

ETHICS ACROSS BORDERS: AN IN-DEPTH STUDY ON INTERNATIONAL BUSINESS ETHICS AND ETHICAL ISSUES

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ABSTRACT

The economic growth of developing nations is significantly influenced by international business. The term "international business" also refers to the study of how multinational corporations internationalize. A multinational company, often known as an MNE, is a company that handles markets, production, and operations in numerous countries from a global viewpoint. Ethics are the foundation upon which reliability is created when partners and clients conduct transactions together. Organizations create this assurance by adherence the rules and regulations, achieving trustworthiness by fair deals, and encouraging social concerns and basic civil rights. The researchers attempts to highlighting the growth of international business and ethical practices. The majority of the data included in the research article came from secondary sources and was taken from numerous relevant sources. The international trade and globalized ethics are the exclusive topics of the study work. No other specific industry is comparable to the study's findings. The reader will gain a better understanding of the true impact of ethical practices in global business through this research report.

Keywords-

Globalization, international business, ethics, ethical issues, economy

INTRODUCTION

International business plays a very crucial role in developing economy of a country. Ethical practices are mandatory during international trade. To perform appropriately, a corporate requires a general set of ethical values to directly inspire employees' conduct. Many moral standards are required by legislations such as this governing safety of workers and also protecting our environment. By presenting some illustrations for employees in moral behavior and policy making, managerial guidelines encourage several corporate principles.

First and foremost, ethics are our distinct reward in our day-to-day life as well in our professional life. Being morally upright is an indication of virtue and empathy. These ethics promotes feelings for generosity towards all, that can empower internal self-respect and fortitude. Companies that operate their global operations ethically also enjoy increased profitability because they draw clients and partners who place a high value on ethics in international commerce. The key findings of this research will provide significant parameters and cover similar gaps in the literature. This research provides a comprehensive model for analysing the importance of ethics in international businesses.



Fig. Ethics in International Business

INTERNATIONAL BUSINESS

Global corporation describes the interchange of products, equipment's, automation, funds, or knowledge that exists beyond of national borders on a global or transnational scale.

International trade is the global exchange of goods and services between two or more countries. International trade is used to generate tangible commodities and services on a worldwide scale. Economic resources like capital, talents, and people are transferred. Foreign trade and globalization are phrases that are related. There are multiple ways for trading on an international level:

- Foreign trade (export, import, and commerce);
- Economic agreements (licensing, franchising)
- The construction and management of manufacturing, distribution, and retail facilities in foreign markets.

Studying international business requires one to comprehend the impacts that the actions mentioned above have on both domestic and foreign markets, as well as on governments, corporations, and people. Effective international businesses are able to manage the risks and uncertainties that come with conducting business in a constantly changing environment because they are aware of the diversity of the global market.

ETHICS IN BUSINESS

Bringing of suitable corporate rules and apply with relation to ostensibly difficult issues is known as following ethical business. A few issues that arises in an ethical conversation include the governance of companies, illegal trading, corruption, inequality, social accountability, and fiduciary duties. The study of business ethics covers topics including corporate social responsibility, corporate culture, and whistleblowing. It concentrates on established guidelines provided by regulating bodies. Legal action is not necessary when business morals are upheld.

A set of standards of behavior, which is a collection of unwritten rules that are not required by law, is high valued in the discipline. There is a lot of fine print when it comes to corporation regulations that are continuously changing. As a result, business ethics educates managers and staff about moral principles and the repercussions of transgressing them. Any manager should be educated in business ethics, but managers in international operations deal with a number of ethical dilemmas that do not exist in internal settings. The growth of Particular ethical problems in global connections are brought up by a number of variables, including which include:

- The various forms and degrees of financial or budgetary organization;
- Absence of rules, particularly in developing country;
- Current issues between domestic and international economic interests;
- Impact and authority of international corporate and their ability where they can perate outside the scope of legal restrictions.

REVIEW OF LITERATURE

A. Introduction to International Business Ethics: International business ethics is a critical field that addresses the moral and ethical challenges faced by companies operating in a global context. This literature review aims to provide an overview of the key concepts, theories, and frameworks related to international business ethics. It explores the works of Crane and Matten (2016), Ferrell and Fraedrich (2019), and Trevino and Nelson (2020), who offer comprehensive insights into the subject. By examining the existing literature, this review establishes a foundation for understanding the importance of ethics in international business and sets the stage for further investigation.

B. Cultural Perspectives on International Business Ethics: Cultural diversity significantly influences ethical standards and practices in the global business environment. This literature review delves into the cultural dimensions of international business ethics, highlighting how values, norms, and beliefs vary across countries and impact ethical decision-making. The works of Hofstede (2001), Trompenaars and Hampden-Turner (2012), and Thomas and Peterson (2017) are explored to

understand how cultural factors shape ethical dilemmas and approaches to resolving them. By analyzing these perspectives, this review enhances our understanding of the complexities involved in ethical decision-making across borders.

