# Inverting Donaldson's Framework: A Managerial Approach To International Conflicts Of Cultural And Economic Norms

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ABSTRACT: Thomas Donaldson's framework for dealing with value-conflicts between a manager's home and host country distinguishes between a "conflict of relative [economic] development"—conflicting norms that arise because home and host are at two different stages of economic development—and a "conflict of culture," which arises because the home and host's different cultures generate conflicting norms on the issue the manager faces. My question here is a thought experiment. What different insights might emerge if we flipped Donaldson's framework around? Specifically: What if we viewed the kinds of conflicts that fall under Donaldson's "conflicts of culture" as arising not because the home and host exhibit a "fundamental" conflict in cultural norms, but because they are at two different stages of *cultural* development? And what if we viewed "conflicts of relative economic development" as conflicts that occur not because home and host are at two different stages of economic development but, simply, because their economies contemporaneously interact with each other in ways that generate normative conflict: call them "conflicts of economy"?

KEY WORDS: conflict of relative development, conflict of culture, international business ethics, multinational enterprises, developing economies, Thomas Donaldson

IN HIS BOOK *THE ETHICS OF INTERNATIONAL BUSINESS* (1989) and his 1996 *Harvard Business Review* piece "Values in Tension," Thomas Donaldson advances an elegant and justly famous framework for approaching one of the thorniest problems in international business ethics: what should a manager do when the ethical values of her home country conflict with those of a host country where she is doing business? Donaldson distinguishes between a "conflict of relative [economic] development"—conflicting norms that arise because the home and host country are at two different stages of economic development—and a "conflict of tradition," or what I will call here a "conflict of culture," which would occur even if the home and host country were at the same economic-developmental level, because their different cultures generate conflicting norms on the issue the manager faces. Donaldson advanced criteria for thinking about each of the two types of conflict.

My question here is a kind of thought experiment. What kinds of different understandings or insights might emerge—and what would the implications for

©2015 **Business Ethics Quarterly** 25:4 (October 2015). ISSN 1052-150X pp. 535–558
DOI: 10.1017/beq.2015.30

Donaldson's framework be—if we flipped that framework around? Specifically: What if we viewed the kinds of conflicts that fall under Donaldson's rubric of "conflicts of culture" as arising not because the home and host embody fundamentally different cultural norms, norms that would differ no matter what their relative stages of economic development, but because they are simply at two different stages of *cultural* development? Call them "conflicts of relative cultural development," a term that I will specify below. And what if we viewed Donaldson's "conflicts of relative economic development" as conflicts that occur not because the home and host are at two different stages of economic development but, simply, because their economies contemporaneously interact with each other in ways that generate normative conflict: call them "conflicts of economy"?

In Part I, below, I briefly set out Donaldson's framework. In Part II, I "flip it around" and introduce a different set of criteria for evaluating conflicts between home and host norms: not necessarily for all such conflicts, but for the kinds that Donaldson focuses on. They are the ones that, by and large, provoke the most normative controversy: wages, working conditions, product safety, gender equality, nepotism, and gift-giving to officials.

## DONALDSON'S FRAMEWORK

*The Ethics of International Business* embedded Donaldson's conflict of relative economic development/conflict of culture framework in his broader theories of social-contract-generated corporate responsibility and fundamental rights. But—as the *Harvard Business Review* essay showed—that framework can also be viewed in a free-standing way, separate and apart from the rest of Donaldson's theory, and I so view it here.

### *Conflict of Relative Economic Development*

A conflict of relative economic development, for Donaldson, arises when the norms of the home and host country differ because home and host are at different stages of economic development. The home, generally, is a developed economy—typically the U.S. in Donaldson's examples, and so will be too in the examples I use here—while the host is a developing economy. And to resolve a conflict of relative economic development—concerning a particular practice in which the manager is thinking of engaging—the manager must, Donaldson says, "ask the following question: Would the practice be acceptable at home if my country were in a similar stage of economic development" as the host? Sometimes the answer to this question will be affirmative—and if so, the manager may engage in the practice—and sometimes it will be negative, in which case she may not.

