



TAMPEREEN
AMMATTIKORKEAKOULU

The Possibility of Global Business Ethics Policy

Suzan Hilikka Ucar

Bachelor's thesis
September 2017
International Business



ABSTRACT

Tampereen ammattikorkeakoulu
Tampere University of Applied Sciences
Degree Programme in International Business

SUZAN HILKKA UCAR:
Business ethics

Bachelor's thesis 50 pages, September 2017

The purpose of this study was to gather information on the unethical procedures that multinational corporations perform. The main research question was: is it possible to conduct a global business ethics policy? Multinational corporations are taking their manufacturing to Third world countries where laws regarding labour are law or non-existent. Typically, businesses take advantage of this situation and treat their employees unfairly depending on location. This study looked into ethics policies in general and tried to identify reasons for unethical actions.

The data were collected via various books, articles and journals. Secondary data was mainly used because of the type and the scope of the research. Analysis were based on various sources and real-life examples.

The study found out the similarities in processes of multinational companies. Most of the MNCs used cheap labour and lax laws in their advantage for cost cutting without caring about employee rights. There were a lot of debate whether a company should be held responsible for its supplier's actions but the majority expects them to. There are international unions which seek for global policies and those have been efficient in one way or another.

The findings indicate that the need for global ethics policy in business environment is unquestionable. Increased speed of information enables people to find out news immediately when they happen even if it was on the other side of the world. MNC employ millions of people across the globe and they are connecting to share their experiences and demanding fair treatment. Conducting a global business ethics policy can be a challenge but not impossible, auditing it properly, objectively will require a notable amount of work in this world where corruption has become an enemy impossible to defeat.

Keywords: business ethics, multinational corporations, global ethics policy in business

CONTENTS

| | | |
|-------|--|----|
| 1 | INTRODUCTION | 5 |
| 2 | BUSINESS ETHICS | 7 |
| 2.1 | What is ethics? | 7 |
| 2.2 | Philosophical approaches of ethics | 8 |
| 2.2.1 | Drivers for decisions | 8 |
| 2.2.2 | Morality | 9 |
| 2.2.3 | Ethical relativism and ethical absolutism | 10 |
| 2.2.4 | Normative ethical system, teleological ethics and egoism | 10 |
| 2.3 | Business Ethics | 11 |
| 2.3.1 | What is business ethics? | 11 |
| 2.3.2 | Factors affecting | 12 |
| 2.3.3 | Reasons for the need | 13 |
| 2.3.4 | Principles | 14 |
| 2.3.5 | In practise | 16 |
| 2.4 | How to build ethical infrastructure | 16 |
| 3 | HOW GLOBALIZATION AFFECTS BUSINESS, CULTURES AND ETHICS? | 18 |
| 3.1 | The world is changing | 18 |
| 3.1.1 | Globalization changing the world | 18 |
| 3.1.2 | The impact of technology | 18 |
| 3.1.3 | Valuing intangible assets and war for talent | 19 |
| 3.2 | Business life is changing | 19 |
| 3.2.1 | Fundamental shifts in power | 19 |
| 3.3 | Multinational companies | 22 |
| 3.3.1 | Benefits of MNC | 23 |
| 3.3.2 | Problems on the MNC's way | 23 |
| 3.3.3 | Coping with scandals | 24 |
| 3.4 | Succeeding in global society | 25 |
| 3.5 | Culture | 25 |
| 3.5.1 | Culture and business culture | 25 |
| 3.5.2 | Cultures are different | 26 |
| 3.5.3 | Wasta, guanxi and nepotism | 27 |
| 3.5.4 | From secularization to fundamentalism | 28 |
| 3.6 | How globalization affects business cultures? | 29 |
| 3.7 | Overcoming cultural differences | 30 |

| | | |
|-----|--|----|
| 4 | CASE COMPANIES..... | 32 |
| 4.1 | Nike..... | 32 |
| 4.2 | Apple..... | 33 |
| 4.3 | Primark | 35 |
| 4.4 | McDonald's | 37 |
| 4.5 | Pharmaceutical companies..... | 39 |
| 4.6 | Anti-Corporate Resistance..... | 41 |
| 5 | Results of the research..... | 42 |
| 6 | CONCLUSION AND DISCUSSION | 43 |
| 6.1 | Do we have intercultural basic understanding of ethicality?..... | 44 |
| 6.2 | Acceptability of an action..... | 45 |
| 6.3 | Possibility of convergent business ethics policy?..... | 46 |
| 7 | REFERENCES | 47 |

1 INTRODUCTION

Numerous of very well-known, respected global companies, brands, have suffered from bad publicity time to time. Issues vary from poor labour conditions to harming environment or even producing lethal medicines for diseases. Companies such as Primark, Apple, Mc Donald's and Nike are only some of the examples. The scandals are rarely brought forth but are effective for boycotting these companies for a while. After some amount of time most people tend to forget and continue purchasing brands that have behaved in an unethical way.

The purpose of this research is to investigate these Multinational Companies and their behaviour and try to find uniformly applicable policies by the support of different philosophical theories about ethicality. The research questions are:

1. How globalization affect cultures, ethics and businesses?
2. What are the unethical actions that businesses perform?

And the main research question:

3. Is it possible to conduct a global business ethics policy?

Hypothesis is that conducting a globally acknowledged ethics policy is very difficult due to cultural differences but with the rise of Multinational corporations operating in various countries and their scandals the need for objective policy is necessary. Naturally, money thirsty corporations are using all their efforts to hide these scandals to minimise losses, which is one of the main limitations of this research. Even though, they are incapable of hiding most tragic scandals thanks to speed of information and global networks.

The reason for the research is to question ethicality of treating employees, contractors and subcontractors differently due to their nationality and using developing countries labour force to maximize profits. The other question is how far businesses have taken the profit first argument since there is a horrifying evidence of pharmaceutical companies that are ruining our health. When did gaining profit become more valuable than human life? As we are students of international business we are most likely going to face situations where the need for cutting costs are going to challenge our values and ethicality.

The first part is concentrating on philosophical approaches and theories. There are many approaches trying to explain the reasons, motives of actions and possible consequences. Our ethical behaviour is being explained with different types of theories which can be contradictory and absolute. These are complex to analyse in real situations. How do we know that intention was good is it truly or is it only in words? (Gavai 2010.)

In business cases, a motive to do good that is unselfish can be very challenging to define. In order to gain profit, businesses, have to be selfish and think about their own benefits. To what extend they can be selfish is one of the questions I will be looking for an answer in the following chapters.

The second part brings up larger factors such as culture and globalization which may affect global ethics policy. The question is to what extend do these variables shape our understanding of ethicality. Along with the case company examples the conclusions are driven.

2 BUSINESS ETHICS

The term business ethics may sound odd to one's ears. The reason for this lies in the meanings of each term, business and ethics. Business is the activity aimed to gain profit, whereas ethics is concerned about describing the right and the wrong. Consequently, the term itself raises a lot of questions such as is there a concept called business ethics? (Gavai 2010, 1.)

In today's business environment, a brand has become one of the key competitive advantages, including vision, mission and values. In most companies, there is a strong conflict between the values written and the actions taken. The most unexpected and valued brands have faced scandals containing unethical behaviour. (Moon et al. 2001, 101.)

2.1 What is ethics?

Ethics is usually mixed with the term morality. The two terms are very similar but morality is perceived more of an individual way of thinking about ethics whereas ethics is more generalized, institutionalized. Ethics is a study trying to explain what type of behaviour is good or bad and the reason for it. Ethics also tries to find out people's standards of morality, reasons for those standards and how these are practised. Nevertheless, ethics is not just subjective emotion which determines good and bad behaviours. The determination is based on reasonable analysis and conclusions. (Gavai 2010,2.)

Objectives of ethics are to establish a standard for everyone, to study what is moral and what is not, to apply judgement on behaviour, to decide on moral behaviour and to establish one's opinion about human conduct. (Paliwal 2006, 5.)

The most common human behaviour is judged by the actions and motives. In some cases, bad actions are caused by selflessness motives which initially make them good and sometimes good actions with bad motives can be considered as bad. Finding out true motives can be very difficult. The common principle is that the motives behind the actions should involve unselfish thoughts. (Gavai 2010, 16.)

Individual perception of ethics is shaped by various factors. Ethics seeks to provide rational for judgement of moral, rules and standards with distinguishing right and wrong. There is a constant debate whether ethics can be objective and global or is it always subjective and relative to culture or country. (Gavai, 2010,16.)

2.2 Philosophical approaches of ethics

2.2.1 Drivers for decisions

Decisions taken by individuals can be philosophically reasoned by three different types: end-based, rule-based and care-based the most known end-based approach is utilitarianism, act aiming to cause the greatest benefit for the greatest number. The decision is taken by thinking about the consequences of an action. Accordingly given an extreme example of utilitarianism would be the act of pushing one person under a train to save hundred people from a cliff. The action of which is considered ethical since it produces greater good for the more people. The second type is rule-based decision making. Rule-based decisions are derived from Kant's categorical imperative which asks people to act in a way that could become a universal law, so that everyone in the same situation can act the same way. In this case the act, motives are more important than the consequences. Care-based principle bases its simple idea on "Golden rule" which is accepted by most religions as well. The golden rule says that "Do to others only what you would like them to do to you". The concept is based on feelings and empathy. (Moon, Bonny & Bloom 2001, 70-71.)

Ethical Dilemma

Decision making in a position where one has to choose between right and wrong, good and bad is easy. Identification of lying and truth, justice and injustice and acting accordingly is not difficult. The problems occur when there are two rights and a decision has to be made. A situation where two rights crash is called an ethical dilemma. In a business situation, an example of deciding whether to close a non-profitable division or to continue with a loss so that employees would not lose their jobs is a typical ethical dilemma. Finding a solution can be complex because both actions are justified but cause harm when the other one is done. The decision maker must analyse the situation carefully and not rush

into thinking black and white, win lose situation. In the end, the values and consequences will most likely determine the decision of ethical dilemma. (Gavai 2010, 121–122.)

