



Unit name: Global Ethics

Module code: BMBM6008

Ethical conflicts and Solutions in cross-cultural Business Practices:

Cultural sensitivity and social responsibility in the global marketplace

Prepared for: Arpu Kunar

Written by: Jingwei Ge

Student ID: 2400192

Date submitted: 10 January 2025

Executive Summary

According to Genevieve (2021), studies say that with globalization, companies face many ethical challenges when working in different cultural, political, and social environments, especially in the West and Asia. Business practices are influenced not only by market laws but also by cultural traditions, social norms, and political environments. So, balancing ethical principles and profit goals is an important issue for global companies in transnational business. (Genevieve, 2021).

This paper will explore the differences between Eastern and Western cultures in business ethics and how cultural background affects corporate decision-making. It will use the ideas of scholars like Kishore Mahbubani. The paper will include case analysis to show how different countries deal with business ethics issues, focusing on global problems like environmental protection and climate change. It will also look at the social responsibility companies should have while making profits.

Contents

Executive Summary	2
Introduction	4
1.0 Ethical Differences in Global Business Environment	5
1.1 A comparison of Western and Asian business cultures	5
1.2 The universality and relativity of morality	6
2.0 Impact of Culture, Politics, and Society on Business	7
2.1 Cultural limitation	7
2.2 Political and legal environment	8
2.3 Social responsibility and environmental impact	9
2.4 Acculturation and ethical decision making	10
3.0 Ethical Tensions and Challenges in Global Business	12
3.1 Conflict of interest in ethical decision making	12
3.2 Uniform standards and cultural adaptation	13
3.3 Environmental responsibility and economic efficiency	14
3.4 Moral conflict in globalization	15
4.0 Conclusion	17
5.0 Solutions and Strategies for Ethical Business Practices	18
Reference	21

Introduction

According to Pervez (2021), studies say that as globalization continues, the international business environment becomes more complex, and the cultural, political, and social differences between countries affect corporate ethical decision-making. In globalization, there are big differences in how ethics are understood and practiced in different cultures, especially when comparing Western and Asian business cultures. Western corporate culture focuses on individualism and competition. Asian culture values collectivism and long-term relationships. This cultural difference leads to differences in business ethics and codes of conduct (Pervez, 2021).

This paper looks at how cultural, political, and social factors shape moral decision-making. It analyzes ethical tensions and challenges, like conflicts of interest, harmonization of standards, cultural adaptation, environmental responsibility, and economic efficiency. These factors show the ethical dilemmas in global business.

1.0 Ethical Differences in Global Business Environment

1.1 A comparison of Western and Asian business cultures

According to Das (2020), studies say that in globalization, the corporate culture of western countries focuses on individualism and profit maximization. Business ethics mainly focus on following laws and contracts. Multinational companies also need to consider the values and ethical standards of different cultures to achieve ethical balance and cooperation in the global marketplace (Das, 2020).

According to Dominic (2020), studies say that in Asian countries, companies in the global market focus more on social responsibility, collective interests, and interpersonal relationships instead of just profit. Cultural collectivism and social harmony make companies consider local culture, religion, and social norms to maintain a good business relationship and social image (Dominic ,2020).

According to Agnieszka (2020), studies say that these cultural differences not only affect the business model of multinational enterprises, but also have a profound impact on the moral standards of the global market. Therefore, companies need to flexibly adjust their business practices and ethical standards

in different cultural contexts to achieve good transnational cooperation (Agnieszka, 2020).

1.2 The universality and relativity of morality

According to Peter (2020), studies say that in the global marketplace, companies face the problem of balancing universalism and relativism. Universalism supports following universal moral standards, like human rights and environmental protection. In practice, differences in moral values across cultures and countries can cause different views and enforcement of these principles. Companies need to respect local cultural differences and follow basic ethical standards to make sure their global operations are ethical and fit with the social and cultural environment of different markets (Peter, 2020).

According to Kristen (2021), studies say that in the global market, multinational companies should follow universal global moral standards and respect local culture and moral ideas. For example, some countries may accept unethical practices like bribery, but there is a global agreement that this should not be allowed. Companies need to balance cultural differences and follow ethical principles in their operations to make sure their business actions meet social responsibilities and avoid breaking basic ethical standards because of cultural

differences. This needs high ethical awareness and cross-cultural adaptability (Kristen,2021).

