Ethical Issues In International Business: A Comparative Study Of Different Companies

Sodha Bhargav K.
Research Scholar
Veer Narmad South Gujarat University, Surat

Abstract: This research paper delves into the complex realm of ethical challenges faced by a wide array of companies involved in international business endeavours. Through a comprehensive and comparative examination, this study uncovers the manifold ethical hurdles that corporations encounter while navigating the intricacies of cross-cultural environments. By placing the ethical frameworks of different companies, industries, and geographic regions side by side, this research endeavours to unravel the intricate interplay of cultural norms, legal structures, and corporate methodologies. Via a thorough exploration of case studies and industry protocols, this manuscript sheds illumination on the ethical intricacies influencing global-scale decision-making and conduct. The outcomes deepen our understanding of the ethical facets inherent in international business, fostering consciousness, obligation, and liability among enterprises engaged in a globally interconnected marketplace. In essence, this study aspires to provide invaluable insights that can steer companies, policymakers, and practitioners in cultivating ethical behaviour and sustainable business practices across a wide spectrum of international contexts.

Index Terms: International, Ethical Issues, Business, Comparative

1. Ethical Issues in International Business

When a firm conducts its operations, such as manufacturing, selling, marketing, or sourcing, across national borders, this is referred to as international business. International commerce can also refer to the exchange of physical and intellectual assets between global governments and international organizations. On the other side, ethical challenges are instances in which a corporation encounters a moral conflict that must be addressed. For example, a circumstance in which a decision or conduct attracts problematic moral standards. Conflicts with the standards of the given society and, at times, with legal provisions are typical of ethical difficulties.

Ethical issues in international business include:

- Child labour
- Workplace diversity
- Working standards
- Human rights
- Equal employment opportunity
- Trust and integrity
- Environmental preservation

These ethical problems frequently present multinational firms with moral conundrums. There may occasionally be a clear course of action that such groups should take. The operational environment, however, may make it challenging to decide what is morally right.
Why Do Ethical Issues Arise in International Business?

To elucidate the recurring emergence of ethical concerns in international business, consider a hypothetical scenario involving a company operating within the United States, specifically in California. The majority of the company's workforce, customers, and stakeholders are likely to originate from the same geographical area. Moreover, these individuals exhibit comparable societal norms, and the activities of the company are meticulously regulated by established state and federal laws. Consequently, all involved parties possess a shared understanding of labour, wage, and environmental protection regulations, thereby minimizing the likelihood of ethical predicaments.

However, if this company were to expand its operations to a developing nation in Asia, such as India, it would need to employ Indian nationals whose cultural norms differ significantly from those of Westerners. Additional factors, such as minimum wage considerations, come into play. India's minimum wage, at approximately $2.78 per day, stands in stark contrast to the rates observed in developed countries like the US ($7.25 per hour), Germany ($10.48 per hour), and Japan ($5.91 per hour). Consequently, the minimum wages in India are notably lower than those prevailing in developed nations.

Furthermore, akin to numerous other developing countries, India enforces less stringent environmental conservation regulations compared to more developed nations. This disparity is exemplified by instances like the 2003 environmental controversy involving Coca-Cola's operations in India, which violated regulations that would have been subject to stricter scrutiny in its home country. Another noteworthy consideration is the country's corruption index, where India records a higher incidence of corrupt officials compared to the majority of developed nations, including the US.

The cumulative outcome of these factors suggests that the multinational corporation is likely to remunerate local employees in the host country at lower rates than those offered in its home nation. Additionally, the company may adhere to less stringent local regulations, thereby contravening standards upheld in its country of origin. The presence of a more permissive environment for non-compliance due to corrupt officials could lead to circumventing regulations with relative ease. This pattern of transgressions is observable in numerous organizations, particularly those originating from developed countries that have established subsidiaries in developing economies. While it may appear that these corporations are adhering to local laws, viewed from a global perspective, their actions may be deemed unacceptable in their home country.

Mostly Prevailed Ethical Issues in International Business:

Gift Giving and Bribery

Many international corporations are unable to distinguish between offering gifts and bribes. Bribery is the practice of giving a present to an individual in a position of authority in return for a favour. But when a favour is not anticipated in exchange for a gift, it is regarded to have occurred.

Bribery on a global scale hinders economic expansion. This results from a lack of competition, which encourages the manufacture of subpar goods. Bribery impedes the administration of justice and encourages multinational corporations to break laws like those governing environmental contamination. Paying customs agents in order to avoid paying import taxes is likewise immoral. Additionally, it is unethical to bribe someone in a position of authority in order to facilitate requests like visa applications.
Labour Costs Saving
Shutting down a factory in one location and relocating it to another country solely to reduce labour expenses is considered morally unacceptable. This action results in a significant number of individuals losing their jobs at the original plant. While it is true that labour costs may be higher in certain countries like the United States, the pursuit of cost savings should not justify the practice of closing domestic manufacturing facilities and transferring operations to foreign nations. Rather than prioritizing profit generation alone, companies have a moral obligation to uphold social responsibility.

Consequently, it is recommended that businesses take the initiative to familiarize themselves with various socio-cultural contexts and socioeconomic circumstances in order to operate ethically and equitably when conducting business activities abroad. This entails acquiring a comprehensive understanding of the distinctive cultural customs and traditions observed by the local populations in the countries where they operate.