2.2.2 Morality

Customary morality occurs when a person accepts the norms of the society where he/she has been brought up. Customary comes from the word custom which is an uniform way of acting, derived from experience and passed along the generations. The children raised in this environment have no other option than to follow morals thought by the parents. Typically, this orientation can be considered as backward and not up-to-date. People who are used to living in this culture tend not to see outside the box and look rationally to old norms that are not in a benefit for the people anymore, on the contrary, they can be even harmful. (Gavai 2010, 17.) Like given in the example of female genital mutilation in below.

In Nigeria, 20 million girls have been withstood female genital mutilation, FGM. In 2015 president of Nigeria banned female genital mutilation but the practises are still existing in some parts of Nigeria. (Daly & Carson 2016.) (The side-effect of FGM vary from urination problems, vaginal, sexual problems and also an increased risk of childbirth difficulties even to new-born deaths. (WHO, Female genital mutilation 2016.) Meaning that even though the tradition is very old and valued it does not mean that it is beneficial for the people.

In reflective morality, morality is formulated by reflective evaluation of principles and facts. As the world is constantly changing the principles have to be updated to decrease the conflict between law and customs. (Gavai 2010, 19.) In other words, we have left out unbeneficial traditions and adopted modern approaches. As mentioned above Nigeria has legally forbidden unhealthy tradition of female genital mutilation.

2.2.3 Ethical relativism and ethical absolutism

According to ethical relativism, there is no absolute ethical standard that is applicable everywhere in the world. On the contrary ethics and morality is relative to a culture or a country. What is considered right in one culture can be very wrong in another. The society is the judge of the behaviour, not a universal ethics standard. Arguments rejecting universal moral standard include the diversity in moral where ethical concepts emerge from feelings, customs, and emotions of nations. The second argument states that the moral judgement should always depend on the circumstances such as time, place and human desires and needs. Ethical relativism has brought a lot of criticism and the reasons can be listed as allowing slavery, cannibalism or human torture only because these are acceptable in one culture. (Gavai 2010, 19.)

Ethical absolutism is completely opposite of ethical relativism. According to ethical absolutism moral standards are global and do not vary from culture to culture. The argument states that the cultural differences are not so relevant and they only differ due to different circumstances. (Gavai 2010,20.) In many cultures, stealing and fraud are considered unethical and punishable. We ought to have the similar ethical understanding to some extent. The bigger question is how large is that extension and can it be wider?

2.2.4 Normative ethical system, teleological ethics and egoism

The normative ethical system sets normative standards, procedures of what one is ought to and ought not to do. The aim is to construct universal code of conduct for ethical behaviour. There are two key systems in the normative ethical system, utilitarianism and ethical formalism. The moral principles provide frameworks for solving moral problems but not the exact solutions. (Gavai 2010, 21.)

Teleological ethics is also known as ethics of consequentiality. The theory claims that an action is considered good as long as it has good consequences in other words even so called “bad” selfish actions can be considered as good if their outcomes are good. Two

most known consequentiality theories are egoism and utilitarianism. (Gavai 2010, 22–23.)

Egoism pursues self-interest as a guiding tool for judgement of moral. The most important thing is to maximise own good and self-interest, one should not be obligated to act in a selfless way. Right action is avoiding painful experiences for ourselves and it is not morally obligatory to help other people, the act is good when it brings happiness to ourselves. Egoism faces a lot of criticism since it encourages selfishness which has not been considered as a good virtue throughout the centuries. Critics also say that egoism cannot be considered as a moral theory at all. (Gavai 2010, 24.)

2.3 Business Ethics

2.3.1 What is business ethics?

Business ethics is applying ethics to the business environment. It focuses on setting up moral standards to business policies and behaviour. Business ethics as well as ethics in general studies the moral of right and wrong. (Paliwal 2006, preface.)

Business ethics is only one part of a broader study of ethics. It generates the basic norms for doing business. Even though, business ethics aims to generalize standards to some extent it cannot eject the personal values and ideas of ethics. Consequently, one's own ethics reflect the business environment inevitably: if one is thought of as an ethical, moral person in personal life he/she cannot be the opposite in the business life. (Gavai 2010,4.)

Nobel Prize winner in the field of economics, Milton Friedman, stated that the sole responsibility of businesses is to use its resources and increase profits. This statement was the reality around 50 years ago. Nowadays businesses are also expected to act in a socially responsible and ethical way. They are ought to be responsible for all the stakeholders from suppliers to end customers and even to the community. The reason for companies starting to act more responsible is wanting to avoid court cases and bad reputation. Company Shell has suffered from two bigger incidents; the first one was because of disposing oil to North-Sea and the second incident was related to the incapability of saving human

rights activist from execution in Nigeria. World famous shoe retailer Nike has also been many times in spotlight due to child labour claims. (Moon, Bonny & Bloom 2001, 1.)

2.3.2 Factors affecting

The business executives have the power in the decision making. This gives them major responsibility in the means of ethical thinking as well. The executive has to constantly think about gaining the most profit but also what are the implications to meeting targets, what type of behaviour is ethical or unethical. There are many factors aside from personal morality of executives that affect the ethicality of businesses. (Gavai 2010, 6.) Here are some of them.

Personal values and behaviour are the first attributes that affect to business ethics. The managers are responsible for the decisions made in the company. These decisions are made by their own perception of the good and bad behaviour which determine the ethicality. The personal idea of morality comes from upbringing, environment, education and also culture. Which brings up the matter of cultural relativism. (Gavai 2010, 6.)

Company policies are important in showing the direction and values of a company. Policies inside the company guide the codes of conduct and also codes of ethics. The policies guide the behaviour, interaction with customers, relationships with employees and all the other stakeholders. (Gavai 2010, 6.)

The importance of the ethical standards of the superiors should not be neglected as well. The behaviour of top managers have a direct impact on subordinates. The unethical procedures conducted by the superiors give the allowance to subordinates to proceed the same way because they are the ones in charge and whose steps should be followed. Additionally the ethical climate of the country in general shapes the attitudes towards business ethics. The ethical attitudes in the country reflect all the actions and manners. In a country where bribery, nepotism are perceived as normal the opposite cannot be expected from business in the country. (Gavai 2010,7.)

Following map demonstrates the corruption rates around the globe. Darker red shows highly corrupted countries and light yellow the least corrupted countries. There are very few countries with very small corruption rate. On top of the least corrupted countries, we can see Denmark, New Zealand, and Finland. The highest corruption rates can be found in Africa. (Transparency International 2015.)

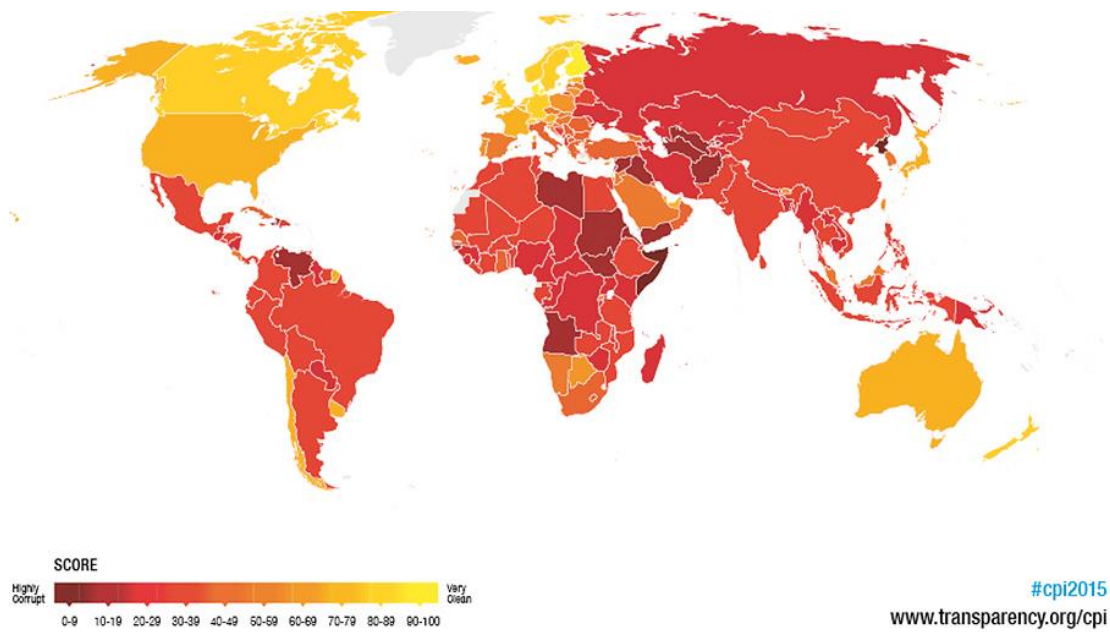


FIGURE 1 Corruption Index (The Global Anti-Corruption Coalition).

2.3.3 Reasons for the need

The reasons for the need of business ethics can be categorised by numerous ways. Gavai (2010, 5) states that need for business ethics is firstly in the interest of all stakeholders such as shareholders, employees, suppliers and customers. All of them need to be protected against unethical, unfair means of business. The customers are the main reason for business activities. Yet, their rights are commonly ignored. Consumer rights that need to be acknowledged are right of safety, information, choice, and right to be heard. Ethical procedures are also needed for social perspectives such as environmental protection, ecology, consumerism, energy saving. Establishing codes of conducts is crucial for guiding the relationship between the members. Publishing a code of ethics on the other hand will give confidence to stakeholders and the quality of business.

Drivers for unethical behaviour include factors such as competition, the pressure to meet expectations of stakeholders, political corruption, money, and success overly valued society, lack of social values and integrity. (Paliwal 2006, 16.)