2.0 Impact of Culture, Politics, and Society on Business

2.1 Cultural limitation

According to Aisyah (2022), studies say that Cultural factors play an important role in global business decisions, especially in business culture in different countries and regions. In Asian countries like China and Japan, companies often focus more on long-term relationships, social harmony, and the collective good instead of just seeking short-term profits. This is different from the Western culture of individualism, which focuses on short-term economic results and shareholder returns. When multinational companies operate globally, they need to think about cultural differences in different places, balance profit with social responsibility, and make sure their ethical decisions fit with local needs (Aisyah, 2022).

According to PATTIRUHU (2020), studies say that in Western individualistic culture, companies usually focus on short-term economic benefits and

shareholder returns when making decisions. They emphasize transparency and compliance and think less about collective interests or social harmony. These values may not fit with the demands of collectivism and social responsibility in other cultures. In some Asian countries, for example, networks and collective interests are more important, and companies may consider social and cultural factors more when making decisions. When multinational companies operate globally, they must think about cultural differences in different regions to make sure social responsibility and ethical standards are followed while pursuing profits (PATTIRUHU, 2020).

2.2 Political and legal environment

According to Jing (2021), studies say that in different political systems and legal environments, the moral behavior of companies is often affected. In democracies, governments usually regulate business behavior with a strict legal system that focuses on fair competition, transparency, and consumer protection. In some countries with more centralized political systems, government regulation of business may be weak or have legal gray areas, which can lead to ethical problems in the pursuit of profit. When operating globally, companies should follow local laws and regulations and consider cultural and social responsibilities. They should make sure ethical standards

are consistent and avoid conflicts between interests and ethics (Jing, 2021).

According to Abdullah (2021), studies say that in countries with centralized political systems, companies may face conflicts between morality and law. Some countries may have problems with corruption, and companies may be forced to use unfair methods to get resources or government contracts. These practices may have legal gray areas, but they are morally wrong. In a global marketplace, companies must follow ethical principles, think about the cultural and political environment of different regions, and avoid ignoring social responsibility and legitimacy to make a profit. While following local rules, companies should encourage transparent and responsible business practices and make sure ethical standards are consistent worldwide (Abdullah, 2021).

2.3 Social responsibility and environmental impact

According to Quan (2021), studies say that in globalization, companies must balance social responsibility and environmental protection while seeking economic benefits. Global issues like climate change and resource scarcity are important challenges for businesses. Companies must think about how to increase profits and consider cultural differences, the political environment, and social responsibility needs. For multinational companies, business practices in

the global market are affected by legal and cultural limits, and they also face growing pressure to protect the environment. By using a compatible strategy, companies can balance economic and ethical responsibilities in different markets to ensure sustainable development (Quan, 2021).

According to Carmen (2021), studies say that in global business, companies face the challenge of taking on social and environmental responsibility while seeking economic interests. As consumers, investors, and governments care more about sustainability, many multinational companies have made environmental protection and social responsibility part of their core strategies. In the global market, companies need to think about not only profits but also the cultural, political, and social environment of different regions. For example, using green supply chains and reducing carbon emissions meet global environmental needs and help improve brand image and social responsibility. Compatibilists can be used to balance ethical duties with business goals (Carmen, 2021).

2.4 Acculturation and ethical decision making

According to Karim (2021), studies say that in a global business environment, companies face the challenge of making ethical decisions in different cultural

and social settings. Cultural differences can cause conflicts in ethical and legal standards. For example, networks and informal agreements may be normal business practices in some countries, while transparency and contracts are needed in others. To succeed in the global market, companies must not only seek profits but also think about local cultural, political, and social responsibilities. Through cross-cultural adaptation and flexible strategies, companies can balance ethical duties with business goals and make sure their global actions meet different expectations (Karim, 2021).

According to Takeda (2022), studies say that in globalization, companies must face the complex constraints of cultural, political, and social environments while seeking profits. A globally consistent code of ethics can help companies keep ethical consistency, but cultural differences and different legal systems need companies to change their strategies in different regions to respect local culture and ethics. Some areas may focus more on relationships and informal agreements, while others focus more on contracts and transparency. With flexible ethical management, companies should think about global issues like social responsibility and environmental protection while balancing global consistency and local adaptability (Takeda, 2022).

