**IMPORTANT NOTE 6 :**  **Global Ethics - Part 1**

"To me, it really seems visible today that ethics is not something exterior to the economy, which as technical matter, could function on its own; rather, ethics is an interior principle of the economy itself, which cannot function if it does not take account of the human values of solidarity and reciprocal responsibility."

 [Pope Benedict XVI](http://www.brainyquote.com/quotes/authors/p/pope_benedict_xvi.html)

**Overview:**

In this week we explore the future of ethical business as a direct result of globalization.  We examine the economic climate and the distribution of wealth and notion of distributive justice.  We ask the ethical question: Do businesses that own 83% of the wealth have a moral obligation to spread the wealth around?  The sub-theme is whether it is government’s role alone or through regulation of business to make the distribution less disparate.

**Theme 1: The Effects of Globalization:** **The Role of Business in the Distribution of Wealth and Resources**

The effects of globalization have created an increasingly disparate division between the distributions of wealth in the world.  The ownership of land, industry and natural resources is in the hands of large multinational corporations and the wealth of the world is in the hands of a few.  The problem of justice and economic distribution, sometimes called distributive justice is a question that faces the globe.  Main questions include: What is fair and just in the distribution of the costs and rewards of an economic system? What different principles of distribution can be used, and what are the consequences of each different scheme or principle? Should some versions of laissez–faire be adopted, or should communitarian/socialist scheme be used?  (Helpful principles to discuss, Utilitarianism, John Rawls’ Theory of Justice, Robert Noziack’s libertarianism, Adam Smith’s invisible hand, Marxist (secular) or Christian, Jewish, Islamic socialism**).**

**Read/View:**

* [Global Wealth Report 2017: Where Are We Ten Years after the Crisis?](https://www.credit-suisse.com/corporate/en/articles/news-and-expertise/global-wealth-report-2017-201711.html) (<https://www.credit-suisse.com/corporate/en/articles/news-and-expertise/global-wealth-report-2017-201711.html>)
* [What Companies Control Everything?](http://www.internationalbusinessguide.org/corporations/) (<https://www.internationalbusinessguide.org/corporations/>)
* [10 Countries with the Most Natural Resources](http://www.investopedia.com/articles/markets-economy/090516/10-countries-most-natural-resources.asp) (<https://www.investopedia.com/articles/markets-economy/090516/10-countries-most-natural-resources.asp>)
* [The Ethics of Redistribution.](http://economistsview.typepad.com/economistsview/2015/09/on-the-ethics-of-redistribution.html) (<http://economistsview.typepad.com/economistsview/2015/09/on-the-ethics-of-redistribution.html>)
* [The Ethics of Wealth Poverty and Inequality](https://www.coursera.org/learn/sustainable-development/lecture/Lmnta/the-ethics-of-wealth-poverty-and-inequality) (<https://www.coursera.org/learn/sustainable-development/lecture/Lmnta/the-ethics-of-wealth-poverty-and-inequality>)
* [The Effects of Globalization on Stakeholder Theory](https://www.youtube.com/watch?v=dHJvr1LmeM8) ( <https://www.youtube.com/watch?v=dHJvr1LmeM8>)
* [Business Ethics as Competitive Advantage for Companies in the Globalization Era](https://learn.umuc.edu/content/enforced/165795-001154-01-2168-OL4-7980/BMGT496%20Article%20-%20Business%20Ethics%20as%20Competitive%20Advantage%20for%20Companies%20in%20the%20Globalization%20Era.pdf?_&d2lSessionVal=FXdEEPpiQGsV63ZnawWO6yvRn) (<https://learn.umuc.edu/content/enforced/165795-001154-01-2168-OL4-7980/BMGT496%20Article%20-%20Business%20Ethics%20as%20Competitive%20Advantage%20for%20Companies%20in%20the%20Globalization%20Era.pdf?_&d2lSessionVal=FXdEEPpiQGsV63ZnawWO6yvRn>)

**Subtheme:** Should there be government regulation in this area and if so, how much and what?

* [Role of government in Regulating Business Ethics](http://smallbusiness.chron.com/role-government-business-ethics-65128.html) (<http://smallbusiness.chron.com/role-government-business-ethics-65128.html>)
* [Compliance and Regulation: Johnson & Johnson](https://www.jnj.com/caring/citizenship-sustainability/strategic-framework/compliance-with-laws-and-regulations) (<https://www.jnj.com/caring/citizenship-sustainability>)
* [Business Ethics: The Law of Rules](http://www.hks.harvard.edu/m-rcbg/CSRI/publications/workingpaper_19_michael.pdf) (<https://sites.hks.harvard.edu/m-rcbg/CSRI/publications/workingpaper_19_michael.pdf>)

**Theme 2: The Effects of Globalization**: **Cultural Relativism and Morality**

**“**If you should be in Rome, live in the Roman manner; if you should be elsewhere, live as they do there” .  St. Ambrose

Modern version of the quote: When in Rome do as the Romans do.