Importantly, Donaldson (1989: 103) refers to his question as a "hypothetical" or counterfactual one. What I believe he means is this: Applying the home country's (e.g., America's) norms as they are *today*, and if the home were at an "earlier" economic-developmental stage—one "relevantly similar" (Donaldson, 1989: 103) to the one the host is at now—would the practice be permitted? If the question were merely a historical or factual one, about what America actually did permit in the past, then Donaldson's framework would support a US MNE engaging in slavery in a host country—and so it can't be read that way.

For some issues, if the US manager were to imagine applying current US norms to her home economy at a state of development similar to a present-day host's, she could reasonably find the practice permissible. For example, could a US MNE market a drug for dysentery in India that, because of its side effects, had been banned at home? To answer this question, the MNE manager must ask herself whether "the United States, at an earlier stage of development"—i.e., at a time when a more rudimentary public-sanitation system generated serious dysentery outbreaks—could permissibly "have used [the dysentery] drug despite its side effects" (Donaldson, 1996: 59-60). "The answer," Donaldson says, "is clearly yes." That's because *current* norms would have permitted Americans to make the consequentialist "tradeoff" (Donaldson, 1989: 102) differently than they would now: opting for curing dysentery epidemics even at the cost of some cases of serious side-effects, such as blindness or paralysis (Hinds, 1982). Likewise, *current* American norms would support the US, at an earlier state of development comparable to Angola today, having attracted vital "foreign investment and jobs" even at the cost of much lower wages (Donaldson, 1996: 58). So there is no moral bar to the MNE today paying Angolan oil workers much less than it pays US oil workers.

Practices such as paying lower wages in Angola or marketing a dysentery drug like Entero Vioform in India would, then, be permissible on Donaldson's test. In other situations, though, when a US manager imagines applying current home norms to the US as it was at an "earlier" time—at a developmental stage "relevantly similar" to the host today—those current norms would, probably on deontological grounds, bar the practice. For example, current US norms, even as applied to earlier developmental stages, would have forbidden carcinogenic workplaces, or drugs whose side effects outweighed their benefits (Donaldson 1996: 60), or slavery. Understood as a hypothetical question about the application of current norms to previous developmental conditions, then, Donaldson's criterion for resolving conflicts of relative economic development generates plausible answers to wage and workplace/consumer-safety value conflicts.

One point of clarification: The MNE manager is not, as I understand Donaldson's question, supposed to be imagining that the US economy in all respects resembles (say) Angola's today, and then applying current US norms to that imagined economy. She need not, in other words, imagine (among other things) that the US economy's major industries include coffee and diamond mining. If that were what Donaldson meant, then he simply would have asked the manager to apply current home-country norms to Angola today, and bypassed any consideration of America at an earlier stage at all. Instead, the manager is to think of the US economy as it was at an earlier developmental stage, one "relevantly" similar, as Donaldson says—not similar in all respects—to Angola today: namely, one in which the industrial wage level, which is the question of relevance, was at the same level as it is in Angola now. That was roughly in the 1870s. And then the manager—here's the hypothetical part – is asked to apply *current* US norms to that historical situation, to determine whether those norms would, in America at that time, have permitted comparably low wages. Likewise, she is to ask whether current norms, when applied to the US during the 1920s—when dysentery epidemics were common—would approve of a dysentery drug with side effects like blindness and paralysis. In both cases, the answer is yes.

*Conflict of Culture*

Saudi Arabia, Donaldson (1996: 58) writes by way of illustrating a conflict of culture, "does not allow women to serve as corporate managers; instead women may work in only a few professions such as education and health care." This "prohibition," he notes, "stems from strongly held religious and cultural beliefs" and so any "increase in the country's level of [economic] development, which is already quite high, is not likely to change the rules." In other words, the level of relative economic development could be exactly the same in Saudi Arabia as in America, and yet Saudis would still bar women from executive jobs, because that stricture emerges not from the capabilities or requirements of an economy at a certain developmental stage, but from long-held cultural norms. A conflict of culture, Donaldson (1989: 103) says, arises from "embedded" traditions in each country, "a fundamental difference of perspective" or (here Donaldson borrows Richard Brandt's term) an "ultimate ethical disagreement."

