The legal and ethical environment for multinational corporations

The Legal and Ethical Environment for Multinational Corporationsby Don Mayer and Ruth JebeEvery company doing business abroad faces numerous legal and ethical issues. The multinational corporation (MNC) faces legal issues raised by " home country" laws, " host country" laws, regional regulations or directives, bilateral and multilateral treaties, and international standards and certi? cations. Ethical issues become entwined in various legal options, and local customs and norms add another layer of complexity to the question of how to act both legally and ethically in an unfamiliar environment. This chapter offers general guidance on these complexities.

We contend that MNCs are wise to focus on four kinds of ethical challenges: these are (1) bribery, competition, cronyism and public governance as they relate to supporting competitive market capitalism; (2) human rights issues; (3) environmental issues; and (4) social equity issues. While failure to focus on these can result in signi? cant legal and reputational consequences, paying proper attention to them can improve corporate performance and enhance the functioning of economies that embrace capitalism. After a brief summary of international law and the market system, this chapter reviews the four main ethical challenge areas for MNCs. Each challenge area should receive careful deliberation by multinational managers who wish to maintain a company's legal and reputational balance. International LawThe salient features of international law are relatively simple: companies operating internationally are subject to bilateral and multilateral treaties rati? ed by nations involved in global trade, and also are subject to the speci? c laws of the host countries where they operate. When companies do business in host countries, they also may be required to obey the laws of their home nations:

In addition to the right to make and enforce laws within their territory, GB-

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