MANAGING THE GLOBAL FIRM:
The Search for a Global Ethic

The Question

- By what values do global firms operate?
- Is there a single definition of human values – or many?
- Is there a core of values that all societies and religions hold?
- Are there some behaviors that are universally held to be unethical?

Why is this important?

- We live in closer proximity to each other in a global world and our value differences cannot be ignored

- Global migration makes every country and company a mix of ethnicities, religions, and values

- Ethical or value disagreements are at the core of many (most?) conflicts between nations

- Solutions to more social and environmental problems require global cooperation and shared values

SIX WAYS WE TRADITIONALLY DEFINE WHAT IS ETHICAL IN THE WEST

1. Analyze whether the proposed behavior or standard of behavior promotes the **GREATEST GOOD** or the greatest human welfare

2. Identify the legitimate **RIGHTS** or HUMAN RIGHTS of individuals or groups affected, and the **DUTIES** of the actors

3. Analyze whether all parties are treated **FAIRLY** -- that is equally or differently only if there is a legitimate reason to do so

SIX WAYS WE TRADITIONALLY DEFINE WHAT IS ETHICAL IN THE WEST

4.   Ask whether the **COMMON GOOD** is adequately served

5.   Analyze whether the proposed behavior is consistent with recognized **VIRTUES**

6.   Ask whether the parties are in right **RELATIONSHIP** to each other

THE REALITY

- These six do not define a workable set of ethical standards
- Still have to define "good," "legitimate rights," "fairness," "common good," etc.

Other approaches to ethics

- Buddhism
  - ethics is based on the enlightened perspective of the Buddha;
  - five negative precepts: killing, lying, stealing, sexual misconduct, intoxicants
  - Four positive attitudes: loving-kindness, compassion, sympathetic joy, equanimity

- Christianity
  - Ethics is living in harmony with God and nature
  - Love God and love your neighbor as yourself
  - Recognize and atone for sin which separates from God
  - Bible as source: 10 Commandments; teachings of Jesus

Other approaches to ethics

- ## Confucian Ethics
  - Relationships are key grounding of ethics
  - The closer the relationship, the more you owe
  - Filial piety most important virtue
  - The ideal ruler leads by example
  - Later Confucians add more universalist perspective

- ## Greek Ethics
  - Philosophy bloomed in 5th and 4th century BC
  - Usually concerned with the good life – *eudaimonia or happiness*
  - Interest in motive and character
  - Interest in the good Citizen, the role and control of self-interest
  - Socrates, Plato and Aristotle key figures
  - Strong emphasis on senses, reasoning and argument, not the gods

Other approaches to ethics

- ## Hindu Ethics
  - Virtue of reciprocity because we may be reincarnated
  - Concern for others because soul is shared by all
  - Kindness, hospitality, empathy key virtues
  - Importance of spiritual practices, often drawn from gurus

- ## Humanist/Secularist Ethics
  - As known by human faculties and scientific reason
  - Many systems exist but most emphasize natural rights and social contracts
  - Natural or intuitionist, or more recently biological knowledge of ethics key to some systems

Other approaches to ethics

- # Islamic Ethics
  - Key obligation is to submit to God's will
  - Key challenge is determining God's will
  - Most important virtues: piety and humility
  - Separation from materialism and honors of this world
  - Teaching embodied in the Qur'an

- # Jewish Ethics
  - Originates in Hebrew Bible
  - As elaborated by legal injunctions, wisdom narratives and prophetic teachings; extensive rabbinic writings
  - Much written as proverbs rather than higher philosophical principles and ideals
  - Rabbinic literature has three, six, seen, ten and thirty laws of ethics

Hans Kung's Principles of Global Ethics

1. Every human being must be treated humanely
2. Treat others as you would like to be treated
3. Have respect for life (no violence)
4. Deal honestly and fairly (no cheating, favoritism)
5. Respect and love one another (cherish and love)

Attempts at a Global Ethic

- 1948 United Nations Universal Declaration of Human Rights
- UN Related Agencies (e.g. International Labor Organization)
- UN Conventions and Resolutions (e.g. Law of the Sea 1982)
- 1993 Parliament of World Religions
- 1997 Universal Declaration of Human Responsibilities
- Millenium Development Goals 2004-2015

United Nations Universal Declaration on Human Rights

PREAMBLE

- Whereas recognition of the inherent dignity and of the equal and inalienable rights of all members of the human family is the foundation of freedom, justice and peace in the world,

