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### RESEARCH ARTICLE

#### PURSuing COMMON BUSINESS ETHICS: LEADING TOWARD GLOBAL COMMUNITY.

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#### Abstract

The purpose of common business ethics is to harmonize and to lessen conflicts in business transactions around the world. Since the world is a global village or global community because of the globalization, thus it is an urgent need to have common cultural values which include moral values, and business ethics as guides of behavior in business transactions. Theories of business ethics such as normative business ethics could be used as common business ethics principles as guides for business decision making around the world. However, not all understand what those values are. Determining what the common moral values are as guides in business transactions would be a difficult one, but it is not impossible. It can be the job of WTO and the UN to formulate moral norms to be applied in all business transactions around the world.

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#### Introduction:-

The writer has been discussing about relativism and universal morality in his first paper that was published by Asian Education Research Association Journal last 2010. The writer's point of view was that the world is becoming one village because of the technology and policy changes in business and trade. Communication and movement are not limited and restricted as before. Through Social Media, people are connected from one end of the world and to the other end. Business also follows. Free trade agreement between countries makes it possible that the whole world is a market place for everyone in the business. The market of certain products is not limited to domestic market but including the whole world. What is needed is capital and the market is open. Such trend should lead to formulate or think of common or universal moral standard and universal business ethics (Abun, 2010).

It has been a question in the mind of the writer that: how will people understand each other if they are holding on their own culture or practices when they are dealing each other in other parts of the world? In terms of communication, it may be easy to answer, that we can use the same language which is English to communicate with each other in business transactions. But the problem is what values do we apply when we are transacting business with other people in other parts of the world? Whose values are to be adopted in business transactions? These questions will instill a feeling of inferiority and superiority, in the sense that the values of one country are better than the other (Omohundro, 2008). Such concept would not rest well to the one whose values or whose cultures are not considered to be better. It is here people come into conflict when one cannot accept that his values or culture are not good or lower than the other.

We have been talking about inclusivity. An **inclusive** culture is one that accepts values and views as strength. It is one that brings the differences on the table. Inclusivity requires a change of attitude on the way how we look at others. When we are holding on the idea of “we are better than others”, then the tendency is to look down on others. In consequence those who are considered not good can be excluded from the group. While inclusivity looks at other as equal in all aspects and consequently the right behavior would be to embrace others whoever they are. There is a need for respect for differences in working styles, and flexibility in tailoring positions to the strengths and abilities of others (BBI Briefs, 2011). Creating a harmonious world would require such behavior, a new ethic on how we see others, not as outsiders but all are insiders.

However, applying relativism theory of morality would not help to harmonize the world to become one village based on living one value or one culture. Relativism is not a single doctrine but a family of views whose common theme is that some central aspect of experience, thought, evaluation, or even reality is somehow relative to something else. Although relativistic lines of thought often lead to very implausible conclusions, there is something seductive about them. They have captivated a wide range of thinkers from a wide range of traditions (Stanford Encyclopedia of Philosophy, 2003). It is seductive, but it encourages polarization or division because it maintains its exclusiveness. In this case, the judgment of what is right and wrong or good and bad would be based on a culture of a place or a situation or a judgment of a person. People consider their own values or culture to be the standards of behavior and refusing to take into considerations the values or culture of other people. Holding on to such ethic would not help to harmonize the world as one village but encourages dichotomy. Going along with globalization, and the trend of global village, global community, the world needs common values as the standards of practices among members of the community.

Thus, it is urgent to call for universal morality or normative ethics. Universal morality or normative ethics is relying on the belief that human being is inherently good and can know what is good and bad. Natural law would tell us that any adult and rational people can know what is good and bad. All rational adult people have knowledge of basic goods. There are several arguments that can be cited as the argument of natural law that it is naturally knowable by all human beings, it is naturally authoritative over all human beings (Stanford Encyclopedia of Philosophy, 2002). Thus, it is not being dictated by culture or experience, but it is inborn in the person to possess such natural knowledge. Universal morality argues that there are many practices or beliefs around the world that are considered universal which are accepted by all rational being. In such a case, the only thing that human can do is to inventory those beliefs or values and make them as common guide for human behavior in dealing with each other.

