



# GLOBAL ETHICS

Navigating Global Business Ethics: Balancing  
Cultural, Political, and Social Challenges

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## **Executive Summary**

Globalization has transformed business operations around the world, which brings both opportunities and challenges for ethical practices. Under this context, this report discusses how cultural, political and social factors influence global business ethics, with a focus on 3 topical cases including bribery, sustainability and Intellectual Property. These issues emphasize the conflicts between general ethical standards with local differences and propose strategies to balance these dynamic factors in order to achieve ethical harmony. The main method of this report is qualitative analysis and comparative analysis focusing on case study and examples, with assistance of theories including Fusion of Civilizations, Cultural Relativism, etc.

The findings include three aspects. In cultural sense, differences like evolving norms and local traditions may affect business morals, which is represented by bribery issues. When global companies encounter inconsistency in ethical business conduct across different regions, conflicts may occur. Politically, different laws and regulations bring challenges too, represented by Intellectual Property protections, where some regions conform to strict implementation, while others may have the weaker force of supervision. Socially, calls for sustainability and a green economy may bring extra pressure on underdeveloped areas, but the environmentally friendly trend requires them to shift to more sustainable ethical practices.

Based on international comparisons, the report discusses the solutions

against these constraints and challenges. Enterprises could elevate the transparency of business processes to prove their ethical conduct and cooperate with authorities or thoroughly examine their partners to combat bribery. To meet the expectation of sustainability, companies could invest in green technologies and build global cooperation, contributing to the overall commitment to a sustainable future. For IP protection, adapting to regional regulations and updating policies according to emerging technologies are keys to overcoming the political constraints on ethical practices.

All in all, enterprises must see ethical norms as a strategic advantage, trying to adapt local specifications while maintaining global standards, therefore promoting trust, innovation and long-term success in the global market.

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## **1. Introduction**

Globalization has changed how companies operate, interact, and conduct in today's linked world. (Kumar, 2023). With the expansion of global transactions, business ethics becomes increasingly important, providing both opportunities and challenges. However, both convergence and differences exist in this process, enterprises might be constrained by various factors. Thus, this report is going to navigate the influences of cultural, political and social factors in global businesses, where key issues including bribery, sustainability and Intellectual Property will be analysed based on international comparisons. Practical solutions will also be proposed based on each problem to strike a balance between global ethical consistency and regional variances, hoping to offer helpful takeaways for global companies to refer to. The final vision is to create a more harmonious world seeking common ground while reserving differences.

## **2. Constraints in Global Business Ethics**

One of the challenges that businesses encounter is the ongoing tension between ethical values and economic success. Over time, the view of business ethics has evolved from a regulatory requirement into a strategic necessity. Companies are working to find a balance between profitability and ethics by committing to ethical standards and embracing social responsibility (Epstein, 2023). However, the interconnected global business environment brings complexity and requires companies to be more ethically aware. Companies operating across borders must navigate different cultural, political and social environments that both constrain and influence ethical decision-making, practices and relationships with stakeholders, as they must maintain globally consistent values while respecting local norms, which requires a nuanced approach to ethics (Shribman, 2024).

First, one of the biggest constraints is the cultural environment. From a perspective of time, cultural change and transformation heavily affect ethical standards over time (Inglehart, 2020). We can find examples of changing cultural trends in fashion industry. In the first half of the twentieth century, a woman might have been very proud to wear a complete fox shawl. Today, many would consider it moral malpractice. This change is more than just a change in style, but a reflection of how people view themselves, the world, and their values (Byars et al., 2018). This raises ethical challenges about which standards of the past should we discard, which should we retain, and how we

change our ethical strategies as the culture changes. From a perspective of space, cultural differences can create substantial barriers for businesses operating internationally, because each culture has its unique history, customs, traditions and code of ethics that affect how business is conducted. For example, practices deemed acceptable in one culture may be viewed as unethical in another. Gender can be a concern in nations where women do not have the same rights as men, and religious festivals and other cultural events can prevent trading at specific periods. (Lsanchez, 2022). This divergence can lead to misunderstandings and conflicts that hinder business operations. However, a theory called Cultural Relativism emphasizes that no one society is superior to another but are merely different, so overcoming cultural constraints should builds on thinking in other's shoes.

Second, political factor is another challenge. Political systems, policies, and governance structures often pose constraints on businesses' ethical decisions, particularly in international contexts (Arslan and Alqatan, 2020). Political factors can both positively or negatively affect business ethical conduct. For example, according to the research studies by Xu and Liu (2020), political incentives in China motivate corporate social responsibility, which creates a positive environment for global businesses to exchange trade under an ethical framework. However, there are also negative constraints. Laws and regulations have a great impact on corporate ethical practice. For example, laws on child Labour and working conditions vary widely. In some countries like the EU area,

laws strictly prohibit unethical practices such as forced labour or exploitation of vulnerable groups (Connellan et al., 2024), while others may not. Moreover, in countries with high levels of political instability and corruption like South Asian areas (Asif et al, 2024), companies may have to resort to unethical practices, such as bribery, to secure market access or government contracts. This leads them to face ethical dilemmas between complying with local laws that contradict their global moral values, or adopting stricter ethical codes that could make them less competitive in certain markets.