2.3.4 Principles

Principles of ethics are universal and applicable to all businesses as well. In business activities, these principles need to be more specific in order to clarify the meanings. According to the late US President Woodrow Wilson, there are four principles of business. These are publicity, appropriate price, conscience in business and service spirit. Publicity is one of the principles simply because the business actions has to be transparent and public in order to maintain trust. The people have the right to be informed about the nature and outcomes of the business. Appropriate price means that the customers need to get the appropriate return on their spending, meaning that the good or service should be equivalent to asked price. When setting a price, companies need to think of the benefit of both, the company in the means of profit making and the customers getting satisfaction with the price they have paid for. (Gavai 2010, 7.)

Third principle is conscience in business. Which stands for the fact that as business activities use society's resources they are ought to offer material output. Businesses also offer jobs and help to increase economic growth in the society. Because of this important role, the decisions should not be made by selfish motives but by thinking the best for the society. Lastly having service spirit is stated as one of the key principles for business ethics. According to this principle the best way to earn money is to provide something for the public. The quality of the service is very important and it offers the best return for the price. Businesses should keep in mind that the main purpose is to serve and the profit is the reward for doing business genuinely. (Gavai 2010,8.)

Additionally, the principles of business ethics can be listed as the graph below demonstrates.



FIGURE 2. The principles of Business Ethics (Gavai 2010, 8–10).

First box, Service first, profit second means that the main purpose of economic activities is to meet the needs of the society and that way increase well-being. Secondly, business must be fair and efficient. Businesses have to use their resources efficiently attend social objectives while pursuing lean economic growth. Paying Attention to human values states for the importance of remembering that the employees are not objects for productivity they are human beings who need to be treated with dignity and helping with their needs. (Gavai 2010, 8.)

Using resources efficiently is self-explanatory. Businesses should use the material and human resource in the most efficient way. The products and services need to be useful and good for the people whereas manufacturing harmful products should not be allowed. The ethical question, in this case, is: should highly profitable but socially undesirable products be produced or products with high desire but close to non-profit produced? Optimal utilization of the resources is necessary without underutilization or over utilization. Moreover, businesses should be open to healthy competition. Unfair business practices such as monopoly and concentration should be avoided. Allowing competition promotes efficiency, better quality, and innovation. (Gavai 2010,9.)

2.3.5 In practise

A simple formula for ethics emerges from the combination of value and knowledge. An action is based on accumulated values. Knowing the result of an action would enable us to convert values to norms of behaviour. But we cannot know the consequences beforehand, we can only have a guess based on our experiences. Consequently, what justifies our actions are the values. The reasons we would act in such way are based on our own individual values. (Paliwal 2006, 25.)

Business ethics concerns all the processes, people, stakeholders inside the business. The sellers have to respect the rights of buyers, the competition needs to be fair, employees need to be treated with dignity, employees need to follow code of conduct and hold on to information-secrecy regarding e.g. trade secrets of the company and the individuals have the honesty and ethics not just in personal life but also reflect it to work life. (Gavai 2010, 13.)

2.4 How to build ethical infrastructure

Consequently, we can argue that business ethics is essential for sustainable business environment. It is in favour of all stakeholders but also of the company. The question is how to build ethical infrastructure. Paliwal has given several cornerstones for building ethical infrastructure. According to him engaging the top management is one of the most important things. The ethicality is firstly concerning the top management. They are supposed to act in an ethical way to set an example for the employees. Additionally, top management is responsible for arranging meetings to discuss ethical issues or the company can even set up an ethics committee to handle the business ethics. The management should ensure that the code of ethics which states company's values and rules is established. Nevertheless, having a code of ethics is not enough. It also has to be communicated on a constant basis to everyone inside the company but also to stakeholders. Only that way people can be on the same page on ethical procedures inside the company. (Paliwal 2006, 17 - 18.)

Ethics training is an important part of building ethical infrastructure. The employees need to be trained to see whether they have understood the concepts properly but also to engage them to bring own ideas and values to be considered in the ethics policies. Also, having an ethics officer who is specialised in the business ethics can be helpful for the company. The officer would be responsible for the ethical behaviour and act as a guide in decision making processes. Aside from applying an ethical code the more important thing is analysing its functionality and efficiency. Auditing plays an important role when companies want to have sustainable business ethics. As situations constantly change so should be the codes and values redefined and updated on regular basis. (Paliwal 2006, 18 - 19.)

3 HOW GLOBALIZATION AFFECTS BUSINESS, CULTURES AND ETHICS?

3.1 The world is changing

3.1.1 Globalization changing the world

The world is not static, it is dynamic, changing on a constant phase. The reasons for the change are technology, globalisation, the battle for talent, the increased value of intangible assets such as brand, trademarks etc. How companies reshape their objectives in national and international context and increase their accountability by being open and responsible determine their successfulness. (Moon, Bonny & Bloom 2001, 7.)

3.1.2 The impact of technology

Technology has changed our lives in a tremendous way. The speed of innovation in technology is unstoppable. The biggest impact of technology is the ease of communication. When something happens in on the other side of the world we can hear it within the seconds after. There are many benefits for this speed such as informing the employees, marketing, advertising throughout the internet and also finding out new trends emerging technologies immediately. Nevertheless, there are also many drawbacks to this high speed. Corporate secrets can be leaked, job emails contain inappropriate contents and the time can be used for personal interests such as web surfing, and personal e-mailing. The companies in the US have adopted monitoring systems and surveillance on employees to avoid such misuses. In the US, the court has taken the view of protecting the rights of the employer even if it means to harm the privacy of employees. In Europe, the case is different, according to European Court of Human Rights, handling some amount of personal issues at work is acceptable. In the UK, the employees have to be told if they are to be monitored. (Moon & Bonny & Bloom 2001, 8–10.)

3.1.3 Valuing intangible assets and war for talent

Traditionally company's success was measured by its tangible assets such as land, equipment, buildings etc. Nowadays the view has shifted to valuing intangible assets; innovation ability, product knowledge, customers, customer loyalty, human capital and relationships with suppliers. Intangible assets are hard to measure and track this increases the complexity of their ethicality. The ethicality of it depends on the perception of an individual, group, and stakeholders. (Moon, Bonny & Bloom 2001, 11–12.)

In developed countries birth rates, have fallen tremendously directly impacting on the workforce. The need for talented people are increasing and they are high-in value. Companies are striving for talented employees, offering them better salaries, bonuses. (Moon, Bonny & Bloom 2001, 13.)

3.2 Business life is changing

3.2.1 Fundamental shifts in power

In the system of feudalism political power was in the hands of a single person, usually a king. People were not treated as free and equal citizens, on the contrary hierarchy was very steep. The majority of population did not have the right for own property. If you were born in poor, worker family you were bound to this class. John Locke, a philosopher and founder of liberalism, stated that the government is only legitimate when it retains the freedom of all citizens, regardless of their place of birth. In the 18th century David Hume, a philosopher as well set out laws to protect economic liberty. Pioneer of political economic, Adam Smith, took ideology a step further by adding principle of division of labour and separating political and economic circles to divide the concentrated power. The liberal program enabled economic freedoms such as right of ownership, right for contracts and right to set prices appropriate for supply and demand. (Tomasi 2012, 25 – 29.)

Homogenous markets

Deregulation, reducing corporate taxes in 1970's U.S. and England, opened a new door for large companies. After the fall of Soviet Union in 20th century growth of free market capitalism was guaranteed. American companies Levis, Coke and McDonald's started expansions overseas in the beginning of 20th century. (Roach 2007, 9.)

The rise of freer trade enabled the possibility of the global marketplace. Companies were looking for ways to sell identical product all over the world by neglecting local needs. How did these global businesses reach their target? They simply forced people to adopt their culture and speak their language. According to Harvard business professor Theodore Levitt, weak, multinational corporations which were taking the local needs into consideration were bound to failure. He also stated that world's desires and needs have become tremendously homogenized. Consequently, the only way to succeed is what global corporations do, proceed the same wherever they operate. Having a homogeneous global strategy is beneficial for the companies since it lowers the costs without spending money on adaptation. (Klein 2005, 115–116.)

Role of corporations now

Corporations are now in more significant and even larger role than governments. The public is expecting businesses to improve social conditions such as minimizing pollution, offering jobs, rather than governments. The reason for the companies to gain such strong power is embedded in the facts that they provide jobs and have the economic power to do as they might. For example, McDonald's is providing jobs for one million people every year, which is more than any other private or public organization in America is capable of. (Saul 2011.)

Consequently, employees are the key values of an organization. People are very delicate and expect equal and fair treatment of their superiors. This increases the complexity of Human resource management. Earlier it companies' main HRM obligation was to pay salary for the work done. The case is different now since the HRM handles various situations from hiring to termination of a contract. HRM has to handle ethical issues on decision making processes. Consequently, organization impacts in the lives and the welfare of its employees. (Gavai 2009, 128.)

As mentioned above, the multinational corporations have exceeded the power of governments. Corporations have become massive and they are only accountable for their shareholders whereas governments are accountable for the whole society. (Klein 2000, 21.) This gives corporations free hands to do as they will and creates gaps in social responsibility as we will see in the following chapters.

Nevertheless, governments have the ultimate power to arrange research and development programs, establish laws, build infrastructure and establish regulations to cope with market failures among other things. (Wong 2006, 4.) Meaning that as long as governments truly want to take matters in their hands they are still capable of.

3.2.2 Profit argument becomes insufficient

The fundamental purpose of business and its role in society has been under a long debate. Finding acceptable answer for the reason of business can be very challenging. There is a strong belief that as business is economic institution naturally its main purpose is to gain profit and create wealth. This idea is divided into two sub groups. Some scholar emphasizes on profit maximization whereas others in wealth creation. Nevertheless, it is commonly accepted that business is economic institution which differs it from any other charity organizations. If a business does not bring profit it also fails in its duty towards the society. (Gavai 2009, 61 – 63.)