Global business ethics would not be a fabrication of pure human reflection if not based on the concept of universal morality which is based on the natural law. Global business ethics is an important agenda that need to be forwarded in the globalized world. People doing business in the global village need common values or beliefs as standards of behavior in doing business. This is to say that there must be common ethical values to be adopted by all people around the globe in conducting business.

The purpose of this paper is to find the common ground for global business ethics, a universal business ethics. To achieve such purpose the writer reviewed several books on ethics, business ethics and globalization. The ideas presented are purely literature review.

### **Understanding Globalization**

Globalization is a term used to describe the changes in societies and the world economy because of open borders and increased cross border trade, investment and cultural exchange (Preyer & Bos, 2002). Naturally such trend will interconnect the world and create a global mass culture and form a one village which is a global village or global community. This is facilitated by technology. Because of the technology, the countries that are far from each other become closer. Transportation and telecommunication bring the world into one village. Social media create the world into one community and speak one language: English. It is not farfetched to create one culture, one mind, one attitude, one values and one behavior. As Martel (2010) said that culture has heavily shaped globalization and globalization has a lot to do with trans nationalization and intermingling of cultures and local cultures responses to global cultures. But the fear here is whose culture will be dominant? Because of such fear, there is a hesitance from the local people to welcome the entry of other people or business into their territory. But whether we accept or not, a country cannot be remained isolated, but it must open itself if it wants to join the rest of the world. Therefore, some join with hesitation because they are not prepared but some are happy because they are prepared. Therefore, globalization is not only about economic globalization but also cultural globalization.

Thus, it cannot be denied that there is a fear of globalization, particularly a group or a country that is not ready. Why? Because it is structured by power, inequality and conflict. As Martel (2010) pointed out that some are agents in globalization more than others, particularly those who are not prepared, and some are more integrated, and others are excluded. Some are more influential or more dominant than others which may be considered as not global. Neoliberalism imposed on parts of the world by the West leading to negative consequences. Or American imperialism played out through the media, exploitive multinational corporations or military power, etc. However, despite of those fears, it cannot be denied that globalization has some positive news. The globalization can spread the wealth, equalizing opportunity for all, bringing an intermingling of cultures in a new cosmopolitan and the generalization of positive values, universal moral values and universal human rights. This is what the writer wants to achieve and emphasize in this writing. Achieving these objectives will harmonize the world and form a global village as a global community.

Globalization is not just a natural process of development, but it is a premeditated design by the industrial world to expand the market of their product (Assaf, 1998). It is believed that the need or demand of one country cannot be supplied by one country alone, but other countries can supply the need of other countries. This situation creates interdependency among countries. Because of such interdependency, organizations like WTO, GATT, AFTA, etc. are created. WTO would talk about what things or product one country can supply to another country. Negotiations are done between countries and trade agreements are made. Quotas in terms of number of products to enter a certain country are determined during the negotiations. Besides quotas, countries also decide about the tariff on the product or service enters a certain country whether lower tariff or no tariff at all. In this case countries can have a common agreement on tariff which is called GATT (General Agreement on Trade and Tariff). In Asia, countries made agreement which is called AFTA (Asian Free Trade Association). Countries that are joining AFTA agree to eliminate tariff and free flow of goods within member countries.

Through the help of the Breton Woods institution such as IMF, World Bank and the international organizations such GATT, WTO, the globalization is spreading faster and faster. In the post-World War II environment, fostered by international economic institutions and rebuilding programs, international trade and investment dramatically expanded. By the 1970s, the effect of the flow of trade and investments became increasingly visible, both in terms of benefits and the disruptive effect (Wolf, 2014). People could see different products in the market coming from different countries. The products that was only present in the imagination, now it is all in the market.

Following the concept, we apparently have no doubts about the economic benefits of globalization. It makes life easy and easier to becoming richer. However, we should not be that innocent and naïve to swallow everything about globalization. It is just like a cake, which looks attractive and inviting but deep inside it contains sugar that damage your health if you are not careful. By theory, globalization should benefit all people because it can produce greater overall economic value. It means that all should receive equal benefit. However, not all are participants in the globalization are agents, some are agents or player and others are viewers. With that, how can economic value be shared equally? Within such powerless situation, the spectators are only relying on people who dominate the market to embody the virtue of sacrificing themselves to serve the higher purpose of the good of all. It is a hope and that's must be the goal of globalization. Not fulfilling such aim would mean resistance to globalization.

