Ethical Challenges in International Business

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Abstract: In recent times, management has gained great importance in societies. As businesses become increasingly global where companies enter international markets with varied cultures and traditions, ethical consideration becomes difficult to control. One noteworthy reason of an organisation’s decision to go internationally is to maximise their goals and objectives. Ethics is an everyday occurrence in the corporate world as it is with individuals. With increasing globalisation, businesses are competing to acquire more. In the process to acquire more they do things contrary to the acceptable norms of the society. This paper seeks to examine the ethical challenges in global business management and identify the ethical influence of globalisation on international functional areas. The action of a business in regards of being ethical or unethical are determined by three models; utilitarian model (produces the greatest good for the greatest number of people), right model (maintains and protects the fundamental rights and privileges of the people) and justice model (administering fair and equitable decisions among stakeholders). The study is descriptive and data was collected through secondary sources. Major ethical challenges faced in global business management are: employment practices, time management, corruption, moral obligations, business meetings and dressing, human rights, and environmental regulations. To be ethically correct is not a simple task for global management as a result of diversity in cultural values. Global businesses are to enact, embrace and support values that include human rights, labour standards, the environment, and anti-corruption.

Keywords: Business Ethics, Business Management, Global Business Management

Introduction

The ethics related challenges have characterised the foundations of various lifestyles and religions, and are integral part of businesses. It has been a concern and a study area since ancient have been approached since time past (Gangone, 2010). According to Gangone (2010), ethics represents a mental course of action established to recognise and assess the variations in the way it is and could be the outcome of an activity to improve the human behaviours in the society. The field of ethics is a branch of philosophy that searches for morality and virtue, tackling questions on right and wrong behaviour in various situations; the patterns of behaviour that predict human actions (Stanwick & Stanwick, 2009).

Some societies consider deceiving, lying, harming others and stealing as unethical, and honesty, respecting the rights of others and helping others are ethical behaviours. It is not a different matter in business, actually it is similar. People usually see business as an establishment for the generation of financial returns for the owners and managers. Business is much more than that. It goes as far as making goods and offering services people are willing and have the ability to buy. This can be achieved through the combination of financial and natural resources, physical and social capital as well as competencies (Zadek, 2005).

Ethics is an important attribute in businesses as it is with human life. It is an integral part of business. Business ethics investigates business circumstances, decisions and actions where matters of right and wrong are tackled (Stanwick & Stanwick, 2009). It encompasses the relations between individuals, firms, societies and the state. Hence, business ethics is as complex as business. It is how the people organise their business affairs (Cohen &
Managing is basically getting things done through people. People see management as involving making decisions on “sufficient objective information”, and then planning, coordinating, controlling and monitoring outcomes (Willcocks, 2016). The emergence of multinational corporations and increasing economic globalisation has increased the concern for ethics of businesses in the global environment. Ethical challenges are a part of business. There has been the emergence of ethical dilemmas and opportunities with increasing globalisation (Zadek, 2005). Ethical behaviours in businesses are usually stimulated by civil regulation, public pressure to display good behaviour and complexities in managing prolonged business processes (Zadek, 2005; Zadek & Forstater, 1999).

Statement of the Problem
Businesses presently are confronted with the pressures from the current mode of globalisation. Well established cultural and social norms that determine what procedures “are” and those that “are not”, which that have been part of business and guiding the operations of organisations are now being overlooked (Zadek, 2005). Ethics seems to be a difficulty in international business especially with increasing competition. Many people consider businesses as having two choices, either to behave unethically or to fail. They believe that the continuance of the organisation should not be endangered so as to achieve duty in the face unethically inclined competitors (Gangone, 2010).

As businesses go beyond the home countries, they are confronted with ethical problems other than those of their home country. This could result from differences in values, culture and varying levels of economic development. Furthermore, though there is a shared body of international law, the content is not representative varying nations, and therefore may not be efficiently enforced (Ostasiewski, 2012).

Objectives of the study
The purpose of this study is to examine the ethical challenges in global business management. This study also seeks to identify the ethical influence of globalisation on international functional areas.

Literature review
The Classical economists like Adam Smith and Milton Friedan were of the opinion that the only objective of business was to maximise profit with no concern for ethics. Currently businesses are participating in social action. It is the company's decision to broaden its social involvement. Societies definitely have expectations and these expectations and trend change usually toward greater social sensitivity. Actually, greatest number of respondents in a study of Harvard Business Review readers regards social responsibility as legitimate and realisable purpose for business (Brenner, &Molander, 1977).
Recently, some authors have observed the need for organisations to focus on ethics, one of such authors is Lynn S. Paine (2003), a renowned Harvard professor of business ethics. Lynn Pain's *Value Shift* explains that ethics is now been considered by organisational leaders as a programme (Paine, 2003).