A success of a business is determined by the profit it makes. The bigger the profit the efficiency of business is higher as well. Profit argument clearly states that the solar purpose of a business is to achieve a reward, a profit. As the profit making is considered to be the key element and even the only focus of doing business, all the efforts in achieving it are going to be acceptable. There are times when even moral standard or laws are neglected for purpose of limitless profit making. Once we settle profit as a solar objective of a business it will eventually cause more harm than advantage to society. (Gavai 2009, 61 – 63.)

The easiest way to gain bigger profits is by cutting costs in today's highly competitive market environment. Being so corporations have used questionable methods, neglecting human rights in order to cut more costs. Luckily for people, increased speed of information has challenged businesses unethical actions. Companies are now afraid that their reputation will suffer due to easy accessibility of information. (Moon, Bonny & Bloom 2001, 120 – 122.)

International law was introduced so that the unethical actions companies perform abroad, in their subsidiaries are punishable in the host country. In the United Kingdom, back in 2000 British company was held accountable for ignoring the health conditions of their South African workers. Also, Unocal, an American oil company has violated human rights of Burmese farmers and has been sued for its actions. Legal accusations are very harmful for companies. They can destroy the brand reputation, customer loyalty, aggravate processes of recruitment, risk share price and ratings and cause material losses by activists resulting in financial losses. As in Colombia pipelines of oil companies were blown up by activists on regular basis. The costs of unethical procedures are reasonably higher in heavy industry companies and infrastructures like oil companies than in consumer goods and service industries. (Moon, Bonny & Bloom 2001, 120 – 122.)

3.3 **Multinational companies**

Globalisation has enabled the rise of Multinational companies (MNC) which operate in more than one country. These companies have benefitted the global economy but also been engaged with corporate scandals. In 2005 there were around 75,000 worldwide. Majority of the headquarters are located in developed countries. The expansion of MNCs to developing countries has been robust for the past decade. The biggest share of MNC belongs to U.S. and Japan. There is no exact data of the MNC's contribution to world's economy but in 2003 the estimation was 20% of global economy. (Roach 2007, 3 – 4.)

3.3.1 Benefits of MNC

The benefits of MNC's are undeniable. First of all, as consumers we have enjoyed the lower prices of products which are enabled by companies' low-cost strategies and operations. Enhanced technology and smaller costs of labour have especially pushed down the prices of electronic devices such as TV's and mobile phones. Aside from low prices multinational companies are able to provide same quality in their subsidiaries all over the world. A good example of it is the fast-food chain McDonald's whose standards are very similar in more than 120 countries where its located. In addition, MNC offer jobs and advantages to their employees such as healthcare and pensions. The strong position of MNCs attract investors and give donations to non-profit organizations. In 2006 Wal-Mart, has donated \$270 million to hundreds of organizations. (Roach 2007, 19 – 20.)

3.3.2 Problems on the MNC's way

As the MNCs start to expand their operations over the country borders there are two main types of barriers to be considered, institutional and cultural. Institutional barriers are legal, financial, political organizations that shape specific society. Cultural barriers consist of norms, values, and beliefs that differ from culture to another. These barriers are crucial for human resource management department of MNC's when they are considering whether to use similar approach everywhere (convergence) or to adapt to local cultures (divergence). (Morris, F. 2017.)

In addition, throughout the years many corporations have been part of corporate scandals. One of the most common practise is exaggerating profits in order to trick investor to pay higher stock prices (Roach 2011, 21.)

Aside from that outsourcing has created a lot of difficulties. Intense competition of the current market forces companies to seek the most efficient production solutions. The ones who can cut off costs to minimum with the fastest manufacturing speed are the ones who

are most likely to get the greatest market share. Outsourcing manufacturing has become a necessity rather than an option in rivalry of market share. Asian countries are the most attractive ones in the world for manufacturing of any types products from Nike shoes to Apple's Iphone parts. The reason lies in sloppy labour laws in these countries where poor labour conditions and low wages enable flexible, efficient and costly effective production. Time to time world famous brands have been accused for sweatshops where workers are forced to work in inhumane conditions and also using child/ young people's labour. Even though the problem may lie in the hands of non-existent labour laws of the country, the companies do as well worsen the situation by making immense demands significantly over the production capacity and to lowest prices possible. (Jefferies 2014.)

3.3.3 Coping with scandals

The ethicality of a business, a brand is determined by the various stamps. Is the product environmentally friendly or the employees treated fairly are some of the measures how eco stamps are given? A report by Sheffield University claims that the stamps made to show sustainability and responsibility may not be true. On the contrary, the audits made for the stamps can worsen the conditions of workers by preventing government regulation. MNC are hiring auditing firms to check upon their suppliers. The report states that audits are ineffective showcases since they are working for the benefits of a company and they will only audit as low the supply chain as the company commands. In this case the trustworthiness of audit suffers as it does not include subcontractors, a considerable part of suppliers. Additionally, report also states that corporations are emphasizing on environmental issues rather than labour concerns, since it is more beneficial for the company in means of lean business and minimizing waste. Audit firms are customers of MNC consequently they will do their best to keep their customers satisfied. Hence, hoping for objective and truthful audits is nothing but a fantasy. Governments should become more active to enhance labour and environmental standards. (Hoskins 2016.)

According to Amit S. Mukherjee, a professor of leadership and strategy, the best ways to avoid corporate scandals are focusing on ethical leadership and paying attention to institutional norms. It is crucial in hiring process of the top management to make ethics the key criterion. (Mukherjee 2016.)

3.4 Succeeding in global society

In a global society, common rules and values are followed to create cooperation and social unity between nations. Defenders of world economy believe that the best way to achieve global society is by allocating resources via markets. Global markets are believed to be crucial for bringing peace to people. (Smith 2008, 4–5.)

Succeeding in a global environment is not easy for any business. There are many things to be considered and having dynamic capabilities, ability to react under changing circumstances, play a key role in successful global companies, what we call MNC's. (Teece, Pisano & Shuen 1997, 516.)

There are two contradictory opinions how global world should be organized. One opinion states that world's most powerful governments set the policies aiding globalized capitalism. Transnational corporations seek for cheap labour and natural resources for their products. On the other side are the working people who believe that globalization increases social inequalities, ecological problems and diminish different cultures. They believe that emphasis should not be on the market rather on people. (Smith 2008, 3.)

In order to achieve more peaceful and fair world effective cooperation is necessary between countries. Global institutions should focus their efforts on serving the interest of not only Western world but all people around the world. (Smith 2008, Preface.)

3.5 Culture

3.5.1 Culture and business culture

According to social scientist Geert Hofstede culture includes social programs that shape individual's behaviour. He also talks about different layers mental programming which are is shown in the following graph (Thomas, D. C., & Inkson, K. 2009, 23.)

The lowest level, human nature, is universal, common to all people across the globe. It has aspect such as hunger, nurturing and territorial values that are shared with people regardless of their culture. The middle level is culture, which is specific to a group and in which values, patterns and behaviour are taught from one generation to another. These groups can be large such as national Japanese culture or smaller like committee of local PTA. The upper level is personality which is a combination of inheritance and personal experience. Personality is typical for an individual and cannot be exactly the same with someone else, therefore, there are plenty of different understandings and behaviours inside one culture (Thomas, D. C., & Inkson, K. 2009, 24.)

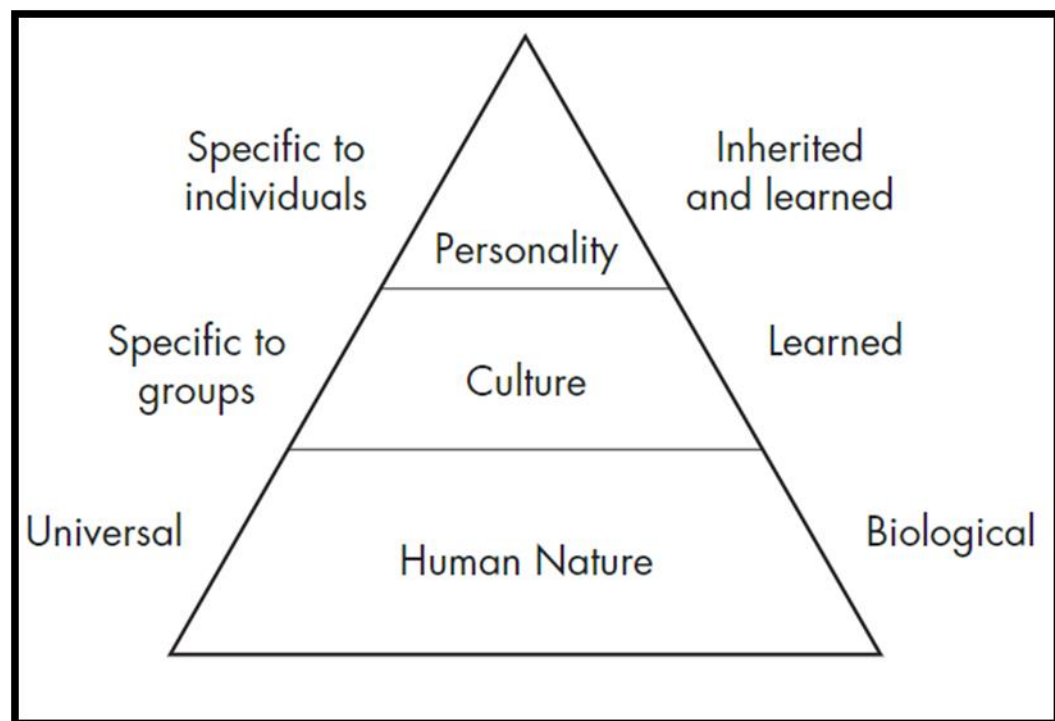


Figure 2 Three levels of mental programming (Thomas, D. C., & Inkson, K. 2009)

3.5.2 Cultures are different

There are many outcomes of globalization an essential aspect of the outcomes of globalization is to learn how to interact with people that are from different cultures. (Thomas, D. C., & Inkson, K. 2009, Preface.) There can be significant differences in what is considered polite and impolite depending on culture.