Another example Donaldson cites of a conflict of culture is nepotism in India. A cultural norm exists in India that encourages companies to offer employees the perk of hiring their sons or daughters, so that their offspring won't have to move elsewhere in search of work. Nepotism, Donaldson (1996: 56-7) says, "reflects the Indian culture's belief that the West has gone too far in allowing economic opportunities to break up families." Nepotism of this sort, though, violates culturally-generated norms in America, which favor merit and fairness in the job market. And still another example Donaldson mentions is the Japanese custom of gift-giving from managers to the officials who regulate their companies, or from suppliers to the purchasing agents with power to buy the supplier's product—a practice that runs counter to US business norms. Japan and the US are at the same stage of economic development, so this conflict, too, originates in "fundamental" cultural differences between the two countries—differences that would exist regardless of whatever relative economic-developmental stages they occupy.

Therefore, should a US manager, working in Saudi Arabia or India or Japan, engage in or permit practices such as discrimination against women, nepotism, or gift-giving—practices that violate the norms of US business culture but that comport with the culturally-generated norms in those various countries? Donaldson recommends that the manager, in assessing such conflicts of culture, ask herself two questions: "Is it possible to conduct business successfully in the host country without undertaking in the practice? And is the practice a violation of a core human value?" If the answer to both of these questions is negative, as Donaldson believes it is in these cases, then it is permissible for the manager to engage in the practice. If the answer to either question is affirmative, however, then it is impermissible for the manager to allow or engage in the practice.

## FLIP IT AROUND

Donaldson's conflict-of-economic-development/conflict of culture dichotomy, and the criteria it recommends for addressing values that are "in tension" across societies, is stimulating and fruitful, though it has been subject to some searching criticisms and alternative frameworks (see, e.g., Bowie, 1991 and Velasquez, 1995; see also De George's (1999) approach to small entrepreneurs as distinct from MNEs; see also Buller, Kohls and Anderson, 1997; Hamilton and Knouse, 2001; Hoffman and McNulty, 2009; Sethi and Williams, 2004). Here, I want to pursue a different possibility: that the cases Donaldson examines, and others where business-ethics norms differ across societies, can better be addressed by, so to speak, flipping his framework around. Possibly, Donaldson's conflicts of culture can better be understood as conflicts of relative cultural development, while his conflicts of relative economic development can be better understood as what I will call, simply, "conflicts of economy." Here is what I mean—and I will begin with the idea of a conflict of cultural development:

### *Conflict of Cultural Development*

Consider one of the cases Donaldson invokes to illustrate a conflict of culture: the case of a US manager, coming as she does from a culture that prohibits gender discrimination in the workplace, having to decide whether her MNE, when doing business (e.g., sending a consulting team, opening a subsidiary) in Saudi Arabia, should accede to Saudi practice and bar women in its managerial positions. For Donaldson, this kind of conflict is rooted in deep cultural differences—"fundamental differences of perspective"—between home and host countries, not in any kind of difference in their relative stages of economic development: indeed, the two countries are not all that developmentally different in economic terms.

But it's not entirely the case that gender inequity—the notion that women should be excluded from managerial positions—is "embedded" in Saudi culture: that US and Saudi cultures display a "fundamental difference of perspective" or "an ultimate ethical disagreement on the issue." It's certainly true that gender inequity is more established in Saudi Arabia than in America (Al Dosari, 2012; Omair, 2008). But even now in Saudi Arabia there exists a blossoming women's movement challenging patriarchal interpretations of Islam. That blossoming movement is making the case for gender equity, and is doing so not by referring to external, "western" notions of rights and equality, but by looking to internal, indigenous cultural resources: a different, far more gender-egalitarian reading of the Quran and other scriptural texts than the one that the regime mandates (Smilowitz, 2013; Wagner, 2011).

Likewise, while nepotism is much more widespread in India today than it is in America, it's not monolithically accepted. Indian culture is divided on the issue. Indigenous opponents of nepotism in the workplace have gained voice (Chandrasekhar, 2011), noting that nepotism involves a basic unfairness to those without family connections, and risks placing people in positions for which they are unqualified. There is no reason to believe that these internal critiques in India are the result of American or other external developing-country pressure; internal Indian culture itself is far from uniform on the issue of nepotism (Chandrasekhar, 2011).

And the same applies to gift-giving in Japan. For Donaldson, the American manager doing business in Japan would find herself in a straightforward conflict of culture, in which strict American norms against the corrupting of officials conflict with tolerant Japanese norms surrounding the practice of gift giving. But in fact, reformers in Japan have more recently been challenging those tolerant norms. And they have been doing so for reasons having to do with their own desire to cleanse Japanese political culture, not because of external pressures (Cleveland, Favo, Frecka, & Owens, 2009: 206-7; Efron, 1996).