**Business Ethics**

Ethics are seen as rules or standards for controlling the relations between people to benefit all concerned, with mutual respect for the needs and wants of all parties involved. They are guiding principles that help an individual or group to decide what is right or wrong.

Shaw and Barry (1995) see business as any organisation with the aim of providing goods or services for profit. *Business ethics investigate ethical principles and moral or problems of ethics that occur in the business environment.*

Business ethics is the analysis of proper business policies and practices concerned with hypothetical controversial matters, like corporate social responsibility, bribery, corporate governance, discrimination, insider trading and fiduciary responsibilities (Investopedia, 2016).

**Benefits of Ethics in Business**

In a study conducted by the Saylor Foundation (2013), four benefits of Ethics in Business were identified.

Firstly, there would be increased customer loyalty. Clients who trust that a business has a decent notoriety will probably keep on purchasing their items and use their administrations. Conversely, clients who have a negative perspective of an association will have a tendency to abstain from obtaining that organisation's items or administrations paying little respect to value aggressiveness. Since it is frequently more exorbitant to offer to new clients than it is to offer to existing clients, an organisation that appreciates a decent notoriety will likewise profit by the rehash business of its steadfast clients.

Another benefit is employee retention. The way toward enrolling workers is excessive and tedious. Associations that consistently need to supplant their representatives keep running into costs and there could be disturbance of work procedures. This can damagingly affect the association's general efficiency and productivity. The objective, in this way, is for an association to hold its best workers on a long haul premise. At the point when an organisation is open, genuine, and reasonable with its representatives, skilled specialists will be more disposed to stay locally available with the association.

There are fewer legal challenges. At the point when an organisation concentrates on keeping up high moral guidelines, it will tend to confront less lawful issues identified with its items or administrations. A few organisations choose to cut expenses by obtaining sub-standard materials or disregarding imperative work-security rehearses and ecological laws. The impacts of this kind of disregard may incorporate lawful and money related outcomes and harm to the association's notoriety. Interestingly, organisations that work to address such difficulties in a scrupulous way are more averse to confront lawful issues.
Lastly the company has a good public image. An organisation that exhibits high moral gauges in the greater part of its business practices will appreciate a positive open picture. A positive open picture will bring about expanded loyalties no matter how you look at it; this will probably mean more elevated amounts of efficiency, bigger net revenues, and expanded open doors for speculation and development.

**Global Business Management**

The procedure of internationalization has been a continuous development after some time. Throughout the years, exchange, innovation and money have moved from nation to nation. Buyers' riches and requests regarding quality, supply accessibility have expanded. The business sector offers and buys what is accessible at a given point in time (Sergi, 2005).

One critical reason an organisation chooses to grow globally is that they can't amplify their objectives and goals while working in a shut economy connection. All the more as of late, household market immersion has likewise been making it troublesome for organisations to have beneficial development, and clients are basically requesting a more extensive base of items from which to pick. Globalisation is the far reaching arrangement that numerous organisations are presently investigating. Globalisation is the far reaching arrangement that numerous organisations are currently investigating (Adekola & Sergi, 2007).

Global business management requires the comprehension of intersection societies, multinational organisations' associations, global points of view, and corporate difficulties. Global business management does not just underline centre business abilities, it additionally requires the learning and aptitudes important to work and succeed in a global business field. Supervisors are multicultural is not just about working with individuals from different nations, it likewise involves working with individuals from the same nation, who talk the same dialect, have the same national legacy, yet take a look at the world in different ways. (Adekola & Sergi, 2007).

Global business management focuses on international firms in host countries (Ile, 2010). It is focused on the managerial functions related to flow of human resources, goods and money with the ultimate purpose of managing situations involving cross border business activities (Koontz, Harold, O'Donnell, & Weihreich, 1980).

Global business management is the process of planning, organising, leading, and controlling workers and different assets to accomplish the company's objectives across unique multicultural and multinational limits (Adekola & Sergi, 2007). It refers to the way an organisation manages its business internationally. An international manager is somebody who controls things, thoughts, and individuals of changing social situations, assigning and guiding people to accomplish the objectives of the organisation, while regarding the conventions, beliefs and values of the host nation (Pierre, 1980).

