

International Business Ethics

In December 1996, the German newspaper, *Der Tagesspiegel*, ran a story under the headline: "Corruption part of traditional Thai culture". The Thai Deputy Minister of the Interior, Mr. Pairoj Lohsoonthorn, publicly told officials that his policy was to accept bribes. "This is part of traditional Thai culture," Mr. Pairoj said. He directed staff in the land sales department to accept money if it was offered to them, but forbade them from soliciting bribes. He claimed that the acceptance of bribes was justified by the low level of pay in the civil service

RELATIVISM

Relativism – descriptively true
Societies do differ in their ethical beliefs, eg. about killing, about property, about education, about the roles of the sexes, about religious observance.

Different standards apply within societies relative to position and role.

- We do not treat children who lie in the same way that we treat adults.
- It is more serious for an ethicist to defame people than it is for farmer.

If people are different and have different roles, why should one set of morals apply to all?

Relativism – the strengths

- Relativism encourages tolerance
- Relativism encourages openness
- Relativism allows people to choose the values that suit them best
- Relativism allow for morality to change
- Relativism encourages respect for other individuals and societies

Are these strengths of relativism?

Are not tolerance and respect for others
aspects of other ethical theories?

Is not relativism more about indifference than
respect?

Does not relativism require us to be less
committed to our own ethical values?

What does Ethical Relativism mean?

- Ethical Relativism means that we ought to respect the norms of different cultures, even if those norms are very different from those of our own culture.
- But this could be a norm only for members of our culture.

Recall the distinction between descriptive and normative ethics

Does ethical relativism base its norm of respect on the fact that cultures do differ?

Does it assert on the basis of difference that some things *ought to be* done and that others *should not be*?

There is a logical distinction between *is* and *ought* .

Difficulties with relativism

- One implication of ER is that the same act is right in one culture and wrong in another. Hence, the same act is simultaneously right and wrong.
- Let's say that this point is correct logically. What it misses is that 'right' and 'wrong' are themselves constructed by cultures.

So, what E R really means is that

an act that is wrong in one culture but right in another is, as a matter of fact, not approved in one culture but approved in the other. It is not objectively right and wrong at the same time, ie. there is no independent view point from which to judge independently of culture.

But will this do?

We can ask the question, ‘is social approval/disapproval of X right/wrong?’

This question would make no sense if ‘right’ and ‘wrong’ were equivalent to ‘socially approved/disapproved’. “Is it wrong to stone adulterers?” does not mean the same as “Is it socially disapproved to stone adulterers?”

So defining right and wrong according to ER seems like *persuasive definition*.

Note that in slide 4, the terms ‘tolerance’ and ‘respect’ were used.

Why should these value terms be important in defending ER? They can only be relatively valuable and the question is, relative to what?

Our culture? Other cultures are intolerant and disrespectful. Should we respect them?

Why do we have an obligation to respect and tolerate?

What can this obligation to respect cultures that do not respect us mean?

What is so special about a culture anyway?

How is a culture to be defined, and when there are two cultures in one context, which is to be preferred?

Implications of relativism

1. We cannot criticise other cultures, but we cannot learn from them or them from us.
2. There can be no moral progress.
3. There is no reason to be concerned for people in other cultures or to work towards change (eg. the elimination of poverty or child labour) but reason to be unconcerned.

Ethical Relativism and business

When in Rome, do as the Romans do. Can business do otherwise? Yes ... well, perhaps.

Triumph International has pulled out of Myanmar after a campaign from Swiss activists called Campaign Clean Clothes against forced labour. Triumph originally tried to find a buyer for its Burmese operations, which it has run since 1998, but decided to close them down when no buyer was likely. (Cf Levi Strauss)

What people think

A 1992 survey of 150 companies belonging to Australia's 500 largest exporters identified the ten most commonly perceived ethical problems in international dealings. The Australian perceptions and concerns mirrored those of Asian managers. Bribery and corruption are influenced by cultural factors, but what the surveys revealed is the great overlap among many cultures in what is regarded as unacceptable conduct.

Is international business a jungle?

Necessity (Machiavelli) and survival as criteria. In an unethical environment, these are significant.

But: should exceptions become the rule?

How do you build a better environment by supporting a worse one as the norm?

There is very little floor ...

Wages: should MNCs pay the same wages in a host country as it pays at home?

Conditions: should an MNC provide similar conditions for employees from host countries?

Should MNCs exploit the natural resources of developing nations? (Ok Tedi)

Should MNCs operate in environments of political oppression? (South Africa)

Should MNCs operate in environments of cultural risk? (Brazil)

Should MNCs emulate the practices of host nations? (bribes)

Should home governments try to regulate the offshore operations of their MNCs?
(Foreign Corrupt Practices Act)

Some suggestions

- • do no intentional harm in the host country.
- • benefit the host country and its development.
- • respect the human rights of workers.
- • respect the values, culture and laws of the host country as long as these do not involve moral inconsistency or the abridgment of human rights.
- • pay taxes.
- • assist the building of just background institutions in the host country and internationally.

Richard De George, *Competing with Integrity in International Business*, (New York 1993) 46-56.