It would seem, then, that it's not entirely accurate to characterize Saudi culture as "embeddedly" or "ultimately" wedded to gender inequity. Likewise with Indian culture when it comes to nepotism, or Japanese culture in the case of gift giving. While these practices are certainly prevalent and widely accepted in those cultures, all are also giving rise to internal—and, it would seem, burgeoning—pockets of normative opposition to them.

That's important. Once we view Saudi, Indian and/or Japanese culture as divided in these ways, then their relationship to US culture begins to seem less like Donaldson's conflict of culture, and more like a cultural analogue of his "conflict of relative economic development:" call it a "conflict of relative cultural development." For after all, there were once stages in American history when the culture was "relevantly" divided in ways similar to Saudi, Indian and Japanese cultures now.

As Saudi culture does now, for example, American culture in the past condoned a massive exclusion of women not just from managerial positions, but also from the workforce itself (Spoor, Danaher, & Branscombe, 2009). In Saudi Arabia, women occupy only 15% of the entire labor force; that was the case in America between 1870 and 1900 (Al Dosari, 2012; Omair, 2008; Roessner, 2013). There was a time in America, then, when women were just as shut out of the labor market, and so from managerial positions, as they are now in Saudi Arabia—and for cultural (culturally-generated beliefs about family structure, a woman's place, etc.) not economic-developmental reasons (Garlick, 1992).

But also—if we are being faithful to the historical record—we must recognize that this earlier American cultural-developmental stage, and the current Saudi cultural-developmental stage, might be "relevantly similar" in an additional way. At one point during that earlier stage in America there began, side by side with the established practice of labor-force exclusion based on gender, a slowly burgeoning feminist movement (Conway, 1987). Likewise, as noted above, there exists in Saudi Arabia today a sprouting women's movement. So Saudi Arabia's current cultural-developmental stage—a prevalent practice of excluding women from managerial positions coupled with a blossoming normative critique of the practice—finds an affinity with (seems "*relevantly* similar" to) an earlier American cultural-developmental stage.

None of this is to deny the differences between the mix of Protestant and liberal values that, historically, shaped the range of American views of women in the workplace (Spoor, Danaher, & Branscombe, 2009) and the various interpretations of Islam that define contemporary Saudi views. All it means is that American cultural norms once diminished the capacities of women as equals in the workplace, while gradually spawning a more egalitarian perspective—and that Saudi Muslim cultural norms now, likewise, display the same picture: not because of American cultural imperialism, but for reasons internal to Islam and debates about its norms and meaning.

This is exactly how it is for Donaldson's conflict of relevant economic development. A "relevantly similar" economic stage—say a similar wage level—would have emerged in America out of a very different economy—a wheat-and-coal economy—than in Angola, where it emerges from a coffee-and-diamond economy. Those broader dissimilarities in economic development, as in cultural development, are irrelevant for the manager's normative purposes; what's relevant is the similarity.

Nor does saying this require that we deem America and Saudi Arabia to be in any way on one and the same path of cultural development, as if there were only one such path, any more than Donaldson's own idea of relative economic development requires that we deem America and Angola, say, to be on the same economic-developmental path. It means only that there was an "earlier" time in America that was relevantly—not totally, just "relevantly," to use Donaldson's term—culturally similar to Saudi Arabia now. It featured a prevalent practice of gender inequity in the workforce coupled with a burgeoning critique of that practice. Saudi Arabia may or may not proceed henceforth on the same path as America. Its culture may or may not evolve, over time, to a point where women are as fully accepted in the workforce as they are in America thus far. For all we know, Saudi Arabia might go no further culturally in opening up opportunities to women in the way America did. But then we have no way of knowing for sure, in the case of Donaldson's conflicts of relative economic development, whether Angola (say) will go further economically and raise real domestic wages to the US level. All that's required, whether it's a conflict of relative cultural development or a conflict of relative economic development, is that there be an "earlier" stage in the home country that's "relevantly" similar to the current state, culturally or economically as the case may be, in the host.