Globalisation is turning out to be very competitive and extending associations around the world; thus, the global environment has created challenges for managers. These difficulties incorporate analysing the new environment, suspecting its impact on the home organisation, planning and figuring out how to adjust to situational elements, while endeavouring to keep up an ethical atmosphere. International management requests
a possibility way to deal with the dynamic environment. This implies the decision of administration framework and style relies on upon the way of the nation, and the general population included (Adekola & Sergi, 2007).

**Literature Review and Objective of the Study**

Globalization dynamism has altered the essence and key involvement of organizations. Through technological advancements and foreign trade, culturally complex knowledge and awareness is a must. Universal goal-oriented organisations recognize the financial, cultural, legal, and moral differences that occur between nations and faced problems in world business. The impact on entities of regulatory issues, legislation, rules, ethics, and social responsibility is no less noteworthy than it is on individuals; and it may be even more critical. If it's stakeholder management or major democracy, it offers the impression that principles and social responsibility turn out to be more relevant and unmistakable. Doing what is morally and ethically correct offers organisations a superior chance of long-term sustainability (Adekola & Sergi, 2007).

When contemplating an organization's ethics, one can see an international organization's actions in choosing on the off possibility that they ignore the correct methods of gathering an ethical consensus on the basic ventures they recognize in less prosperous economies (Adekola & Sergi, 2007).

According to Ferrell and Fraedrich (2009), an ethical dilemma is a situation, issue or opportunity that allows a person or agency to choose from a few actions that must be considered correct or incorrect, ethical or unethical.

Issues connected with global business management have been recognised as variables that contrarily affect the performance and profitability of multinational organisations and likewise, adversely influence local and national financial development (Wisma, 2011).

Buller and McEvoy (1999) distinguished three ethical challenges in worldwide business administration:

1. Pressures on people to damage individual standards,
2. Inconsistent social standards, and
3. Host nation versus home nation interests and values.

Buller and McEvoy (1999) proposed three conceivable general reactions of global businesses when confronted with a multifaceted ethical difficulty.

1. Relativism: Adopting the neighborhood standards.
2. Cosmopolitanism: Identifying the regular good ground.

**Conceptual Framework**

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<th>Independent Variable</th>
<th>Dependent Variable</th>
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<td>Ethical Challenges</td>
<td>Global Business Management</td>
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Theoretical Framework

Within the global business management ethics framework, three principles are used to determine if a corporate practice is ethical or not. These models, as Cavanagh, Moberg and Velasques (1981) and Jones, George and Hill (2000) indicate, are models of utilitarian, moral rights, and justice.

Utilitarian model: A business activity is moral on the off chance of providing the best useful for the best number of people. This approach is often referred to as the cost-benefit analysis (or utility technique) in view of the assumption that a choice's costs and advantages are being weighed, bearing in mind the end objective of deciding if the final outcome is positive (or profits) or loss (or costs).

Human Rights Model: A corporate practice is ethical because it upholds and protects the fundamental freedoms and liberties of the affected general public. Ethical decisions, for example, guarantee the rights of people to independence, life and welfare, privacy and linguistic autonomy. This model obliges supervisors to analyse elective designs thoroughly in light of the impact of those options on the right side of partners.

Justice Model: An ethical decision is a business judgment that conveys advantages and costs between stakeholders in a fair and even-handed manner. The model's institutional implications allow administrators to evaluate elective strategies in terms of how much the operation would promote a fair dissemination of outcomes. Of eg, employees who are comparable in their level of skill, success and responsibility will earn the same sort of salary.

In theory, each model offers an alternate and complementary framework for deciding if an action or behaviour is ethical and whether any of the three models can be used to answer the ethics of a particular strategy.

Discussion Of Other Issues Related To The Topic Under Study
Ethical Issues Global Managers Face

Jamnik (2011) has identified some ethical issues faced by managers in international business.

1. Equity: Executive pay rates, tantamount worth, item evaluating
2. Rights: Corporate due procedure, representative wellbeing screening, protection, sexual harassment, governmental policy regarding minorities in society/square with occupation opportunity
3. Honesty: Employee irreconcilable circumstances, security of worker records, wrong blessings, unapproved installments to outside authorities, promoting content

Waters, Bird and Chant (1986), utilised open-finished meetings with managers to give assortment of ethical challenges supervisors face in the worldwide circle. Because of the inquiry: "What ethical questions come up or have come up in the course of your work life?" the accompanying ethical, or moral issues were distinguished generally as often as possible:
1 With respect to peers and superiors: truth-telling, dependability and backing
2 With respect to employees: feedback about execution and standing; job security; fitting working conditions
3 With respect to suppliers: reasonable/unprejudiced treatment, adjusted relationship, out of line weight strategies, truth-telling
4 With respect to customers: reasonable treatment, truth-telling, sketchy practices, arrangement
5 With respect to other stakeholders: regarding legitimate limitations, truth-telling in advertising, stockholder interests

