

REPORT

**Cultural Differences and Global Ethics: The First World
Congress of Business, Economics and Ethics in Tokyo**

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Introduction

Between 25 and 29 of July 1996, over two hundred people from twenty nine countries met at the Institute of Moralogy at Reitaku University, outside Tokyo. In his welcoming speech, Professor Richard De George addressed the historical significance of this congress: for the first time, people from all continents met at a conference dedicated to ethics in economics and business, whereas usually congresses on this topic are attended principally by participants from Europe and North America. The International Society for Business, Economics, and Ethics, or ISBEE, started as a small group of people from Europe and North America that met for the first time in 1989. In 1992 they organized the first meeting in Columbus, Ohio and decided that the first world congress would not take place in Europe or North America, but on another continent. Yukimasa Nagayasu of the Institute of Moralogy at Reitaku University, and also a member of the ISBEE, felt an obligation to host this conference, since Japan is an economic giant in Asia, and also plays an important role in discussions on ethics in business and economics.

During the past ten years, ethical questions concerning economics and business have been dealt with within the national borders. In today's world of globalization, a global meeting has become important. At the conference people from different cultural backgrounds met in order to learn from each other. Among them were professionals in government and business, as well as academics in the fields of economics, philosophy, and theology. In plenary lectures, region and country-related reports, and concurrent paper sessions, the congress program offered a wide range of approaches to business ethics and culturally diverse questions. In this report, we first outline some fundamental

reflections presented on business, economics, and ethics. Second, we give an indication of the variety of approaches to how business ethics can be and is conducted in different economical, cultural, and social environments. Third, we comment on several major features of the country reports. Finally, we offer some general reflections on the congress. We conclude with a look forward to the year 2000, when the next congress will be held.

Theoretical Perspectives of Business Ethics: Cultural Diversities and Global Ethics

In his plenary lecture on “Economics, Business Principles, and Moral Sentiments” Professor Amartya Sen of Harvard University focused on the asymmetry between the treatment of business principles and moral sentiments in standard economic analyses. Sen argued that business principles are actually influenced by conceptions of good business behavior and, therefore, involve the complexities of real life situations that are connected with multiple objectives. Multiple goals can lead to competing demands that are solved in reality by some kind of compromise, often made between a unified objective such as profit maximization and some self-imposed choice constraints of a moral, conventional, or even strategic nature. This means that the unified objective of profit maximization is bound to take into account these self-imposed constraints on moral grounds.

However, the assumption of universal profit maximization as the only business principle, which is common in many economic analyses, militates against the actual complex structure of business principles and the extensive reach of moral sentiments. A framework of multiple objectives, which can include the search for profit as one important objective among others, would correspond more adequately to this complexity of business structure involving diverse concerns, and varying over time, space, and culture. A richer understanding of particular cultures and their differences is imperative for capturing the practical nature and role of business principles and moral sentiments. Phrases like “Asian values” and “Western rationality” conceal more than they explain.

Professor Hans Küng of Tübingen University, co-author of the Declaration “Toward a Global Ethic,” argued that there will be no new world order with a world ethic or a global ethic that is widely supported despite dogmatic differences. A better world order will ultimately be brought in only on the basis of common visions, ideals, values, aims, and criteria of heightened global responsibility on the part of peoples and their leaders, and a new uniting ethic for all humankind that embraces cultures and religions. This does not mean a new ideology or superstructure, for a global ethic is nothing but the necessary minimum of common standards and basic attitudes.

Küng set the primacy of ethics over economics and politics: even the market economy must be at the service of men and women and not vice versa. It should enlarge democracy, not replace it or cover it up. The dimension of ethics is deeper than we think. Ethics should be not only hypothetically unconditional but, also, categorically unconditional. But what are the foundations of the unconditional validity of particular, basic ethical values and attitudes? in Küng's view, a purely secular argument for particular values and attitudes easily gets into difficulties over its foundation. A fundamental consensus of religious leaders was reached in 1993 by the Declaration of the Parliament of World's Religions "Toward a Global Ethic," and has since been accepted by the InterAction Council as a solid ethical basis for politics. As Küng suggested, the same declaration could also be a basis for a global business ethic.

Keizo Yamaji, Chairman of Nihon Tetra PA K.K. presented "A Global Perspective of Ethics in Business: Entrepreneurial Spirit and Business Ethics." He discussed "Kyosei," a concept which means to live and work together for the common good. Accordingly, we should seek understanding and harmony with individuals, society, and the environment. Thus, we should be working toward a society in which everyone can enjoy improved communication, well-being, and affluence. Yamaji argued that companies have a responsibility to respect the earth and nature, nations and regions, and societies and citizens. He also maintained that they should seek to foster and to seek mutually rewarding relationships.

