BUSINESS ETHICS

GLOBALISATION

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Date : July 20th 2009

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first published by Scott Adams in Oct 2010

'We have to choose between a global market driven only by calculations of short-term profit, and one which has a human face.'- Kofi Annan

Introduction

Organization such as World Trade Organization (WTO) establishes rules to regulate and facilitate worldwide trading. The international economic activity leads to globalisation and multinational sees the world as a small village thus when implementing a new production facility there is some rational reason for outsourcing this factory in a foreign country. Ethic is part of human conscience. It has always been part of business but there w no real awareness of it. People bring up strong criticism in all area of Business concepts and principles. All the abuses lead to the emergence of environmentalism and consumerism forced to protect citizen. Multinationals have to face ethical issue to maintain their business. Ethical topics include child labour, environmentalism, consumer culture and sweatshop topics. Through the study of these different subjects the main question that needs to be answered is: can globalization be ethical?

Background

From modern philosophy ethic is defined by different theories like Kant's moral philosophy and Utilitarianism. Kant's analysis of commonsense leads to the idea of 'good will'. 'In Kant's terms, a good will is a will whose decisions are wholly determined by moral demands or as he often refers to this, by the Moral Law. Human beings view this Law as a constraint on their desires, and hence a will in which the Moral Law is decisive is motivated by the thought of duty' (Johnson, 2008). The most important is the motive or reason for acting, just the

intention is good or bad, doesn't matter what the consequence might be. The resultant of this is that one must establish whether acts are right or wrong by use of pre-established standard moral, religious or philosophical code (Ziniewicz, 2005). In contrast if we need to have a look at the consequence of our act we need to mention Utilitarianism. It has been developed from the late 18th- and 19th-century English. The two philosophers and economists Jeremy Bentham and John Stuart Mill state that 'an action is right if it tends to promote happiness and wrong if it tends to produce the reverse of happiness—not just the happiness of the performer of the action but also that of everyone affected by it' (Encyclopædia Britannica, 2009). In this theory consequence should be taken into account because it should maximize overall goods from the point of view of the whole community. Goods are not restricted to happiness it could be other things such as health, education, knowledge (Donaldson, Werhane, & Cording, 2002).

Because of globalization, the world changed dramatically in recent years and it has a huge impact on our lifestyle, culture and health. Environmental issues are also a concern for population. Now days when performing business we cannot think only on the effect on local community but how it will interact with others also. Ethical issues are getting important to build acceptable business practices and we need to ensure that the value used will ensure the sustainability of the organisation. A definite drawback for a company that doesn't apply ethical attitude would be a distortion of the brand image and this would not be appreciated by shareholders.

Ethical issues

Child labour

Child labour has received considerable attention in the mass media and has been a topic of discussion among occidental society. International organization like International Labour Organisation (ILO) and UNICEF has been concerned about this topic. According to ILO (2009), the number of children involved in child labour is over 200 million and this work affects their mental, physical and emotional development. From previous discussion on Utilitarianism education is one of the rights of children so how can they be working and go to school at the same time? If they are working and studying on a part time basis, it might be acceptable. The most widely accepted rules come from the ILO Convention No. 138 which states that the minimum age for employment is 13 years old for light work and from majority which can be different depending on the country, any form of work can be accepted. From my personal experience, I remember talking to a taxi driver in India. He had five children and was complaining about his law salary. When I asked him why he has so many children if he has no enough money he simply answered that children was a help for the family because he can put them on work and they could bring some money and he told me that this is quite common in India. So poverty is one of the causes of child labour. Another reason can be the absence of primary Schooling or the social attitudes, in some country education for girls is considered as a waste of time (Hartman, 2005). If some work is widely accepted some others are not, from ILO (2009) the worst forms of child labour, include trafficking, armed

conflict, slavery, sexual exploitation and hazardous work. Foreign direct investment can help create jobs, export, increase gross domestic product and decrease poverty. To be more competitive, a country might want to offer lower hourly rate by providing high children work force (Hartman, 2005). Nike experienced the drawback of such behaviour after an article in the June, 1996 issue of life magazine carried an article about child labour in Pakistan which brings the issue to the face of western society. As Nike experienced a public relation nightmare they had to change their overseas labour practices (Cairns, 2005). This is why child labour is a significant ethical issue for global business.

Environmental issue

Even if there are still some debates on the nature of recent change, globalisation has an impact on the health of the planet. The environmentalists state that excessive consumption of renewable and non renewable resources is due to the economic growth, mass consumption and large scale economic activities (Helleiner, 1996). As developing country provides most of the raw material use to manufacture goods, the degradation of the environment will happen faster in these areas and this will impact quality of water and the air one breathes, increasing inequalities between countries (Hartungi, 2006). The high concentration of population in the healthy production economic area contributes to the deterioration of natural resources. Another long term concern is that this

high level of toxic wastes and pollution leads to the reduction of biological diversity (Horton & Patapan, 2004). So for developed country it can be useful to outsource production on top of lowest wage they use other natural resources and preserve their own. Other unethical behaviour is to outsource difficult task that can't be done in country where environmental regulation is high. A good example was the disposal of the 'Clemenceau' an aircraft carrier of the French navy. French government tried to send it to India to outsource the scrapping of this ship loaded of toxic materials such as asbestos, PCBs, mercury, lead etc. This is a complete violation of the Basel convention and thanks to environmental NGO such as Greenpeace and ship was finally send to Graythorp and will be dismantle by Able UK. Such behaviour All this has been nicely summarized by Shiva who associated globalisation as an 'environmental apartheid primarily operationalised through restructuring the control over resources in such a way that the natural resources of the poor are systematically taken over by the rich, and the pollution of the rich is systematically dumped on the poor' (Shiva, 1999, p. 53). Some anyway think that globalisation has a positive impact on the environment. By developing trade and cooperation we could establish common environmental norms. Once the poor countries will be developed enough they would be more disposed to accept the different protocol to reduce pollution. As economic growth and technological development have always been under process, there is no reason why it should stop some days. Optimistic people think that we should look how European cities were one hundred years ago. At that time cities were unhealthy and filthy, life expectancy was much lower and there is no reason why in a

future other country such as Ethiopia or Cambodia doesn't reach our standard of life. One example of this is the food production, today there is plenty of food available at a much cheaper price than ever and there is less trouble of people starving or famine in the world compare to 50 years ago (Ravenhill, 2007).

