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Exploring Cultural Differences in Business Ethics

Prepared for: Arpu Kumar

Written by: YI LI

Student ID: 2400195

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Executive Summary

This report focuses on the issue of business ethics and cultural differences, and through the extension of the views of thinkers such as Kishore Mahbubani, it clarifies the moral differences in different countries. This report through cultural relativism and Carroll's CSR Pyramid of case analysis, such as McDonald's in order to adapt to the development of different countries, launched different new products, and Sanlu milk powder did not comply with the corporate social responsibility, lead to many stakeholders hurt, this paper also critically evaluated the cultural, political and social environment on the enterprise, and made clear the cause of the problem is due to not abide by the moral differences and corporate social responsibility. Provide corresponding solutions according to these problems. According to the report, enterprises should balance the pursuit of profit and social responsibility on the basis of respecting cultural differences, and adopt a compatible approach to achieve sustainable development.

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1.0 Introduction

In the global economic, political and cultural fields, countries are increasingly interconnected and mutual influence are significantly enhanced (Kyove *et al*, 2021). Under the trend of globalization, the transnational operation of enterprises has become the normal. However, business practices in different countries.

This report aims to use the theory of cultural relativism and the Carroll's CSR Pyramid to analyze international business moral differences and explore how business activities are constrained by cultural, political and social circumstances. Through case analysis, this report aims to propose corresponding solution strategies. This will help multinational enterprises to more accurately grasp the ethics, avoid cultural conflicts, and promote the sustainable development of enterprises.

2.0 Cultural Differences in Business Ethics

2.1 Differences in Business Practice

2.1.1 Cultural Relativism

Cultural relativism believes that moral practices in different cultures are different and each culture has unique value and significance. Each culture adapts to a unique background. Cultural relativism believes that culture is

unique and diverse, and there is no absolute cultural standard, and it emphasizes the respect for cultural differences(Nickerson, 2023).McDonald's is a world-renowned fast food brand. Its business strategies in different countries and regions fully reflect the characteristics of cultural relativism. At the same time, in the case of McDonald's, cultural relativism has also been challenged to some extent.

McDonald's has launched different marketing strategies in the face of different national cultures. In India, due to religion, most Indians do not eat beef. McDonalds uses chicken instead of beef.McDonald's considers the taste of most people and launched Masala roast vegetable burger, McAllo Tikki and McVeggie to meet the needs of vegetarian customers.(Singireddy,2020). McDonald's has made full use of this cultural difference to improve its products and launch products suitable for the local people. This not only meets the needs of customers, but also improves customer satisfaction with McDonald's (Perody & Sudhakara, 2024)

From figure 1, it can be seen that McDonald's considering the Chinese consumer eating habits introduced a lot of Chinese breakfast, (Yang, 2021). Such as soy milk, Fritters, porridge (McDonald's, 2019) .But also according to different traditional Chinese festival limited products, From figure 2 and figure 3 ,it can be seen that McDonalds launched with the Chinese traditional

elements of packaging and the Spring Festival decoration during the Spring Festival in order to attract consumers. (McDonald's,2024).Due to cultural differences, McDonald's must adjust its products to meet the needs of its local customers. Only in this way can we meet the needs of consumers everywhere and promote the development of McDonalds.

Cultural relativism is conducive to promoting cross-cultural understanding, enhancing social harmony, encouraging, respecting cultural differences and encouraging more corporate cross-cultural exchanges, (Bush,2021), developing national characteristics and promoting the sustainable development of enterprises.