Legal Issues
Common legal challenges that frequently emerge in international contexts encompass safeguarding intellectual property, matters related to payments, taxation concerns, and more. The General Agreement on Tariffs and Trade (GATT) provides a framework of regulations that oversee the activities of businesses operating on a global scale. These regulations possess a global scope and serve to address legal matters.

Prior to commencing operations in a foreign nation, it is imperative for a company to review pertinent constitutional provisions that regulate international business. This proactive approach aids the firm in circumventing potential legal disputes and the subsequent engagement in legal proceedings.

Payment Issues
Numerous nations have regulations that impose limitations on the extent to which foreign enterprises can transfer funds back to their home countries. These regulations are designed to prevent the host country from encountering imbalances in trade and to function as a preventative measure for stabilizing the local currency.

Allowing foreign corporations to freely remit all of their earned profits from the host country to their home nation could result in an unfavourable trade balance for the host nation, particularly if it lacks a substantial number of multinational enterprises to counteract the outflow of investments. The equilibrium of trade has enduring implications on the exchange rate of the host country's currency. In certain instances, significant capital outflows during times such as political upheaval can trigger currency exchange rate volatility, leading to instability.

Multinational corporations play a central role in global trade and should bear responsibility for such monetary outflows. To mitigate this scenario, countries have implemented restrictions on the maximum permissible amount of funds that foreign corporations can repatriate to their home countries. Essentially, this signifies that a ceiling exists for the quantum of foreign profits accessible to multinational shareholders.

Intellectual Property
Laws aimed at safeguarding intellectual property often display a bias towards domestic enterprises while displaying prejudice against foreign counterparts. This presents an adverse circumstance for foreign companies, despite their noteworthy contributions in introducing groundbreaking technologies, products, and concepts to the host nation, ultimately enhancing the host country's overall quality of life.

Regrettably, governmental efforts to shield local interests frequently result in the neglect of enforcing intellectual property regulations upon local companies that infringe upon the intellectual property rights of foreign enterprises.
Taxation
Discrepancies in taxation norms are prevalent within the realm of international commerce. Typically, indigenous companies are subjected to a lesser corporate tax rate in contrast to their foreign counterparts. This essentially signifies that local enterprises enjoy an outright competitive edge, exacerbating the challenges faced by foreign companies.

2. Review of Literature

Dziubaniuk, Olga. (2021) Extends its theoretical presumptions and empirically illustrates the ethical embeddedness of business actors in B2B networks of relationships. The findings also highlighted how executives' moral satisfaction with their company performance and technologies' ability to contribute to social wellbeing can function as a motivator for business behaviours. It may be important for managers to take into account before joining foreign business environments how business ethics may be understood in developed and emerging countries, according to another study of this one. The results show that managing international commercial relationships may occasionally require managers to accept ethical relativism, which can be morally difficult.

Calugareanu, Irina & Antoci, Natalia. (2022) Without a question, the topic of ethics in the global hospitality industry is highly current, and its significance will only increase in the future. Although there is a minor increase in interest in ethics codes, it is important to keep in mind that they have significant drawbacks, including the inability to ensure universal ethical behaviours and cover all circumstances. Any formal code of ethics is only as good as its foundational components, which are the organization's human resources: Manager and Employees.

Pratiwi, Dara. (2021) Ethics can be characterized as an individual's personal conviction regarding the rightness or wrongness of a particular choice, conduct, or action. In simpler terms, the factors guiding ethical behaviour tend to differ among individuals. A person's moral compass is shaped by a combination of diverse influences. Starting from early life, individuals develop moral frameworks that respond to their observations of the conduct of their parents and other adults in their lives. As individuals progress through childhood and attend school, their peers both inside and outside the classroom play a role in shaping their ethical perspectives. Routine life occurrences prompt them to formulate judgments on ethical matters. In intercultural and global settings, the interpretation of ethics encompasses aspects such as the organization's treatment of its workforce, how employees reciprocate that treatment, and how both the organization and its staff interact with other economic entities.

Ahmed, Gouher & Agnihotri, Mahesh & Abdul Salam, Mohammad & Mehmood, Tariq. (2016) A significant challenge confronting organizations in the present day is the prevalence of deficient ethical conduct and an absence of effective ethical leadership. This decline in ethical behaviour has led to a decrease in trust towards leaders, exacerbated by economic fragility and political instability (Plinio, Young, and Lavery; 2010). Additionally, the authors observed a troubling rise in misconduct among employees across all hierarchical levels. The domain of ethical leadership is in a state of constant evolution due to ethical predicaments compelling leaders to reassess established paradigms (Monahan, 2012). Instances of ethical breakdowns in corporations like Lehman Brothers have sparked renewed interest in this field. Contemporary research predominantly revolves around three core areas: the ethics exhibited by individual leaders, the influence of ethical leaders on their followers, and the difficulties associated with implementing ethics within organizations. Consequently, the notion of transparency, integrity towards oneself and others, emerges as the most effective approach in business, a concept supported by economic and business principles.

Anyawwu, Success & Nwaeke, Lawrence. (2014) Demonstrating ethical conduct should serve as the distinguishing characteristic of every business leader, regardless of their affiliation with domestic or global operations. Most managers instinctively discern the ethically appropriate course of action when confronted with inquiries regarding legal violations, environmental harm, rights infringement, unfair advantage, or behaviours that could result in physical harm or damage. Regrettably, the complexities arise not from the straightforward and overt moral decisions. In numerous nations, international managers encounter the intricacies of addressing diverse scenarios wherein local laws might be absent, local customs might endorse certain behaviours, or a preference might be given to organizations willing to take necessary steps even if they
involve unethical practices. In essence, upholding ethical standards is a challenging undertaking for international managers due to the assortment of cultural values.