**Overview:**

Continuing the theme of global ethical issues facing business in the 21st century is the concern that different cultures have different values, norms, and morality. Can you expect that your morals and values should be accepted by those businesses in another country and vice versa?  The corollary question is: Can I ignore the company values and except those that are contrary to mine but acceptable in the host country?

* [Ethical Relativism](http://www.scu.edu/ethics/practicing/decision/ethicalrelativism.html) (<https://www.scu.edu/ethics/ethics-resources/ethical-decision-making/ethical-relativism/>)
* [Ethical Relativism and Business](http://rationaleofeverything.wordpress.com/2012/09/03/ethical-relativism-and-business/) (<https://rationaleofeverything.wordpress.com/2012/09/03/ethical-relativism-and-business/>)
* [Put Your Ethics To A Global Test](http://www.workforce.com/1996/01/01/put-your-ethics-to-a-global-test/) (<http://www.workforce.com/1996/01/01/put-your-ethics-to-a-global-test/>)
* [Integrity on a Global Scale](http://www.economist.com/node/1562708) (<https://www.economist.com/node/1562708>)

**INSTRUCTOR NOTE**

Our focus this week will be to expand the ethical issues businesses face domestically to the international arena. When a company takes all or parts of its operations to jurisdictions outside the U.S. (a transnational company), there are a number of ethical issues that arise. Many of these issues result from the fact that different cultures and customs are at play, different laws apply, ethical standards may be different, and human rights issues often take center stage.

How does a company deal with this new environment of conditions, workers, and foreign regulation while maintaining allegiance to its roots and ways of doing business in the U.S.? One of your readings for the week, “The Effects of Globalization on Stakeholder Theory” discusses some of the ethical issues for companies operating abroad. Another aspect of the transnational experience revolves around the interaction of the organization and its stakeholders, in particular its employees.

When looking at globalization is the proper approach ethically, “When in Rome do as the Romans do” even when such behavior is below standards under U.S. operations? This relates to the concept of ethical relativism, which I will say more about in the overview. The life of a transnational corporation from an ethical perspective is not easy as you will see during our examination of these issues.

In considering the international implications, keep in mind that these are a reflection of the ethical climate and culture within the corporation in the U.S. It is likely the case that a company that is ethically challenged by the way it operates domestically, will in all probability transfer such questionable tendencies to its foreign operations. A company that does not value its employees at home will likely have less regard for its foreign workers who do not enjoy the same protections as U.S. workers. As we have previously noted, it is the leadership that sets the tone for this climate.

Not only should you be mindful of the difficulties transnationals face in operating in different cultures, there is another theme I would like you to consider this week; and that is the issue of global wealth and its concentration in the hands of a select few. There are several readings for this week on this subject and I do not want you to get bogged down with all of the statistics and charts, but I do want you to think broadly about the fairness, justice, and overall ethics of this concentration. In particular, think about whether questions of fairness dictate that there should be a redistribution of this wealth? Do corporations have a moral responsibility to help redistribute the wealth of the world (the so called notion of distributive justice)?

One of the many comments I have raised with you on the whistle-blowing and the marketing interaction of businesses with certain consumer groups concerns whether we need additional laws and whether such laws would facilitate the resolution of specific ethical dilemmas. As you do your readings, compare the views of the author in “Ethics Without Regulation Won’t Cut It”, <http://blogs.reuters.com/great-debate/2009/01/30/ethics-without-regulation-will-not-cut-it/>, who takes the view that one cannot trust businesses to act ethically on their own, with the authors of “Role of Government in Regulating Business Ethics” and “Business Ethics: The Law Of Rules”, who question the wisdom of far reaching laws and regulations as facilitators of ethical behavior. Learning Activity # 1 (Show Me the Regulation?) asks you to weigh in on this debate by responding to the general question, do laws make things worse ethically.

Lastly, this week we examine the concept of ethical relativism. Simply stated ethical relativism is a theory which looks to the mores and values of a given society in judging whether the conduct at issue is ethical. This gets back to the old adage “When in Rome do as the Romans do” and there are several readings for the week which look at the pros and cons of the theory.

One of the glaring issues with the theory is raised when certain conduct, based on the values of the society, is ethical but repugnant to how one in general would view the conduct. For example, many would view the practice of slavery as ethically deficient even if it is condoned by a society and is a part of its values and culture. The ethical relativist would in effect say, butt out to those questioning the ethics of slavery in such a society.

In keeping with our examination of ethical relativism, Learning Activity # 2 (When in Malaysia) asks you to consider through the eyes of a senior manager some of the ethical issues faced by a company that recently relocated to Malaysia.

There are several required readings for this week.