3)

Differences in Civil Litigation Systems between the People's Republic of China and the United States

The People's Republic of China has always had a criminal justice system. The civil litigation system is less than three decades old. There were no commercial law programs in Chinese educational institutions until the latter part of the decade of the 1970s. The initial graduates who were educated in civil law were graduated from the Chinese universities in the early 1980s. The judges that were educated in the civil law decision making process did not take place until the 1990s. As there has been no functional civil litigation system in the People's Republic of China, many of the commercial actors relied on their association with the state representatives to resolve business issues. A substantial reform of the Chinese civil law system was performed twenty years ago. There are approximately one hundred and ten thousand educated lawyers in the People's Republic of China. This is a small number in comparison to the magnitude of the Chinese population. In the 1990s, there were only five thousand five hundred lawyers. The People's Republic of China has promoted more than ninety four thousand new laws in the decade of the 2000s (Fang 4).

Notwithstanding that there have been substantial enhancements to the

Chinese civil law system; the Chinese civil law system is still in its beginning stages. There are number of regulations that have not had the opportunity of being implemented or enforced. There are a number of regulations that are defiant in the mechanism for their observance and enforcement. There are a number of Chinese civil laws that are in conflict. In correlation with the dimensions of the population in the People's Republic of China, the quantity of practicing attorneys is insufficient. In addition, the civil law system in the People's Republic of China has not developed as quickly as the nation's economic production or the production of inscribed civil legal legislation (Fang 4).

There are a number of Chinese judges who have not completed their education in the civil law system. The reliance on the legal system in order to resolve civil disputes is a novel idea to many of the citizens of the People's Republic of China and is an endeavor that is wrought with risks.

Consequently, informal agreements continue to have a major participation in the creation of business relationships. The comprehension of the significance of a legal agreement is distinct in Chinese and American cultures. In The People's Republic of China, an agreement forms a platform upon which relationships can be constructed instead of crating boundaries for the business relationships (Fang 5).

There are frequently invitations from Chinese to the United States companies and foreign governments to enter into a memorandum of trust. This serves as an announcement of the formal relationship that will follow. In the United States, these formalities are perceived as conventions of good will. Many of the American organizations have made complaints that the Chinese do not

adhere to formal written arrangements. It can be debated if the unethical business practices are the origin of these issues. The primary discrepancy in the perceptions of American and Chinese business relationships is the comprehension of the participation of a formal business agreement (Fang, 5; Irwin 7).

Chinese Commercial Culture Compared to American Business Culture

In the Western perceptions of commerce, business is conducted as business. In the People's Republic of China the commercial culture is represented as the aggregate of the capacity of survival and existence that correlates to the administration, development and planning of consumer products in the context of spiritual and material achievement. In Chinese business administration, the cultural context that is involved in the procedures of developing a commercial enterprise relates to history, reflection and communication of the culture. In the People's Republic of China, Commerce can be separated into four distinct levels. The initial level is the culture that involves the material characteristics. This includes the definition of the commercial constructs (Irwin 10).

These constructs could include economic considerations, technology, trademarks, and advertising. The second level that must be considered in Chinese culture is the organizational culture. This includes the policies that must be observed and the relationships that must be maintained with the public. The third level is the national culture in which the organization is operating. The fourth level is the ethical considerations and overall psychological interactions of business (Irwin 10).

Chinese Cultural and American Cultural Perceptions

The Chinese social environment is intensely influenced by the values that are connected with Confucianism. Confucianism provides a framework of behavioral norms and propriety in relationships. The Confucian perspective is a determining factor with regards to the individual actions in a community. There are no distinctions between the actions of an individual in the commercial and private sectors. Business ethics in Chinese are defined as shang de. The members of the Chinese society who practice ethical business practices in accordance with Confucian philosophy are designated the title of Ru Shang. These considerations are importunate for successful business ventures in the People's Republic of China. The idea of guanxi is important in Chinese commercial relationships. Guanxi is defined as the personal network of business relationships. This is conceived as an important category of social capital in the People's Republic of China. The guanxi is found in the individual, not the organization (Irwin 4).

The activities of delegating cash gifts are important characteristics of Chinese commercial practices. These activities are predominant at the time of the bath of a child or the Chinese spring festivals. The delegating of gifts is an important manner of demonstrating respect to business associates. The cultural distinctions that are manifest between Chinese and American cultures cause many organizations to consider the local business practices when exercising commercial activities in the People's Republic of China (Irwin 4).