As-Saber, Sharif & Cairns, George. (2015) In an era where organizations have abundant opportunities to engage in extreme actions, resorting to acts of extreme violence is not an uncommon tactic for both enterprises and individuals pursuing their illicit global business objectives. Within the intricate landscape of international business (IB), numerous lawful enterprises, including multinational corporations (MNEs), employ intermediaries—often labelled as 'consultants'—to facilitate bribery and avoid direct engagement with politicians or bureaucrats who receive unlawful payments. These intermediaries, some of whom may even be government officials, accept bribes in exchange for conferring unwarranted advantages. These advantages may encompass orchestrating favourable legislation or policies aligned with the business's services or products, securing government contracts, or aiding in tax evasion. Transparency International recently highlighted these arrangements, dubbing the intermediaries as 'shell companies,' while the ostensibly legitimate entities employing these 'shells' are referred to as the 'puppet masters.'

Faldu, Rajesh. (2012) Cultural variations exert a significant impact on the ethical and social conduct of multinational corporations (MNCs). Crucial business practices are shaped by cultural norms and values, including the treatment of women and minorities within employment, perspectives on practices like gift-giving and bribery, and anticipations concerning adherence to established laws. The primary societal foundations of religion and the legal framework profoundly influence the prominence of ethical matters in a given society and the customary approaches to addressing them. For the international manager, a comprehensive understanding of how national culture and social systems influence business ethics, and the specific conditions under which this impact occurs, remains notably incomplete.

3. Hypothesis

H1: Companies with strong ethical policies and procedures have lower incidences of ethical violations in their international operations.

H2: Companies that invest in ethical training for their employees have a lower incidence of ethical violations.

H3: The ethical challenges faced by companies vary depending on the country or region in which they operate.

H4: The cultural values of a country or region can influence the ethical standards of companies operating in that country or region.

4. Research Objectives

a) To identify the most common ethical issues faced by international businesses.

b) To compare and contrast how different companies address these ethical issues.

c) To assess the effectiveness of different approaches to addressing ethical issues in international business.

d) To develop recommendations for how businesses can better manage ethical issues in the global marketplace.

5. Methodology:

Document analysis: This method involves reviewing internal company documents, such as policies, procedures, and training materials, as well as external documents, such as news articles, reports, and academic papers.

Case studies: This method involves in-depth study of one or more companies to understand how they are addressing ethical issues.
6. Data Collection and Analysis:

1. Microsoft

Microsoft Corporation is a global enterprise engaged in the creation and distribution of computer software and various communication goods on a global scale. The company originates from the United States and remains prosperous in international markets. Nonetheless, when engaging with foreign markets, Microsoft encounters a range of obstacles. Cultural distinctions, encompassing language and technological outlook, constitute some of the cultural matters influencing Microsoft’s engagements beyond the borders of the United States.

**Cultural Imperialism:** Cultural domination stands out as a significant cultural challenge impacting Microsoft's engagements beyond U.S. borders. Over an extensive period, Microsoft has wielded substantial influence in the global software industry, which has fostered misconceptions in foreign nations. This phenomenon, known as cultural imperialism, involves a company's inclination to assert control over the global framework by imposing its systems, technologies, and principles. Within the technological realm, cultural imperialism is often delineated as electronic and communication hegemony. Localized processes of socialization and native cultures frequently encounter threats from external communication and media offerings. Many developing nations perceive multinational corporations like Microsoft as entering their markets primarily for economic gain. While Microsoft's intentions may not align with this perception, it certainly shapes the company's interactions beyond the United States.

**Society:** The ethical principles adopted by a multinational corporation significantly influence its day-to-day activities and interactions. Microsoft, as a global entity, encounters a spectrum of ethical and social obligations throughout its operational trajectory. Within this global scope, Microsoft must navigate matters relating to religion, culture, and legal frameworks that constitute intrinsic facets of its ethical and social obligations. The company must address fundamental human requirements on a global scale. It's imperative to recognize that every decision undertaken by an organization bears ethical and societal ramifications. While the law plays a role, it is ethics that safeguards society. Microsoft is tasked with maintaining equilibrium between profit optimization and ethical duty. Concerns have arisen, asserting that Microsoft's priorities seem to prioritize profit generation over the fulfilment of ethical and social commitments.

**Other Issues:** Microsoft encounters numerous challenges as it strives to fulfill its ethical and social obligations. Initially, disparities in ideologies between Microsoft and the host government emerge as a significant hurdle concerning ethical and social responsibilities. The absence of societal support further complicates Microsoft's ability to sustain its social commitment endeavours. Additionally, the host country's distinct societal challenges often demand Microsoft's attention before initiating ethical and social responsibility undertakings. The diplomatic and political rapport between the United States and the host nation stands out as another pivotal factor influencing Microsoft's ethical and social responsibility endeavours. Ethical matters such as corruption and employee compensation also warrant consideration by global corporations like Microsoft. Further ethical considerations encompass issues such as bias, equitable pricing, product safety, environmental conservation, and adherence to both local and international business regulations. These multifaceted concerns collectively constitute the scope within which Microsoft must operate to demonstrate ethical and social accountability.

2. P&G (Procter and Gamble)

P&G slogan is “Touching lives, improving life”.

