

Moral Relativism and Moral Universalism

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In international business, one of the moral problems organisations are facing is how to deal with diversity in moral standards. A relativist or a universalist position can be taken. Both positions are explained in this article. Before drawing up code of conducts to regulate international business behaviour, it is important for international organisations to know their stance in the relativist-universalist dichotomy. As both positions have serious drawbacks, the challenge is to find a position that on the one hand respects diversity and on the other hand does not lead to a position that anything goes.

Diversity

The human world is characterised by a great cultural and moral diversity. When travelling or watching television, many different cultures, religions, and worldviews can be witnessed. As a result of this cultural diversity, there are also different moralities with other values and norms. For instance, in some cultures it is regarded quite normal to exchange expensive gifts when doing business, in other countries such as the Netherlands, this practice is regarded as bribery.

Codes of conduct

Management and staff that work abroad can be faced with complicated moral problems and dilemmas how to act in cases where the norms and values differ. Equally, the stakeholders involved need to have clarity how to act and what is expected of them. An instrument that is widely used, by both multinational enterprises (SMEs) and small and medium sized enterprises (NMEs) alike, is a code of conduct. In this code the moral starting points and guidelines are given how to act in situations and cases of bribery, fraud and other moral situations.

Choice

Before drawing up a code of conduct, a more philosophical question needs to be answered. Is the starting point of the code of conduct a relativist or universalist position? Although it is a philosophical question, in practice it makes quite a difference how organizations react on moral and cultural difference when they are relativist or universalists. The two moral positions will first be explained.

Moral relativism

Facing all the variety in values and norms, the reaction of moral relativist is that they draw the conclusion that there are no universally valid standards. What is right or wrong is dependent on when or where a person is born. Relativism should not be confused with subjectivism. It is not the individual who decides what should be done because that would be subjectivism. In relativism it is the local community with its own morality that determines what is right or wrong.

For instance, when in a country it is normal to offer custom officers grease payments to facilitate an easy clearance of the goods, in a relativist position

it is regarded as a local custom to 'supplement the income of a civil servant' and is not seen as a form of corruption.

When a company has a relativist mindset, their code of conduct probably allows such grease payments, as long as for instance the amounts are reasonable and there is transparency in recording the transactions.

Moral universalism	The opposite position is moral universalism. Moral universalists also witness the cultural and moral diversity in the world, however, they believe that despite the cultural difference, there is an overarching set of norms and values that is absolute and valid for all people all over the world. This universally valid morality is not extensive and in fact quite small. It only contains the basic values and norms that all human beings should obey in order to survive and live peacefully in a community. Human co-existence would otherwise be impossible. Example of such values and norms are honesty (not lying), safety (not killing, not hurting) and the right to possess goods (not stealing).
Sources	There are two types of moral universalists, the ones who have religious sources and the ones who have secular sources for this set of universal values and norms.
Religious source	The set of norms and values that according to religious believers is universal are the Ten Commandments.
10 Commandments	Both Christians, Jews, and Muslims share in their holy books the old story of Moses who received the Ten Commandments from God (Yahweh / Allah) containing the 10 guidelines all human beings all over the world in all times should obey. The most important rules are: you shall not lie, you shall not kill, you shall not steal, you shall not give false witness, you shall not commit adultery, you should honour your parents.
Secular sources	According to Immanuel Kant and Humanists who take a secular position, it is not necessary to refer to religion. The main secular sources to which they refer are the natural law and the UDHR.
Natural law	According to Kant, all sane human beings are endowed with a <i>natural law</i> that tells you the basic norms and values. According to this innate natural law a person simply knows by heart that lying and stealing is wrong. There should be no wantonly killing (wantonly = without any rational reason / just for fun), no torturing and there ought to be some basic rights such as having a fair trial, respect of one's property and allowing some privacy. The way to find out what the natural law is to apply the Golden Rule: treat others as you want to be treated. If you do not want to be deceived yourself, you do not lie.
Human Rights	Another set of values that claim universal validity and need not refer to religion is the Universal Declaration of Human Rights.