The unequal share of economic output of globalization creates a fear or suspicions from those who are not market player. The feeling toward the market player is the same as a feeling toward colonialism. Developing countries feel that globalization is a form of new colonialization, expansion of imperialism. Such perception is nothing new. Arendt (1950) as cited by Keladu (2014) argued that expansion as a permanent and supreme aim of politics is the central political idea of imperialism. The imperial expansion was driven by the social and economic interests. Economics becomes the motive of the states to expand their political power. In so doing, the states concern more with accumulating wealth than with the well-being of citizens. This phenomenon is known as the colonialization of the political, in which the state turns away from its responsibility to the public matters and submits itself into the forces or imperatives of the social. This is the common perception of developing countries about globalization and this fear is addressed to the G 8 countries representing the colonizers. Such kind of fear is being reinforced by the arrogance of multinational corporations that seem to trample local values and local economies. The Western, secular value system of the major economic actors is seen as neo-colonial affront to people with non-western religious and cultural values. How can they be blocked and temper their greed?

Thanks to the World Commission on the Social Dimension of Globalization (2004). The members of this Commission came from different countries and they formulated the purpose of globalization. The commission has redirected the noble purpose of globalization which is globalization for people. The Commission emphasized that globalization must be fair and creating opportunities for all. No one should be excluded and each one or country is a team player. At least this can temper the greed of powerful industries in the world not to squeeze everything, such as natural resources from developing world only for themselves and nothing left for local people.

The member of the Commission said has established guidelines to be followed by all countries that are entering the global market and these guidelines are drawn based on universally shared values such as respect for human rights, individual dignity, one that is fair, inclusive, provide opportunities for all and tangible benefits for all countries and people. The document further emphasizes that globalization must be fair for all, specifically respecting for the rights, cultural identity and autonomy, decent work, gender equality, empowering local communities, protecting environment, fair rules, recognizing the differences among nations, sharing responsibility in helping countries that are excluded from globalization, greater accountability to people and deeper partnership with international organizations, governments, parliaments, labor, civil society and many others.

### **Descriptive and Normative theory of Ethics**

#### **Descriptive Ethics**

Descriptive ethics concern the factual description and explanation of moral behavior. It is a non-normative approach, in the sense that judgments or decisions are made based on the situation or context when the decision is made, not just applying the accepted rules to the situation as recommended by normative theory (Hasnas, 1998, Graaf, 2006). As Parker (1998) argued that descriptive ethics in current business ethics is often centered on concepts like choice and the moment of decision making is made. The conscious decision is to some the end-point of business ethics, because it is, as Parker (1998) writes, the moment where judgments are translated into practice. That is the point where ethics can determine behavior. Many scholars who believe strongly in using one of the classic moral theories within business ethics would focus on managers and how they should make individual choices. Implicitly it is assumed that the conscious decisions of managers determine what actions organizations undertake.

Conscious decision involves analysis of problem at hand before deciding. It means that there are no available rules or standard in place to be taken immediately to be followed in making decision but the one who makes the decision must analyze the problem first before choice of action is made. Thus, the judgment on a certain act whether is good or bad, depending on the result of the investigation. Consequently, judgment to a certain issue may not be the same everywhere. Stealing may not be considered bad after all depending on the findings and depending on how the culture says on such issue (Icheke, 2011)

Descriptive theory of ethics would lead to ethical relativism. In moral philosophy 'relativism' is usually taken to suggest an empirical fact. As a matter of empirical fact, there are deep and widespread moral disagreements across different societies and these disagreements are much more significant than whatever agreements there may be (Stanford Encyclopedia of Philosophy, 2014). The truth or falsity of moral judgments, or their justification, is not absolute or universal, but is relative to the traditions, convictions, or practices of a group of persons.