Procter & Gamble is a global producer of various product categories such as personal care items, household cleaning products, laundry detergents, pharmaceuticals, and disposable diapers. P&G’s influence positively impacts approximately 4.4 billion individuals across the globe through an extensive portfolio of over 300 product brands. With a presence in excess of 80 countries and regions worldwide, P&G operates factories and subsidiaries, boasting a workforce of 127,000 employees. In the fiscal year of 2007, the company's annual sales surged to nearly $78.9 billion. P&G demonstrates strong confidence in its focused strategies for growth and productivity enhancement.
Environmental Pollution: Procter & Gamble (P&G) faces the challenge of environmental pollution. Their large production output results in harmful emissions into the environment. The raw materials used in their products also contain harmful chemicals. Studies have shown that these emissions may be causing serious pollution problems. P&G has been working to address this issue for many years. They have developed a number of green technologies, such as phosphorus-free washing products. They are also committed to making their manufacturing, supply chain, and logistics processes more environmentally friendly. This includes using smart eco-design in manufacturing, more sustainable packaging to reduce waste during transportation, and a scorecard system for suppliers to help reduce pollution in the supply chain.

Energy Consumption: Procter & Gamble (P&G) faces the challenge of energy consumption. Their production process consumes a lot of energy, which can have a negative impact on the environment. P&G has to take the resource problems into consideration in the production process, such as saving water and electricity. However, this may influence their productivity and the costs of energy-saving technology are high. P&G has taken positive actions to deal with this challenge. First, they keep the materials from disposal by devising creative alternative uses. For example, they recycle plastic bottles into new products. Second, they have made a Sustainable Development Plan which includes 100% the use of sustainable energy production, and zero waste landfill. This means that they are committed to using renewable energy sources and reducing their waste. Third, they are taking actions to collect rainwater for supplying plant landscape water, and maximize the use of natural light and solar energy.

3. Apple

Apple Inc. is a technology conglomerate based in Cupertino, California, with a global presence. Renowned for its innovative products and services, Apple holds the distinction of being the top technology company in terms of revenue, amassing an impressive $394.3 billion in 2022. Notably, as of March 2023, Apple claims the title of the largest company worldwide in terms of market capitalization. Furthermore, in the realm of personal computing, Apple ranks as the fourth-largest vendor by unit sales and holds the second position as a mobile phone manufacturer on a global scale, as of June 2022. It stands as one of the prominent members of the Big Five American tech giants, alongside Alphabet (the parent company of Google), Amazon, Meta Platforms, and Microsoft.

People: In December of 2019, an article published by The Guardian implicated Apple as defendants in a lawsuit that was filed in Washington DC. The legal action was initiated by the human rights firm International Rights Advocates on behalf of 14 parents and children hailing from the Democratic Republic of the Congo (DRC). Among the list of defendants in this lawsuit were Google, Dell, Microsoft, and Tesla. The lawsuit revolved around the pursuit of damages and compensation by several families. These families alleged that their children had either suffered severe injuries or lost their lives while working in cobalt mines within Apple's supply chain. Likewise, in the same year, Apple received a modest score of 46% from the Ranking Digital Rights (RDR) Corporate Accountability Index. This evaluation, which assessed companies based on their adherence to international human rights standards through commitments and policies, revealed Apple's subpar performance. The company was criticized for its lack of effective governance and oversight concerning human rights risks, as well as its insufficient transparency regarding policies impacting users' freedom of expression.

Environment: In 2019, Apple was assigned the lowest rating by Ethical Consumer for their environmental reporting. Although their 2019 Environmental Responsibility report did address key environmental impacts such as conflict minerals, it contained just a solitary future environmental goal that was both outdated and quantified:

“By 2020, Apple and our suppliers will generate or procure at least 4 gigawatts of clean energy in our supply chain.”

Due to the absence of a secondary future-dated and quantified objective, Apple incurred a deduction in the Environmental Reporting segment of evaluation. Apple's 2019 Environmental Responsibility Report contained segments addressing the utilization of potentially unsafe substances such as PVC, BFR, and phthalates. They asserted that all of their newer products were devoid of BFR and PVC, and furnished a table outlining the specific dates on which these substances were phased out from distinct components of products and packaging. Apple noted that, with the exception of power cords in India, Thailand, and South Korea, their
products were devoid of PVC and phthalates, as efforts continued to acquire government approval for alternative substances. As the company had already effectively eliminated PVC, BFR, and phthalates from the majority of its products, with some exceptions, Ethical Consumer bestowed upon them the highest rating for their pollution and toxics policy. Validation from third parties was administered by Bureau Veritas (BV) for verification, along with Fraunhofer for the assessment of product-related carbon footprint. In 2018, Apple encountered a £10 million fine from Italian authorities for incorporating planned obsolescence into their smartphones. Furthermore, in the United States, Apple exerted influence against a right to repair bill, contributing to its eventual withdrawal. Consequently, Apple's involvement can be viewed as contributing to the issue of hazardous electronic waste.

4. Nestlé

Nestlé, a Swiss-based multinational corporation founded in 1866, stands as a global leader in the food and beverage industry. With operations spanning across 180 countries, Nestlé boasts a remarkable portfolio of products, encompassing categories like baby food, bottled water, dairy items, cereals, coffee, confectionery, and pet food. The company's revenue reached approximately CHF 84.3 billion (Swiss Francs) in 2020, reflecting its immense presence and impact in the market. Nestlé's unwavering commitment to nutrition, health, and sustainability has propelled it to the forefront of consumer goods companies worldwide.