For instance, in America and Europe, it is important to make eye contact and meet and greet everyone even if they are superior than to oneself in a workplace. In Samoa, it is forbidden to speak or make an eye contact before the authority has given a permission to. (Thomas, D. C., & Inkson, K. 2009, 10.)

Businesses have to take into account these differences if they want to succeed in global environment. Many well-known brands emphasize cultural diversity by words but their actions show the opposite. Unity is more advantageous for global corporations than local adaptation. What they are actually looking for is having teen clones all over the world, wearing same clothes, using same brands and having same tastes, completely neglecting diversity. (Klein 2005, 129.)

Having homogeneous culture, wearing Nike shoes, eating Big Mac's has also increased the level of global communication. The employees of global corporations communicate and share their experiences on the Internet. As the companies spread around their logos and infrastructure like expanding spider web, so can the people become spiders who can easily travel around this web and share their experiences and thoughts. (Klein 2005, 356 – 357.) So when the companies are seeking for their own advantage by creating homogeneous markets internationally they are underestimating the people who demand equal treatment.

3.5.3 Wasta, guanxi and nepotism

Wasta is defined as using one's social connections in order to receive benefits and even manage simple things in the Arab world. Without having connections even receiving a driver's license can be a very long and complicated process. (Muhammed & Hamdy 2008, 1–3.)

Use of wasta is very common in the business environment, especially in the hiring process. Having strong wasta enables less qualified applicants to receive a job position. The majority of Arab population are Muslims. In the holy book of Islam, Quran it is clearly stated that the job should be given to the most qualified applicant. Consequently, use of

wasta is highly contradictory to Muslim values. Some Arabs believe that wasta is one major obstacle in the development of country's economy. (Muhammed & Hamdy 2008, 1–3.)

A similar idea of wasta, guanxi can be seen in Chinese culture. Nevertheless, researchers have stated that guanxi is beneficial for the performance of the company whereas such claims are not made for wasta. Wasta can be easily mixed with nepotism, favouring relatives and friends in business life, but nepotism is only one part of wasta since social connections can be made with total strangers. (Muhammed & Hamdy 2008, 1–3.)

Even though, wasta is part of culture in Arabic world, it is considered as nepotism in Europe and America where for example hiring relatives is close to impossible. So, there are tremendous amount of differences even with the simplest matters. These cannot be neglected when deciding a global policy.

3.5.4 From secularization to fundamentalism

In the twentieth century, secularization has continually increased in the Western societies. In strongly secular Nordic countries such as Finland and Norway, religion is even entirely disappearing from society. In these countries, religious matters are only handled in precise situations and their impact is minimized. Even if the traditional religious voices and the importance of church is decreasing, new century brings up new religious and moral voices. These beliefs and values can hardly be considered religion but are ought to since they shape today's culture and society notably. (Kurten, T. & Henriksen, J. 2012. 2 – 3.)

Traditionally, globalization focuses on financial, economic and military aspects and oversees religion. The parts that are taken into account as religious globalization are focused on fundamentalism, especially in Islamic fundamentalism. In this sense, fundamentalism is seen as anti-modern traditionalism. Nevertheless, fundamentalism is not same as traditionalism since it uses modern ways of communication and aims to break assumptions of traditional practises. (Beyer, P., & Beaman, L. G. 2014. 145.)

Religion and culture affect peoples' lives variably. To some people, they play a major role and to others' they are almost non-existent. According to a demographic study by Pew Research in 2010 out of 8 billion people on the planet 5.8 billion of it defines themselves as religious. Christianity, Islam and Hinduism are the most popular religions in the world. Religions aim to provide rules for behaviour, guidelines, which are printed in holy books such as the Bible and the Quran. (Gupta 2014.)

According to Nathan A. Heflick, a Ph. D. graduate of social psychology, our values and beliefs are automatically shaped by the segment of society we are born in. The individuals in the society are following the rules without actually acknowledging them. Ones' religion and values are depended on the location they live in. Geographically, Christians or Muslims are gathered together within one nation. As the religions and accordingly values differ by location, how can one religion claim that it is the only valid one? (Heflick 2011.)

3.6 How globalization affects business cultures?

Globalization of people brings up a lot of complications to social and business life. On the contrary to legal and political factors, culture is an invisible aspect of globalization and it is therefore neglected. There is plenty of room for misunderstandings when people from different cultures lacking interpersonal skills encounter. People who lack these skills cannot even see eye to eye with people from their own cultures let alone understanding different ones. Living in a global community is inevitable, even if one has not travelled or consider themselves as global there is a high possibility that the company they are working for will operate in foreign countries and therefore they are forced to communicate with global employees of the company. (Thomas, D. C., & Inkson, K. 2009, 9.)

The ethical impact of globalisation has raised a lot of discussions. According to Colin Hines, the writer of *Localisation - A Global Manifesto*, Globalisation has doubled the gap between the rich and the poor countries for the past 40 years. It is also destructing local businesses. (Moon & Bonny & Bloom 2001, 10.)

3.7 Overcoming cultural differences

“Understanding cultural differences is important” is a sentence emphasized everywhere but how can we truly understand a culture is a way more complicated than we think. We may have to shortlist of what type of behaviour is disrespectful in one culture and how to behave in specific country guidelines but these are mainly generalization which lacks the geographical and cultural diversities inside one country or even a culture. (Thomas, D. C., & Inkson, K. 2009, 14 – 15.)

Becoming culturally intelligent means that one is learning about different cultures through continuous interactions and reshape its beliefs and thoughts to be more sympathetic to other culture and consequently learning to behave appropriately when encountering with culturally different people. (Thomas, D. C., & Inkson, K. 2009, 14 – 15.)

Cultural intelligence is made of from three parts. Knowledge of culture, how it varies is the first part. The second part is mindfulness in which one is capable of notice hints in cross-cultural interaction and react in a creative way. The third part is developing skills to behave appropriately in various kind of situations. (Thomas, D. C., & Inkson, K. 2009, 16.)

The following graph represents all the components of cultural intelligence.

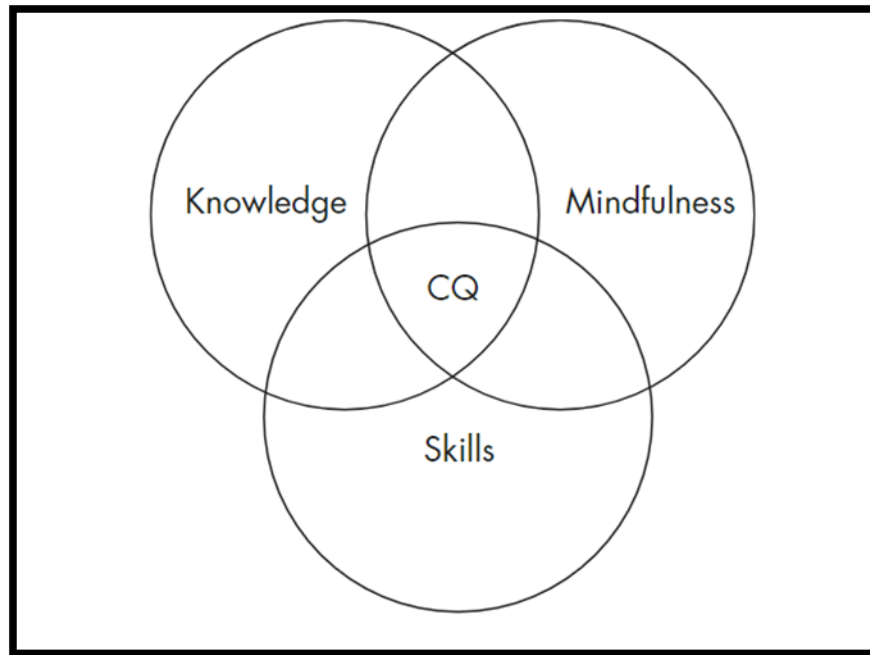


FIGURE 3 Components of cultural intelligence (Thomas, D. C., & Inkson, K. 2009)

Be Like Me -policy

Expecting others to adapt and so called Be Like Me policy is embraced by the world's dominating culture and economy, the United States. There are many points which show how America wants the whole world to imitate them. For example, the most visible one is the common use of English language, which has become lingua franca of academic and business world. (Thomas, D. C., & Inkson, K. 2009, 13.)

Additionally there is a massive belief that people are converging to a common pattern in the means of consumption and communication, like the idea of McDonaldization when everyone is expected to have similar tastes. (Thomas, D. C., & Inkson, K. 2009, 13.)

4 CASE COMPANIES

In the following chapters the world's most famous MNCs are investigated. In addition to brands like Nike, Apple, McDonald's and Primark, Pharmaceutical companies are mentioned in general. The focus is on the unethical procedures that these companies perform, which is the main purpose for the research. Poor Human Resource policies are emphasized in brands and in pharmaceutical companies' actual products and their harms showed.

4.1 Nike

Nike is the world's biggest shoe retailer with around \$15 billion annual revenues. 28,000 employees around the world are working for Nike. None of these employees are actually making Nike shoes since they are manufactured contract firms usually located in countries where labour costs are low, Vietnam, Indonesia and China. Outsourcing the manufacturing lessens the knowledge and control of all the employees down in the supply chain. As the workers of these foreign companies are not directly Nike employees, Nike is still hold responsible for human rights misconducts. In 1997 workers in Vietnam were paid little, forced for overwork and suffered from sexual harassment and the effects of hazardous chemicals. Poor conditions such as overwork and dangerous working conditions were also found in Chinese factories. After these scandals, Nike had promised to enhance conditions but there were numerous other cases. In 2006 the company published a report including a promise to reduce problems by 2011. (Roach 2007, 13).