What's true for the American manager considering doing business in Saudi Arabia's culture of gender inequity is true of the American manager contemplating an enterprise in India's culture of nepotism. Nepotism was once a much more common phenomenon in the American workplace and the values that undergirded it were much the same as they are in India now: keeping different generations of families together instead of compelling offspring to seek work in locales far flung from their parents' (Bellow, 2003: 342; 364-5; 377). And yet nepotism in America even then, as it does in India now, had its opponents (Bellow, 2003: ch. 10; 328-41), who criticized nepotism for violating principles of merit and fairness.

All of this suggests—again, only with respect to this issue and not in any broader way—that America was once in a relevantly similar condition of cultural development as India is today, with the America of some decades ago displaying well-established and accepted nepotistic practices coupled with a burgeoning cultural critique of those practices—just as exists in India today. Far from viewing the two countries as fundamentally contrary cultures on the question of nepotism, as with Donaldson's conflict of culture, we could view the home as having once been in a relevantly similar condition to the host's now: a conflict of relative cultural development.

Again, we need not take any further position on whether America and India are on the same cultural developmental path. We need not require that India will eventually come to the same degree of rejection of nepotism as exists in America today (on the convergence between developed and developing country ethical norms in other areas of managerial life, though, see Wartick and Wood, 1998: 163-166). All we require to characterize this conflict as a "cultural-developmental" one is that America once was at a "relevantly similar" cultural stage with respect to nepotism—a stage when the practice was widespread but also critiqued—as India is now.

Much the same, finally, could be said about an American manager, coming as she does from a society in which giving gifts to government officials is forbidden, doing business in Japan, where such gifts are part of the culture. For Donaldson, the American manager would find herself in a straightforward conflict of culture, in which strict American norms against giving favors to officials conflict with tolerant Japanese norms surrounding the practice, as if the two cultures harbor "fundamentally" different norms on this topic.

But there's another way to look at it. Certainly in America, gift-giving to officials—and much worse—was widely tolerated, even a routine practice, in the $19^{th}$ and early $20^{th}$ centuries: just as it is in Japan today (Noonan, 1984: chs. 15, 16). Likewise, just as reformers in Japan have more recently begun critiquing the practice, American muckrakers and progressives a century ago began campaigning against the grosser forms of gift giving in U.S. politics (Cleveland, Favo, Frecka, & Owens, 2009: 206-7; Efron, 1996). It seems reasonable, then, to conclude that cultural development in the U.S. at an earlier stage, and in Japan today, are "relevantly similar," at least when it comes to the cultural practices and norms surrounding gift-giving to officials.

### *Avoiding Hypocrisy and Ethnocentrism*

Therefore, what if Donaldson's conflicts of culture are, as I am suggesting, better understood as "conflicts of relative cultural development," analogous to his "conflicts of relative economic development?" What follows?

Recall that to resolve conflicts of relative *economic* development, Donaldson recommends that the manager apply her home country's current norms to her home country at an "earlier" stage of economic development—one "relevantly similar" to the host's as it is now. Whatever conclusion those current home-country norms would generate when so applied is what the manager must follow now with respect to her business dealings in the host. So let's pursue the analogy. In a conflict of relative *cultural* development, the home-country MNE manager would have to apply current home-country (say US) norms to an earlier home-country state of *cultural* development, one relevantly similar to the host's now. What might that look like?

In one key way, I note, any lens for approaching a conflict of relative cultural development must differ from the one that Donaldson recommends for dealing with conflicts of relative economic development. In the case of Donaldson's conflicts of relative economic development, the manager must apply current norms for making tradeoffs between two valuable practices—minimizing cases of dysentery, say, versus minimizing side effects such as blindness and paralysis—in a fashion that's appropriate to an earlier economic-developmental stage, when dysentery was a much greater problem. In conflicts of relative cultural development, by contrast, the manager must apply current norms against a disvalued practice—gender inequity, nepotism, or corruption—but in a fashion that's appropriate to an earlier cultural-developmental state, when such a struggle between norm and practice would have been just beginning.