Following such argument would indicate that moral relativist says that there is no absolute morality that is applied to all people. Morality depends on the culture, society, situation and even individual judgment. What cultures says it is good, and then it is good. In this case, morality is different from one culture to another culture, society to society and even from one individual to another individual person. No one cultures, or individual person or institution dictates what is good and what is bad, what is right and what is wrong. Each culture, each society and individual persons possess the truth and the knowledge of what is good and bad, what is right and what is wrong (Abun, 2010).

Relying on such theory, decisions are made based on the analysis of the situation or problem and what the culture says about such situation or problem related to its morality. Beside the culture, even individual person can have their own assessment to the situation or problem and can make their own judgment to its morality. It becomes complicated because not everyone is holding on the same values. In this case morality is not to be applied the same to anyone and everywhere. Each culture or society or group, each one will have different norms or standards of what is good and bad. Imagine living in such a kind of situation (McClintock, 1963).

Take an example of a philosopher who is talking about individual morality. Hume (1983) argued that morality comes from the individual impressions which are our feelings of approval or disapproval and are caused, according to Hume, by our ability to **sympathize**. Sympathy is a natural propensity to share the feelings of other human beings. This sympathetic faculty is the source of moral impressions and consists in a psychological mechanism whereby one person experiences the sentiments of another through an act of the imagination. Moral impressions, the product of sympathy, are sentiments with their own, uniquely identifiable phenomenological qualities, distinguishable from other feelings of pleasure or displeasure. Impression is different from one person to another person and thus judgment of what is good and bad would also be different from one person to another person.

Following the argument of moral relativism, it would suggest that business transactions may not be the same everywhere. Each country should have their own moral standards to be applied in business transactions because situations of each country are different from each other. No one culture or individual or business group would dictate other group or individual from other places to follow their practices. Consequently conflicts, misunderstanding, come in because each group or individual person would insist their own practices as the best to be followed.

### **Normative Ethics**

Normative ethics intends to find out which actions are right and wrong, or which character traits are good and bad. Normative ethics is normative in that they have either moral principles as standards of right action or virtues as standards of good character in terms of which right action can be known eventually (Encyclopedia of Britannica). Under normative ethics we discuss deontological ethics which talks about rules on standard of behaviors and virtue ethics which talks about virtues that should be possessed by a human. If a man acts according to those virtues, then he/she is called a virtuous man/woman or moral or immoral.

Thus, normative ethics would suggest that life must follow certain rules. It tells us how things should be in respect to some issues. It attempts to provide a general theory that tells us how we ought to live (Internet Encyclopedia of Philosophy, n.d). It does not attempt to tell us what moral properties are, and it does not attempt to tell us what specific things have those properties. Normative ethics just seeks to tell us how we can find out what things have what moral properties, to provide a framework for ethics. In the normative ethics, there are three categories of ethics such as virtue ethics, deontology and consequentialism. Virtue ethics concentrates on the character of the person such as courage, honesty, compassion, temperance, etc. A person should possess those characters. A person who possesses such virtues would be considered virtuous person. An act that is against the character of a person is considered bad. Thus, virtue ethics would tell us that we should always act in ways that manifest our virtues. Virtue ethicists tell us that it is the agent's character traits and motives (i.e., whether the virtuous person would do act A) that makes the action morally permissible or not. While deontology would concentrate on the act. It states that there are certain acts that are intrinsically good and bad which is good and bad in themselves. Example; killing is considered bad, no matter whatever reason why the person is killing. Stealing is considered bad, even though the person was stealing because he would like to survive. Committing fraud is bad no matter whatever reason behind the fraud. Finally, consequentialism focuses on the consequence of the act. Consequentialist holds that we ought always to act in the way that brings about the best consequences. It doesn't matter what those acts are; the end justifies the means. All that matters for ethics is making the world a better place (Stanford Encyclopedia of Philosophy, 2006). Those three normative ethics are the norms of our life, the principles or rules on how we should live our life, how we should act. These norms would tell us that humans must possess virtues and they should act based on those virtues. When they act, they should take into considerations why they should act, their intention and the consequence of their act. Human should always act as a virtuous person, with good intention and for the benefit of great majority. Never do things for self-interest.