PICTURE 1 Sweatshop Cartoon (Louis, J. 2014)

In 1996 pictures of 12-year-old boy stitching Nike shoes were exposed to public and in the following year workers of the supply factory were facing respiratory problems and were exposed to carcinogens tremendously above the legal level. Chief executive Mark Parker claimed that they had no control over their suppliers. Subsequently Nike took a defensive approach by focusing on sustainability programs led by Hannah Jones, chief sustainability officer. In 2004 Nike went public with the list of all its suppliers. Five years later Nike's teams became accountable for corporate social responsibility and majority of material Nike used in manufacturing were rated environmentally. At the moment 86 % of Nike's factories are rated as bronze. The company is targeting to reach 100% level by the year of 2020 (Abnett 2016.)

4.2 Apple

American computer hardware, software, electronics company Apple has been rewarded as the most valuable brand in the world for seven years in a row in Forbes ranking (Cox

2017.) The tech giant employs 50,000 people in more than 450 retail stores in close to 20 countries (Farfan 2017.) The popularity of Apple does not end here.

Aside from being the most valuable brand, Apple is also the most valuable company by stock price which is \$728.35 billion, twice the value of Exxon Mobil, the world's second most valuable company. Company's biggest sales magnet is iPhone smartphones. The majority of Apple's excessive revenues, \$74.6 billion, are due to popularity of iPhones. (Elgan 2015.)

The popularity of Apple is undeniable. The company operates worldwide and the demand is growing faster than Apple's capability to open new retail stores. Retail stores are located in 18 different countries. In addition to that in 2016 Apple was operating in 23 countries via E-commerce, online shops. (Farfan 2017.)

Apple's possibly one of the biggest human resource scandal occurred in Chinese sweatshops between the years of 2009 - 2011. The workers were paid only £1.12 per hour. The monthly pay is so little that the employees would have to work more than two months to be able to purchase the cheapest Ipad, they are producing. Doing extreme overtime hours is not even helping to pay the tax. The contractors are said to force for overtime and use underage workforce. The employees are made to pay for crowded accommodation and food inside the factory as well. In addition to that 137 workers got injured by poisonous chemical and a year later 61 workers got injured by the gas explosion in China. On top of all that, 18 people have committed suicide at these facilities. As a solution to suicide cases management has decided to cover factories with nets so that people would not be able to jump from windows. Apple's Chief executive Tim Cook says that the company is constantly working on improving conditions of the lowest supply chain. (Cooper 2013.)

In 2017 Apple published its 11th annual Supplier Responsibility Progress Report. According to this report, in 2016 Apple has conducted 705 site audits and found improvements of the suppliers to meet company's standards. Working hours have been fixed, waste and carbon emissions have been reduced, workers were trained to learn about their rights as employees and they were also provided with English, Health and Safety courses. Apple's Supplier Code of Conduct aims to create safe working conditions and be environmentally responsible. (Apple Progress Report 2017, 2.)

As Apple boasts how they have enhanced supplier conditions by creating strict codes of conduct they are missing the fact that national legislative standards are higher in China than Apple's codes. Apple's weekly maximum working hour 60 is 20 hours more than Chinese regular work week. If the extra hours are added to everyday, then the maximum is 50 hours per week in Chinese legislation. According to survey conducted by China Labour Watch in 2015 workers in Shanghai are exceeding the limit of 60 hours per week and extra hours are said to be compulsory rather than optional. (Chan & Martin-Ortega 2016.)



PICTURE 2 Apple's sweatshop (Truthdig.com 2013)

4.3 Primark

Primark is multinational retail store which offers products such as clothing, home ware and beauty products. It was first established in 1969 in Dublin and now has expanded its operations to 11 countries with 320 stores. (Primark.com- About us n.d.). Primark's strategy selling high fashion clothing with low prices have been very effective in attracting customers (London 2014.)

Despite its popularity, Primark, too has been involved in corporate scandals regarding use of child labour and neglecting safety of suppliers' workers. BBC's panorama program children working for Primark with a pay as little as 60p per day. Primark fired three Indian suppliers after the incident. Sumi Dhanarajan, an Oxfam senior policy advisor says that firing the supplier is not a solution for ending child labour. She believes that it is company's responsibility to continue operations with suppliers and ensure that children are sent back to school. Consumer response for the child labour is varying. Many do care about ethicality of a business to some extent but it is easily forgettable once they enter the store and see incredibly low prices or are faced with the desires of their children. (Fletcher 2008.)

Rana Plaza factory collapse occurred in Bangladesh in 2013. The accident was the deadliest of garment industry so far. More than 1,000 workers lost their lives in the disaster. Many retailers around the world had suppliers inside this building, Primark was one of them. As a compensation to families of victims Primark donated considerable amount of funds to International Labour Organisation. (Craven 2014.) Paul Lister, who is responsible for Primark's ethical trading team said that Rana Plaza was audited twice by Primark before it collapsed (Hoskins 2016.)

Cry for help

Two shoppers had found disturbing help call messages sewed as labels in Primark garments. Another shopper had even found an SOS letter in a jean pocket sent by a factory worker in China. The labels stated: "degrading sweatshop conditions" and "forced to work exhausting hours". The founders were shocked by the messages and even tried to reach Primark without getting any answer. In the SOS letter, Chinese worker had asked for help for long working hours and violation of human rights. The spokesperson of Primark promised for further investigation of the issue. (Hernando 2014.)



PICTURE 3 Label (Horwood M. Wales News)

Ethical Primark

Primark claims that they are ethical business by producing products that are made with respect for the planet and the people. Primark's standards are very high when it comes to selecting suppliers according to their website. Ethical trade team is responsible for supplier selection and every factory is audited before and during the cooperation. The welfare of people who manufacture the products matter to Primark as their website says. The sentence "We take care from sourcing to store" is mentioned in the end of the ethicality video. (Primark.com n.d.)

4.4 McDonald's

McDonald's is a fast-food company that was established in 1940. After the company, had been extremely successful in its home market U.S. it started expansions overseas where the popularity continued. Nowadays McDonald's is the world's largest food service organization. It has over 30,000 restaurants operating more than 100 countries. The brand is one of the most recognised in all over the world. (McDonald's Corporation n.d.)

This fast-food leader of the market has not been treating its employees appropriately to its brand image nor the worldwide fame. The employees are paid low wages, faced with discrimination by ethnicity and their health and safety concerns are neglected by giving foolish advices. (Simon 2013; Kasperkevic 2015.)

McDonald's is paying its employees hourly wage of \$8 even in its home country, U.S. where wages should be considerably higher. A gap between an employee and a CEO is tremendous since the CEO of a McDonald's is getting as high annual salary as \$8 million. As 20 million American citizens are working for food giant the insufficient minimum wage leads these families to rely on public assistance programs which cost taxpayers \$7 billion per year. (Simon 2013.)

The kitchen department of a restaurant requires emergency kits and extra cautious since dealing with boiling oil is hazardous. The restaurant workers have filed numerous OSHA (occupational safety and health act) complaints due to severe burns. The accidents were due to pressure to work fast and to understaffing. In many cases restaurants lacked the first aid kits and accidentees were told to treat burns with condiments such as mustard. According to a Heart Search survey 4 out of 5 fast-food workers were burnt in workplace during past year. (Kasperkevic 2015.)

In addition to cases mentioned above McDonald's was recently sued for laying off employees due to their nationalities. The claims occurred in Virginia where workers said that they had heard their supervisors talk about them in condescending manner. In 2014 around 15 black workers were laid off in franchise company. The ownership stated that the majority of workers were black so "the ratio was off". The plaintiffs asked for McDonald's corporate help which turned them down by saying the case is concern of the franchisee only. McDonald's monitors and controls the actions of franchisees such as branding, uniforms and efficiency but when it comes to matters regarding employees' conditions they turn the other cheek. (Kasperkevic 2015.)

On its website McDonald's has established its core values and standards of business conduct. The main points of the standards are treating workers with respect and fairness,

making sure that the working environment is free from harassment or abuse, embracing diversity, ensuring safe and healthy working environment. (McDonalds.com n.d.)

McDonald's has faced with lot of critics not only by human resource policies but also the food they provide is considered unhealthy by increasing the possibility of heart disease, asthma and obesity. The practices of McDonald's environmentally suspicious. The beef is a mixture of numerous different cattles and even from five different countries. A matter of which makes it impossible to trace down the roots of possible contamination. (Gibison n.d.)

What does MC do?

Ronald McDonald's House Charities is established by the company aiming to help children and families in need of medical treatment from home. The charity operates around 60 countries. (Mcdonalds.com n.d.). But to compensate this situation 1 out of 5 children's hospitals in the United States have fast-food restaurants inside them (Gibison n.d..)

4.5 Pharmaceutical companies

Previous chapter mostly focused on unethical human resource policies of multinational corporations. But what if the doctors we trust with our life are prescribing medicines to create a different disease and then treat it with new medicines in order to keep money flow going? And what if our government is aware of the situation but does nothing because they profit as well? How far has profit making taken the unethicity and how did we allow that? Peter C. Gotzsche presents his findings of pharmaceutical industries in his book *Deadly medicine and organized crime*. Professor Gotzsche is graduate of science in biology and chemistry and is a specialist in internal medicine. He has worked in clinical trials, drug industry and hospital for many years. (Gotsche 2013.)

Health Committee in Britain investigated drug industry in 2004 - 2005. The results were shocking, according to report drug industry was buying influence over charities, doctors, politicians and journalists. The industry's thirst for money was so strong they were able to convince doctors to prescribe drugs which of effects were poorly examined. The report stated that influence of the drug industry should be minimized. The government did not take the report seriously and kept its silence. One of reason can be the profitability of the drug industry. (Gotzsche 2013, 37.)