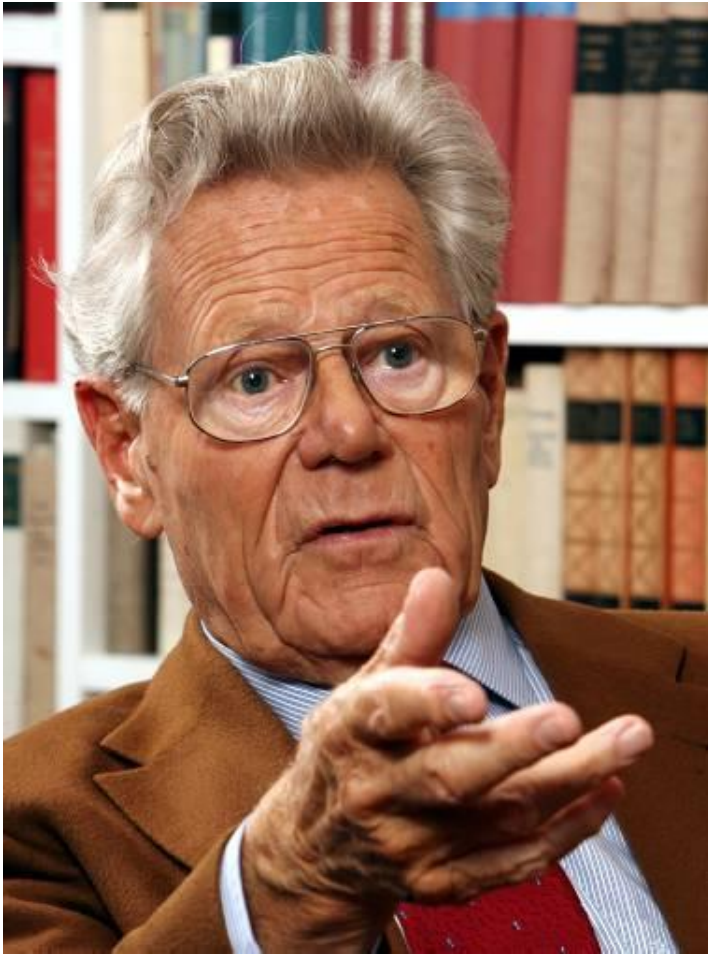# Parliament of World Religions 1893/1993

1993 Parliament "Toward a Global Ethic"

Drawing on many of the world's religious and spiritual traditions, the declaration identifies the [Golden Rule](): *What you wish done to yourself, do to others!* as "unconditional norm for all areas of life" and four essential affirmations as shared principles essential to a global ethic:

1. Commitment to a culture of non-violence and respect for life

2. Commitment to a culture of solidarity and a just economic order

3. Commitment to a culture of tolerance and a life of truthfulness

4. Commitment to a culture of equal rights and partnership between men and women

Universal Declaration of Human Responsibilities (Not Adopted)

- **"IT'S TIME TO TALK ABOUT GLOBAL RESPONSIBILITIES:** Globalization of the world economy is matched by global problems, and global problems demand global solutions on the basis of ideas, values and norms respected by all cultures and societies. Recognition of the equal and inalienable rights of all the people requires a foundation of freedom, justice and peace - *but this also demands that rights and responsibilities be given equal importance to establish an ethical base so that all men and women can live peacefully together and fulfil their potential.* A better social order both nationally and internationally cannot be achieved by laws, prescriptions and conventions alone, but needs a global ethic."

- INTERACTION COUNCIL

UN Millenium Development Goals 2004-2015

1. To eradicate extreme poverty and hunger
2. To achieve universal primary education
3. To promote gender equality
4. To reduce child mortality
5. To improve maternal health
6. To combat HIV/AIDS, malaria, and other diseases
7. To ensure environmental sustainability
8. To develop a global partnership for development

How does a global ethic spread?

- From the top down by adoption by the world's nation states and international organizations?

- From the ground up by adopting it in as many religions, institutions, and individual lives as possible?

- With leadership from business coporations?

International Standards Movement in Business

- Origins
  - Sullivan Principles (1977)
  - Corporate Standards and Principles of all kinds
    - Levi Strauss Terms of Engagement (1991)
    - OECD Guidelines for Multinationals (1976)
  - Electronic Industry Code of Conduct ("Citizen Coalition") (2004)
  - International Standards Organization (1946)
    - ISO 14000 – Environmental Management (2004)
    - ISO 26000 – Corporate Social Responsibility (2010)

    - UN Global Compact (2000)
    - Ruggie Principles on Business and Human Rights (2011)
    - Many - by industry and by type of behavior

United Nations Global Compact

[Human Rights](#)
- [Principle 1](#): Businesses should support and respect the protection of internationally proclaimed human rights; and
- [Principle 2:](#) make sure that they are not complicit in human rights abuses.

[Labour](#)
- [Principle 3](#): Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- [Principle 4](#): the elimination of all forms of forced and compulsory labour;
- [Principle 5](#): the effective abolition of child labour; and
- [Principle 6](#): the elimination of discrimination in respect of employment and occupation.

[Environment](#)
- [Principle 7](#): Businesses should support a precautionary approach to environmental challenges;
- [Principle 8](#): undertake initiatives to promote greater environmental responsibility; and
- [Principle 9](#): encourage the development and diffusion of environmentally friendly technologies.

[Anti-Corruption](#)
- [Principle 10](#): Businesses should work against corruption in all its forms, including extortion and bribery.

Many Remaining Questions

1. What are the universal ethical standards?
2. Which standards are "ethical" and which are "cultural?"
3. <u>Who</u> decides which are global ethical standards?
4. Many terms need defining – freedom, welfare, the common good, etc.
5. Who is bound by a global ethic – individuals, organizations, nation states, international organizations?

Remaining Questions, Continued

6. How do global ethics get disseminated?

7. What is the role of governments, businesses and voluntary organizations in their spread?

8. What role do religions play? Facilitator or barrier?

9. How does unethical behavior get addressed?