3.0 Ethical Tensions and Challenges in Global Business

3.1 Conflict of interest in ethical decision making

According to Kim (2021), studies say that in the global market, companies face the problem of balancing profit maximization with social responsibility. As consumers, investors, and governments ask for more ethical responsibility from companies, they must think about not just economic interests but also cultural, political, and social factors, especially environmental and social responsibility. Climate change is a global issue, and companies should respond to it, not ignore it. When operating globally, companies should think about local cultural differences and follow ethical principles while achieving both profit and responsibility through transparent decision-making and social responsibility strategies (Kim, 2021).

According to Cheng (2021), studies say that in globalization, companies face moral challenges from cultural, political, and social environments while seeking profits. To keep ethical consistency across markets, companies need to set clear ethical guidelines and balance local cultural needs with global ethical standards in different locations. Companies should think about religious, political, and cultural differences and make sure they balance ethics and profitability with clear decision-making, social responsibility goals, and communication with stakeholders. Global issues like environmental problems

and climate change should also be important in corporate decision-making (Cheng, 2021).

3.2 Uniform standards and cultural adaptation

According to Burritt (2020), studies say that in globalization, transnational companies face complex challenges from cultural, political, and social environments. Globalization has led to standardized operations in different countries, but cultural differences and legal requirements make it hard to apply the same ethical standards everywhere. Business practices in some areas may clash with corporate headquarters' ethics, like bribery or the use of networks. While seeking profit, companies should think about religious, cultural, and social environments, make sure ethical standards stay consistent, and adjust strategies in the process of localization to balance global goals and local market needs (Burritt, 2020).

According to Ervits (2021), studies say that the ethical challenges faced by multinational companies in the global market are often made more difficult by differences in cultural, political, and social environments. For example, Western companies entering the Chinese market may need to balance Western business culture, which values contracts and transparency, with Chinese business culture, which values relationships and informal agreements. This

culture clash can affect not only the ethical decisions of companies but also their business practices. While profit is important, companies should focus on ethical principles, consider local cultural differences, and use flexible ethical frameworks in different markets to balance business success and social responsibility (Ervits, 2021).

3.3 Environmental responsibility and economic efficiency

According to James (2020), studies say that the ethical challenges faced by companies in global operations come not only from cultural and religious differences but also from the pressure of environmental responsibility. Profit is a main goal for businesses, but as consumers and investors become more aware of the environment, ignoring environmental responsibility can lead to brand and legal risks. Companies should think about religious, political, and cultural factors and focus on issues like global climate change. Environmental policies and social needs differ in different regions, and companies can balance ethics and social responsibility while seeking profit by developing flexible strategies (James, 2020).

According to Subramaniam (2020), studies say that in a global market, a big challenge for multinational companies is balancing profit maximization with environmental protection, especially in developing countries and regions. While

companies in these areas focus more on cost control and economic growth, ethical standards worldwide ask companies to focus on environmental sustainability. Companies should make environmental protection part of their main strategies, not just by following local rules, but also by promoting green technologies and sustainable business models to create a win-win situation between environmental protection and economic benefits in the global market. This practice helps companies maintain long-term social responsibility and sustainable growth in global competition (Subramaniam, 2020).

3.4 Moral conflict in globalization

According to Akbar (2022), studies say that in a global market, companies face big differences in cultural, political, and social environments that can challenge ethical principles. For example, some cultures may accept bribery, while others strictly forbid it. The pursuit of profit is a main business goal, but companies should not forget about important issues like ethical responsibility, social expectations, and environmental sustainability. With global challenges like climate change and public health, companies should use a flexible strategy to deal with environmental and social responsibility while staying competitive (Akbar, 2022).

According to Thomas (2023), studies say that in a global business environment,

companies need to balance ethical principles with market demands, especially with cultural differences in different countries and regions. As the title suggests, whether companies can do business globally without breaking ethical principles is an important question. To solve these problems, multinational companies should set up strong ethical management systems and offer cultural training to make sure employees understand different cultural and legal needs and follow global ethical standards. Companies should not only think about profits but also focus on social responsibility, environmental protection, and other factors to create a balance between ethics and economic benefits (Thomas, 2023).