Politics: Since 1988, Nestlé has faced a boycott initiative led by Baby Milk Action. This organization alleges that Nestlé's aggressive marketing of baby foods violates international standards, leading to unnecessary infant deaths and suffering globally. In 2019, Nestlé's own report acknowledged 107 instances of non-compliance with its baby milk marketing policy. Criticism has also been directed at Nestlé's practices regarding sourcing bottled water. In Canada, non-profit group The Council of Canadians and indigenous rights organization Lakota People’s Law Project have organized boycotts due to Nestlé's water extraction from watersheds affected by recent droughts. Nestlé's water extraction in California led the US Forest Service to highlight that it was depleting surface water resources. Instances of conflicts between Nestlé and US communities over water extraction have arisen in locations like Maine, Michigan, and Florida. The company's water-related activities in the US have resulted in legal disputes and lobbying efforts. Furthermore, Nestlé subsidiary L'Oreal faced a boycott call from Naturewatch, which, as of November 2020, accused the company of ongoing animal testing involving rabbits, mice, and guinea pigs.

Supply Chain Management: Nestlé's supply chain policy encompassed reasonable provisions on key concerns like forced labour, child labour, freedom of association, discrimination, and partially addressed issues related to living wage and weekly working hours. However, its auditing and reporting policy exhibited significant shortcomings. The company's policy stipulated that suppliers, intermediaries, and farms must disclose their internal programs upon Nestlé's request, showcasing continuous improvement or adherence to the Standard's requirements or equivalent standards. Nevertheless, there was no clear schedule outlined for supplier audits, nor was there evidence of consistent reporting of audit outcomes and subsequent corrective measures. This deficiency in auditing practices was particularly disconcerting, given that Nestlé maintained operations within 14 repressive regimes, including countries such as Saudi Arabia, Israel, and the Democratic Republic of Congo.

Animals: Nestlé garnered the lowest ratings in the categories of Animal Rights, Factory Farming, and Animal Testing, reflecting its significant reliance on animal-derived products. According to the Raw Materials section on its website, Nestlé identified milk as its most substantial raw material by volume. However, there was an absence of information regarding the welfare standards for the cows, whether they grazed freely or were confined indoors. The Raw Materials page also acknowledged the procurement of "meat, poultry, and eggs from suppliers worldwide." In an effort to enhance animal welfare, Nestlé aimed to transition to using exclusively cage-free eggs for its global food products by 2025, with Europe and the USA targeted for this shift by the close of 2020. While this implied a partial commitment to addressing animal welfare concerns, Nestlé's policy did not expressly rule out the application of factory farming practices, resulting in a deduction for factory farming practices. Regarding animal testing, Nestlé's website expressed recognition of public concerns, affirming a commitment to minimizing such testing and using it only when absolutely necessary to meet ethical and legal obligations. However, this stance fell short of expectations. A more definitive policy against animal testing or a clearly defined timeline for the cessation of animal testing was anticipated.
5. Amazon

Amazon, a pioneering global e-commerce and technology company, has revolutionized the way people shop and engage online. Founded in 1994, Amazon has evolved into a diverse platform offering a wide array of products, services, and digital content. As of the latest available data, Amazon's net sales for 2023 reached approximately $538 billion, solidifying its position as one of the world's largest retailers. The company's success is reflected not only in its revenue but also in its extensive global reach, serving customers in numerous countries. Beyond its e-commerce prowess, Amazon has ventured into cloud computing, entertainment streaming, artificial intelligence, and more. With a customer-centric approach and a commitment to innovation, Amazon continues to shape the digital landscape and redefine how businesses operate and consumers interact in the modern era.

Anti-Social Finance: Ethical Consumer initiated a boycott of Amazon in 2012 due to its efforts to evade taxes. This action was prompted by Amazon's 2011 performance, where despite amassing £2.9 billion in UK sales as the world's largest online retailer, the company paid a mere £1.8 million in corporation tax. The appropriate amount should have exceeded £8 million based on the prevailing corporate tax rate. The situation has notably deteriorated since then. In 2021, driven by the pandemic, Amazon declared an almost 200-percent surge in profits, yet its tax contributions exhibited minimal growth compared to preceding years. Ethical Consumer's research has computed that in 2021, the UK public potentially lost up to half a billion pounds (£500,000,000) due to Amazon's corporate tax avoidance. This substantial sum is likely to have been similarly compromised in 2022. Compounding the issue, revelations surfaced in June 2023 that Amazon was granted a tax credit of £7.7 million. Consequently, during 2022, Amazon's primary UK division not only evaded tax payment but also drew from the funds that taxpayers had contributed.

Workers’ Rights: Amazon has gained a reputation for its unfavourable treatment of its workforce. Repeatedly, the company has taken a strong stance against unionization and efforts to organize within its warehouses. In an effort to obstruct collective bargaining among its employees, Amazon reportedly allocated $14 million to anti-union consultants in the year 2022. In both April and July of 2023, Amazon workers in Coventry, with the backing of the labour union GMB, conducted strikes demanding fair pay. In October 2021, a group of 1400 UK delivery drivers took legal action against Amazon, seeking employment rights such as minimum wage and holiday pay. Although Amazon attempted to dismiss the lawsuit in March 2023, a judge ruled that the case could proceed. Moreover, Amazon's treatment of its suppliers has also been far from exemplary. This year marked Amazon's inaugural inclusion in the UK's Groceries Code Adjudicator (GCA) survey, which oversees compliance with the Code and governs relationships between major grocery retailers and suppliers. Notably, Amazon found itself at the bottom of the list, with nearly four times as many accusations of code violations as the next company in line, a development that may not come as a surprise.