- C. **Ethical Issues in International Supply Chains:** Global supply chains present numerous ethical challenges for multinational corporations. This literature review focuses on exploring ethical issues such as labor rights violations, environmental sustainability, and transparency in international supply chains. The works of Carter and Jennings (2004), Gereffi, Humphrey, and Sturgeon (2005), and Seuring and Müller (2008) are examined to gain insights into the ethical implications and best practices for managing supply chain ethics. By analyzing these studies, this review provides a comprehensive understanding of the ethical challenges faced by companies operating across borders.
- D. **Corruption and Bribery in International Business:** Corruption and bribery pose significant ethical dilemmas for companies engaged in international business. This literature review examines the prevalence, causes, and consequences of corruption in global business transactions. The works of Rose-Ackerman (1999), Jain (2001), and Transparency International (2021) are analyzed to explore the various dimensions of corruption and bribery in international business. By studying these sources, this review sheds light on the ethical issues associated with corrupt practices and the efforts to combat them.
- E. **Corporate Social Responsibility (CSR) in Global Contexts :** Corporate social responsibility (CSR) has gained increasing importance in the global business arena, addressing the ethical responsibilities of companies toward society and the environment. This literature review focuses on the application and impact of CSR in international business contexts. The works of Carroll (1999), Maignan and Ralston (2002), and Visser, Matten, and Pohl (2017) are explored to understand the role of CSR in addressing ethical challenges across borders. By examining these studies, this review highlights the significance of CSR as an ethical framework for multinational corporations.
- F. **Ethical Leadership in International Business:** Ethical leadership plays a crucial role in establishing a culture of integrity and ethical conduct within multinational corporations operating in diverse cultural contexts. This literature review examines the concepts, theories, and practices related to ethical leadership in international business. The works of Treviño, Hartman, and Brown (2000), Brown, Treviño, and Harrison (2005), and Yukl (2013) are analyzed to understand the characteristics, behaviors, and strategies of ethical leaders in global organizations. By exploring these sources, this review provides insights into the importance of ethical leadership for navigating ethical challenges across borders.

OBJECTIVES OF THE STUDY

1. To understand the importance of ethics international trade
2. To comprehend the causes of ethical problems in global business
3. Researching ethical concerns in global business practices

RESEARCH METHODOLOGY

In order to examining the importance of international business ethics, it mainly depends on qualitative research methodology to determine whether ethics are mandatory for smooth practices during international business or to understand the ethical issues in international business practices. To complete the study in an appropriate manner, secondary data has been considered for this study. Data collection has been done from the government websites and sources from other internet sources.

Ethical issues in international business

Since the end of World War II, businesses have faced ethical challenges related to five distinct issues: labor standards, environmental standards, human rights, cultural diversity, and corruption. When an

organization conducts its operations, such as manufacturing, selling, marketing, or sourcing from outside of a country, it is said to be engaging in international business. Global governments and multinational organisations trading intangible and intangible assets can also be considered international business.

In contrast, ethical challenges are situations where a company encounters a moral dilemma that needs to be resolved. For instance, when a choice has been taken or when engaging in an activity that raises moral concerns. Conflicts with societal values and, occasionally, with legal requirements are a hall mark of ethical concerns. The following are some ethical concerns in global business:

- ✓ Working standards
- ✓ Equal employment possibilities are a human right.
- ✓ Integrity and reverence,
- ✓ Environmental preservation
- ✓ Child labor
- ✓ Diverse occupations