One well-known philosopher of the normative ethics is Emmanuel Kant. Immanuel Kant's well-known proposition is categorical imperative (CI). It is a deontological ethical theory, which means it is based on the idea that there are certain objective ethical rules in the world to be followed. It is our duty to follow, to implement, whether we like it or not. It is not because it is the right thing to do and you want to do it, but it is our duty to do it. Helping the sick is our moral duty to do. If we do not help the sick, then it is bad, immoral. "Deontology" comes from the Greek word "deon" meaning duty – in other words, deontologists believe we have a duty to act in certain ways, in accordance with moral laws capable of reasoning in the same manner and on the same level. One of the primary points of Kantian ethics is a respect for person which is basically states that we must never treat another human

being as a means to an end – this idea lies at the core of Kant's ethical thinking (Stanford Encyclopedia of Philosophy, n.d).

In line with his categorical imperative (CI), he argues that we can only do or act to a certain problem if we allow other people also to act or do under the same situation or circumstance which is called maxims. When we are hungry, and we find out that there was no choice to survive except to steal bread from the store of the neighbor. This action could be considered moral if we allow other people too to steal under the same circumstance. Next is that, we imagine the situation in which all people are hungry and steal, and then imagine the situation where all people are stealing. Then, imagine too, if other persons steal our food when they are hungry, would we accept it? If the answer to those questions are no, then we should never do such action despite of the consequence of that act. If the answer is yes, then we should do it despite of the consequence.

Thus, through such argument Kant believes that there are acts that are good and bad in themselves and we have a duty to obey, to follow either to do it or to avoid it despite of the consequence. We have no choice but to do it. Kant believes that all rational people have the capability of knowing what is good and bad and they have a duty to follow. Killing is bad and Kant believes all rational people everywhere know that killing is bad and thus they must avoid it, even though they kill for self-defense. When they kill for self-defense, it is still considered bad.

Beside Kant, in line with deontological argument, John Stuart Mill presented utilitarianism as a guide for an action. It is also called Utility, or the Greatest Happiness Principle. Utilitarianism holds that actions are right in proportion as they tend to promote happiness, wrong as they tend to produce the reverse of happiness. By happiness is intended pleasure, and the absence of pain; by unhappiness, pain, and the privation of pleasure. But the question remains to be asked: what things it includes in the ideas of pain and pleasure; and to what extent this is left an open question. But these supplementary explanations do not affect the theory of life on which this theory of morality is grounded—namely, that pleasure, and freedom from pain, are the only things desirable as ends; and that all desirable things are desirable either for the pleasure inherent in themselves, or as means to the promotion of pleasure and the prevention of pain (Mill, 1863).

Drawing idea from such argument, we are left clueless when we try to understand what he means with the Greatest Happiness Principle. To understand the Greatest Happiness Principle of Stuart Mill, it is important to understand Jeremy Bentham's famous formulation of utilitarianism which is known as the "greatest-happiness principle". John Stuart Mill was influenced by Jeremy Bentham. Now, what Jeremy Bentham meant by Greatest Happiness Principle? Jeremy Bentham argued that one must always act to produce the greatest aggregate happiness among all sentient beings, within reason. It means that the Greatest Happiness of majority or collectiveness, not only individual happiness. Pursuing one's own happiness at the expense of social happiness would not be moral under this framework. Both Mill and Bentham have differences in terms of what kind of happiness they meant. Mill argued that it must be higher happiness or pleasure which is intellectual and moral happiness or pleasure, while Bentham treat all kind of pleasure equal. Mill argued that intellectual and moral pleasures (higher pleasures) are superior to more physical forms of pleasure (lower pleasures).

Following the line of argument of Immanuel Kant and John Stuart Mill we have the idea that there are actions that inherently good and bad and there is no other way of turning them into good or bad. Example: killing is inherently bad and there is no other way to turn killing into a good act. If someone is killing someone else, it is bad, and he should be punished. Fraud is inherently bad and there is no way of making fraud good. Thus, the rule or the norms along this line is not to kill and not to commit fraud. In line with the utilitarian argument, we are told about the consequences of our actions if our actions can bring happiness to the greater majority of people. We are allowed only to act if we know for certain that the act is for the greater happiness of the greater majority.

