



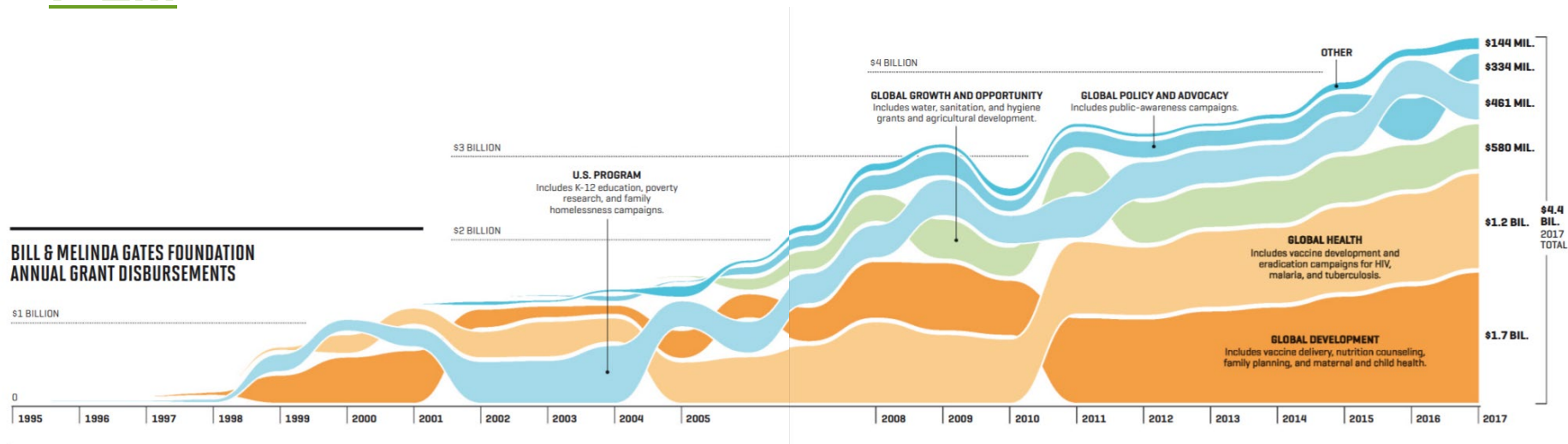
Ethics, Corporate Social Responsibility, and Chapter 5 Sustainability

Creative Capitalism

Think about:

How can firms benefit by focusing on the poorest customers?

FILM



Introduction

Ethics refers to accepted **principles of right or wrong** that govern the conduct of a person, the members of a profession, or the actions of an organization

Ethics are **judgments**

FILM

Did you ever see someone act inappropriately?

What “faux pas” (embarrassing inappropriate act or remark) have you seen/experienced?

While Traveling Internationally . . .

WRITE (Give a Paragraph)

What can you do, when traveling internationally, to avoid making faux pas?

Discuss and share with a neighbor ...

Ethical Issues In International Business

Employment practices

If work conditions in a host nation are clearly inferior to those in a multinational's home nation, should companies apply:

- home country standards?
- host country standards?
- something in between?

Ethical Issues In International Business

Human rights

In developed countries

- Basic human rights such as:
- Freedom of association,
- Freedom of speech (and information access),
- Freedom of assembly, and
- Freedom of movement, are taken for granted

Straw Men Approaches To Business Ethics

Four straw men approaches:

- 1. Friedman doctrine** - the only social responsibility of business is to *increase profits*, so long as the company *stays within the rules of law*
- 2. Cultural relativism** - ethics are culturally determined and firms should adopt the ethics of the cultures in which they operate
 - *“When in Rome, do as the Romans do”*

Straw Men Approaches To Business Ethics

3. **Righteous moralist** - a multinational's *home country standards of ethics should be followed* in foreign countries
4. **Naïve immoralist** - if a manager of a multinational sees that firms from other nations are not following ethical norms in a host nation, that manager should not either – *do what other foreign firms are doing.*

ALL four approaches offer inappropriate guidelines for ethical decision making

Ethical Issues In International Business

Environmental regulations

Problems when environmental regulations in host nations are far inferior to those at home

Question becomes:

- Which regulations do you obey?

Let's look at a scenario to see what we will do . .