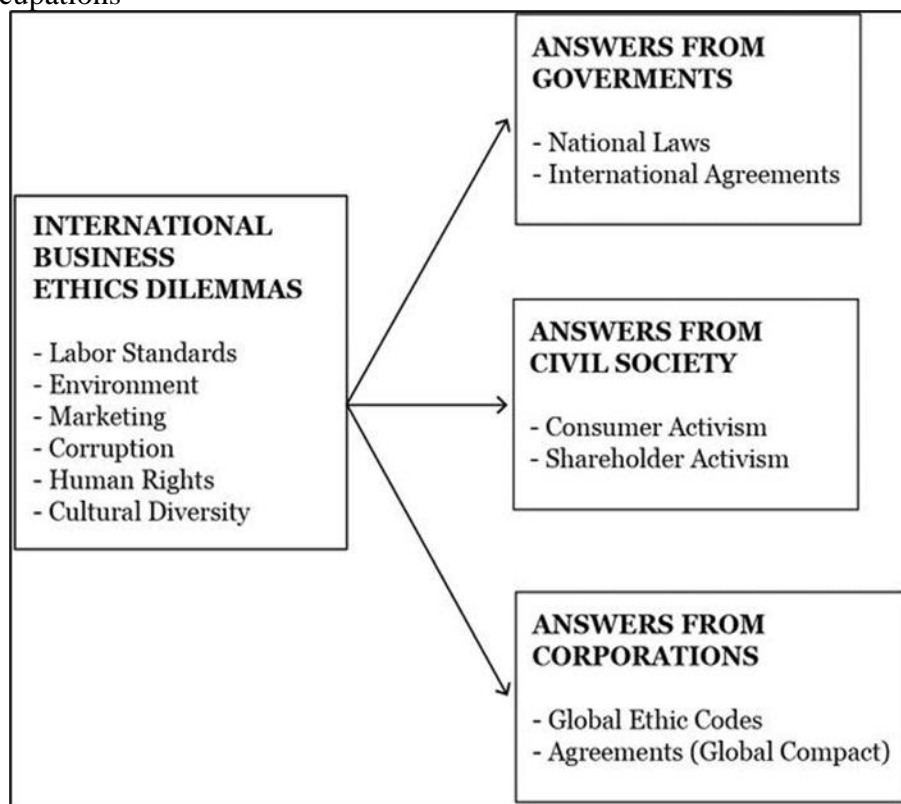


Fig: Dilemmas of International Business Ethics

Source: <https://www.intechopen.com/chapters/60620>

Corruption- Corruption has been an issue in every society throughout history, and it certainly occurs now. We can observe dishonest government officers all around. It is very unethical to give bribe to these kinds of people as it used to increase unethical business practices which is an unfavorable situation.

Environmental pollution- When the restrictions in the host country appear to be much less strict than those in the home country, ethical questions about environmental degradation arise. All the nations have created a number of policies regarding the release of trash and contamination. Moreover, because global corporations of the host nation, these laws could not be as rigorous in developing nations.

Human rights- Several of the fundamental rights of humanity are not acknowledged by many states. The opportunity to express one's opinion, the freedom from persecution for your beliefs, the freedom

of connection, etc., are examples of human rights that are not universally recognized. Additionally, respecting human rights is a smart business decision. Companies bear the danger of becoming involved in legal disputes, having their reputations tarnished, missing out on business opportunities, ventures, and the chance to acquire the best new employees.

Working standards- working standards and employment practices can raise ethical concerns in the majority of the world's nations. In other countries where multinational firms have operations, certain of the particular circumstances of one country may be seen as inferior. Numerous experts have advocated for similar salary and work standards, but no one has implemented this idea. The fundamental issue is how closely multinational corporations adhere to local laws in the nations where they conduct business.

REASONS WHY ETHICAL ISSUES ARISE IN INTERNATIONAL BUSINESS

In order to understand why ethical concerns are so prevalent in global business, we need to understand the roots of these malpractices. Few nations like India has less strict environmental conservation laws in compare to other developed countries. Therefore, It states that the corporation will likely pay host nationals less than they are paid in their home country. Moreover, businesses will follow less rules and regulations and it will harm both the nations badly.

Several organisations, especially those firms who have subsidiaries in other developed country will get affected more due to wrong ethical practices. Another most important aspect is to follow all the rules appropriately for smooth functioning of countries trade. Even on a large scale, it is not acceptable for any nations to disobey these ethical rules. Due to the competitive advantage they gain from these practices or a lack of restrictions, multinational firms engage in unethical behavior.

CONCLUSION

Business globalization, which has many consequences, has accelerated in recent years. Three phenomena that have occurred in the past few years: the advancement of technology, which has shown an explosion in ed-tech; the vast flows of assets, products, and services; and repeal of communism. Despite the fact that many multiple options are available than ever for global growth and advancement, not all the public is benefiting fairly from globalisation, which leads to social dissatisfaction and discontentment situation for everyone involved in these global practices.

The business world must develop new initiatives in light of the situation. Its main duty is to perform competently while upholding the interests of all its participants. However, these practices must become more dynamic in the quest for answers to worldwide challenges and the growth of a closer partnership with authorities and other governing bodies for its own sake as well as the sake of society at large.

Ethical codes play a crucial role in corporate governance as a representation of values and an optimisation of values. Global corporations must ensure that these behaviour rules have become culturally coherent for all of their personnel in order for them to operate in accordance with ethical ideals in the modern market place. There is a cultural inconsistency between the intended behaviour and the customs, is the comparatively straight forward answer. To address the complex challenges posed by globalisation, organisations such as companies, government agencies, and other entities must collaborate. If these powerful figures worked independently, they would fail. However, by collaborating, they are able to apply local patterns to larger contexts and find a range of solutions to difficult issues. Alliance that have been entrenched in a number of states between corporates and domestic authorities, national governments, education academy, extremity assistance, and focused groups can be used to enhance social and global ethics. Corporate world should show self involvement and consistency in these practices, although all the obstacles involved in acquiring fair and remote-future partnership.

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