4.0 Conclusion

According to Elspeth (2021), studies say that in today's increasingly globalized world, enterprises are facing unprecedented ethical challenges in the global market. With the diversity of cultural, political, legal and social environments, companies must not only pursue profit goals, but also adapt to and respect the ethical standards and cultural differences of different regions (Elspeth,2021). By analyzing the cultural differences between East and West, the impact of political systems, and the demands of social responsibility, this paper reveals the ethical dilemmas and tensions faced by companies in the global business environment.

According to Badaan (2023), studies say that in the process of globalization, enterprises should not only pay attention to profit growth, but also realize the profound impact of ethical practices on long-term success and sustainable development of global economy. Through ethical management and social responsibility on a global scale, companies can achieve a win-win situation of economic benefit and social contribution (Badaan,2023).

5.0 Solutions and Strategies for Ethical Business Practices

5.1 Develop an ethical framework for localization

According to Bathrinath (2021), studies say that developing a localized ethical framework is the key to solving the challenge of ethical conflict in the process of international business cooperation. Companies should combine global ethical standards and local cultural characteristics to develop flexible ethical codes. For example, Western companies entering the Chinese market may need to consider local collectivist cultures and networks in their ethical decisions, rather than just relying on Western individualistic and law-driven models. Through cross-cultural training and cultural-adaptive management, companies can maintain harmony with local cultures while adhering to global ethical principles (Bathrinath, 2021).

5.2 Strengthen cross-cultural communication and training

According to Eitel (2021), studies say that to effectively solve ethical challenges in cross-cultural management, enterprises must invest in cross-cultural communication and training. This can help employees understand business habits, codes of conduct and ethical standards under different cultural

backgrounds, to avoid misunderstandings and conflicts caused by misunderstandings or insensitive behaviors of employees in the process of formal international business communication. For example, multinational companies can regularly conduct cross-cultural communication training to help employees understand how to make ethical decisions in the legal framework and social context of different countries (Eitel,2021).

5.3 Ethical leadership and transparency

According to Eitel (2022), studies say that moral leadership is an important factor for enterprises to solve moral dilemmas. Senior managers should lead all employees to abide by ethical standards by setting good ethical examples. At the same time, enhance the transparency of the company's decision-making process to ensure that stakeholders have a clear understanding of how the company makes decisions within an ethical framework. Open and transparent behavior not only enhances consumer trust, but also enhances employee ethical awareness (Eitel,2022).

5.4 Comply with double standards of global and local laws and regulations

According to Alexandros (2023), studies say that global enterprises need to

balance compliance with international standards and adaptation to local laws, especially in the case of looser or inconsistent laws in some countries, enterprises must adhere to high ethical standards. For example, by establishing a global compliance department, multinational companies can ensure consistent ethical and legal norms are enforced across all markets, while flexibly responding to local legal differences (Alexandros,2023).

Key words: 2729 words

Reference

1. Akbar, A. M., Rahma, T., Lemuel, Y., Fitriana, D., (2022). Moral Education and Pancasila in Encouraging the Prevention of Intolerance in the Era of Globalization: Experiences of Indonesia and Malaysia. *Jurnal Pajar: Pengabdian Bidang Pembelajaran*, 4(2), PP. 223-282.
2. Abdullah, K; Hamid, M & Redhwan, M. (2021) The joint impact of green human resource management, leadership and organizational culture on employees' green behavior and organizational environmental performance. *Journal of Cleaner Production*, 316(20), PP. 128--212
3. Agnieszka, C; Waheed, A; Mario, G. (2020), The influence of cultural values on pro-environmental behavior, *Journal of Cleaner Production*, 268(2), PP. 122—305.
4. Badaan, V., & Choucair, F. (2023). Toward Culturally Sensitive Development Paradigms: New Shifts, Limitations, and the Role of (Cross-) Cultural Psychology. *Journal of Cross-Cultural Psychology*, 54(2), PP. 232-248.