Chinese society is founded upon long term planning. There are rewards that can be anticipated for behaviors that demonstrate perseverance and

patience. The relationships are established by the social status and the hierarchy is respected. Chinese investments have the tendency of directing efforts toward long term objectives. Chinese culture is accustomed to ambiguity. There is an affinity for agreements that can be interpreted in a variety of different manners in order to accommodate the current situations. Chinese commercial activities are founded upon the masculine hierarchy (Irwin 5). The masculine cultural elements that include sacrificing leisure time and time spent with family members in order to pursue business interests. Chinese society is founded upon collectivism. This infers that the motivations are directed toward the group interests and not the individual interest. Cronyism and nepotism are commonly found in Chinese commercial practices. Chinese are also accustomed to wide differences in social status (Irwin 5).

In 2008, there was a food safety incident in the People's Republic of China involving infant and milk formula that were modified with melamine. There had been three hundred thousand victims that were documented to have been affected by the melamine tainted products. There were fifty four thousand infants who required hospitalization and six infant mortalities resulting from the 2008 food scandal. Melamine was aggregated to the infant and milk products in order to cause the formula to manifest a more elevated level of protein content. In 2004, diluted milk and infant products resulted in thirteen infant mortalities in the People's Republic of China. (BBC1; Brannigan 1; McDonald 1; Xinhua News Agency 1)

The scandal initiated in the middle of 2008, subsequent to sixteen Chinese infants reportedly diagnose with kidney stones. The infants ingested milk

and infant formula powdered products that were manufactured by the Sanlu Group located in Shijiazhuang. A review of the powdered milk and infant formula industry in the People's Republic of China demonstrated that the identical problems were present in twenty one of the powdered milk and infant formula manufactures in the People's Republic of China. There had been no reported mortalities from the other twenty one food manufacturers (BBC1; Brannigan 1; McDonald 1; Xinhua News Agency 1).

The 2008 powdered infant and milk formula scandal in the People's Republic of China caused attention to be directed upon the food manufacturers and the system of political gift giving in the People's Republic of China. The 2008 powdered infant and milk products scandal caused the People's Republic of China to lose the confidence of customers all over the world with regards to the manufacturing practices of Chinese food. Eleven nations banned the importation of Chinese food products as an outcome of the 2008 powdered milk and infant formula scandal (BBC1; Brannigan 1; McDonald 1; Xinhua News Agency 1).

There were a number of charges brought against individuals for criminal misconduct. The outcome was that two people were executed by the Chinese government and others were given sanctions of life imprisonment. In addition, seven local government representatives were dismissed (BBC1; Brannigan 1; McDonald 1; Xinhua News Agency 1).

The 2008 powdered milk and infant formula scandal was perceived as one of the largest incidents of its category by the World Health Organization. The scandal caused a crisis in the Chinese consumers with regards to the consumption of powdered milk products that originated in the People's

Republic of China. The scandal demonstrated that there had been a widespread conspiracy to deceive the consumers of these powdered milk and infant formula products (BBC1; Brannigan 1; McDonald 1; Xinhua News Agency 1).

There had been similar modifications of food products with the addition of melamine being added to poultry products in late 2008. The melamine was found to have been present in the feed that was distributed to the chicken and other livestock. A ban had been placed on products that originated in the People's Republic of China that had been found with traces of melamine in the middle of 2007 by the United States. The melamine had been discovered in the pet nutritional products that were being sent to the United States from the People's Republic of China (BBC1; Brannigan 1; McDonald 1; Xinhua News Agency 1).

Years after the scandal, the Chinese government reported that there continued to be appropriations of products that had been found to have been tainted with melamine that originated in the People's Republic of China. Studies conducted by Peking University (2010) demonstrated that over 12% of the infants who had been diagnosed as being ill from the consumption of the tainted food products in 2008 manifested health irregularities. There is a serious possibility of long term implications from the exposure to the melamine that was ingested by the infants in 2008. The studies demonstrate the increased need for follow up on the circumstances of the children who ingested the powdered milk and infant nutritional products (BBC1; Brannigan 1; McDonald 1; Xinhua News Agency 1).

The tainted food products were found in the products that were

manufactured by the Fuding Chenguan Dairy, Shanghai Baoanli Dairy, Tantai Lei lei Dairy , Xi' an Baiyue Dairy, Qingdao Suncare Nutritional Technologies, Yantai Ausmeadow Nutriment, Inner Mongolia Yili Industrial Group, Guangzhou Jinding Dairy Products Factory, Scient Guangzhou Infant Nutrition, Shenzhen Jinbishi Milk, Shanxi Yashili Dairy, Heilongjiang Qilin Dairy, Hunan Peiyi Dairy, Guangdong Yashili Group, Tianjin Torador Dairy Industry, Inner Mongolia Mengniu Dairy, Baoji Huimin Dairy, Jlanxi Guhnagning Yingxciong Dairy, Shanxi Gu Cheng Dairy, Qingdao Shengyuan Dairy, Shanghai Panda Dairy and the Shijiazhuang Sanlu Group. The tests that were conducted by the AQSIQ (Administration of Quality Supervision, Inspection and Quarantine demonstrated that the melamine tainted products had been encountered in the products that were manufactured by these organizations (BBC1; Brannigan 1; McDonald 1; Xinhua News Agency 1). There had been allegations of a cover up at the Shijiazhuang Sanlu Group. The organization documented the illnesses of infants from December, 2007 and did not proceed to examine the data until the middle of 2008. The primary government representatives in the city of Shijiazhuang did not document the illnesses until the beginning of September 2008. This had been a gross violation of the food safety regulations in the People's Republic of China. The Sanlu Group remitted a communication to the city representatives in Shijiazhuang requesting for assistance in the administration of the media in order to create a favorable condition for recalling the tainted milk and infant nutritional products. Sanlu Group requested this facilitation from the city officials in Shijiazhuang in order to avoid media frenzy and the damage of the organization's reputation. Sanlu