Third, the social environment, including social movements and public voices, will also bring huge ethical pressure on business practices. More and more consumers, employees and other stakeholders require enterprises to adopt ethical conduct, especially in areas like environmental sustainability, fair trade, human rights and diversity (Nicolaidis, 2021). For example, “Black Lives Matter” advocates the equity of race, which points out the direction of business strategy to follow ethical standards and promote anti-racism, reflected in their recruitment and expansion strategies (Guterman, 2024). Other social movements, such as climate change activism and the gender equality movement, have also prompted companies to re-evaluate their ethical practices. However, there is no denying that taking a stand on social issues can be risky. After all, the world is divided, and what one group sees as progress may be an attack in other people’s eyes. Brands who take a strong stance on social issues may have the risk of losing consumers who disagree with them, but there is an

even greater risk of not taking a stand on issues that are important to your target audience (Smith, 2023). This presents enterprises with the challenge of how to balance advantages and disadvantages and a timely voice.

In short, businesses operating on a global scale are significantly constrained by their cultural, political, and social environments, especially in a complex globalization context. The tension between global ethical standards and local norms may pose great challenges during global transactions (Böhm et al., 2022). Thus, it is important to find a balance between global consistency and local adaptation.

### **3. International Comparisons of Key Ethical Issues**

The above constraints explain the complexity of ethical decisions for global businesses, and further expose a broader philosophical paradox, which is the interplay between global ethical standards and local regulations. In a world that is increasingly connected with each other but also deeply rooted in different cultures and historical heritage, this tension becomes especially vital. According to famous thinker Kishore Mahbubani's view (2022), the rise of Asia and the perspectives of non-western power on global issues are challenging the traditional west-centric ethical framework, which prompts businesses to rethink their practices in global transactions. His works advocate "The Fusion of Civilizations" and "The Great Convergence" (Mahbubani, 2022). Within this convergence, mutual understanding and respect will become the fundamentals to navigate ethical conflicts, which provide a path for enterprises to reconcile global expectations with local realities, promoting cooperation and adaptability in international trade. These themes will be discussed in the following part combined with this framework through concrete ethical topics, supporting further analysis of the constraints and opportunities faced by businesses and providing possible solutions.

#### **3.1 Bribery**

Bribery is one of the most prominent ethical challenges faced by businesses in international trade, because its perception and regulation have significant differences across different countries (Bahoo et al., 2020), which

create huge constraints for companies trying to maintain ethical consistency and navigate local norms at the same time.

According to the new report by Transparency International (2020) “Exporting Corruption 2020”, the institution rates the performance of 47 leading global exporters in fighting foreign bribery by companies operating abroad, and classifies them into four enforcement categories, which are Active, Moderate, Limited, Little or No.



*The extent of the fight against bribery in different countries (Transparency International, 2020)*

In countries such as the US and UK, strict anti-bribery laws such as the Foreign Corrupt Practices Act (FCPA) and the UK Bribery Act set clear boundaries on company behaviour (Sanseverino, 2022). Especially, companies are accountable not only for corruption within their borders, but also beyond their borders.

In contrast, the situation is different in countries like Canada and Brazil. Although these countries have relevant anti-corruption laws, due to systemic corruption and political interference, enforcement is often inconsistent. The gap

between regulation and enforcement creates an environment in which bribery is both a risk and an expectation (Eddleston et al., 2020).

Another extreme is some countries in Asia and Eastern Europe, where bribery is often seen as a normal practice in doing business. Due to the weak enforcement, some companies view bribery as a necessary cost of business, which presents an ethical dilemma for international companies (Giardina, 2021).

There are multiple constraints created by bribery in international trade. First, legal risks are the primary problem. For example, the famous Siemens case touched the legal red line due to bribery practices. Authorities found over \$1 billion of bribes paid to foreign government officials in return for business across decades, leading to fines and scandals. This demonstrates how unethical practices can result in financial loss and a negative reputation (Knight, 2021). Additionally, businesses also face operational challenges. Refusing to conduct bribery in “Little Enforcement” regions may lead to project delays, regional boycotts, or lost opportunities (Eddleston et al., 2020).

In terms of possible solutions, balancing global ethical standards with local practices is a complex task that needs careful strategies. Companies should set up strong plans focusing on transparency and accountability, and carefully check their business partners thoroughly about corruption situations and refuse to cooperate with unethical companies (Trevino and Nelson, 2021). Moreover, working with local authorities and NGOs to fight corruption can also show their commitment to ethical behaviour (Muurlink and Macht, 2020). In short, the core

goal is to prioritize ethics over profits, because only everyone conforms to the ethics, the bribery could possibly be eliminated in the future.

### **3.2 Sustainability**

Different countries have significant differences in sustainability and climate change, which reflects the variances in policies, awareness and economic status (Otto and Gugushvili, 2020). This poses complex challenges to international businesses because they need to adopt regional environmental practices and conform to various terms.