Ethical Decision Making
Decision making is at the heart of the administration procedure. In spite of the fact that there is a requirement for enhanced management performance in the private and public segments, there is an uncommon requirement for enhanced ethical decision making by managers. Petrick and Quinn (1997) state five purposes for managers to enhance their ethical decision making:
1 The expenses of exploitative work environment conduct
2 The absence of attention to ethically faulty, administrative, part related acts
3 The far-reaching disintegration of honesty and introduction to ethical risk
4 The worldwide debasement weights that undermine administrative and organisational reputation.
5 The advantages of expanded productivity and naturally alluring authoritative request.

Laura Nash (1981) recommended twelve inquiries managers ought to methodically request in a mission to settle on an ethical decision:
1 Have you characterised the issue precisely?
2 How would you characterise the issue, in the event that you remained on the opposite side of the wall?
3 How did this circumstance happen in any case?
4 To whom and what do you give your loyalties as a man and as an individual from the enterprise?
5 What is your goal in settling on this choice?
6 How does this goal contrast and the probable results?
7 Whom could your choice or activity harm?
8 Can you draw in the influenced parties in a dialog of the issue, before you settle on your choice?
9 Are you sure that your position will be as substantial over a drawn out stretch of time as it appears to be presently?
10 Could you unveil without doubts your choice or activity to your manager, your CEO, the top managerial staff, your family, or society all in all?
11 What is the typical capability of your activity if caught on? On the off chance that misconstrued?
12 Under what conditions would you permit exemptions to your stand?
Cultural Considerations
Ethics is a piece of the way of life of a country. Hofstede (1999) characterises society as the aggregate programming of the psyche that recognises the individuals from one gathering or class of individuals from another. He considers qualities to be the centre component of society. Along these lines, morals are liable to social qualities and standards. Hofstede (1996) emphasised that there are five measurements of society; confusion dynamism, individualism/collectivism, power distance, masculinity/femininity and uncertainty avoidance.

1. **Power distance**: Degree to which a general public handles disparities among individuals.
2. **Individualism/collectivism**: Degree of significance between individual's interests against that of the gathering.
3. **Masculinity/femininity**: The way accomplishments are gotten to between conventional male introductions and customary female introductions vary and culture contrasts in what spurs individuals toward accomplishing a specific objective.
4. **Uncertainty avoidance**: The extent to which the individuals from a general public feel uncomfortable with vulnerability and vagueness.
5. **Confusion dynamism**: Every general public needs to keep up a few connections with its own particular past while managing the difficulties of the present and what's to come.

Empirical Review
Ige (2008) and Tse (2006) contend that ethical challenges are equivocal, and the interests of various partners regularly struggle. It is in this manner essentially difficult for a leader to utilise the models to figure out if a business activity is ethical or unethical. Therefore, numerous ethics experts propose a down to earth manual for figure out if administrative conduct is ethical. Conduct is most likely satisfactory on ethical grounds if a supervisor can reply "yes" to these inquiries:

1. Does my activity fall inside the acknowledged qualities or standard that ordinarily applies in the organisational environment?
2. Am I willing to see the choice conveyed to all partners influenced by it, for instance, by having it reported in the media?

Methodology
**Method of Writing**
The researcher has endeavoured to use an analytical and exploratory methodology. The strategy adopted is analytical in so far as it tries to comprehend the significance and fundamental working of global business management and ethical challenges involved.

**Sources of Data**
The present study is descriptive in view of secondary information gathered predominantly through different authority sites, books, distributed research papers, journals, Government notes and different reports of research studies.
Discussion

Cateora and Graham (2005) contend that the issue of business ethics is vastly more complex in the global business sector since value judgments vary generally among diver's cultural groups. That which is ordinarily acknowledged as right in one nation may be totally unsatisfactory in another. Contrasts in business traditions and practices among countries of the world are the motivation behind why managers in international organisations are confronted by complex ethical challenges.