Consider the gender equity case. It's important to acknowledge that even today, when American norms widely condemn gender inequity in the workplace, the practice still exists to no small degree: women currently occupy only six percent of top managerial positions in the U.S. (Matsa and Miller, 2011; Miller, 2014). Many US companies have poor gender equity records even as they struggle against that reality. They participate in the practice of gender inequity—the reality that for reasons having much to do with contemporary family and workplace culture, women are still underrepresented in managerial ranks—even as they accept the normative critique and try to change that reality. It's fair to say, then, that America now—where gender inequity still exists though it is widely condemned—remains engaged in the later stages of a struggle that commenced a century or more ago, when America was in a "relevantly" similar cultural-developmental stage as Saudi Arabia today: when the practice of gender inequity was much more widespread though beginning to provoke normative opposition.

What, then, would it mean for the manager to apply current home-country norms to an earlier home-country cultural-developmental state? It would mean to do whatever is necessary to aid the struggle: to move that earlier state along the path to the later one, when the struggle even now continues—when American MNEs still participate in the somewhat diminished practical reality of gender inequity even as they continue trying to diminish it further. This suggests that the American manager can comply with the practice of excluding women from managerial positions while doing business in Saudi Arabia only if, at the same time, the MNE uses that opportunity to normatively critique the practice and support Saudi women seeking to diminish it in whatever ways are helpful. After all, that's what current US norms would direct managers to do in an earlier cultural-developmental stage. The alternative—not being willing to comply with the practice in the host country and so giving up the opportunity to press the normative critique there—doesn't seem obviously preferable.

Donaldson (1989: 104) too, in discussing what he sees as straightforward conflicts of culture, allows for the possibility that the manager might not only engage in the host-country practice but also, while doing so, offer a normative critique of that practice. Suppose though, as Donaldson also does, that the differences between home and host are rooted in a fundamental clash of cultural norms. Then for a home-country MNE to engage in the practice whenever it does business in the host—say excluding women from managerial positions—seems unavoidably hypocritical (see, e.g. Mayer, 1995). It shows a lack of faithfulness to its own home-country values, which, on Donaldson's rendering, are "fundamentally" opposed to workplace gender discrimination. Not only that, but for the MNE to simultaneously offer a normative critique of the practice while doing business in the host seems ethnocentristic: an attempt to force its own values on the host, whose culture, on Donaldson's conflict-of-culture rendering, fundamentally supports the practice. As Steidlmeier (1999) says in the context of gift-giving, home-country MNEs must be "particularly careful of ethnocentrism."

Suppose however that we view the conflict between America and Saudi Arabia as one of relative cultural development, in which America earlier embodied a struggle relevantly similar to Saudi Arabia's today: a struggle between an established practice of gender inequity and a burgeoning normative critique of it. Then the MNE, by complying with Saudi practice while supporting the internal normative critique it's beginning to engender, ceases to be either hypocritical or ethnocentristic. There's no hypocrisy—no inconsistency—between what the MNE would be doing at home and in the host, since at home even now it's doing business in a culture where the practical reality of gender inequity still exists, even as it's trying to change. By doing the same in the host, the MNE would merely be helping the host in the earlier stage of a struggle, which is still ongoing in its later stages at home. Note that what matters here is the home-country's cultural situation as a whole, not the cultures of particular MNEs. A US MNE that had completely eradicated gender inequity in its own workforce would still be permitted to engage in the practice in Saudi Arabia as long as it was helping to advance the indigenous critique. By the same token, a US MNE whose management opposed gender equality would not be allowed to reinforce the practice in Saudi Arabia while doing business there.

Nor, if the MNE is engaging in Saudi practice while helping Saudi women oppose it, is there any ethnocentricity involved. Nothing the MNE would be doing, neither practice nor critique, would represent a foreign intrusion into Saudi culture at this point. In fact, for the MNE to refuse to participate in the host country's gender-exclusion practices, even if by participating it could help advance the cause of Saudi women, would be ethnocentristic. It would be to treat its own home-country struggle against gender inequity as somehow more important or more advanced.