In developed countries like the EU and North American areas, sustainability has become a core principle formulated by the government. For example, the European Union's Carbon Border Adjustment Mechanism (CBAM) is set to address carbon leakage. It urges not only European companies but also foreign companies to reduce their carbon emissions when exporting to the EU (Ambec, 2022). Although these policies encourage enterprises to adopt more environment-friendly practices, they pose challenges to exporters from regions with low-level sustainability standards.

In contrast, emerging economies like India and Brazil may face different priorities, which need a balance between economic growth and environmental protection. For instance, India relies on coal as its primary energy source because of the urgent need for industrialization. Although India has promised to achieve net-zero emissions by 2070 (Das, 2023), the transition to renewable energy remains gradual, driven by economic constraints. Similarly, Brazil also

faces global criticism of its deforestation policies for agricultural expansion (Russo Lopes and Bastos Lima, 2022).

One of the notable challenges caused by different priorities upon sustainability is trade barriers, because countries with more advanced environmental regulations will restrict the products exported from countries that do not meet the standards (Dai et al, 2023), just like the charges applied by CBAM in carbon emissions. Despite the positive contributions to the green economy, it may marginalize exporters in resource-constrained regions and intensify economic inequalities. Additionally, the variances in environmental standards bring uncertainty to global supply chains (Coşkun and Erturgut, 2024). If enterprises depend on suppliers with weak sustainability regulations, the supply chain may break due to the failure of products to meet the importing countries' standards, which needs an expensive adjustment to the structure of the supply chain.

Sustainability is the future trend of global business, which is inevitable and necessary (Shturbin, 2023), so although it may hinder the development of some resource-constrained countries to enter developed countries' markets, it also creates emerging opportunities for enterprises adopting environmental practices. The key strategies include investing in green technologies and products (Hussain et al. 2022), which will not only ensure compliance with strict environmental regulations, but also seize the opportunity in the sustainable business market. Another key solution is the global cooperation. By

participating in multilateral programmes and partnering with NGOs, businesses can gain access to shared resources, technology and expertise to achieve sustainable goals (Rasche, 2020).

### **3.3 Intellectual Property**

As an important tool for protecting innovation and creator benefits, the implementation and protection of Intellectual Property (IP) vary a lot. Especially under the context of rapid development in AI technology, the global ethical issues regarding IP have become even more complicated, bringing both challenges and opportunities for international trade (Mbah, 2024).

With the development of globalization, the protection of IP rights is urgent. WTO issued The TRIPS Agreement as a minimum standard, which permits Members to give more and broader protection of intellectual property if they want (WTO, 2025). However, due to the constraints of resources and technologies, some developing countries cannot totally implement these standards, causing the divergence in the level of IP protection. Moreover, the focus on IP policies can also be different. For example, both the US and Europe have a relatively mature IP protection system. In the US, the patent system follows the “first-to-invent” principle, while in Europe, the “first-to-file” principle applies (Gaffuri, 2024). This difference can influence the protection strategy for inventors and emphasize more on the timeliness of filing the application in Europe.

In Asia, the protection of IP also has prominent regional features. China has

put more effort to protect IP rights in recent years, and has made remarkable progress in patents and trademarks (Muehlfeld and Wang, 2022). However, although China has formally implemented an international IP law, there are still gaps in the protection of IP at the enforcement level, especially in the entry of international businesses into the local market. Japan is another country with mature IP law system, but the enforcement of patents can be complicated, and According to Komada (2024), the current IP law also needs to be updated in terms of emerging technologies like AI.

In the context of AI, the global ethical issue of IP lies in data use and algorithmic transparency. The training of AI systems often relies on large amounts of data, and the source and use of this data often involve legal requirements in multiple countries. For example, the European Union's GDPR has extremely strict requirements for the protection of personal data (Kuner et al. 2020), which increases compliance risks for international companies in the collection and use of data. Additionally, the ownership of copyright for AI creation is also a key issue, which requires further regulatory updates.

Facing these challenges, enterprises should first strengthen the understanding and adaptation of IP regulations related to emerging technology in various countries to adjust their IP protection strategies (Cain, 2024). In addition, they should actively participate in the formulation of global IP policies, promoting the consensus and improvement of the global intellectual property protection system, thereby fostering smoother business transactions.

#### **4. Conclusion**

In conclusion, due to the restriction of culture, politics and society, global businesses face significant ethical challenges. These constraints make the interplay between global ethical standards and local norms become complex, which is intensified by the development of globalization. No matter the different degrees of acceptance of bribery under cultural variances, the expectance of sustainable practices from the social public, or the limitation of IP issues under political regulations, global ethics require enterprises to carefully plan their international trade strategies. When overcoming these challenges, enterprises must prioritize a global community of ethics and destiny, trying their best to respect those differences and creating solutions that benefit the well-being of all. This vision means we could create a future beyond the borders of countries, letting innovation, compassion and ethics lead global development, finally crafting a more harmonious and resilient world.

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