

Business ethics of india and china



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Globalization has not only brought countries closer together, but it has also created a unified ethical perspective for countries doing business with one another. Management teams are finally realizing that there is a world of ethical challenges just waiting to be discovered through the increasing development of globalization. Ethics are a problem for every country individually; but just imagine the added challenges brought about by language and cultural differences on a global scale. In this paper I will discuss two articles which detail the ethical perspectives of India and China, how these articles contribute to the understanding of global ethics, and how the business ethics of India and China compare to those of the United States.

Santa Clara University published an article by Stephen Rothlin entitled “Business Ethics in the Chinese Context” which discussed the progress in business ethics made by China in 2006 and 2007. In January of 2008 Rothlin, the general secretary of the Center for International Business Ethics in Beijing, China, updated the Markkula Center for Applied Ethics Business and Organizational Ethics Partnership with the progress he had witnessed since his previous visit in 2006. Rothlin discussed six categories including consumer rights, anti-corruption activity, environmental sustainability, community contribution, and criteria for ethical companies. In each of these six categories, Rothlin discussed the improvements he had witnessed and his recommendations for the areas that he felt needed improvement (Business Ethics in the Chinese Context , 2008).

Worker’s rights and labor standards have improved in China through the development of the Labor Contract Law. This law now protects China’s long-term employees from being fired without specific cause. It requires that

companies contribute to employee social security accounts and has enhanced employee safety by improving the regulation of working conditions. This new law also protects China's children with child-labor regulations. The largest challenge is in ensuring that China follows these new laws and regulations (Business Ethics in the Chinese Context , 2008).

In 2007, China faced a major setback from a wave of product recalls. Rothlin spoke on how China should improve product safety, advertising, and the problems of ethics. Rothlin also discussed China's anti-corruption activities and how the firing of Mayor Chen Liangyu (which was part of the crackdown on corruption) sent a shockwave throughout China. Rothlin stated, " We have to rely on the commitment of top officials to combat corruption," and " they [the top officials] lose credibility by doing nothing." A major corruption problem in China is bribery through gift-giving. Rothlin believed that refusing a gift would be against the cultural norm in China, but that officials needed to focus on how a code of conduct could set specific limits to giving gifts (Business Ethics in the Chinese Context , 2008).

Rothlin discussed environmental sustainability and how the 2008 Olympics being held in Beijing had enticed officials to clean up the public transportation system, conserve energy, and clean up the water and air pollution problems. The Chinese people were encouraged to help through a new tax system that was developed. As a result, social responsibility had become a growing interest, especially in the importance of education. The last point that Rothlin discussed was how his company would develop new ethics criteria that would be used to help identify the most ethical companies in China (Business Ethics in the Chinese Context , 2008). Rothlin developed <https://assignbuster.com/business-ethics-of-india-and-china/>

the “ 18 Rules of International Business Ethics” (Schulman, 2006). These rules are:

Rule 1 – If you strive to understand the values of different cultures, you will find common points.

Rule 2 – If you analyze the facts, you will realize that honesty and reliability benefit you.

Rule 3 – If you analyze case studies from different perspectives, you will discover the benefits of fair play.

Rule 4 – Respecting your colleagues is the smartest investment you can make.

Rule 5 – To increase productivity, provide safe and healthy working conditions.

Rule 6 – To inspire trust, make your performance transparent.

Rule 7 – Your loyal dissent can lead your institution in the right direction.

Rule 8 – Downsizing your labor force is only beneficial when you respect each stakeholder.

Rule 9 – To establish your brand name, act as a fair competitor.

Rule 10 – Reduce the gap between the rich and poor by developing a new social security system.

Rule 11 – If you act against discrimination, you will increase your productivity and profitability.

Rule 12 – If you protect intellectual property, all stakeholders will receive their due share.

Rule 13 – Ongoing changes in information technology require new forms of loyalty.

Rule 14 – Your public relations strategy will only secure your reputation if it witnesses your drive for quality and excellence.

Rule 15 – Your economic achievements will only stand on firm ground if you diminish corruption.

Rule 16 – Long-term success urgently calls you to constantly care for the environment.

Rule 17 – To become a refined player, sharpen your discernment and cultivate good manners.

Rule 18 – Care for your business by caring for society.

The second article I reviewed was also found on the Santa Clara University website. It was written by Margaret Steen, a freelance author. Her article entitled “ Business Ethics in a Global World: India’s Changing Ethics” reviews an address to the Markkula Center for Applied Ethics by Jagdish Sheth. Sheth, the executive director of the India, China, and America Institute and a professor of marketing at Emory University, discussed “ Business Ethics in a Global World” (Steen, 2007).

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Sheth discussed ways in which Indian business practices are unique. He stated that he believed India's unique business practices would encourage the ethical behavior of the popular western viewpoint. Some of India's unique business practices include corporate social responsibility, favors, clanship, and friendship (Steen, 2007).

Sheth believed that the collapse of communism was a major factor in the shift from 20th century business ethics to the current 21st century business model. He argued that some formerly communist countries have become well-run capitalist countries. Some other factors in shifting business ethics into the 21st century are that affluent nations are aging and the traditional industries do not generate as many jobs today as they did in the past. People in positions of power have discovered that economics play a vital role in the results of elections. The major factor that has helped shift business ethics into the 21st century though is the evolution of information technology, which has leveled the playing field for all economies (Steen, 2007).

In the article, Sheth believed that both China and India are on the verge of becoming innovative economies and are not just alternative locations for our low-end jobs. He believed that when this happened, the shift would ultimately redefine business practices. India's business practices are unique and may be compatible with western business practices one day, but India believes that favors, clanship, and friendship are important in business, while western business ethics believe this to be a conflict of interest.

After reviewing these two articles, I can see that the business ethics of India and China are much different than those of the United States. China

understands now that economics are a crucial part of elections, and Sheth explained that the reason George Bush Sr. lost his re-election bid was due to the faltering economy. Sheth also explained his belief that the 21st century will be considered the “Asian century”. Sheth believed that the Asian culture puts a “premium” on friendship, clanship, and favors – but in American business ethics, this would be considered a huge conflict of interest (Steen, 2007). Sheth stated that western business has its own version – “Procurement departments in U. S. companies are more likely to buy from the company’s customers” (Steen, 2007).

Sheth believed that nations are shifting their focus to stakeholders rather than focusing on shareholders. In the future, Sheth stated that “ethics will be anchored to the idea of business as a profession, similar to the way the field of medicine is now”. “There will be global standards of governance, but their application will be adapted to local conditions” (Steen, 2007).

So when it comes to Globalization, India and China are expected to be the leaders in the 20th century. Some believe that the 19th century, or the “American century” has finally come to an end. Through globalization, China and India have discovered that the area of business ethics is an ever-changing environment and as a result, management teams within these countries have developed an ethical program that enables them to work together ethically. Even though there are barriers such as different languages, diverse cultures, and a growing number of people involved – China and India have been able to overcome them in order to work together.

In this paper I reviewed two articles from Santa Clara University that discussed the business ethics of India and China and how their business ethics compare to that of the United States of America.