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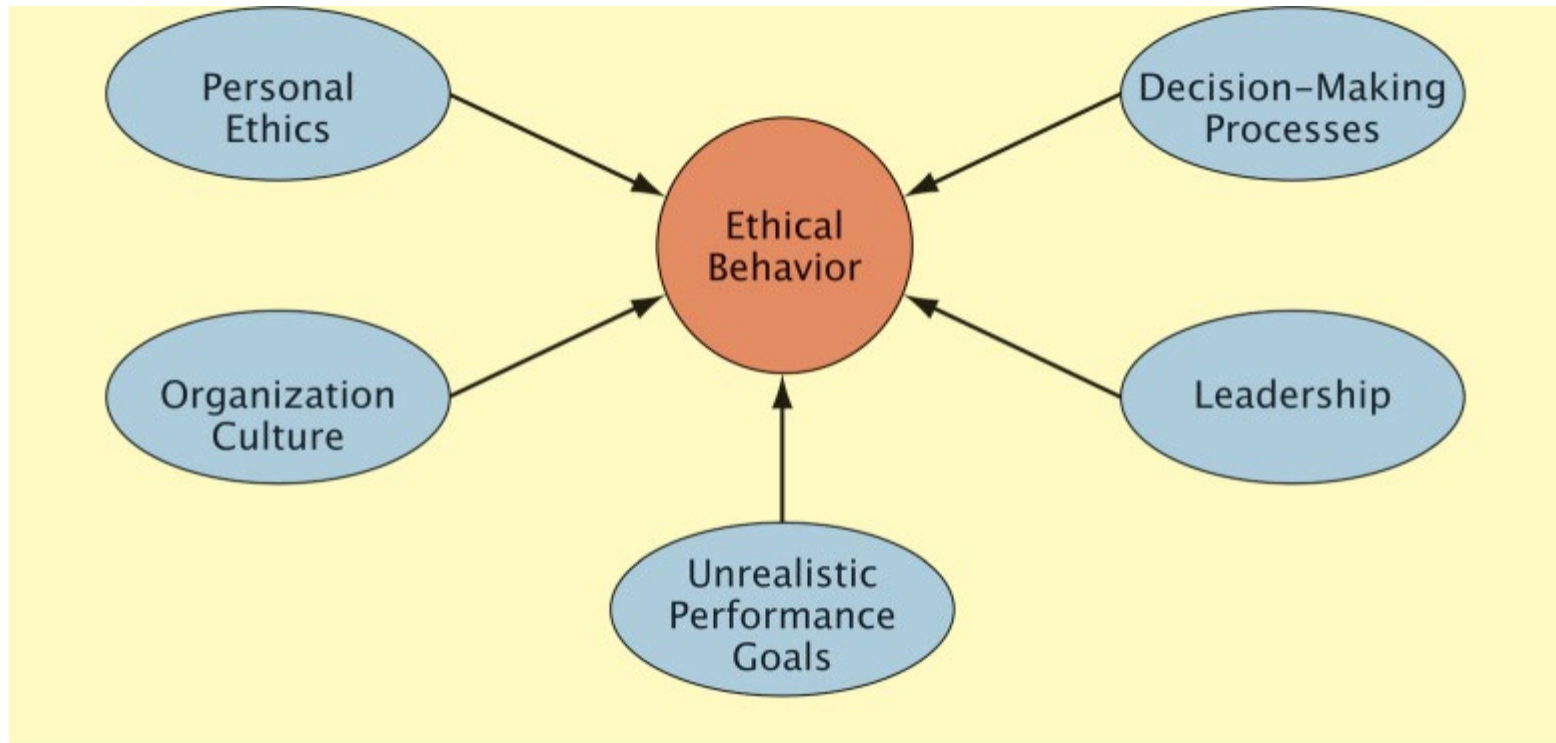
What Would You Do? Part 1

Work for a trading company (German) in Taiwan.
Help German buyers purchase from Taiwan
Company charges 5% commission

What Would You Do?

**Customers offer to give you 3% commission
for sales via transferrable L/C to you,
personally (instead of using the company)**

The Roots Of Unethical Behavior



German Trading Company example
Global Corruption - [TI Film](#)

Bring Textbook Next Class

BRING YOUR TEXTBOOK TO CLASS FOR
OUR NEXT CLASS SESSION ON “THEORY”

BUSM 51 Project Instructions & Source URLs

Project Handout

Go to my homepage & click: “**International Business Resources**” -> “**Country Data**”
(1st link on page) **OR**

Go to <https://goo.gl/XpW4B5>

Click on your assigned country, and see results. From this page you will get sources to complete:

- Economy
- Political System
- Key Industries
- Business Appointments
- **Negotiating** – use: <https://goo.gl/8WFfY4> (download PDF for assigned country)
- Business Dress
- **Doing Business In ...** - use: <http://www.doingbusiness.org/> (select economy [country])
- Conversation Topics
- Gift Giving

For **Negotiating** and **Doing Business In**, please use the URLs listed above.

Let's take a quick look at the Country Data page

<https://goo.gl/XpW4B5> (watch capitalization) - select country

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- + Doing Business In ...
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Solving Ethical Problems: 5-Step Process

Identify Stakeholders

Rights Violations

Moral Intent

Ethical Action

Audit Decisions

- **Who will this affect?**
- **How will it affect them?**
- **Internal Stakeholders**
employees, stockholders, etc.
- **External Stakeholders**
customers, suppliers, unions, etc.

Ethical Problems: 5-Step Process

Identify
Stakeholders

Rights
Violations

Moral Intent

Ethical Action

Audit Decisions

- **Will the decision violate the fundamental rights of any stakeholders?**
- **If so, in what way?**

Ethical Problems: 5-Step Process

Identify
Stakeholders

Rights
Violations

Moral Intent

Ethical Action

Audit Decisions

- **Establish Moral Intent**
 - **Priority placed on moral concerns**
- **Moral Concerns more important than concerns over fundamental rights**
- **If it “feels wrong” – don’t do it!**

Ethical Problems: 5-Step Process

Identify
Stakeholders

Rights
Violations

Moral Intent

Ethical Action

Audit Decisions

- **Act in an ethical manner**
- **Take Steps 1 – 3 into consideration before acting**

Ethical Problems: 5-Step Process

Identify
Stakeholders

Rights
Violations

Moral Intent

Ethical Action

Audit Decisions

- **Review decisions to determine if they were consistent with ethical principles**
- **This step is often overlooked**
- **Not all ethical dilemmas have a clean and obvious solution**