

Lesson 2 - Ethical Issues Arising in International Markets

In this unit, we will examine the responsibilities multinationals have to their stakeholders and engage in a debate on this issue. Companies that are good corporate citizens and companies where ethical issues exist are profiled. We will research how past events in the diamond trade have caused the diamond industry to change in order to prevent exploitation of labour and unfair treatment of African and Indian citizens. We will also view videos on the Bre-Ex Gold Scandal.

Ethics, Business, and Law

- ▶ Business ethics are concerned with the way businesses treat employees, society, stockholders, and consumers.
- ▶ Society's history/values determine its' ethical principles.
- ▶ Western countries embrace written law, however this is not always the case throughout the rest of the world.
- ▶ In Canada, our values are enshrined in the Canadian Charter of Rights and Freedoms.
- ▶ We must consider that legal values do not always equal ethical values!

Cultural Relativism And Ethical Imperialism

- ▶ Ethical Imperialism is the belief that certain behaviours are right or wrong. People who hold this view think their beliefs should be recognized universally.
- ▶ Cultural Relativism is when people feel that behaviour should be governed by what will bring about the greatest good for the greatest number of people. This view implies that different laws or values do not make a country good or bad, just simply different.

Corporate Social Responsibility

Companies have a responsibility to stakeholders. Stakeholders include various levels of government, employees, distributors, the community, labour unions, shareholders, and many others who are affected by a business' operations. Companies must act in their shareholders' best interest while meeting the ethical interests and demands of all their stakeholders.

Assignment #1 - Do Companies Have a Heart?

- ▶ See Handout for Assignment #1

Assignment #2 - Discussion

See Handout for Assignment #2:

The majority of corporations operate with the goal to increase profitability. Therefore, is it truly a corporation's responsibility to be a good corporate citizen? Should it not be the governments of various countries that act as the watchdog for citizens, workers and the environment?

- ▶ Submit a copy of your opinion.

Multinational Challenge (1 of 2)

Multinational companies have come under attack from a number of stakeholders. An example is the use of Coltan, an ore that produces 'tantalum', which is a key ingredient in the production of cell phones. Coltan is extracted from mines in the Democratic Republic of Congo. The problem is that the operators brutally exploit their workers and dominate the Congolese population. They also force farmers from their coltan-rich land and destroy vast tracts of rainforest and endanger local wildlife. The profits obtained from coltan extraction are used to finance a long-standing civil war.

Multinational Challenge (2 of 2)

Since these abuses have been exposed, many makers of high tech components are demanding that their suppliers comply with ethical codes of conduct and guarantee 'conflict free' coltan. It is difficult for the consumer or the manufacturer to be sure of the ultimate source of any coltan that comes from Africa, however, both have more power today than ever before.

Consumer Activism

Some consumers think that companies should disclose where/how their items are made. Other organizations recommend that independent groups monitor the standards to ensure that they are reliable and effective and that violators are punished. Another issue is worker safety and reasonable wages for workers. All of these topics are very controversial and extremely difficult for consumers to grasp and feel that they can make a difference with their purchase choices.

Other Ethical Issues

Some other issues for you to consider include:

- ▶ Should better health practises exist in foreign subsidiaries?
- ▶ What is a fair wage for a worker in a subsidiary?
- ▶ How should workers be compensated relative to other jobs in their country or relative to a similar job in the country of the company headquarters?
- ▶ Should the multinational measure workplace standards even if the host country does not measure these same standards?

Assignment #3 - Conflict Diamonds Research

- ▶ Complete PART A, PART B and the DISCUSSION

DEBATE!

You will be put into groups. Your group will prepare three arguments for a class debate. The debate topic is:

“Sweatshops should be welcomed in foreign countries since multinationals still pay workers more than they would earn working for a local company. Although the standard of living may be below a typical first world nation, like Canada, these workers and countries are further ahead with the multinational corporations presence.”

Assignment 4 - Bre-Ex Gold Scandal

- ▶ See Handout for Assignment #4

Lesson 3 - The Role of Intergovernmental Agencies and Non-governmental Organizations

We will become familiar with agencies that have developed international trade regulations and agencies that are responsible for promoting fair trade and economic development.

Organizations Influencing Global Trade

The growth of international trade has created a need for organizations that develop trade protocol and policies, ensure fairness, and enforce a code of conduct in the international business community.

Agencies and Organizations that Influence International Trade

Learn more about agencies and organizations that influence international trade by viewing a slideshow presentation ([see Handout](#)). The slideshow is in PowerPoint format.

You will note that there are two incomplete slides at the end of the slideshow. Complete these slides by researching the VSO Canada and CIDA agencies.

World Trade Organization

The World Trade Organization has shaped Canada's trading practises and helped enforce trade agreements.

Assignment #1 - Parts 1 & 2

- ▶ Part 1: Research the World Trade Organization (WTO) using web sites, such as [World Trade Organization](http://www.wto.org/) (<http://www.wto.org/>), and answer the questions on [the handout](#).
- ▶ Part 2: What role has the World Trade Organization played in trade dispute between Canada and another country? Research and report on a specific dispute, the countries involved and whether the outcome was favourable, in your opinion, to Canada. ([see handout](#))
 - ▶ Submit a copy of your report to your teacher