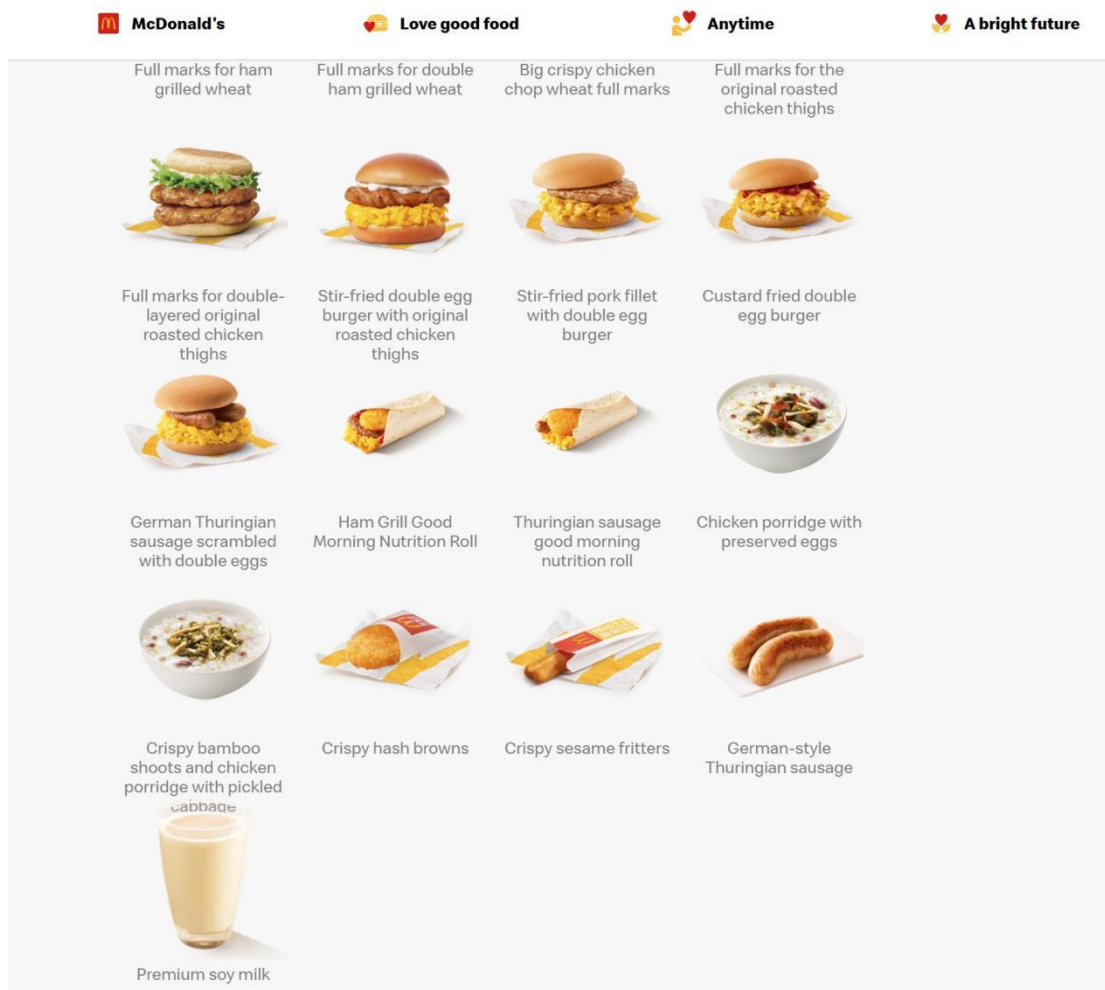


Figure 1 :McDonald's Chinese breakfast

Sources :<https://www.mcdonalds.com.cn/index/Food/menu/breakfast>.



For the third year, McDonald's China has joined hands with Shanghai Fine Arts Film Studio to create the Lunar New Year theme of "I wish you the Golden Arches this year".

Figure 2 :McDonald's Spring Festival packaging

Sources:<https://www.mcdonalds.com.cn/news/20240124-CNY/>



The "I wish you Golden Arches this year" Spring Festival flash mob activities have landed in Shenzhen, Shanghai, Beijing and Guangzhou, sending consumers good intentions from Golden Arches

Figure 3 :McDonald's Spring Festival dress-up

Sources :<https://www.mcdonalds.com.cn/news/20240124-CNY/>

2.2.2 Carroll's CSR Pyramid

The model divides CSR into four levels, from bottom to top: economic responsibilities, legal responsibilities, and ethical responsibilities and philanthropic responsibilities (Kusiyk, 2021). It presents on a pyramid shape. If enterprises want to be a good enterprise, they must abide by these four responsibilities.

Economic responsibilities means that enterprises should not only pursue the rights and interests of stakeholders and focus on the profit space of the enterprise. Legal responsibilities refers enterprises must comply with laws and regulations formulated by relevant government agencies, For instance, companies have to pay their taxes on time. Ethical responsibilities refers the company has to observe ethical standards, For instance, multinational companies should respect different cultures, Thus complying with different ethical standards, And philanthropic responsibilities encourages enterprises to actively participate in public welfare undertakings, Appropriate performance of social responsibility behavior. (Wang & Chen , 2024)

In 2008, Chinese Sanlu milk powder was found to contain Melamine, causing kidney stones in infants, which had a serious impact on infants and their families. This raises public concerns about food safety. (Qian, 2024) As a result, confidence in domestic milk powder has not been established (Yu, 2021). In

the early stage of the event, the management of Sanlu Group did not report to relevant departments in time to safeguard short-term interests, but secretly concealed the government agencies to continue to produce products. Later, it took half a year from the public reaction to the recall.(Wang , 2024).

