

Chapter 4

Conclusions

As mentioned before companies should act ethically: to protect its own interests, to protect the interests of the business community as a whole so that the public will have trust in it, to meet stakeholder expectations, to prevent harm to the general public, to build trust with key stakeholder groups, to protect themselves from abuse of unethical employees and competitors, to protect their own regulations, to protect their own employees, and to create an environment in which workers can act in ways consistent with their values (Fernando, 2010).

How multinational companies should deal with regulation differences between different regions?

Sometimes law does not necessarily say what is the ethical solution, but law should always be the main place where to find the right decision. By creating an ethical strategy, a company can follow the same rules and regulations in every country and region they are doing business in. Having a strong ethical culture inside the company is easier for employees to make decisions that are ethical instead of unethical.

Shoeman (2012) (as cited in EthicsMonitor, 2012) defines that the ethical strategy includes six different focus areas:

1. Setting the ethical standards
 - Clearly defined ethical standards based on company's values and rules, including the code of conduct and policies.
2. Setting up an ethics committee
 - Members need to be senior enough that they can make decisions and authorize necessary actions.
3. Building ethical awareness
 - Taking a powerful approach in the pursuit of improved workplace ethics, particularly reducing unethical behaviour.

Visible policing provides a good example of the impact of awareness.

4. Measuring and monitoring ethical status

- A comprehensive method to do this is to conduct an ethics survey; the result will identify the most important ethical issues requiring attention and what action to take to improve ethics in the organization.

5. Taking action

- Actions to improve ethical behaviour and actions to reduce unethical behaviour. The most likely areas to increase ethical behaviour will be via values, leadership, organizational culture, communication and training, while reducing unethical behaviour will largely be via laws, rules and regulations, systems and procedures and transparency.

6. Maintaining an ethical culture

- Maintenance is a never-ending task.

The company can also make statements of ethical values; by doing so the public will also know their values making it more difficult to make unethical decisions. If the company is providing ethical training to their employees and gives rewards for ethical behaviour it is more difficult for them to act unethically.

How multinational companies can handle the competition without making any unethical decisions?

Yes, unethical behaviour can lower a company's costs (e.g. using child labour or mismanagement of safety regulations), but as societies grow richer, their willingness to pay for ethical behaviour increases. Ethical decision-making creates long-term additional value to the company and it can be measured by income or good reputation.

Companies can compete with something other than just price – ethical reputation. Being known as a 'green business' company, customers know that the company is following environmental regulations and acting ethically. It makes more value to the company and it can also create a core competency. There are numerous certifications that companies can apply to help them to draw ethical business guidelines.