10 Business Ethics in a Global Context

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The title of this chapter is a bit of a misnomer: there is not, nor has there been, a global business ethics; moral relativism is prevalent. Moral relativism holds that ethical opinions are true or false only relative to some particular viewpoint, i.e. culture, religion, or a historical period, and that no standpoint is uniquely privileged over all others. Even this is not universally accepted and is continually debated. There is disagreement about what is ethical, and because morality cannot be objectively right or wrong, so we ought to tolerate the behaviour of others even when we disagree about the morality of it.

Today there are many philosophical positions that underpin moral and ethical judgments across different people and cultures, and some of these are explored later in the chapter. Diversity is nothing new and there has never been a universal business ethic. For example, the Jaina Anekantavada principle of Mahavira (c. 599–527 BC) holds that truth and reality are perceived differently from diverse points of view, and that no single point of view is the complete truth. Since long before Herodotus (c. 484–420 BC), the Greek historian, recorded it, societies have always regarded their own ethical systems as superior to all others.

Ethics and personal morality influence our everyday social interactions and decision-making, even when we're not aware of it. When we read words such as *ethical* or *ethically*, thinking tends to veer towards matters of right and wrong, yet this is to oversimplify. It is often down to personal opinion as to what people interpret to be ethical and unethical, but this is to confuse ethics with morality. Although ethics and morality were once synonymous, it is now largely accepted that morality extends to those one knows, while ethics may be applied to those not known. As such, we tend to think of morality as personal, and ethics as political or professional. The example of reckless lending by bankers and financiers prior to the 2008 UK recession is a relatively closed case in clearly delineated unethical business practice. You will soon appreciate that ethical actions are contextual and harmony between the individual and society is not necessarily always apparent or the appropriate goal. Debates over ethics allow people to voice their opinions and beliefs, in an attempt to change business practice for what they see is for the eventual good.

Ethics in business

There is no single agreed definition of ethics. Christie et al. (2003, p. 266) define ethics as "a systematic approach to moral judgments based on reason, analysis, synthesis, and reflection," with business ethics being "the study of what constitutes right or wrong, good or bad human conduct in a business environment." The company may be held responsible for both its conduct and that of individuals affiliated with the organization, which can be difficult to manage. For example, in a multinational corporation that relies heavily on outsourcing to specialist companies, how can that one company facilitate the monitoring process of all these firms, ensuring they adhere to their rules and regulations, and conform to what they believe is ethical and acceptable behaviour?

Individual beliefs, prejudices, values and tendencies inform interpretations of a given situation. Mediation or balancing is required in order to integrate these differences into an organisation. Personal bias must also be accounted for in decisions being made on behalf of an organisation, ensuring that the final outcome is aligned to the ethical principles of the organisation. How can a company ensure that a Human Resources role in their Dubai office is identically fulfilled in the Edinburgh office? The simple answer is this isn't possible. As a result of the diverse range of political, cultural, and religious issues, not to mention the sheer distances involved, it is almost impossible to implement a 'one size fits all' ethical framework. The relative stage of a nation's industrial development may also prove influential on ethical policy, e.g. an organisation in a developing country may find implementing Corporate Social Responsibility (CSR) policies more difficult than one in a developed country. An organisation needs to develop an ethical framework with sufficient diversity and inclusivity so as to be applicable throughout its potentially worldwide operation.

What may be ethical in one social setting may not be acceptable in another. As a result of this ambiguity and the aforementioned geographical and sociocultural differences, businesses must determine the extent of their ethical responsibility. The following section discusses the origins and development of business ethics, alongside shifting ethical perceptions, before a section that explores ethical expectations in several geographical, cultural and religious contexts. The final section discusses the value of ethics to businesses and the ways in which business ethics are operationalised through CSR policies.'