5. Burritt, R.L., Christ, K.L., Rammal, H.G. et al (2020) Multinational Enterprise Strategies for Addressing Sustainability: The Need for Consolidation. *Journal of Business Ethics*.164(2), PP. 389–410
6. Cheng, B., Li, Z., Qiu, B. et al. (2021) Does Collective Decision-Making Promote SOEs' Green Innovation? Evidence from China. *Journal of Business Ethics*.191(1), PP.481–500
7. Carmen, I; Frank T. (2021) The relationship between organizational culture, sustainability, and digitalization in SMEs: A systematic review. *Journal of Cleaner Production*, 275 (1), PP. 122-244
8. Das, M., Rangarajan, K. and Dutta, G. (2020), Corporate sustainability in SMEs: an Asian perspective, *Journal of Asia Business Studies*, 14(1), PP. 109-138.
9. DeTienne, K.B., Ellertson, C.F., Ingerson, MC. et al(2021). Moral Development in Business Ethics: An Examination and Critique. *Journal of Business Ethics*.170(1), PP. 429–448.
10. Dominic, B; Raj, G; Erin, C. (2020), International new venture performance: Role of international entrepreneurial culture, ambidextrous innovation, and

dynamic marketing capabilities, *International Business Review*, 29(2), PP. 101 -- 139.

11. Ervits, I (2021) CSR reporting by Chinese and Western MNEs: patterns combining formal homogenization and substantive differences. *International Journal of Corporate Social Responsibility*.6(6), PP. 5-29

12. Genevieve, L (2021). The Role of Supply Chains in the Global Business of Forced Labour. *Journal of Supply Chain Management*, 57(2), PP. 29-42.

13. James, A; Alex, A (2021) Corporate social responsibility strategy and economic business value of multinational companies in emerging economies: The mediating role of corporate reputation. *Business Strategy and Development*.3(1), PP.4-15

14. Jones, E., Leask, B., Brandenburg, U. (2021). Global Social Responsibility and the Internationalization of Higher Education for Society. *Journal of Studies in International Education*, 25(4), PP. 330-347.

15. Jinil, P;Raja, S; Yangyan S; & Bathrinath S. (2021). Modelling and analysing the impact of Circular Economy; Internet of Things and ethical business practices in the VUCA world: Evidence from the food processing

industry. *Journal of Cleaner Production*, 301(10), PP. 126-171.

16. Jing, L; Jun W. (2021) Corporate governance, law, culture, environmental performance and CSR disclosure: A global perspective. *Journal of International Financial Markets, Institutions and Money*, 70(8), PP. 101-- 264

17. Karim, S. (2021), Acculturation in a globalized world: implications for theory and educational policy and practice, *International Journal of Comparative Education and Development*, 23(1), PP.44-58

18. Kim, J., Loewenstein, J. (2021) Analogical Encoding Fosters Ethical Decision Making Because Improved Knowledge of Ethical Principles Increases Moral Awareness. *Journal of Business Ethics*. 172(1), PP.307–324

19. PAAIS, M. & PATTIRUHU, J. R. (2020) Effect of Motivation, Leadership, and Organizational Culture on Satisfaction and Employee Performance, *The Journal of Asian Finance, Economics and Business*. Korea Distribution Science Association, 7(8), PP. 577–588

20. Pervez, G; Roger, S; Fang, L (2021). Research on international business: The new realities. *International Business Review*, 30(2), PP. 101- 194.

21. Peter, M; Sharon, M. (2020), A relativistic approach to moral judgment in individuals: Review and reinterpretation. *business Ethics, the Environment & Responsibility*, 29(2), PP. 403-416.
22. Siti, A ; Munaya, U ; & Muhammad, A (2022). Kiai Leadership Concept in The Scope of Pesantren Organizational Culture. *Tafkir: Interdisciplinary Journal of Islamic Education*. 3(1), PP. 40–59.
23. Subramaniam, P; Iranmanesh, M and Foroughi, B. (2020), The impact of multinational corporations' socially responsible supplier development practices on their corporate reputation and financial performance, *International Journal of Physical Distribution & Logistics Management*, 50(1), PP.3-25.
24. Takeda, S., Secchi, D. and Bray, J. (2022), Ethics-related value acculturation: the case of Thai employees working at UK and Japanese MNCs in Thailand, *Cross Cultural & Strategic Management*, 29(4), PP.846-869
25. Tran, Q.H.N. (2021) Organizational culture, leadership behavior and job satisfaction in the Vietnam context. *International Journal of Organizational Analysis*, 29 (1), PP. 136-154
26. Teo, T. (2023). In the aftermath of globalization: Antiglobalizing and

deglocalizing forms of subjectivity. *Theory & Psychology*, 33(2), PP. 193-208.