sought to bribe the officials and the critics in order to downplay the magnitude of the product contamination. The organization attempted to downplay the magnitude of the product recall in the light of the summer Olympics that were due to take place in the People's Republic of China (BBC1; Brannigan 1; McDonald 1; Xinhua News Agency 1).

Personal Feelings about the 2008 Tainted Milk Powder Scandal as a Chinese Citizen and Advice Derived from the Interview with James Brusseau PhD.

Question:

As a Chinese, I feel sad. The sadness is attributed to some Chinese who reduce the quality of product for more profit (i. e., the tainted milk powder and infant formula). As a result of these problems, Chinese customers do not trust the Chinese products. Consequently, they would like to shop in other countries. But in the U. S., these phenomena (tainted milk powder and infant formula) are non- existent. I think this is business ethics problem, do you? And do you know how Americans do it or what suggestions do you have for Chinese corporations?

Answer:

This is an interesting question. I believe this is both an economics and an ethics problem. The economics problem, obviously, is that customers who feel cheated stop buying from the company that deceived them. With respect to ethics, there a variety of ways of addressing the situation. First, we can start with an approach that values honesty, sincerity, beneficence, respect for others and similar duties most highly. Here, we would say that the companies that mislead their consumers are ethically wrong, and therefore should not be patronized. We could also start from a perspective

that understands corporations not only as economic implements that create profit, but also as participants in society that have responsibilities to others in society just like individuals do. From this perspective – commonly called corporate social responsibility – it's not that these companies should change their practice because they are losing clients. Instead, they should put the welfare of their clients above (or, at an even level with) their own profit (Brusseau 1).

Therefore, they should stop producing lead base paint whether it makes them money or not. Another approach starts by valuing freedom most highly. Commonly called libertarianism, this way of looking at the world values the freedom of oneself and of others most highly. In this case, the response to your situation is this: the companies are freely doing what they wish. Consumers are also freely doing what they wish. If there is a problem, it is that the companies that misrepresent their products are actually limiting and harming the freedom of consumers. So, the conclusion here is that companies can do whatever they want, but they must respect the freedom of consumers to choose by not misleading them (Brusseau 1).

Private Sector Influence in the People's Republic of China

In 1978, the number of state owned enterprises was assessed at 90% of all Chinese establishments. Presently, there are one third of the establishments that are state owned. There are undefined boundaries that are present between the state and the commercial actors. It is possible for public government representatives to be administrators of an organization. The exercise of membership of the Chinese Communist Party enables the

representatives to have a greater level of authority than the conventional shareholders. It is very difficult to differentiate a public employee from a private employee in commercial organizations (Irwin 19).

The private sector has caused a rapid economic development in the coastal regions of the People's Republic of China. In the beginning of the decade of the 2010s, there had been a migration of greater than 250 million workers to the urban areas. The population of Shanghai skyrocketed from nine million residents to more than twenty three million residents during this time. The young people in the People's Republic of China have a more elevated anticipation of their quality of living than their ancestors. Many of the members of the younger generations have been questioning the benefits and the compensation of employment positions in manufacturing and construction in the People's Republic of China (Irwin 20).

Many of the members of the younger generation in the People's Republic of China have initiated their return to the rural zones. In addition, there is a Chinese format of hukou. This is composed of registering the household for the benefits of health care education and employment. There are number of rural Chinese who do not have hukou that are exploited in the manufacturing and the construction industries. The Chinese citizens who possess a rural hukou are not permitted to modify their status without the payment of increased taxes. The factories in the People's Republic of China are established in order to provide assistance to many of the workers who are not in possession of a rural or urban hukou. These factory environments have been frequently found to be deficient in the appropriate employee insurance plans (Irwin 20).

CONCLUSION

There are number of differences in Chinese and American business practices. It is important to observe these business practices in order to create a greater level of understanding between Chinese and American entrepreneurs. The People's Republic of China is perceived as the second largest trading partner of the United States. The greater understanding of the differences in the business practices can serve as a platform upon which to build a greater understanding between the two cultures.

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