Many argue that capitalism is incompatible with ethical, socially responsible behaviour. Friedman (1970) writes that the sole duty of a company is to maximise profits for its shareholders. Businesses are not people, and have no ethical obligations to wider society, therefore using company resources to benefit society is unethical towards the shareholders. Friedman claims that responsibility for society instead lies with the government and the legal system, and a business should only implement ethical practices insofar as this helps the business achieve its overall objectives. Friedman's business-centric stance is countered by those arguing that businesses have both the duty and the resources to help society. The debate as to whether businesses have an obligation to be ethical has no distinct or unique answer, with views coming from a person's own morality. Corporate Social Responsibility policies are ubiquitous in global businesses and are a way to verbalise their ethicality.

Evolution of business ethics

It is important to realise that the perception of what is ethical in business is not a constant. Business practices deemed appropriate only a few decades ago may be entirely unacceptable by contemporary standards. The following examples attest to the contextual relativity of ethical standards.

■ American slavery – African slaves

Cotton farming was at the centre of business in the southern United States during the 17th, 18th and 19th centuries. Workers were expensive to pay due to the intensive nature of the extraction of cotton, and so plantation owners forced slaves (taken captive from Africa) to work under incomprehensibly cruel and dehumanising conditions. Slavery is now rightly condemned and illegal (almost) globally, but at the time was justified by interpreting the Bible to demonstrate that Africans were 'naturally' inferior to white Euramericans. The slaves were seen as machinery to be bought, sold, and destroyed at the whim of their owners, and thus not worthy of ethical treatment.

■ Industrial Revolution – Child labour

The late 18th century was a time of rapid manufacturing transformation in Great Britain. The use of machinery allowed for a substantial increase in production efficiency and therefore a reduction in costs. Due to their cheaper labour cost and small frames, children were the choice of many to work in the factories, indeed machinery was made specifically to accommodate their smaller hands. Poor working conditions led to children developing various cancers and dying prematurely. Children as young as five and six years old worked in these hot, poorly-lit, and overcrowded factories for twelve to sixteen hours a day, six days a week, without breaks or meals. Child labour in the US was less controversial, being an integral part of the agricultural economy. Children not only worked on the family farm but were often hired out to other farmers. Boys customarily began their apprenticeship in a trade between ages ten and fourteen. This declined in the early nineteenth century, but factory employment provided a new opportunity to employ children. In the textile industry young women and immigrants replaced the children. The use of child labour in developed nations has largely been outlawed since the beginning of the 20th century. Subjecting children to these conditions is typically seen as unethical in the modern, developed world, yet it is only until fairly recently that child labour was considered ethically justifiable. Indeed, child labour remains prevalent in developing countries with a large manufacturing base.

Tobacco marketing

A combination of the carcinogenic and addictive properties of tobacco led to marketing restrictions being put in place in 1964 (WHO, 2005). Prior to this, tobacco companies could market their products in any way and to anyone they chose. Key target markets for tobacco companies were (and still are) children and teenagers, due to the decreased life expectancy of smokers. A younger addict will be less well-informed about the risks of smoking, and provide a few more years of loyal brand consumption. The 1960s saw marketing campaigns utilising cartoons (such as the Flintstones) and celebrities, all aimed at children. Despite their claims of innocence, it is now accepted that tobacco companies were aware that smoking cigarettes caused disease as early as the 1950s (Cummings, Brown, & O'Connor, 2007), and as such this behaviour was and remains entirely unethical. Yet these unethical practices continued in the developed world up until 1997, with the Joe Camel brand using a child-friendly cartoon camel in an attempt to entice a younger customer. The effectiveness of the brand was evident, with 90% of 6 year olds recognising the Joe Camel brand, a figure similar to the number who identified Disney's Mickey Mouse character (Markland, 2012). Recent evidence suggests that tobacco companies continue to work to prevent the implementation of global public health policy (Fooks, Gilmore, Collin, Holden, & Lee, 2013). This serves to illustrate that legislation does not lead simply to ethical behaviour.