From the perspective of economic responsibility, Sanlu Group continued to produce commodities and sold them in the market after being reported, which led to the expansion of economic losses and eventually led to the bankruptcy of the enterprise. From the long-term interest analysis, this behavior of ignoring product quality has severely damaged the company's reputation and economic interests.

From the perspective of legal responsibility, the management did not timely and actively cooperate with the relevant departments after the investigation and tried to conceal the truth, which was the neglect of legal responsibility. The legal person of Sanlu Group was subject to legal sanctions.(Zhang& Liu,2024).

From the perspective of ethical responsibility, Sanlu Group ignores the basic business ethics and moral bottom line, and the enterprise ignores the life safety of consumers in pursuit of interests, which leads to the fragmentation of many families. It seriously damaged the reputation and image of the enterprise,

and eventually led to the closure of the enterprise.

From the perspective of philanthropic responsibilities, Sanlu Group did not timely remedy the injured families, it did not compensate or comfort the public. (Song, 2021). Causes many families to fall apart. However, the incident also prompted the whole food industry to reflect deeply, promote the industry to strengthen self-management, which also prompted the food review institutions to more rigorous review and supervision, establish a more stringent supervision system, to protect the legal rights of consumers.

In 1982, someone injected cyanide into Tylenol products manufactured by Johnson & Johnson, resulting in the death of several consumers. This incident caused widespread panic and concern in society and had a significant impact on Johnson & Johnson's reputation (Grady, 2024).

Johnson & Johnson quickly resolved the trust crisis through rapid and transparent means. Following the incident, Johnson & Johnson immediately ceased production and sales of Tylenol and also improved the new packaging.

From an economic responsibility perspective, although under the greatest pressure in the short term, they effectively contained the situation from worsening and prevented more consumers from being harmed. This also

gradually restored consumer confidence in the product and ultimately safeguarded the company's long-term interests. After the incident, Johnson & Johnson actively cooperated with government investigations, voluntarily provided product information and production materials, and recalled the problematic products in accordance with legal requirements.

From a legal responsibility perspective, this avoided the massive fines that would have been faced for breaking the law and maintained the company's legal image. Johnson & Johnson also strengthened corporate oversight and stated that similar issues would not occur again. Moreover, the company proactively reached out to consumers to express apologies, demonstrating a responsible attitude.

From an ethical responsibility perspective, Johnson & Johnson established the correct values and corporate culture, which helped the company to develop better. This reflects the company's ethical responsibility. Johnson & Johnson also actively engaged in charitable activities, donating drugs to medical centers to support medical projects.

From a philanthropic responsibility perspective, Johnson & Johnson further increased social trust and promoted harmonious social development. The company's active participation in social activities helped to drive the positive

development of society (Mwandembo, 2024).

It can be seen from the case that the response of the management is very important to the moral challenges of the enterprise. Some management members actively respond and respect different cultural differences to make the development of the enterprise more prosperous, such as McDonalds and Johnson & Johnson. Companies like Sanlu Group ignore moral hazard for the sake of short-term interests, leading to difficulties. The corporate culture of the management will directly affect the moral behavior of the enterprise.

2.2 The Impact of Cultural, Political and Social Environment on Enterprises

The difference of business ethics is different between different countries and regions. It is influenced by culture, politics and environment (Ugoani, 2023). The most important thing for modern enterprises is not the profit of the enterprise, but the culture, politics, law and environment, and pay more attention to the environment and the sustainable development of the enterprise.

2.2.1 Influence of Culture on Enterprises

Culture is an important factor affecting enterprises. Under different cultural backgrounds, people's values, moral concepts and business habits are

different (Shenkaret *et al*, 2021). This will affect the business philosophy of the business. For instance, KFC as a famous fast food brand in the United States, they prefers high in calories, high in fat and high swallow, while Chinese consumers have more diverse tastes, paying attention to the good of food and balanced nutrition. For instance, KFC's traditional fried chicken is too single taste for some Chinese consumers.(Alon & Kruesi, 2020) This will affect the development of KFC in the Chinese market, but for the better development of the enterprise.KFC has updated its recipes to produce more suitable recipes for Chinese people, such as old Beijing chicken rolls.(Qian, 2024). Popular with Chinese consumers.