### **Normative Theories of Business Ethics**

The word normative is an adjective which comes from "norm." In a philosophical context, and the word norm usually means standard, or rule, or principle. It means that line of reasoning can be assessed against these rules and judged correct or incorrect. We have mentioned the categorical imperative of Kant and the Greatest Happiness Principle of Utilitarianism as normative theories of ethics. The idea of normative theories of Business Ethics is in line with the normative theory of ethics. There are three normative theories of business ethics which are stockholder theory, stakeholder theory and social contract theory. Decisions that the business man/woman makes should follow the line of reasoning presented by normative theories of ethics.

**Stockholder Theory**

To understand the stockholder theory of business ethics, we need to understand the nature of business. Business is organized by a group of people or stockholders. They form capital to put up a business and entrust it to the managers who manage the business. The main concern of a manager is to realize the objective of the stockholders. The managers are tasked to manage the business as mandated by the stockholders or investors. The managers have duty not to divert business resources away from the purpose authorized by the stockholders and only to follow the directions of the stockholders. Violating such agreement and spend the money for his/her own purpose would be considered as treating others as means to his/her own end which is violating the Kantian Principle of respect for persons (Hasnas, 1998).

The objectives of the stockholders are financial returns on their investment. Managers' duty is to maximize profit for the owner. Such idea is drawn from the idea of Milton Friedman (1962). Milton Friedman argued that there is one and only one social responsibility which is to use its resources and engage in activities designed to increase its profit so long as it stays within the rule of the game which is to say, engages in open and free competition, without deception and fraud. From such statement, Milton Friedman did not rule out that the only purpose of business is profit at all cost but there is a limit in making profit: follow the rules of engagement and no deception and fraud. It does not instruct managers to do anything at all cost to increase the profitability of the business. It allows manager to pursue profit through legal and non-deceptive means and no fraud.

Analyzing the statement of Milton Friedman, we get the idea that the main purpose of business is making money but not for the common welfare of people that are affected by the business. Following legal requirements and ethical standards are only means to achieve profit. However, despite of that focus, Milton Friedman, presented the norms on how to do business transactions. There are ethical standards to be followed though such standards is used to achieve its ends. The line of thinking of Milton Friedman is somehow followed by Adam Smith (1776). In his invisible hand theory, he argued that the purpose of business is indirectly to promote the general interest. For everyone by pursuing his own interest he promotes that of society more effectually than when he really intends to promote it. Therefore, it is unnecessary and counterproductive to exhort business persons to act directly to promote common good. Thus, from such argument, we can conclude that there is no justification for claiming that business persons have any social responsibilities other than legally and honestly maximize profits of the firm. However, indirectly from pursuing profit, it will be also improving the common welfare of the society in return (Hasnas, 1998). Following their arguments, it is safe to argue that there is nothing wrong to pursue one's interest because by pursuing it, he/she is pursuing common interest of the public indirectly. When a capitalist establishes a business, he/she employs many people and these people can earn income and improve their life.

In conclusion, stockholder's theory is derived from both argument, Friedman and Smith. Despite the heavy criticism on the stockholder's theory, we learn the ethical norms of doing business which are pursuing profit within legal boundaries and ethical principles. Next is drawn from the idea of Smith that the purpose of business is indirectly to promote the public welfare. By pursuing his/her own interest, she/he also indirectly promotes public interest. Public interest is the consequence of private interest. Following such argument, it means that there should be no business purely for self-interest. Thus, free market is not necessarily bad because it also promotes public interest according to their argument.

**Stakeholder Theory**

As against the stockholder theory which focused on the stockholders' interest, stakeholder theory tries to balance the interest of both sides, the stockholders and the stakeholders. Stakeholder theory holds that effective management requires the balanced consideration of and attention to the legitimate interest of all stakeholders who have a stake in or claims on the firm. Stake holders may include stockholders, customers, employees, management, and local community who can affect and be affected by the business. Business success can be achieved through paying attention to the interest of the business' stockholders, customers, employees, suppliers, management and local community (Goodpaster, 1991).