Global Consumer Culture

Some argue that nations are now part of the global economy and thus this leads to labour mobility and people going on vacation abroad (Holt, Quelch, & Taylor, 2004). The development of new technology such as internet and satellite broadcast gives opportunity to consumers to get access to universal mass media. Interaction between different civilizations leads to a homogeneous global culture where culture of developed countries slowly but surely is replacing domestic culture of developing country (Robertson, 1992). This global culture is now used as reference for everyone and we end up with consumer from anywhere comparing themselves mainly with country of the G8. On the other side some argue that consumers are reluctant to globalization (Jackson, 2004). One of the arguments is that 'globalization does not so much mark the erasure of place but in a curious way contributes to its revitalization' (Merz, He, & Alden, 2008). Another argument is given by the example of worldwide company such as McDonalds that adapts its product to local taste and so presents different products in different places (Kotler, 1986). This shows the persistence of local

consumer behaviour over a merging but the differentiation of product is specific to some product range. The food industry is mainly where these occur and regional strategies need to be developed, it can happen also where firms need to comply in health and safety (Floyd, 2001). But large multinational companies should take care of people perception of this cultural globalization and to make sustainable business, company should guarantee to preserve environmentalism and consumerism sakes to ensure they will not raise barrier that could be prejudicial. So companies might tend to use Corporate Social Responsibility (CSR) as a political tool to protect their interests (Detomasi, 2008). Once again they use ethics as a function to preserve business not as a purpose to improve human welfare. Even if the result is good intention is not.

Sweatshops

'Workplace in which workers are employed at low wages and under unhealthy or oppressive conditions, Sweatshop often involves poverty-level wages, excessive hours of labour, and unsafe or unhealthy workplace conditions. An increase in industrialization in the 20th century saw sweatshops emerge in parts of Latin America and Asia, a trend that accelerated with increased demand for consumer goods in the West and a lowering of international trade barriers' (Encyclopædia Britannica, 2009). Many other issues have been addressed to workshop such as mandatory overtime, verbal intimidation, forced pregnancy

test and abortion, physical and sexual abuse. So it's easy to argue that sweatshops promote poor working condition and violate human rights. At first sweatshops were mainly used by the clothing industry but from the post modern technology it is also use to produce technological products like cells phone and computers (Boje, 2006). It's not always easy for multinationals to know exactly in which way their supplier behave with employee and this is used as an excuse. Even when a 'supplier codes of conduct' is concluded some can of abuse can be perform. Companies are using NGO to monitor the factory and prevent themselves from immoral public perception (Islam & Deegan, 2008). With all the unemployment issues we are facing in western country due to the economic crisis, we could blame multinationals for exporting works and not offering this job to local community where their head office is located. Even if this kind of factory employs people not highly educated it's still a job and a potential resource for western family. If developed country only exports low educated job on a long term it might be difficult for developing country to establish a society where any people will tend to go to university if it doesn't give access to a more decent job. This will give as result as it is already the case in most of the place that only the elite will access to university. Ultimately there are some beneficial effects with sweatshops. The UNICEF report that '5,000 to 7,000 Nepalese children turned to prostitution after the US banned that country's carpet exports in the 1990s' (UNICEF, 1997). Another research conducted by Powell and Skarbek (2006) shows that in many countries wage paid by workshop was higher or equal to the average income of the country. They bring also an economic point of view arguing that conditions outside this

workshop are probably worst and so people are choosing this as the best option compared to their even worse alternatives. Workshops can be a good alternative to people with no or poor education to find a job (Powell & Skarbek, 2006). If it's is possible to blame countries accepting international sweatshops to offer low wage and disgraceful job to the population but it can be seen as a necessary step to attract further capital. Over time they can start exporting more technological goods and so setup a more developed industry and raise the economy (Hartman, 2005).

Conclusion

Doing ethical business is not all about rules and regulations but also about various universal moral values and issues. The difficulty is that there are both negative and positive in every aspects of globalization studied in this paper, any topic is really subjective and presents ethical grey area. There is a risk for the companies to face restrictive law or to have people boycotting products. To prevent such difficulty, companies end up with ethical strategy and Corporate Social Responsibility philosophy to develop and enforce ethical behaviour. By taking care of all their stakeholders companies protect themselves and manage to do better business and improve profits. Nietzsche stated that 'altruism is demeaning' but multinational doesn't have other choice than to have moral obligation towards population. To answer the grey area we should to mix both Kant and Utilitarianism. It is not acceptable for example to claim that sweatshops are good to people because it's their best alternative which is an utilitarianism perspective, as people says, 'the road to Hell is paved with good intentions'. If the only intention is to get benefit from low wages then this is unethical but if it is possible to bring some human dignity in this factory then it can be defined as an ethical behaviour and the company will raise itself. Multinationals through their decision should ensure to respect both themselves and others and furthermore by using 'good will' and analysing the consequence of their strategy, ethics shouldn't be an issue but the solution to run healthy and prosperous business in a globalised world.

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