Children’s privacy violations: In June 2023, Amazon reached a settlement to pay fines totalling $25 million in response to accusations of privacy breaches. These concerns were related to its voice-activated assistant, Alexa, and its doorbell camera, Ring. The Federal Trade Commission (FTC) in the US filed a lawsuit, asserting that Amazon had retained records of children’s interactions with Alexa, despite its commitment to delete them upon parental requests. Amazon also consented to an additional payment of $5.8 million due to Ring’s actions, wherein the company permitted its employees and contractors to access and view recordings from customers’ private spaces. This intrusive practice sometimes included areas like bedrooms and bathrooms.

Toxic Chemicals: Amazon currently lacks a publicly disclosed policy addressing the utilization of toxic chemicals within its electronic products. Commonly employed substances like brominated flame retardants and polyvinyl chloride, prevalent among electronics manufacturers, can have significant detrimental effects on the environment when released post-disposal. In regard to cotton sourcing, Amazon previously pledged to "attain all cotton used in our Amazon Private Brands apparel products from more sustainable origins by the conclusion of 2022." This commitment indicated an intention to employ cotton derived from recycled materials, organically certified farms, or via the Better Cotton initiative. However, despite the passage of time into 2023, it appears that this promise remains unfulfilled. In the realm of cosmetics, Amazon does establish prohibitions against harmful chemicals like triclosan and phthalates. Although it does not enact an across-the-board ban on parabens, it does restrict the use of certain frequently utilized parabens in cosmetic formulations.
6. Toyota:

Toyota, a renowned Japanese automobile manufacturer, has left an indelible mark on the automotive industry since its inception in 1937. With a steadfast commitment to innovation, quality, and sustainability, Toyota has become a global leader in producing reliable and efficient vehicles. As of the latest available data, Toyota reported annual revenues exceeding $275 billion in the fiscal year 2021, further affirming its stature as one of the largest automakers worldwide. The company's diverse lineup spans from fuel-efficient cars to hybrid and electric vehicles, showcasing its dedication to addressing environmental concerns. Toyota's legacy extends beyond production; it has been a pioneer in introducing lean manufacturing practices and pioneering concepts like the Toyota Production System. This holistic approach has secured its place as a symbol of engineering excellence and forward-thinking vision in the automotive realm.

During research, it was found that Toyota company is reducing their ethical issues with providing more safety features to their customers so that loss would be minimum in terms of money and life. Here is the list of things that is company is doing to reduce ethical issues.

**Human Factors:** It is evident that cars serve as the primary mode of transportation, and manufacturing companies like Toyota continually strive to devise novel methods to enhance vehicle safety during their operation. Amidst various contributing factors, the human element holds equal significance in the automobile manufacturing process. Therefore, it becomes imperative to not only focus on other aspects but also to investigate the role of human factors in elevating vehicle performance. To bolster the human factor aspect of vehicle performance, a thorough examination of the underlying reasons for human behaviours is essential. This includes exploring ways in which cars can assist drivers in avoiding hazardous driving habits. Within the realm of research, Toyota's Collaborative Safety Research Centre (CSRC) is actively engaged in identifying effective feedback mechanisms from vehicles that can mitigate driving risks. Through the utilization of car simulators, the CSRC team at Toyota discerns that both physical and cognitive responses are pivotal in successfully navigating various driving scenarios. This insight stands as a crucial and much-needed contribution from Toyota's Collaborative Safety Research Centre. Underscoring their commitment, Toyota has allocated a substantial sum of 85 million dollars towards CSRC’s endeavours throughout the 2020s, underscoring their dedication to advancing safety research in the automotive domain.

From a human-centric perspective, paramount emphasis is placed on safety and security within the realm of automotive considerations. Technological advancements play a pivotal role in crafting vehicles that align with these human factors. Toyota's innovative approach is manifest in various features integrated into their vehicles, enhancing the comfort and well-being of individuals. Toyota's commitment to human-centric design is evident in the incorporation of convenient functionalities across their vehicle lineup. Noteworthy features include push-up buttons integrated into seats, catering to emergency scenarios, automatic headlights, mechanical temperature controls, and electronic parking brakes. Toyota's design and manufacturing teams are dedicated to streamlining vehicle interactions for human ease and convenience. This commitment to user-centered design extends to the introduction of novel elements that enhance driving experiences. These innovations encompass improved driver visibility, simplified manual controls, advanced assistive technologies for drivers with disabilities, and other progressive enhancements. Moreover, Toyota's design and manufacturing teams are attuned to the needs of older drivers, integrating features like legible, large-sized text and precise lighting to enhance readability. Additionally, specialized door handles are crafted to accommodate individuals with specific medical conditions, showcasing Toyota's dedication to inclusivity and thoughtful design.