Ethical influence of Globalisation on International Functional Areas

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<th>Areas</th>
<th>Challenges</th>
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<tr>
<td>International Finance</td>
<td>Management's essential goal is wealth maximization for shareholders.</td>
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<tr>
<td>International Human Resource Management</td>
<td>Globalization has posed complex challenges for the management of global human resources. The commitment of industry and leaders has been questionable due to social and cultural comparisons. To be objective in hiring, promoting and paying employees is a huge test to management. Child labour has emerged as a complex problem. Other key issues include segregation, misrepresentation and inappropriate conduct.</td>
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<tr>
<td>Production</td>
<td>There is insufficient empirical evidence that ethical behaviour causes maximization of shareholder capital (Gurnani, 2015). Be it as it can, companies should be interested in ethical activities for long term sustainability. Decency in the sharing of jobs on, terms of trade, project procurement, sales processes, advisory services, tax returns, internal and external audit are the areas in which fair money-based activities can be considered. Other vital domains include imaginative bookkeeping, sales control, misdirecting financial analysis, stock trading, share theft, forextricks, and so on (Kumar, Reddy &amp; Ramaiah, 2014).</td>
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<tr>
<td>Information and Communications Technology</td>
<td>The internet, digital satellite connectivity and different forms of technological technologies provide an amazing assurance that global supply chains can operate much more skillfully and respond quicker to requests. Nevertheless, these new technologies often pose several social and ethical problems for businesses that work in the global climate. There may be different views among nations on priorities, knowledge exchange, approaches to decision taking and numerous other social contrasts.</td>
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(Source: Gurnani, 2015)
Major Ethical Challenges in Global Business Management

Employment Practices: When work conditions in a host country are unmistakably substandard compared to those in a multinational's home country, organisations must choose which models ought to be used; those of the home country, those of the host country, or something in the middle.

Time Management: Time is a vital reality with regards to working together. A broadly acclaimed adage says: "Time is money" however the idea of time management is seen diversely in numerous societies. In Africa, time is seen to be adaptable and individuals do not keep to time. At the point when a man is by and large excessively aware of time, he is seen with suspicion and doubt. Ethical challenge emerges when individuals' introduction to time in a specific culture varies from that of one's nation of origin.

Corruption: Corruption has been an issue in virtually all societies in history and it keeps on being one today. Some global organisations can and have increased monetary favourable circumstances by making payments to legislative authorities.

Moral Obligations: Social obligation regarding international businesses to give something back to the societies that empower them to succeed and develop.

Business Meetings and Dressing: The way individuals react to business meetings and their dressing method is an ethical challenge that the global business managers in global business management must understand. The dressing method in Nigeria for example depends on the culture and quest to show the African style. The Nigerian likes to be acknowledged by titles (Eze, Alhaji, Chief, Oba, Obong, Dr, Engr., etc) and is viewed as disrespect when addressed in their simple name (Ogbonna, 2010).

Human Rights: Basic human rights are underestimated in the developed world, for example, freedom of association, freedom of speech, freedom of assembly, freedom of movement, and so on, are acknowledged worldwide.

Environmental Regulations: When environmental regulations in host countries are far substandard compared to those in the home country, ethical challenges emerge. Additionally, the awfulness of the house happens when an asset held in like manner by all, yet possessed by nobody, is abused by people bringing about its corruption.

The United Nations (UN) Global Compact for Global Business Ethics
The United Nations Global Compact has identified ten principles that global companies must adhere to in order to be seen as ethically responsive.

**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

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.

Conclusion and Summary
The concern of any company, whether local or global, should be to carry on in an ethical way. To most bosses, it takes little consideration to determine the ethically appropriate response to concerns about violating the law, damaging the environment, denying someone his or her rights, putting a desired point of view out of line or going on in ways that can cause actual trouble or damage. Being ethically sound is not a necessary errand for corporate executives, in the context of diverse cultural and social values. Business ethics provides answers to the concerns and challenges facing global organisations. Sadly, in practically every aspect of society, unethical examples of misrepresentation, immeasurable mistreatment and deceptive practices are all around the world. Unfitting donations, unethical bonuses, competing workplace desires and financial violations are the untrustworthy and unlawful problems commonly recognized.

Recommendations and Implication Of The Study
The capacity to supervise ethical challenges is essential to an organisation's long-term success and accomplishment. Business ethics impacts, workers, customers, government, suppliers, civil society, shareholders, and competitors in this time of globalisation. Companies should focus on the ethical challenges they face in various useful regions such as marketing and advertising, finance, managing human resources, managing production, and information and communications technology. Global organizations' valuable work in inculcating and practicing business ethics underlines the importance of value-based initiative in the global business situation. Global companies need to develop a corporate code of ethics that is comprehensively integrative and locally sensitive, and create a community of ethics that never allows separation. However, building standards of ethics is key to guiding ethical behaviour. Managers and employees need the training, skills, inspiration and organizational support to learn and update the code of ethics and international law

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