2.2.2 Impact of Politics on Enterprises

Political differences will also affect the development of multinational enterprises, and different political factors will seriously affect the development of enterprises. Huawei Is the worlds leading chip company, especially in the field of 5G technology has significant advantages, while the United States is an important player in the global technology and communications market, with developed technology systems. But the political system is different, and there are great challenges in the development process of Huawei. For instance, when Huawei was developing overseas markets, the US government suppressed Huawei's 5G system in order to protect the interests of its own communications industry.(Ma,2020). And American companies have banned the sale of chips to Huawei, charging excessive tariffs in an attempt to cut the

supply chain for sanitation. But Huawei has increased its investment in chip research and development, trying to achieve autonomous and controllable technology and reduce its dependence on the United States.(Zhang& Sun,2021).

In the short term, Huawei enterprises have received shocks, and supply chain disruptions have also brought some difficulties to Huawei. However, in the long term, Huawei's independent research and development has improved the technology and has been recognized by more countries.

2.2.3 The Impact of Social Environment on Enterprises

The social environment includes the social structure, public opinion orientation and public expectation. Different societies have different moral requirements and expectations for enterprises, (Zhang & Lin, 2022). Although this will give enterprises greater pressure, but it can also promote the development of enterprises.

In the society of strong environmental awareness, the sustainable development of the enterprise will receive more attention and support, such as Alibaba through some platform, not poor areas of agricultural products and handicrafts provide sales channels, but also for many poor areas established multiple public welfare projects, help more students in poor areas can get better education. Moreover, Alibaba's express delivery actively promotes the

use of new energy vehicles in distribution, reduces gas emissions and protecting the environment (Yan, 2024), which not only meets the expectations of society but also enables enterprises to get more support.

2.3 Solution

2.3.1 Strengthen Cross-cultural Communication and Understanding

Enterprises should pay attention to respect the cultures of different countries in their transnational operation.

First of all, enterprises should also strengthen cross-cultural training, improve employees cross-cultural communication skills and cultural sensitivity, and avoid misunderstandings and conflicts caused by cultural differences by understanding the business ethics and behavior methods of different cultures.

Secondly, enterprises can establish diversified work teams to promote the communication and cooperation of employees with diverse cultural backgrounds, so as to improve the innovation ability of the team.

Moreover, enterprises should value communication with local communities and partners and establish good public relations to gain more cultural identity and support. Through these measures, enterprises can achieve the smooth progress of the globalization strategy on the basis of respecting the multiple

culture.

2.3.2 Moral Construction of the Enterprise Itself

Enterprises should strengthen their own moral construction, establish correct business philosophy and values, and ensure that their business activities meet the moral standards.

First of all, enterprises should develop a perfect set of moral code of conduct, and clarify the ethical norms that employees should follow in their work.

Secondly, regular moral training courses are organized to improve employees moral awareness and professional quality.

In addition, enterprises should also encourage employees to report immoral behavior, establish an anonymous reporting mechanism, and protect the legitimate rights and interests of informants.

Through these measures, the enterprise can not only form a good moral atmosphere inside, but also improve the trust of external stakeholders to the enterprise, so as to promote the long-term and stable development of the enterprise.

2.3.3 Improve the Regulatory System

The government should strengthen the supervision of enterprises, improve the

relevant laws, regulations and supervision mechanisms, and increase the punishment for violations of laws and regulations. At the same time, company should strengthen international cooperation and exchanges, and jointly formulate and improve global business ethics standards. Government agencies may set up special regulatory agencies and appoint professional regulatory personnel to regularly review and evaluate the business activities of enterprises.

In addition, modern information technology means, such as big data and artificial intelligence, should be used to improve the intelligent level of supervision and find and deal with potential risks in a timely manner. At the same time, the government should encourage all sectors of society to participate in the supervision, establish and improve the reward mechanism for reporting, and form a good atmosphere for the joint supervision of the whole society.

Through these comprehensive measures, we can effectively enhance the compliance awareness of enterprises, promote the fair competition in the market, and finally realize the sustainable development of the economy and society.

3.0 Conclusion

Business moral and cultural difference is the reality that enterprises must face in the global operation. Cultural relativism reminds us to respect the moral concepts of different cultures, and the Carroll's CSR Pyramid provides guidance for enterprises to fulfill their social responsibility. This report is mainly through the two theories of McDonalds, sanlu milk powder and Johnson & Johnson case analysis, clear morality for enterprise marketing, followed through the analysis of KFC and other cases, explain the cultural, political and social environment on the enterprise, clear management should actively deal with moral challenges, by strengthening the supervision and strengthen the moral construction method, promote enterprise to achieve sustainable development. Finally, these measures can be integrated to help companies identify different sensitivities and cultural requirements in their international operations.

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