

# Today's Agenda

- 1. Homework debrief.**
- 2. Guest lecturer: Peter Houston**
- 3. Beyond Borders: doing business abroad**

## **Today's handouts**

- 1. Lecture overheads (Bob's)**
- 2. Lecture overheads (Peter's)**
- 3. “Saddam’s victims sue AWB”.**
- 4. Case: Classic Container Corp.**
- 5. “Big Brother is Watching China ...”**
- 6. Handy: “What’s Business For?”**
- 7. Delves Broughton: “Harvard loses its lustre.”**

# Peter Houston

## **Are These True?**

- 1. The moral deed cannot be practical;**
- 2. What is good and moral differs from what one wants to do;**
- 3. Self-interest invariably undermines social order and well-being;**
- 4. Reason and emotion are opposing forces;**
- 5. Worthy research and art are incompatible with money and business.**

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## **Questions for the filmed vignettes.**

- 1. What are the facts?**
- 2. What are the issues?**
- 3. Who is the actor and what are his/her options?**
- 4. What would you do?**
- 5. What would have helped at the time?**

## **Four Video Vignettes**

### **Four clips:**

- 1. John (S.E. Asia),**
- 2. Roberto (Europe),**
- 3. Kay (Latin America), and**
- 4. Carter (the Middle East).**

## **Jeff Immelt and China (see Handout)**

**In 2002 at Harvard, Jeff Immelt, CEO of General Electric (GE) was asked by an HBS student about GE's seeming indifference to the political and ethical conditions in countries where it did business, notably China.**

**“It's above my pay grade ...” and anyway it's a question of getting “inside the house” and trying to make change: “I can't be in the business every day of changing the world. But I can be in the business of making the world I see from GE better.” ... You'd better “make a difference by getting inside, not by passing judgement on other people.”**

**To what extent should GE, a beacon for global capitalism, engage with the ethical environment in which it operates?**

**To what extent should any foreign company engage with the ethical environment in which it operates?**

# Cross-Cultural Ethics

from Damian

**Ethical Relativism (ER):**

**at one level it's true *descriptively*:**

**Societies do differ in cultural beliefs (about killing, property, education, about the rôles of the sexes, religious observance, foods, etc).**

**... and ER has Strengths and Weaknesses —**

## **Ethical Relativism – the strengths**

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

## **Are these strengths unique to Relativism?**

**Aren't tolerance and respect for others aspects of other ethical frameworks?**

**Anyway, isn't Relativism more about indifference than respect?**

**And doesn't Relativism require us to be less committed to our own ethical values?**

## **Descriptive versus Normative**

**Does Ethical Relativism base its “norm” of respect for others on the fact that cultures *do in fact* differ?**

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

**Remember the logical distinction between *what is* and *what ought to be*.**

## **Some implications of Ethical Relativism**

- **We cannot criticise other cultures (none is best), but nor can we learn from them or they from us.**
- **There can be no moral progress.**
- **There is no reason to be concerned for people in other cultures, or to work towards change (such as ending child labour or making poverty history), but instead there is reason to be unconcerned or indifferent. (“Different strokes for different folks.”)**

## International Ethical Comparisons

See Transparency International's web pages, at <http://www.transparency.org/>

- **2008 Corruption Perception Index:**  
Denmark & Sweden & NZ (=1), Singapore (4), Finland (5), Switzerland (6), Iceland & The Netherlands (=7), Australia & Canada (=9), UK (=16), USA (=18), Spain (=28), China (=72), India (=85), Somalia (180)
- **2006 Corruption Perception Index:**  
Finland & Iceland & NZ (=1), Denmark (4), Singapore (5), Sweden (6), Switzerland (7), Norway (8), Australia & Netherlands (=9) UK (=11), Canada (14), France & Ireland (=18), USA (=20), Spain (23), S. Korea (=42), Lebanon (=66), China & India (=70), Indonesia (=130), Haiti (163).
- **2008 Bribe-Payers Index:**  
Belgium & Canada (=1), Switzerland & Netherlands (=3), Germany, UK, Japan (=5), Australia (8), US, Singapore, France (=9), S. Korea (14), India (19), China (21).
- **2006 Bribe-Payers Index:**  
Switzerland (1), Sweden (2), Australia (3), Canada (5), UK (6), US (=9), France (15), S. Korea (21) China (29), India (30).

## **De George's Code for Trans-National Business Ethics**

- **Do no intentional harm in the host country.**
- **Benefit the host country and its development.**
- **Respect the human rights and dignity of workers.**
- **Respect the values, culture, and laws of the host country so long as these don't involve moral inconsistency or the abridgement of human rights.**
- **Help to build background institutions that are just in the host country and internationally.**

***Competing with Integrity in International Business, OxfordUP, 1993***

## Or else ...

### Classic consumer-led campaigns against:

- **Nestlé (infant formula)**
- **Nike (sweatshop labour)**
- **Shell (oil pollution, inequity)**
- **McDonalds (many)**
- **The Gap**
- **The tobacco companies**
- **Asbestos companies**
- **WalMart**
- **... who else?**

## Where the “floor” is much lower ...

**Wages:** Should the MNC (multi-national company) pay wages in the host country equal to those paid at home?

**Working Conditions:** should the MNC provide similar conditions for employees from host countries?

**Environmental Standards:** should the MNC maintain (higher) home country standards?

**Resources:** Should MNCs exploit the natural resources of developing countries? (Shell in Nigeria? BHP in PNG?)

## Confucian Ethics

**Kongfuzi or Confucius (550–479 B.C.) has influenced over 2000 years of thought in China and beyond.**

**Master Kong developed the three principles of *Li*, *Ren*, and *Junzi*.**

***Li*: the ideal standards of conduct: religious, moral, and social.**

***Ren*: the virtues of goodness and benevolence; a recognition of value and concern for others. (*Jen* in Giles-Wade.)**

**The Silver Rule:**

**“Don’t do unto others what you would not like them to do to you.”**

***Li* provides a structure for social interaction**

***Ren* makes it a moral system.**

## *Junzi*

***Junzi*** (or *Chun-Tzu*, ruler's son, in Giles-Wade):

**the true or virtuous gentleman or person  
he who lives by the highest ethical standards,  
and displays the five virtues:**

1. **self-respect**
2. **generosity**
3. **sincerity**
4. **persistence**
5. **benevolence**

## *Junzi*

### **Relationships:**

as a son	loyal
as a father	just and kind
as a husband	righteous and just
as an official	loyal and faithful
as a friend	faithful and tactful

**Note: Confucius held that we are inherently good creatures.**

**Against Christianity: ? Original sin.**

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**see <http://www-chaos.umd.edu/history/ancient2.html> for discussion of his disciples Meng Zi and Xun Zi and the schools of Literati and Legalism and of yin-yang and of Mo Zi.**

## Homework

**Three readings: Steidlmeier (29 in D5), plus handouts on “Big Brother in China”, the Classic Container Corp., and AWB.**

**Questions (see Week 3, Course Outline):**

- 1a. 1a. What is the ethical significance—if any—of cultural differences in business?**
  - 1b. Think about this: when in Rome, do as the Romans do. When people behave like barbarians in Rome, the Romans resent it. Is it not the same in business today?**
  - 1c. On the other hand, if the standards that prevail in Dallas (or Baghdad) are not the same in Sydney, then what is the point of having them?**
  - 1d. Can areas of difference be partitioned so that MNCs can be culturally sensitive yet ethical according to their own corporate lights?**
- 2 Reflections of the week.**