Stakeholder theory argues that managers should manage the business for the benefits of all stakeholders. It views the business not only as a mechanism for increasing the stockholder's financial returns, but it also helps improve stakeholders' interest. Management should have a balanced relationship not only to the stockholders but to all stakeholders (Hasnas, 1998). Thus, in its normative form, the stakeholder theory does imply that business have true social responsibility. Management's function is not just to maximize the firm's financial returns of the

stockholders but to ensure its survival by balancing the conflicting claims of multiple stakeholders. When management functions as stewards of the stockholders and stakeholder, then it has exercised its corporate legitimacy and fiduciary. The business exists for the benefits of stakeholder and at the same time for the corporation. It must act in the interest of stakeholders and in the interest of corporation to ensure the survival of the firm.

Management's obligation to the stakeholders is derived from the normative ethic theory of Immanuel Kant's principle on respect for persons. Kant argued that every human being is entitled to be treated not merely as a means to an end but as a human who has the right and is entitled to be respected as an end in himself or herself. Going along such theory, management should treat their stakeholders with respect and should not use their stakeholders for the interest of the stockholders. Thus, the theory implies that stakeholders, in order not to be violated, should be represented in the decision-making process (Freeman & Reed, 1983).

### **Social Contract Theory**

Under social contract theory, the existence of businesses is to improve the welfare of society by satisfying consumer and employee interest without violating any of the general canons of justice (Hasnas, 1998). Though there is no written contract made by the two parties, but under the social contract theory, the business is in agreement with the society in which society recognizes the existence of the entity on the condition that it serves the interest of society in certain specified ways.

Following the line of thought of the argument of social contract, therefore, there must be terms and conditions between the business and the stakeholder. What are the obligations of the business toward the community and what are obligations of the community toward the business. There is always giving and taking. Thus, the ethical obligations of businesses toward the members of society are derived from the terms of this agreement. Thus, the social contract theory posits an implicit contract between members of society and businesses in which members of society grant businesses the right to exist in return for specified benefits.

In granting businesses, the right to exist, the members of the society give them legal recognition as a single agent and authorize them to own and use land and natural resources and to hire members of society as employees. Besides, what demand would the society require from the business in return as benefits from authorizing the existence of the businesses? The business would be required to enhance the welfare of society, minimizing the disadvantages and remaining within the bound of the general canons of justice (Hasnas, 1998).

### **Finding Common Ground for Global Business ethics, a Universal Business Ethics**

The writer is a believer in the moral universality of Immanuel Kant. The writer became convinced of universal moral values when he is reflecting on the conflicts that are happenings right now. Mostly of conflicts are caused by cultural values differences such as religion and part of it is moral values differences. Those values affect the mind, perception, attitude and behavior of each person. It affects the relationship in everyday life and in business transactions. It creates division, disharmony. If the world is emerging becoming one village, the researcher could not imagine a village inhabited by people who are living different values. Within such scenario, possible conflicts can happen every now and then.

Common moral values would be translated into common business ethics which can harmonize business transactions all over the world. It is along this concern; the Commission on Social Dimension of Globalization (2004) proposed a stronger ethical framework. The Commission emphasized that globalization must be based on universally shared values and respect for human rights. Such recommendation came because of observation that globalization has been developed in ethical vacuum where market success and failure have tended to become the ultimate standard of behavior and where the attitude, "winners take all" becomes standard of behavior and it weakens the fabric of communities and societies. The recommendation of the Commission on Social Dimension of Globalization of UN is just what universal morality as presented by Immanuel Kant.

Winners take all attitude is the attitude of capitalists in which they emphasize the value of competition. In the competition, only the strongest survive and the weakest must leave the business. In this case, money is the game of the day and rules the market. If the market continues to operate this way, then the old problem such as the gap between the poor countries and rich countries, poor people and rich people will never be solved. Rich countries continue to dominate their presence in the market, they dictate the market, dictate the laws, and dictate the government of developing countries to serve their interest. And IMF and World Bank as their instrument to colonize



the developing countries continue to pressure the poor countries to change their economic policies according to what the rich countries want. The world would never be harmonized. Thus, globalization in the UN's understanding which is creating opportunities for all failed completely is just what universal business ethics and universal morality are trying to propose. Lingering fear of new colonialization through the presence of multinational companies continues to dominate the mind of poor countries and it can lead to resistance of the presence of multinational companies.