However, several imbalances in today's world are obstacles to Kyosei: first, the trade imbalance between certain industrialized countries, second, the large gap of incomes between developed and developing countries, and third, the imbalance in the natural environment between what we have inherited and what we are leaving for future generations. Yamaji argued that a truly global corporation must take the initiative to address these imbalances. He developed fascinating perspectives of how Kyosei can be implemented through Sensitivity Conscious Management and Ecology Conscious Management. Sensitivity Conscious Management requires observance of the rules of market competition, while avoiding useless conflicts or unnecessary competition. Ecology Conscious Management means that we regard ourselves not primarily as users of certain products, but as human beings who live in the ecosystem world.

Michael W. Hoffman of Bentley College, Shirley V. Peterson of the Northrop Grumman Corporation, and Jacqueline B. Gates of the NYNEX Corporation, offered a discussion of the ethics officer movement in the United States. Attention to ethics is on the rise at companies across the world. The impetus, according to Hoffman, is financial reality: lapses by a single employee can cost a company millions of dollars in fines. Therefore, more and more com-

panies are creating a new position of ethics officer. In 1991 the Ethics Officer Association was established and many of the ethics officers are its members. Today it has more than two hundred and fifty individual members, representing more than two hundred companies. In Hoffman's view, it is crucial to build ethical awareness into the current state of corporate America. Peterson visualized how this is being done in the Northrop Grumman Corporation where the mission of the corporate ethics office is to support management in fostering a work environment of shared values, high ethical standards, and compliance with laws, policies, and procedures. Special attention is paid to ethical leadership and to employee and managerial attitudes. Important factors are education and communication. The goal is to build a culture that is based on high trust accountability.

Tanri Abeng, President Director and Chief Executive Officer of P.T. Bakrie and Brothers, Indonesia, talked about business conduct from his perspective as a Muslim business leader. Islam attaches utmost importance to all sorts of productive work. The Quran mentions it constantly in more than fifty verses, and even encourages people to acquire skills and technology, which are regarded as grace of God. Approved business conduct in Islam is founded on two fundamental principles, freedom and justice. Freedom in matters of business encompasses the right to own property, the legality of trade, and the presence of mutual consent. These factors can only exist in an environment of volition, honesty, and truthfulness. Justice in matters of business includes fulfilment of promises, exactness of weights and measures, efficiency, selection of merit, and investigation and verification. Leadership in business requires, according to Abeng, three basic ingredients: vision, value, and courage. Vision allows people to strive for challenging business objectives. Value includes fairness, commitment to business integrity, and value addition through efficiency. Faced with tough decisions, a business leader needs courage. Muslims believe in Allah's final reward or punishment, but it is up to each business leader to do the right thing.

Professor Akira Takahashi of Kokushikan University in Japan pleaded for a deeper understanding of different ethical beliefs, cultural diversity, and the relevance of local traditions to international business. Even though international business transactions have strongly influenced the fast changing economies in the Asia-Pacific, economies of the region still rigidly maintain idiosyncratic features of the proper roots of the people. Economists have tended to interpret development processes of the non-Western world on the analogy of Western experiences and models; modernization has been understood as assimilation. However, by discussing various examples, Takahashi demonstrated the disastrous consequences of this pervasive neglect of different cultural environments.

The disparity between industrialized and developing countries is enormous and still increasing. To a large extent, Western development and prosperity was built on the exploitation of the rest of the world. Peoples of various regions must choose their own paths, which are appropriate to their own history and culture. For instance, rent reduction, gifts, gleaning, and double standards are common practices in village communities of Southeast Asia. They reflect particular forms of communal ethics and are supported by numerous non-governmental organizations, which play an important role in establishing networks in rural areas.

Reports on Business Ethics from Countries and Regions

Twelve reports on business ethics in different parts of the world were discussed with their authors. In Australia and New Zealand, business ethics is clearly a priority issue. It is acknowledged that globalization and the rapid regional spread of Australian and New Zealand business have also become complicating factors. According to different surveys, there is a high degree of moral confusion in Australia and New Zealand. Relatively few people in senior positions speak out on ethical issues. Whereas many executives point to deregulation measures in the 1980s as a watershed, members of the accounting profession tend to highlight the 1987 stock market crash as the catalyst for creating new ethical responsibilities.

In the 1990s, more and more Japanese consider business ethics to be established discipline. "Keizai," the Japanese word for economy, is a compound of "kei," or governing the world in harmony, and "zai," or bringing about the well-being of the people. This means that "ethics," in its wide and fundamental meaning is essentially included in "economics." "Keiei," the Japanese word for business, is a compound of "kei" and "ei," or making ceaseless efforts to achieve. In this sense, business is almost equivalent to business ethics. Business ethics in Japan should be viewed in a very broad sense, in order to include the different levels of economic activities.

In China, business ethics has emerged and developed mainly as a response to economic reforms before 1984, then reforms between 1984 and 1994, and finally reforms from 1994 to the present. Four factors that have driven this process are the inheritance of traditional Chinese ethics, the influence of Marxism, reflections on economic reform, and the influence of business ethics from abroad.

Until 1992, ethics in business was hardly a topic of concerted engagement in India, except for two or three business schools in the country. Since the two billion dollar stock-exchange fiasco in 1992, investigative journalism has

been playing a key role in highlighting corrupt and fraudulent practices within a triangle of business, politics, and criminals.

