

Business ethics across cultures



When looking from one country to another around the world you need to understand that as you change the culture you are surrounded by, the business and personal ethics also tend to change as well. Take Australia and Spain for example. Even though these two places have some businesses that travel around the world, they still have their own set of guidelines that help to decide what their business ethics will turn out to be. In Spain, businesses are all about personal contacts.

A businessman in Spain will make sure that they know the right people and put that to good use so that their company can be ran using these contacts. Once these contacts or relationships are formed, they tend to keep them as long as possible. They prefer not to transfer over to new contacts. In Australia, businesses center on something quite a bit different. They do not focus mainly on the rank or title that someone may hold. Instead, they focus on the job that someone does. If someone does a great job and they continue to do so, then they will be more appreciated and more likely to move up in the company.

They will also be seen with a higher respect with these types of work ethics being practiced. Another ethical difference is in the equality sense that is being put to place in both of these areas. In Spain, women have had to work their way to equality for some time, but have still not reached it in totality. They are still held to many of the common stereotypes and are still expected to do the at home chores along with raising the children. When they step into the workplace, things are a little different.

They have reached a sense of equality which is based on the work that they do and not their gender. Things are a little different in Australia. Women have reached a higher sense of equality in this area. When someone comes to this place from overseas, they are apt to meet a woman that has a higher ranking than if they were to visit Spain. In an open, unregulated and globalized economy, it is logical that the problem of Corporate governments not only occupy the time of academics; but also preoccupy both the Company and the administration.

Corporate governance varies depending on several factors such as the culture of a particular country, the economic situation and the organizational structures. Thus, there is no single recipe which can be applied automatically and is universally valid in all contexts. However, it is possible to propose some general principles which have duly stood the test of experience and are recognized as providing valuable guidance for efficient corporate governance. Perhaps one of the most outstanding features of recent times has been the globalization of the economy.

This has created a new scenario allowing companies to operate worldwide and business to be done in every corner of the earth, which has been transformed into an immense progressively freer market as regards products, factors and capital. Undoubtedly globalization has many positive aspects, but it also brings about socioeconomic and ethical problems, a fact, which should not be ignored. The recent financial crisis is proof of this. It has clearly demonstrated the subtle connection between what happens to Japanese businesses and banks today and share prices on the Brazilian Stock Exchange tomorrow, or the repercussions the rise in the U.

S. lending rate might have on the labor market in Singapore. Although it may serve only to make us aware that “ we are all in the same boat”, there is no doubt that there has to be an ethical focus regarding the problems arising from the globalization of the economy. The reasons for the globalization of the economy are many, but two deserve to be mentioned in particular, one is the development of communications and computing technology and the other is the fall of the Communist regimes.

The combination of both of these has contributed decisively to breaking down the political, economic and cultural barriers, which less than a decade ago had acted as a break on the free market economy in a large part of the world. Globalization opens up new economic opportunities and new challenges appear, there also arise new threats connected with the very weaknesses inherent to organizational conduct and these require a lot of working on in order to adapt to the new situation.

To compete successfully in these new circumstances involving globalization and deregulation almost requires a new management and organizational framework, and a new corporate philosophy orientated towards quality and firm, fully assumed values, you find a company with strong business ethics. Perhaps these cultural features will supply companies with the flexibility and capacity for innovation needed to survive in the future.

Given the aforementioned, it is not surprising that the problem of corporate governance has been one of the major issues in the nineties, both in specialized literature (Keasai 1997; Monks and Minow, 1995; Prowse, 1994; Urquijo and Crespo, 1998), and also in the regulatory action being carried

out throughout the world. The reason for this is simple: once the securities markets are given greater freedom and the economy becomes globalized, capital tends to be invested in those companies which offer guaranteed serious, responsible and efficient management.

That is why it is extremely important to ensure that there is good corporate governance, as this will reduce the cost of capital together with other things.

Australia, officially the Commonwealth of Australia, is a country in the Southern Hemisphere comprising the mainland of the Australian continent as well as the island of Tasmania and numerous smaller islands in the Indian and Pacific Oceans. There were scandals in the 1980's and into the 1990's that were shocking to the people of Australia. They had prided themselves on being open, fair, and honest, highly ethical people.

They were able to expose and handle the corruption in a logical manner. Nevertheless, there is a concern that there is a lack of leadership in how to identify and address the ethical problems this country faces. The people of Australia had felt let down by their leaders and the 1980's represent something that they hope will never be repeated. Many executives point to deregulation measures in the 1980s as a watershed, members of the Accounting profession tend to highlight the 1987 Crash as the catalyst for creating new ethical responsibilities. (Milton-Smith, 1997). As business activities become more broadly-based, a wider range of ethical and cultural considerations come into play and managers, especially those in larger organizations, spend more of their time dealing with them. (Milton-Smith, 1997). Even though most of the corruption has been taken care of, there still is confusion about where to draw the ethical line. The government officials

are having a hard time understanding that they are considered role models to the people.

Business Ethics across Cultures There are a few companies that have addressed ethics as a corporate issue that needs to be managed and supervised by the top management. It is encouraging that some senior management sees the need for the business community to present a better leadership and prove to be a better example than before. There are those that believe that there are higher expectations for them and their businesses and believe that we must not only accept responsibility for our actions but also be accountable for their consequences (Milton-Smith, 1997).

Some of the ethical issues that are confronting many executives around the globe are: Employment conflicts of interest, Environmental issues, Sexual harassment, Workplace safety conflicts between the Company's ethics and foreign business practices These are just a few of the many things that businessmen and women are trying to deal with. Businesses are now doing audits, there is more communication between the upper and lower management and then to the employees. Some multinational corporations have established company guidelines and committees for the operations in foreign countries.

They now have about every type of training programs imaginable for those who are working overseas. After researching ethics for Spain and Australia I noticed that many of their ethical issues, whether they are personal or business, are very close to how we operate here in the United States. It seems fair to say that many businesses do strive to regulate a positive work

ethic no matter where on the planet they are located. References: Ethics and the Board of Directors in Spain: The Olivencia Code of Good Governance: J L Fernandez [www. p. upcomillas. es](http://www.upcomillas.es) Keasey, K. et al. : 1997, Corporate Governance. Economic, Management and Financial Issues, (Oxford University Press) Monks, R. And Minow, N. : 1995, Corporate Governance, (Blackwell, Cambridge). Urquijo, J. L. de and Crespo, A. : 1998, El Consejo de Administracion. Conducta, funciones y responsabilidad financiera de los consejeros. El silencio de los consejos, (The Board of Directors. The Conduct, Functions and Financial Responsibilities of the Members of the Board. The Silence of the Boards), (Deusto, Bilbao).