Removing such fear, WTO at DOHA round negotiating process tried to generate some positive developments for the trading system, one of which is the focus on a better understanding of the linkages between trade and poverty and the need for complementary measures to assist the poorest countries to benefit from global trade opportunities, including "aid for trade." But this positive aspect of the process is greatly outweighed by the negatives. It is still not known whether the Doha Round will eventually be brought to closure, but whatever the outcome deep concerns are warranted about the consequences of the Doha Round for the future of the multilateral trading system (Zedillo, 2006). Lingering fears seem to be real despite the talk on how to help other countries because the powerful countries continue to insist their agenda and pushing the poor countries to accept their proposal, while these countries are not open to the proposal of poor countries. Issue on protectionism remains unresolved at one side and issue on open trade is at another side. Rich countries and poor countries enter a battle zone standoff. Suspicions from both sides prevent to come up with common agreement. Why such standoff happened? The rich countries push for another talk, but the poor countries are hesitant to welcome the proposal. It was because developed countries had failed to deliver on commitments they had made under the previous Uruguay Round or that certain WTO provisions had, in practice, proved to be counterproductive. Then there were those, like the European Union, that agreed to the round but in the end would do the utmost to resist a firm commitment to undertake serious reforms in the key area of agriculture.

The bottom line of these failures is because of self-interest. The principle of fairness, justice, equality is not the norms in the negotiations but is just pure self-interest. Advancing self-interest agenda would always bring division, not harmony. It is on this concern; there is a need to reaffirm basic ethical values in public life and business transactions. There is a need to call for ethical globalization. Cohesive societies should build on shared values which create a moral framework for private and public action. Up to this point, globalization has not created a global society based on shared value, but it is pure interactions between people without holding a common ethical value. Each one is using their own moral values in the negotiations and business practices.

The writer has been arguing that holding on ethical relativism would not help to harmonize the society. Ethical relativism is a result of descriptive theory of ethics. The writer believes that true harmony can only come after common understanding has been established and both parties live the same values or culture. Ethical relativism could not create such dream because the relativists believe that there are no such things as a common ethical values or moral norms. For them moral norms are different from one place to another, one country to another and even among individuals. In other words, morality and truth are relative (Abun, 2010).

Moral universalism could help solve misunderstanding. Universalists believe that there are moral norms or values are universal. It is called universal because all adult rational people around the globe are accepting those values as good. Though those values are not written in a certain book as handbook but there are written in the mind of all people since their birth. In the sense that even they are not taught about those values, they already know that those values are good and bad. This is what we call natural law, the law of nature (Abun, 2010).

Among the normative theory ethics, the writer endorses the theory of Immanuel Kant of Categorical Imperative. In the Categorical Imperative, there are acts that are already good and bad in themselves and these acts are known as good and bad everywhere. They are universal. And thus, it is human duty to obey and implement or to avoid them. If human beings fail to do it, they could be judged as immoral and if they fail to avoid it, then they are immoral. Thus, the Maxim principle should be used in determining the rightness and wrongness of the actions. In this case a person can only act if that person wills that other people everywhere can do the same under the same situation (Stanford Encyclopedia of Philosophy, 20014)

The same case is with business ethics. There are acts that must be commonly accepted as standard of behavior or practices around the globe. Stealing, frauds, deception, unfairness, are several examples of commonly accepted universal values and they are called bad values and they should not be practiced. In this case, following Kant's argument in the categorical Imperative, all agents in the transaction must avoid it no matter what consequences of

not doing it would be. There are also several examples of moral values that are accepted as good everywhere such as helping others, those who are in need or sick, justice, fairness, love, respect for dignity, privacy, and many more and these values must be practiced no matter whatever the consequences of doing it (Stanford Encyclopedia of Philosophy, 2004).

### Conclusion:-

Following the line of argument that we have presented, starting from globalization, and then theory of ethics, normative theory of business ethics, we come to a point that the world needs common moral values to live. The world is one village and one village must be operated by the common moral values to create a harmony. Those values are guiding principles in human conduct in whatever they do, either in business or other activities that involve another party.

However, the difficulty is to determine those values, as common moral values to be applied in business transaction. Who are assigned to determine those values and write and disseminate those values to all people around the globe? It might be a tough job, but it can be done. The world has UN and WTO and it must be their duty to harmonize the world by establishing common or universal moral values, universal business ethics as a guide in human conduct.

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