Business ethics has become part of the South African vocabulary, both on a practical and a theoretical level. At the sight of systematic corruption, politicians, business leaders, and academics have expressed the need for business ethics. Ethical issues are today on the agenda of national governments in all countries in East and Southern Africa due to the development of business enterprises. The emergence of strong and determined private investors has made governments respond positively, through the establishment of some policies and laws related to business ethics.

There is no commonly used term for business ethics in either Arabic or Hebrew, the languages of the Middle East. Many people there are still convinced that “business ethics” is a contradiction in terms and that Western norms of business ethics do not apply in the Middle East. Prejudice and ignorance undermine the trust which is so important in business and economic development.

For Russia, the reforms of the late 1980s that made modern private business legal, were inconsistent and destructive. Private business in Russia is too new to reach definitive conclusions. Ethical questions concerning private business are raised, but they have to be seen in the general context of the drastic changes in the social structure and ideology of Russian society.

In Central and Eastern Europe the term “business ethics” is problematic, because the term “business” has no equivalent in Slavonic languages. Thus, the English term “business” is often used, and a distinction is made between “business ethics” and “ethics in economics,” similar to *Unternehmensethik* and *Wirtschaftsethik* in German.

Since Western and Northern Europe is a patchwork of nations, cultures, and languages that also influences business ethics, we may be tempted to stress the similarities of attitudes of ethical discussion. If business ethics is to become socially accepted, then, due attention should be given to the form it takes in various social and national contexts.

In North America, the idea of managing for organizational integrity has won appeal. Education, leadership, and accountability are the dominant instruments for implementation. “Stakeholder” is a controversial term which identifies individuals who have stakes or claims in decisions made by companies. However, the stakeholder approach can be misused by managers in order to hide or justify self-serving breaching of fiduciary duty to the owners of an organization.

Key terms of expressing ethical issues in business in Latin America are “integrity” and “responsibility.” For many practitioners, the Catholic Church’s Social Doctrine could be the most important paradigm.

Some Thoughts About the Congress

In the process of globalization, technology, deregulation, and competition induce firms to treat the whole world as a single market and production domain. This is a new challenge that calls for rethinking our understanding of how to deal with different societies, cultures, and values, at different stages of development. On the one hand, we have to learn how to deal with all kinds of differences should not be eliminated. On the other hand, the world is becoming a single community with an increasing need for common values, standards, and basic attitudes. As Sen pointed out, we should recognize, simultaneously, the significance of cultural variations, the need to avoid cultural stereotypes and sweeping generalizations, while recognizing the importance of taking a dynamic view of heterogeneous cultures. This will enable us to understand the practical role of business principles and moral sentiments. Existing laws and regulations are not ready yet to deal with the international context, and such complex laws and regulations, which are available when certain problems occur, will probably never exist. Hence ethical reflections and guidelines are essential for the survival of international business. K ung focused on the more common principles among different religions and ethical beliefs. In order to do business together, according to K ung, we must set up common basic rules that are followed by all participants. He is convinced that without a global ethic there will never be peace among the nations.

The different concepts of business ethics show that perhaps there is not just one right way of doing business ethics. The Japanese concept of *Kyosei* addresses the existing imbalances and concentrates on mutual relationships. From this corporate philosophy, two management concepts have been derived, Sensitivity Conscious Management and Ecology Conscious Management. The American Ethics Officer movement focuses on a values-based approach, strong leadership, and corporate structure, in order to build a culture of high-trust accountability: customer trust, investor confidence, and employee pride. In the Islamic context, business ethics is based on the Quran. The two fundamental principles, freedom and justice, are the foundation of approved business conduct. Special attention is also paid to leadership in business, where vision, value, and courage play an important role. Takahashi presented the important concepts of ethics in developing economies. Until recently, exotic features of non-Western economies were simply regarded as backward, illogical elements that prevent development. However, the current situation in the less developed countries, especially in the fast growing Asian economies, compels us to reconsider conventional approaches. In rural Southeast Asia, the interactions among individuals and communities are subjected to ethics which assures the right of everybody to survive, while the communities play a crucial role in formulating and implementing a common

ethical ground. These different concepts show the complexity and importance of international business ethics. They all have two things in Common. They deal with complex problems that exist today, and they are motivated by a concern for future societies and the ecosystem. Under these circumstances, networking among people and organizations becomes important, which was very much emphasized by the country and region reports. This is also the mission of the International Society of Business, Economics, and Ethics. It aims at facilitating the dissemination of information and fostering mutually fruitful interaction among businesses, academics, professional societies, and others interested in the ethical dimensions of business and economics on an international level. The Tokyo conference was organized for this purpose and achieved it fairly well. Thanks to financial support and Japanese hospitality, a number of people from developing countries were able to attend the Tokyo meeting. The conference was held under the sign of globalization, which, to a large extent, was made possible by information technology. Although the conference was strongly supported by the Internet and electronic mail, nevertheless in our opinion, it did not address adequately the new opportunities and risks of information technology. This should be a major topic of the Second World Congress in 2000.