A new drug needs appropriate research and trials before entering the market. Drug companies are manipulating these trials and exaggerating the effects of drugs to market them better. Medical journals are not objective and truthful since they are made by pharmaceutical companies who are paying journalist to publish favourable results (Gotzsche 2014, 53,64.)

Industry is not only corrupting trials but also doctors. People engaged with business are given markable amount of money in cash and not returning the cash means you are going to help the company next time when they need you. The money has been so valuable that even a doctor who had found way cheaper drug which had the same substance as a cancer drug did not introduce it to the hospital. A habit like this is caused by doctors who accept these offers by getting easy money, and what makes it worse is that these transactions are never traceable. In Denmark doctors who want to work with drug companies need to get a permission. In 2010 there were around 600 doctors registered in drug industry payroll that did not have a permission. One out of five doctors are registered in one of the drug companies' payroll. A number of which is surprising since Denmark's corruption rate is one of the lowest in world. (Gotzsche 2013, 70 – 72.)

Consequences of the corruption are not always as simple as doctors changing cheap effective drugs to more expensive ones but there are numerous of cases where harmful drugs (entered the market by bias trials) have taken lives of people. Only in the United States 100 000 are killed by the drugs they take, additional 100 000 die due to wrong doses of medicine. Norwegian study shows that in hospitals 9 % of patients die directly because of drugs and 9% more indirectly. In the United States and Europe “drugs are the third leading cause of death after heart disease and cancer.” (Gotzche 2013, 259). Even these incidents

were not enough for governments to take serious actions against pharmaceutical companies. (Gotzche 2013.)

Benefits of Pharmaceutical Companies

However, there are undeniable benefits modern medicine has provided for the people. In 2003 gene sequencing made possible of identifying genes that cause diseases. A couple years later stem cell research identified cloning of human cells which was effective way to treat heart repair and eye disease. A HIV cocktail which is combination of few drugs to treat HIV was approved by FDA in 2006. Also cancer therapies has become more targeted to focus mainly on the disease area. Discovery of HPV (viruses that affect skin) vaccine and advanced face transplants are also important developments in medicine and illness treatment. (10 medical advances... 2013.)

4.6 Anti-Corporate Resistance

Author of the book No Logo, Naomi Klein believes that globalisation has been profitable for Western, First world people ever since the colonial days. Highly recognized brands manufacturers are working in bad conditions in less developed countries only to satisfy the limitless consumption need of the developed countries. However, the anti-corporate activists have been increasing especially among young people who discover the origins of global brands and their mistreatment of workers. Author strongly believes that more people find out about secrets of transnational companies the bigger opposition against them will emerge. First the university students identified issues such as labour rights and conditions and soon after similar demonstrations, campaigns were taking place on the streets targeting multinational brands such as Nike, McDonald's and Shell. (Klein 2000, 18 – 20.)

Foundations such as World Bank, International Monetary Fund and World Trade Organization focused on a common goal, promoting global trade and international investments in the end of 20th century. At the same time protest groups were formed to protect people-centered policies instead of the market-centered policies of globalization. These groups,

labelled as anti-globalization groups emphasised on sustainability and human rights but without an exact plan to reorganize global affairs. (Smith 2008, 4.)

5 Results of the research

In order to retain ethics in business publicity, appropriate price, conscience in business, service spirit, fairness and efficiency, human values, service first profit second, appropriate price, healthy competition were mentioned as key attributes. In the case of Nike, Apple, McDonald's and Primark, Pharmaceutical companies most of these aspects are neglected. Human values and fairness are forgotten if we look at how these case companies treat their employees. Appropriate prices are not the case in Nike or Apple when their profits are way above as they should be. McDonald's and Primark are mostly under-priced which is directly affecting the conditions of workers. What is ought to be ethical in business life clearly does not match the reality. These companies are setting social responsibility targets and reports but the actions to obey them will take longer time than writing the reports. The existence of ethics in business is not new as many would think. US president Woodrow Wilson mentioned these principles back in 1920s and they are still valid.

6 CONCLUSION AND DISCUSSION

The theories and examples above were to aid the discussion about the main research question; Is it possible to conduct a global business ethics policy? The first question will most likely be but why should we? As the speed of technology has increased and globalization become so viral that the country borders do not mean a thing. Most people travel, study, work abroad and not even only in one country, instead several different countries and even more different cultures. One would like to think that within the same geographic area such a nation there would be a common culture, yet the reality is different. Within the one nation there can be numerous amount of different cultures not only on a nationality level, but also the culture between rural and urban areas can vary notably. A point of which is generalization of one culture, country is close to impossible.

Multinational corporations have expanded their operations worldwide. There are tremendous amount of people working for global brand such as Nike, McDonald's and Apple. One would believe that once a company takes its operations overseas it should contain the same policies and standards. But the reason of outsourcing manufacturing to other country is usually cutting costs and being more efficient than in home country. The salaries in Third World nations are considerably lower than anywhere else in the world. If a company were expected to pay the same as it would in its home country, there would not be need for outsourcing abroad.

We accept the fact that costs of living in some countries are way lower and that is one of the main reasons we cannot obligate the companies to pay the same salary everywhere. Yet paying a salary lower than national laws require to, is an action of criminality. Is it morally obligated for a MNC to correct national laws? If so who is the judge of it? International Human Rights Law does exist but how carefully are the working hours stated or are they even mentioned? In theory, it is easy to say that a MNC should act consistently regardless of its geographic position but once national laws are contradictory to company policies do we expect MNC take matter it to hands and act on? After the scandals, such as Plaza factory collapse and suicide cases of Apple workers people are furious and want MNC to become more responsible in all the ways down to supply chain. I believe that a multinational company is not only responsible for its brand and sales it is also responsible

for the wellbeing of its employees and society. They are ought to provide humane conditions down all the supply chain and audit it carefully.

Thirst of money has led companies to do irresponsible actions and have loose control over their suppliers, allowing headquarters to focus on marketing and retaining loyal customers by numerous tricks. It is unbelievable that the workers are seeking help through labels in clothes. Yet pharmaceutical companies have exceeded that incredibleness. We trust the doctors and medicines with our lives. The pharmaceutical companies are not concerned about health as it should be their main target for business. There are unquestionable benefits of pharmaceutical companies' investments on research and development, providing us medicines to overcome deadly diseases. However, there is a downside for pharma's actions. Unfortunately, profit making has lead deaths of millions of people. The corruption has been very high and unheard that even though most of the incidents already were happening in 2002 we can only hear about them now, 15 years later. In all cultures, we can uniformly state that such actions especially in health industry are extremely unethical.

6.1 **Do we have intercultural basic understanding of ethicality?**

As mentioned in chapter one there are various ways of explaining ethical behaviour. As ethical absolutism believes that common principles are possible ethical relativism claims the opposite, that the ethical standard are relative to culture or time. These views are extremes in philosophical metrics. Consequently, there is a possibility to find a middle ground. It may not be easy to decide but possibility does exist. Compromising these two approaches would bring justice and fairness to not only Human Resource Management policies but to people all over the world. There are similar actions independent on culture which are considered unethical or even punishable by law. In most of the cultures manslaughter, theft, lying are unacceptable actions. There are extreme cases where in some tribes cannibalism still exist but it is in the verge of extinction. Even though most common principles are convergent, cultural differences should not be ignored completely.

In the pyramid of levels of mental programming the lowest level consists of human nature which is considered to be universal. In the second level culture occurs which is specific

to groups. On the very top is personality which is different in each individual. The pyramid shows that factors that are biological are typical for human nature and in this case nationality means nothing. Cultural level consists of things we have learned and are usually typical for a group. The question is how far does human nature extend or the cultural values before it comes a matter of personality. We can all argue that actions of companies mentioned in chapter three are inhumane. The reason for such actions cannot lie behind the cultural differences. We all have a right to work in safe conditions, humane hours and with a reasonable pay. We all have a right to be treated with qualified doctors who have sworn to treat their patients no matter the case.

6.2 Acceptability of an action

Another discussion is about acceptability of an action. Philosophers have tried to reason with various ways. Are we looking for motives behind the actions or the consequences is a debate that has not found a solution? In our daily lives, we might hear saying “but he meant well”. This occurs when a person is trying to help but instead ends up causing harm. Are we going to accept the fact it was not intentional? In most cases, we legitimize this answer. But what if we think of MNC who are doing social responsibility and charity only to show good reputation and gain more customers. The motives here are selfish but does it matter as long as they end up doing well for the society? In a business case I believe that consequences are what matters. Rana Plaza factory was detected by Primark before it collapsed. We cannot know what was the reason behind allowing the factory to operate. It could be that the inspector wanted to help the factory workers by providing the job and not thought that the building would collapse. His motives could have been very good but as a consequence poor inspection led to the death of thousands and this cannot be reasoned by wanting to provide jobs on any level. As a business executive, it is crucial to try to think about procedures in the long run in order to provide the sustainable, greater good.

6.3 Possibility of convergent business ethics policy?

The world has undoubtedly become more convergent than twenty years ago. Everyone knows about hamburgers, Nike shoes and social media platforms and so on. Traditional cultural norms are slowly vanishing as people become slaves of uniform fashion and trends. The amount of transcultural marriages has increased and children become citizens of two nationalities.

As the ease of information flow enable people to hear news immediately once they occur, the companies are ought to be more careful and responsible. The co-workers of MNC keep in touch as a result of easily accessible web channels or platforms to share their working experiences. If the companies want to prevent riots and retain its employees, they are ought to treat them fairly.

Majority of the population are seeking products and services that meet the value and price match. Some people do not worry their minds with the sustainability or ethicality of a business simply because they do not have to deal with it. Nevertheless, especially among small groups of people aware of this Westernization, national values, locality of food, products have become up to date. Well-known brands are being boycotted as the consumers feel responsible to do something. All of these factors show the need for convergent business ethics policy. There is a lot of literature about how businesses should behave towards their stakeholders. But once the shareholders and customers are satisfied the employees' satisfaction is easily neglected.

