

Global Issues of Business Ethics

INTRODUCTION

All the people in this world live under the thrust of Globalization. Companies are now compelled to enter into a competition within a global market in order to acquire more number of customers or more market share. In this context the word "Global" indicates the international context of engineering and increased spending of social and environmental dimensions of the work of engineers.

As engineers are considered to be social experimenters, topics like multinational corporations, environment, computers and other weapons development need to be considered by the engineers in order to make decision related to their careers.

Multinational Corporations

- ❖ A multinational corporation (MNC) or multinational enterprise (MNE) or transnational corporation (TNC) or multinational organization (MNO) is an enterprise/corporation that manages production establishments or delivers services in at least two countries.
- ❖ The company operates its business in several countries or more than one country.

Example: Wipro, Infosys, Microsoft, Ford, IBM, Philips. SONY, Nokia, Coca-cola, LG, Pepsi, Nestle etc.

In general, Multinational Corporations hold 51% or more of the shares and permit the host country to hold the remaining.

Multinational corporations (MNC) are often divided into three broad categories:

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- ❖ Horizontally integrated multinational corporations manage manufacturing units located in different countries to produce same or similar products.
- ❖ Vertically integrated multinational corporations manage manufacturing unit in certain country/countries to produce products that serve as input to its production establishments in other country/countries.
- ❖ Diversified multinational corporations manage manufacturing establishments located in different countries that are neither horizontally nor vertically integrated.

Very large multinational corporations have budgets that exceed those of many countries. They can have a powerful impact in international relations, given their large economic influence in politicians' representative districts, as well as their extensive financial resources available for public relations and political lobbying.

Multinational corporations have played an important role in globalisation. Given their international reach and mobility, prospective countries, and sometimes regions within nations, must compete with each other to have MNCs locate their facilities (and subsequent tax revenue, employment, and economic activity) within. To compete, countries and regional political districts provide incentives to MNCs such as tax breaks, pledges of governmental assistance or improved infrastructure, or lax environmental and labour standards.

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In simple words, the benefits of a MNC are - to make use of available resources; to have a large labour pool; to have tax benefits and to expand the market. And the benefits to the host country are – to create more jobs with higher pay; to create jobs which are challenging; and to have a better technology.

Moral Responsibilities Of Individuals And Organisations Operating in Other Countries – Relative Values

Relative values or Relativism

Relative values are relative principles. It should be considered that the moral responsibilities and values are relative, that is, they are different for different societies. Relative values help in deciding how the multinational corporations and individuals have to act in foreign or host countries.

- ❖ Are there objective reasons for deciding what morally ought to be done within engineering practice?
- ❖ Moral values are relative to both conventional standards and individual preferences.
- ❖ Engineering ethics is said by some to be entirely relative to those conventions which dominate at any given time and place.
- ❖ Excessive appeal to relativism leads to ethical skepticism.

Versions of relativism

- ❖ Ethical conventionalism (Ethical Relativism) - whatever conventions a group adopts are thereby automatically right. Actions of corporations, and individuals that are accepted by the law, custom, and other rules of a society can be morally right within that particular society. In practical, this theory cannot be accepted/implemented. This is because many laws, conventions and customs might not be morally correct and may be against the human rights.
- ❖ Descriptive relativism - factual or descriptive claims about people's moral outlooks. (1) There is widespread and sometimes fundamental disagreement about moral issues, and (2) the formation of an individual's moral

views is greatly influenced by his parents, peers and culture. This shows that value, beliefs, and attitudes differ from one culture to another. It does not involve in ethical relativism. As per this theory, there are differences between the moral beliefs and attitudes of different cultures.

- ❖ Relationalism or Moral Relationalism or Contextualism - moral judgments are properly made in relation to a wide variety of variable factors. This makes it impossible to formulate absolute rules. Relationalism admits and stresses that the customs of culture have to be adjusted with moral judgements and correct. For instance, removing shoes outside the house is a symbol of respect in India, whereas in western culture which does not happen.

Engineer's Conduct When Working In Abroad – International Rights

MNCs and engineers have to accept and respect the international human rights (human rights – each person has the right to be treated by others with dignity and respect) when they are functioning their businesses.

Ways to Promote Morally Justifiable Measures

Multinational companies should involve in promoting morally just measures in the host country. The following are needed to be considered in this context.

- ❖ Respect the basic human rights of the people of the host countries.
- ❖ Give tangible benefits to the host countries.
- ❖ Promote the overall economy and improve the welfare of the workers.
- ❖ Respect the laws and cultures of the host countries, without violating the basic moral rights.
- ❖ Provide a fair wage to the employees of the host countries.
- ❖ Provide adequate safety measures to the workers when they engage in hazardous activities and inform the danger of working situations.

- ❖ Pay for the extra risks undertaken by the workers.

Technology Transfer and Appropriate Technology

Technology transfer

- ❖ Technology transfer is the process of developing practical applications for the results of scientific research.
- ❖ The process of transferring discoveries made by basic research institutions to the commercial sector, to be developed into useful products and services.
- ❖ Sharing technical information by means of education and training.

Using a technical concept or hardware or software product to solve a problem in an industry that is entirely different from the one the technology was developed for.

Thus, generally speaking, technology transfer is the sharing of knowledge and facilities among:

- ❖ Federal laboratories, Industry
- ❖ Universities, Federal, State, and local governments, Third party intermediaries

The concept of technology transfer as a practical matter becomes clearer when one understands what technology transfer is designed to accomplish. For instance, the purpose of a Federal technology transfer program is to make Federally generated scientific and technological developments accessible to private industry and state and local governments. These users are then encouraged to develop the technology further into new products, processes, materials, or services that will enhance the nation's industrial competitiveness or otherwise improve quality of life.

Why Transfer of Technology?

Technology and innovation can help to:

- ❖ Improve living standards, Increase productivity
- ❖ Generate new industries and employment opportunities, Improve public services
- ❖ Create more competitive products in world markets.

Appropriate Technology

- ❖ Technology that can be made at an affordable price by ordinary people using local materials to do useful work in ways that do the least possible harm to both human society and the environment.
- ❖ Appropriate technology is a term which refers to using the simplest and most benign level of technology which can effectively achieve the intended purpose.
- ❖ Appropriate technology in basic sense means suitable technology. In practice, it is often something that might be described as using the simplest and most benign level of technology that can effectively achieve an intended purpose.
- ❖ It means identification, transformation and implementation of the most suitable technology for a new set of conditions.
- ❖ Appropriateness can be evaluated in terms of scale, technical and managerial skills, materials, environment, capital costs, etc. But at the same time, appropriateness can also be examined in terms of human values.
- ❖ Appropriate technology assumes that the technology should not affect the continuous development of the host country. And it should not decompose the environment. It should offer a careful way of using the county's natural resources.

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