**Cultural Factors:** In the modern era, the key to achievement lies in fostering intercultural awareness. Culture serves as a profound framework of ideas and shared assumptions within the Toyota community. Cultural elements carry substantial significance as they exert influence on Toyota's strategies, structure, and operational outcomes. A forward-looking and achievement-driven culture within Toyota significantly contributes to enhancing performance, the ability to implement novel business approaches, and overall excellence across the organization. Toyota's favourable cultural aspects owe their existence to the dedicated efforts of its workforce. These cultural dynamics play a pivotal role in cultivating the company's distinct proficiencies, autonomy, and innovation, all of which contribute to heightened quality standards.
The rapid expansion of human resource management is closely tied to the prevailing trend of globalization. Within Toyota, the human resource management department serves as a pivotal entity in addressing various company-related challenges. Toyota's human resource managers often collaborate with local business representatives to glean insights into customs, norms, and cultural nuances, thus facilitating effective decision-making. This becomes particularly pertinent when considering the diverse cultural behaviours, such as the differing roles of women in various countries; a case in point is Dubai, where foreign employment is restricted, necessitating a strategic recalibration of Toyota's international human resource approach. At Toyota, a distinct organizational culture is deliberately fostered and transmitted from upper management to all staff members. This culture profoundly shapes the business framework and human resource management strategies. To enhance employees' adaptability in cross-cultural interactions, Toyota has introduced culture training sessions. Through these initiatives, employees are encouraged to introspectively explore their own cultural foundations, ultimately equipping them to engage more effectively in diverse work contexts. A cornerstone principle within Toyota centers on nurturing and upholding cultural factors. The company recognizes the potential for culture to undergo transformative shifts in the pursuit of advancement. Toyota's workforce is routinely retrained to effectively tackle organizational challenges. Crucially, this transformation emanates from top-tier management and cascades throughout the organization. Toyota strategically leverages middle-tier managers as agents of change to facilitate these transformative efforts. Notably, Toyota's employees collectively generate nearly a million improvement suggestions annually. This proactive culture has been fostered by Toyota's executives, who champion and reward such initiatives.

7. Unilever

Unilever, a multinational consumer goods company founded in 1929, has established itself as a prominent player in the global market. Renowned for its diverse range of products spanning food, beverages, cleaning agents, and personal care items, Unilever has become a household name in many countries. As of the most recent available data, Unilever reported annual revenues of approximately €60 billion in 2022, solidifying its position as one of the largest consumer goods companies worldwide. With operations spanning over 190 countries, Unilever's products are ingrained in the daily lives of millions. Beyond its commercial endeavours, Unilever is committed to sustainable practices, reflecting its dedication to societal and environmental well-being. This commitment is evident in its numerous initiatives aimed at reducing environmental impact and promoting social progress.

**People:** In May 2019, Ethical Consumer came across an article published on the Food and Allied Workers Union website. The article, dated February 22nd, 2019, was titled 'FAWU Condemns Brutal Force Against Striking Unilever Workers'. It detailed an incident involving striking Unilever workers and private security personnel in South Africa. The excerpt from the article conveyed the following: "The Food and Allied Workers' Union vehemently denounces the unprovoked assault on our peacefully striking union members by private security guards at Unilever Pty Ltd's Indosa plant in Durban on February 18, 2019. More than 600 FAWU members initiated a legal strike on February 11th of that year, pressing for a housing allowance and a profit-sharing program, following several years of negotiations on these matters.

The company hired private security personnel, self-styled as "S.W.A.T.", just two weeks prior to the strike. On the preceding Monday, these security personnel intruded upon the picketing area and indiscriminately unleashed rubber bullets on the workers who were engaged in peaceful demonstrations. When female members inquired about the reason for the attack, the security guards responded by using pepper spray against them. Four of our members sustained severe injuries, and two of them filed criminal complaints against the implicated security guards. The workers were brutally fired upon while attempting to access their vehicles in areas designated by the parties involved. These trigger-happy security guards, seemingly disregarding picketing regulations, proceeded to employ paintballs and rubber bullets against our members in an apparent attempt to incite provocation.

Over the past few years, it has regrettably become increasingly common for employers to deploy security guards to instigate confrontations with their members, unfairly casting them in a negative light. In reality, these workers are merely exercising their right to engage in peaceful demonstrations aimed at advocating for improved working conditions."
Environment: In March 2019, Ethical Consumer conducted a review of Unilever's palm oil practices by examining both the Roundtable on Sustainable Palm Oil (RSPO) website and Unilever's official site. Unilever reported achieving a 78% traceability rate in 2017 and progress in mapping suppliers, third-party suppliers, and mills across its extended supply chain. The company also expressed an intention to transition to using 100% physically certified palm oil by 2019, although confirmation of this achievement was lacking. Unilever's Annual Communication of Progress (ACOP) outlined additional positive measures undertaken in its supply chain, encompassing certification of over 60 factories, validation of mill points, site verification for independent mills, and a program aiding independent smallholders in Sei Mangkei to obtain RSPO certification and enhance traceability and certification among smallholders.

However, at the time of the codes of practice report, only a relatively modest proportion of Unilever's palm oil was RSPO certified. Despite this, the company demonstrated proactive initiatives and set targets while providing comprehensive data on crude palm oil, palm oil kernels, and derivatives. As a result, Ethical Consumer assigned Unilever a mid-level rating for its palm oil sourcing, and the company incurred a partial deduction in the palm oil category assessment.

8. Findings:

1. Variability in Ethical Practices: The study highlights a significant variability in ethical practices among the different companies analysed. Some companies demonstrate a strong commitment to ethical conduct, while others exhibit gaps or inconsistencies in their ethical frameworks.

2. Cultural Influence on Ethics: Cultural factors play a substantial role in shaping ethical practices. The comparative analysis underscores how cultural norms and values influence the way companies’ approach and address ethical dilemmas in various international contexts.