Global ethics policy is necessary as the number of Multinational corporations are growing whether it is in quantity or as a size. In order to conduct such code, careful research and analysis and getting to the bottom of company procedures is crucial. After the policy is set, next step would be to have an independent organization that would audit international firms and who cannot be bribed.

7 REFERENCES

- Abnet, K. 2016. Just Fix It: How Nike Learned to Embrace Sustainability. Online article. 01.11.2016. Read 20.07.2017 <https://www.businessoffashion.com/articles/people/just-fix-it-hannah-jones-nike>
- Apple's Progress Report. 2017. Supplier Responsibility. Apple Inc. Read 25.07.2017 <https://images.apple.com/supplier-responsibility/pdf/Apple-Progress-Report-2017.pdf>
- Beyer, P., & Beaman, L. G. (Eds.). 2014. Religion, globalization and culture : religion, globalization, and culture.
- Chan, J. & Martin-Ortega, O. 2016. The Apple way to make products: a response to Apple's 10th 'supplier responsibility progress report'. Online article. 06.06.2016. Read 25.07.2017 <https://www.opendemocracy.net/beyondslavery/ilc/jenny-chan-olga-martin-ortega/apple-way-to-make-products-response-to-apple-s-10th-supp>
- Cooper, R. 2013. Inside Apple's Chinese 'sweatshop' factory where workers are paid just £1.12 per hour to produce iPhones and iPads for the West. Online article. 25.01.2013. Read 25.07.2017 <http://www.dailymail.co.uk/news/article-2103798/Revealed-Inside-Apples-Chinese-sweatshop-factory-workers-paid-just-1-12-hour.html>
- Cox, J. 2017. Apple named world's most valuable company in tech-dominated Forbes ranking. Online article. 23.05.2017. Read 24.07.2017 <http://www.independent.co.uk/news/business/news/apple-most-valuable-company-world-rankings-forbes-google-facebook-coca-cola-amazon-samsung-a7751811.html>
- Daly, C & Carson, M. 2016. Nigeria: 20 million women and girls have undergone FGM. 2016. Article. 11.10.2016. Read 09.6.2017 <https://www.theguardian.com/society/2016/oct/11/fgm-nigeria-20-million-women-and-girls-undergone-female-genital-mutilation>
- Dougherty, M. 2010. The History of Apple, Inc. Online article. 25.05.2010. Read 20.07.2017 <http://www.brighthub.com/computing/mac-platform/articles/65346.aspx>
- Elgan, M. 2015. Why Apple is the most successful company in history. Online article. 14.02.2015. Read 24.07.2017 <http://www.computerworld.com/article/2883747/why-apple-is-the-most-successful-company-in-history.html>
- Farfan, B. 2017. Get the Global Locations of Apple Computer Retail Stores. Online article. 10.07.2017 Read 24.07.2017 <https://www.thebalance.com/apple-retail-stores-global-locations-2892925>
- Fletcher, D. 2008. Primark child labour: Is ethical shopping a luxury we can't afford? Online article. 23.06.2008. Updated 03.02.2012. Read 25.07.2017 <http://www.mirror.co.uk/news/uk-news/primark-child-labour-is-ethical-shopping-314574>
- Gavai, A.K. 2010. Business Ethics. 2nd edition. Mumbai: Himalaya Publishing House

Gibson, A. n.d. McDonald's: A Good Image with Bad Ethics. Case study. Read 30.07.2017 http://www.neumann.edu/about/publications/NeumannBusinessReview/journal/review_08/Gibson.pdf

Gotzsche, P. 2013. Deadly medicines and organised crime. How big pharma has corrupted healthcare. 1st ed. London: Radcliffe Publishing Ltd.

Gupta, N., To what extent do religion, culture influence us? 19.11.2014. Article. Read 17.07.2017 <http://www.statesmanshs.org/943/features/to-what-extent-do-religion-culture-influence-us/>

Heflick, N. 2011. Culture Shapes Religious Belief. Article. Released 16.07.2011. Read 17.07.2017. <https://www.psychologytoday.com/blog/the-big-questions/201107/culture-shapes-religious-belief>

Hernando, H. 2014. Forced to work exhausting hours': Shoppers' shock as they find hand-sewn labels protesting 'sweatshop conditions' in Primark clothing. Online article. 25.06.2014 Read 30.07.2017 <http://www.dailymail.co.uk/news/article-2669217/Primark-dress-labels-allege-sweatshop-conditions-exhausting-hours.html>

Hoskins, T. 2016. Supply chain audits fail to detect abuses, says report. Online article. 14.01.2016. Read 25.07.2017 <https://www.theguardian.com/sustainable-business/2016/jan/14/supply-chain-audits-failing-detect-abuses-report>

Jefferies, D. 2014. Is Apple cleaning up its act on labour rights? Online article. 05.03.2014 Read 24.07.2017 <https://www.theguardian.com/sustainable-business/apple-act-on-labour-right>

London, B. 2014. No shame in shopping at Primark anymore: High street chain is a 'retailing powerhouse' that has 'perfected art of mixing low prices with high fashion'. Online article. 04.11.2014. Read 25.07.2017 <http://www.dailymail.co.uk/femail/article-2820244/No-shame-shopping-Primark-anymore-High-street-chain-retailing-powerhouse-perfected-art-mixing-low-prices-high-fashion.html>

Kasperkevic, J. 2015. McDonald's sued over claims workers were fired from store with 'too many black people. Online article. 22.01.2015. Read 29.07.2017 <https://www.theguardian.com/us-news/2015/jan/22/mcdonalds-sued-discrimination-racism-lawsuit-minorities>

Kasperkevic, J. 2015. McDonald's workers told to treat burns with condiments, survey shows. Online article. 16.03.2015 Read 29.07.2017 <https://www.theguardian.com/business/2015/mar/16/mcdonalds-workers-treat-burns-condiments-osha-complaints>

Klein, N. 2005.No Logo. 37 th ed. London: Harper Perennial.

Kurtén, T., & Henriksen, J. 2012. Crisis and Change : Religion, Ethics and Theology Under Late Modern Conditions. Newcastle: Cambridge Scholars Publishing.

McDonald's Corporation - Company Profile, Information, Business Description, History, Background Information on McDonald's Corporation. n.d. Read 29.07.2017 <http://www.referenceforbusiness.com/history2/56/McDonald-s-Corporation.html>

Moon, C., Bonny, C., & Bloom, S. 2001. Business ethics. London: Economist books

Morris, F. Dr. 2017. The impact of institutions and culture on HRM. Lecture. 09.02.2017. SalfordBusinessSchoolManchester

Muhammed, A. , Hamdy, H. German University in Cairo. 2008. The Stigma of Wasta. Read 13.07.2017. http://mgt.guc.edu.eg/wpapers/005mohamed_hamdy2008.pdf

Mukherjee, A. 2016. Why We're Seeing So Many Corporate Scandals. Online article. 28.12.2016. Read 24.07.2017 <https://hbr.org/2016/12/why-were-seeing-so-many-corporate-scandal>

Paliwal, M. 2006. Business Ethics. New Delhi: New Age International

Primark. <https://www.primark.com/en/about-us/about-primark>

Roach, B. 2007. Corporate Power in a Global Economy. Lecture. Tufts University Global Development And Environment Institute. Medford. Read 17.07.2017 http://www.ase.tufts.edu/gdae/education_materials/modules/Corporate_Power_in_a_Global_Economy.pdf

Saul, J. 2011. Corporations are more powerful than governments. Online article. 21.02.2011. Read 19.07.2017 <http://archive.skoll.org/2011/02/21/corporations-are-more-powerful-than-governments/>

Smith, J. 2008. Social Movements for Global Democracy. Baltimore: Johns Hopkins University Press.

Simon, M. 2013. How low can McDonald's go to disrespect its workers? Online article. 26.11.2013. Read 29.07.2017 <https://www.stopcorporateabuse.org/blog/how-low-can-mcdonalds-go-disrespect-its-workers>

Teece, D., Pisano, G. & Shuen, A. 1997. Dynamic capabilities and strategic management. Strategic management journal, 509 – 533. Read 28.06.2017 [http://onlinelibrary.wiley.com/doi/10.1002/\(SICI\)1097-0266\(199708\)18:7%3C509::AID-SMJ882%3E3.0.CO;2-Z/epdf](http://onlinelibrary.wiley.com/doi/10.1002/(SICI)1097-0266(199708)18:7%3C509::AID-SMJ882%3E3.0.CO;2-Z/epdf)

Transparency International. Corruption perceptions index 2015. Read 07.08.2017 <https://www.transparency.org/cpi2015/#map-container>

Thomas, D. C., & Inkson, K. 2009. Cultural Intelligence. Living and Working Globally. San Francisco, CA: Berrett-Koehler Publishers. Read 11.07.2017 <http://web.b.ebsco-host.com.elib.tamk.fi/ehost/ebookviewer/ebook/bmx-IYmtfXzI2MDc1Nl9fQU41?sid=dad6116f-689b-4cae-b967-9a19f832dd06@sessionmgr102&vid=0&format=EB&rid=1>

Tomasi, J. 2012. Free Market Fairness. 5th ed. New Jersey: Princeton University Press.

WHO. Female genital mutilation. 2016. Read 9.6.2017. <http://www.who.int/mediacentre/factsheets/fs241/en/>

Wong, S. 2006. Environmental Technology Development in Liberal and Coordinated Market Economies. 1st edition. New York: Palgrave Macmillan US

10 medical advances in the last 10 years. CNN health. 05.06.2013. Read 03.08.2017. <http://edition.cnn.com/2013/06/05/health/lifeswork-medical-advances/index.html>