The UDHR has its origins in the French and American Enlightenment and was drafted in its present form in the USA after the atrocities of the Second World War.¹ It contains the basic rights that individuals have towards their government and fellow human beings. These rights should be worldwide respected and in The Hague there is an International Court of Justice that will persecute dictators, generals and other persons that violate human rights.

UN, OECD, ILO

When an organisation has chosen for a universalist approach, it means that one set of values and norms is taken as a starting point for their worldwide moral behaviour. Inspiration for these 'universal' values and norms is usually found within international organisations such as the United Nations, the OECD (Organisation for Economic Cooperation and Development) and ILO (International labour Organisation) These organisations have drawn up their own sets of universal values with an emphasis on fighting corruption (OECD) or prevention of exploitation of workers (ILO). (On their websites you can find the lists of basic rules.)

Zero tolerance policy

It makes a difference when a code of conduct has a universalist or relativist starting point. A universalist approach allows for instance to adopt a worldwide zero tolerance policy with regard to corruption. Local customs that justify the payment of bribes or grease money, can be ignored. This enables corporations to join the worldwide battle against corruption initiated by the United Nations. The reason why an increasing number of MNE's and SME's join this fight is that there is a direct link between poverty and corruption and this vicious circle needs to be stopped. A code of conduct with a universalist zero tolerance approach means that members of staff are strictly forbidden to be involved in bribery or grease practices. This also includes situations where customs officers expect 'facilitating payments', with the negative consequence that clearance of the goods will probably take longer.

Choice

The examples above show that it makes a difference when drafting an international code of conduct whether or not a relativist or universalist mindset is assumed. Yet, making an explicit choice is rather difficult, not only because of its philosophical nature, but also due to the advantages and disadvantages that are attached to both positions.

Advantages relativism

The advantage of the relativist position is that it is often easier to conduct business as local customs and traditions are respected. When for instance in a business deal is it customary to exchange expensive gifts, then a relativist has no problems with it. Also processes will probably go more smoothly

¹ Relativist may argue that the UDHR has a Western origin and a lot of non-Western collectivist countries do not accept for instance the individual approach of the UHDR. It is true that the UDHR is not known by heart such as the natural law. Yet, there is another, more pragmatic way to claim universal validity. Almost all countries in the world have signed and ratified this declaration. Only a few crook nations, run by dictators refuse to sign.

when grease payments are not forbidden. So for businesses it is a great temptation to become a relativist. Yet, there are also drawbacks:

Disadvantages relativism A disadvantage is that relativism also entails that an uniform universal code of conduct is impossible. For each country a separate code of conduct is needed that takes the local culture into account. This means that there is no uniformity in conduct and therefore there is a risk that there is internal confusion how to act.

The lack of uniformity could also lead to unequal treatment of staff. When for instance a sales person in a Western country is made redundant because of committing bribery, his Japanese colleague might get away with it because of the *guanxi* tradition which requires exchanging gifts to build long-term relationships.

Anything goes Moreover, moral relativism leads to the rather unsatisfactory situation that it is not possible to morally condemn practices which are considered to be wrong from one's own cultural perspective. For instance, it is possible that a Western manager is confronted with suppliers who use 14 to 16 year old workers paying the absolute minimum. When moral relativism is true, and it is not illegal in that country, the Western management remains empty handed as you are only arguing from your Western / Dutch norms and values which are not applicable abroad.

Advantages universalism The moral universalist position has the advantage above the relativist position that only one code of conduct can be issued that is valid for all staff and subsidiaries in the world. This gives the necessary clarity how to act in culturally deviating situations. When for instance staff is confronted with officials asking for grease payments, they can refer to their code of conduct without jeopardizing the relationship. Also universalism means that all staff over the world has the same rules and therefore there it is less likely that they are treated differently and unequally.