3. Corporate Social Responsibility (CSR) Initiatives: Several companies stand out for their robust CSR initiatives aimed at addressing social and environmental challenges. These initiatives often align with the companies' ethical values and contribute to their reputation and sustainability efforts.

4. Supply Chain Transparency: The study reveals disparities in supply chain transparency across different companies. Some companies demonstrate a high level of transparency in tracing the origins of their products, while others face challenges in disclosing supply chain practices.

5. Human Rights and Labor Practices: Ethical issues related to human rights and labour practices are prevalent in the international business arena. The research identifies instances of labour rights violations and explores how companies respond to these concerns.

6. Environmental Stewardship: Companies exhibit varying degrees of commitment to environmental stewardship. While some prioritize sustainable practices and resource conservation, others lag behind in incorporating environmentally friendly strategies.

7. Ethical Leadership: The study delves into the role of ethical leadership in guiding companies’ decision-making processes. Ethical leadership emerges as a crucial factor in shaping organizational values and fostering a culture of integrity.

8. Regulatory Compliance: Findings indicate disparities in how companies navigate international regulations and compliance standards. Some companies demonstrate a proactive approach to meeting legal requirements, while others grapple with challenges in aligning their practices.
9. **Stakeholder Engagement**: The study explores how companies engage with stakeholders, including employees, consumers, communities, and governments, to address ethical concerns. Effective stakeholder engagement emerges as a key strategy for managing ethical issues.

10. **Impact on Reputation and Brand**: The research underscores the substantial impact of ethical conduct on a company's reputation and brand image. Companies with a strong ethical framework tend to enjoy enhanced credibility and customer loyalty.

Overall, the comparative study sheds light on the intricate interplay between ethical considerations and international business operations, providing valuable insights for both academia and the business community.

9. **Limitations of the study**:

1. **Sample Selection Bias**: The choice of companies included in the comparative study may not be representative of the entire spectrum of international businesses. This could lead to a skewed understanding of ethical issues in global commerce.

2. **Ethical Subjectivity**: Ethical issues are often subjective and can vary based on cultural, legal, and societal norms. Interpreting and comparing ethical practices across different companies may involve varying degrees of subjectivity.

3. **Incomplete Data**: Access to comprehensive and accurate data on the ethical practices of different companies can be challenging. Lack of complete information may affect the depth and accuracy of the comparative analysis.

4. **Changing Landscape**: The ethical landscape of international business is dynamic and can change rapidly due to shifting geopolitical, economic, and social factors. The findings of the study may become outdated relatively quickly.

5. **Cultural Context**: Ethical practices can be heavily influenced by cultural differences. A comparative study may overlook these nuances and fail to adequately account for cultural contexts.

6. **Company-Specific Factors**: Ethical issues can be influenced by company-specific factors, such as leadership, corporate culture, and business strategy. A comparative study may not fully capture these unique influences.

7. **Methodological Challenges**: Conducting a comparative study involves methodological challenges, including data collection, measurement of ethical practices, and ensuring consistency in analysis across different companies.

8. **Availability of Information**: Companies may not disclose all ethical issues or may present them in a favourable light, potentially leading to incomplete or biased information.

10. **Conclusion**:

   - In conclusion, the comprehensive examination of "Ethical Issues in International Business" through a comparative study of various companies highlights the multifaceted nature of ethical considerations in the global marketplace. The findings underscore the significant variability in ethical practices across different companies, influenced by cultural norms, values, and regulatory environments.
This study has illuminated the crucial role of ethical leadership and corporate social responsibility in shaping companies' approaches to ethical challenges. It is evident that the commitment to ethical conduct not only enhances a company's reputation but also fosters stakeholder trust and sustainability.

The research further reveals the intricate interplay between ethical practices and various facets of international business, including supply chain transparency, human rights, labour practices, and environmental stewardship. It is clear that companies integrating ethical values into their core operations tend to exhibit greater resilience and adaptability in an ever-changing global landscape.

As the study delves into emerging trends, it becomes apparent that technology-driven solutions, stakeholder engagement strategies, and a heightened emphasis on diversity and inclusion are shaping the future of ethical business practices.

In a world interconnected by globalization, this research emphasizes the necessity for companies to navigate ethical challenges with sensitivity, empathy, and a commitment to global welfare. The comparative insights presented herein serve as a valuable resource for policymakers, business leaders, and scholars seeking to promote ethical conduct and sustainable practices in the realm of international business. As the global business arena continues to evolve, the study underscores the ongoing importance of addressing ethical issues as a pivotal factor in shaping a responsible and prosperous international business landscape.

References:


Web References:


https://study.com/learn/lesson/ethical-issues-international-business.html

https://ivypanda.com/essays/microsoft-corporations-ethical-perspectives/#:~:text=The%20political%20and%20diplomatic%20relationship,like%20Microsoft%20need%20to%20address

https://wedreambusiness.org/Procter-Gamble.html#:~:text=As%20the%20main%20ethical%20dilemma,environmental%20pollution%20and%20energy%20consumption.&text=Environmental%20Pollution%20is%20the%20first,large%20production%20gross%20of%20P%26G

https://www.ethicalconsumer.org/company-profile/apple-inc

https://www.ethicalconsumer.org/company-profile/nestle-sa

https://www.ethicalconsumer.org/company-profile/amazoncom-inc

https://bohatala.com/toyota-legal-and-ethical-issues/

https://www.ethicalconsumer.org/company-profile/unilever