Drawbacks universalism However, universalism also has its drawbacks. The most important one is that abroad the values and norms on which the code of conduct is based, could be regarded as typically Western. Staff and stakeholders living and working abroad may feel that their culture and their morality is not respected.

Blindness This blindness with regard to other moralities is a problem that happens rather frequently with European and North American managers. The morality in which we are born, is believed to be universally valid. We inherit the norms and values from our parents and ancestors. We are brought up in our ways of life and our own morality could be so natural, common and self-evident that we believe that they are true and valid for all over the world. An example of such universally valid value is democracy. Especially North Americans believe in the absoluteness of this value and it should therefore be implemented all over the world, even at the costs of the lives of American soldiers.

Moral imperialism So moral universalism could lead to the problem that you – as a Western manager – are accused of 'moral imperialism', you are imposing your own

morality on other cultures! You are in fact forcing your workers to assimilate to Western standards.

To give an example, you firmly believe that men and women are created equally and that equal treatment is an universal value. In Arab countries, it is a common belief that that the worlds of men and women should be separated. When Arabian staff is forced to cooperate with women (or even worse, to have a female manager) it is felt that the Western way of life is imposed on them.

Challenge

What to choose in the relativist-universalist dichotomy? Both positions have advantages and disadvantages. The challenge for internationally operating managers is to find a position that combines the best of both worlds. On the one hand it should be prevented that Western morality (that is supposed to be universal) is imposed on others. On the other hand the situation should be avoided that you cannot condemn and forbid practices of which you really think they are morally wrong due to moral relativism.

Human Rights

The solution that an increasing number of Western companies have found is the following. The advantages of the universalist position are met by embracing the human rights (UDHR or codes that are based on it) as a moral minimum. In this way it is possible to avoid the situation that ‘anything goes’. The advantages of relativism are met by accepting local customs and habits as far as possible. In this way respect is shown for the cultures and moral systems abroad. However, this respect has an important limitation, namely that the customs and traditions should not conflict with the human rights. This is possible as the human rights (UDHR or the codes based on it) only contains a limited number of norms, values and rights that are considered to be absolute and universally valid and allows space for local customs and traditions.

For example, Muslim women can wear their veil without being discriminated against. Non-Christian holidays are granted. When entering the private house of a member of staff, out of respect, you take off your shoes. Greeting each other need not necessarily be by shaking hands. All these customs can be respected without violating human rights.

However, when you for instance discover child labour or dangerous working conditions with your suppliers, you can take a universalist position take the necessary disciplinary action.

Grey area

In most cases this compromise between compliance with human rights on the one hand and respect for cultural / religious traditions and customs on the other hand gives enough guidelines for corporations how to act. However, there are cases in which it remains unclear where human rights end and local customs begin? International businesses can be confronted with a so-called ‘grey area’ in which it is not clear what to do.

For instance, in Saudi Arabia, women are not allowed to work together with males. Appointing a female manager is out of the question. Yet, according to the human rights, discrimination on basis of sexes is not allowed.

Ethical committee

In these difficult cases of intercultural nature and other moral dilemmas that may occur, it is recommendable to appoint an ethical committee that can decide what to do. Like in a legal context jurisprudence is used for complicated cases, an ethical committee can build a so-called 'mores-prudence' containing guidelines how to resolve difficult moral dilemmas and intercultural problems.

In the deliberations of the ethical committee, it is also wise to include the question whether the company wants to do business in a country where basic human rights are violated so much that dirty hands cannot be avoided. At first sight it may seem profitable to invest in such countries, yet the potential loss in reputation should also be taken into account.

In most cases, however, respect for human rights on the one hand and respect for local cultures on the other hand, helps corporations to find a balance in intercultural moral dilemmas.

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Suggestions for further reading:

Ethics & Business, Ronald Jeurissen, Van Gorcum 2007,
Especially the article "Handing Corruption and Gifts"