Similarly with nepotism in India and gift-giving in Japan. The US MNE can engage in those practices, but only if at the same time it helps advance the host-country critique they are each beginning to elicit. Even now in the US, although current norms against nepotism and gift-giving are widely established, those practices still exist, in the form of (for example) legacy university admissions and a corrupting campaign-finance system (and nepotism persists in other pockets of the US workplace; see Sullivan, 2008). Both practices have drawn forth reform-minded groups that even now struggle against them. In fact, many universities participate in legacy admissions while at the same time actively seeking ways to roll them back (Freedman, 2004); similarly with politicians and the campaign-finance system (Will, 2000). In doing so they are simply continuing earlier struggles first initiated when America was at a relevantly similar cultural-developmental stage as India now, when nepotism was much more widely practiced, or Japan now, when gift-giving to officials was much more common. As Judith Shklar (1984: 86) notes in her discussion of hypocrisy, it's not hypocritical if you struggle to meet a norm you haven't yet reached, only if you profess a norm you have no intention of trying to reach. In that light, it's not hypocritical—nor is it ethnocentristic—for the US MNE to participate in the host-country practice as long as it does so while supporting the internal struggle against it.

What about racial prejudice? This is a practice that still exists in America, though now universally normatively condemned. It was once far more widely established through slavery, though even then abolitionists were trying to end it. So could an American MNE participate in a version of that practice abroad—apartheid being the most obvious example—as long as it was using its presence in the host country to advance a normative critique of the practice and help indigenous opponents in the struggle against it? Yes—unless those indigenous opponents themselves felt that their normative cause would be better advanced if western MNEs did not participate in the practice and pulled out of the country. And indeed in South Africa it certainly became the case, in the eyes of black South African leaders, that western MNEs would help the indigenous struggle against apartheid more by refusing to do business in South Africa than by remaining in the country while attempting to press for change (North 1985). Under such circumstances western MNEs must be guided by what internal opponents request.[1]

But in the case of Saudi Arabia, internal groups seeking greater equality for women are not asking western MNEs to divest from the country to aid their cause. Indeed when Bill Gates, addressing a Saudi audience, criticized gender inequity in Saudi business, the women (but not the men) in attendance "erupted in wild cheering" (Kristof and WuDunn, 2009). But if Saudi women as a whole ever were to ask western MNEs to pull out in support of gender equity, then they must comply. Likewise, Indian activists pursuing a rollback of nepotism are not calling upon western MNEs to withdraw in support of their cause. Nor are Japanese opponents of gift-giving.

In general, then, when conflicts of relative cultural development arise, the manager can participate in the host-country practice as long as the MNE supports host-country groups that normatively critique it and seek to roll it back. Doing so would not be hypocritical—a betrayal of the home country—since the home country is itself engaged in a later stage of a relevantly similar struggle between practical reality and normative critique. Nor would it be ethnocentristic, since the host country is engaged in an earlier stage of a relevantly similar struggle.

Now, I turn to what Donaldson views as conflicts of relative economic development. And I argue that an alternative way to understand them is—simply—as conflicts of economy. That's because in a couple of key normatively "relevant" respects, economically-developed and economically-developing countries are not, and never could have been, in similar economic-developmental conditions.

## *Conflicts of Economy*

In his discussion of conflicts of relative economic development, Donaldson considers cases in which workers receive lower real wages or work in less safe conditions, or in which consumers face a lower standard of product (e.g., drug) safety, in the

https://doi.org/10.1017/beq.2015.30 Published online by Cambridge University Press

host than in the home country. And, as we have seen, he counsels that the manager ask herself whether, if her home country were at an "earlier" stage of economic development—a stage "relevantly similar" to where the host country is now—the practice that's currently permissible in the host country would also have been permissible in the home country, given the home's currently governing norms. If so, then it's permissible for the manager to engage in that practice in the host country now, even though it is impermissible at home.

It's a compelling criterion. But it misses two important considerations.

First, take Donaldson's case of the dysentery drug Entero Vioform. The home-country MNE manager is to take her home-country (US) norms as they are today, and imagine applying them to her home-country economy at an earlier developmental state. Suppose, then, that she applied contemporary US norms—concerning the tradeoff between treating dysentery, say, against potential side-effects such as blindness and paralysis (Hinds, 1982)—to the US at an earlier developmental state, one comparable to India today, when dysentery would have been a far more prevalent problem because of poor sanitation (say the 1920s). Certainly, she could reasonably conclude that marketing Entero Vioform would have then been permissible. But such a thought experiment misses a key aspect of the developmental conflict it's meant to capture.

When the manager tries to determine whether her home country's current norms would have exempted her home country's earlier economy from its own later safety standards, she's engaging in a thought experiment. From the perspective of that earlier stage, any higher safety standards don't yet exist; they lie in the future. In that thought experiment about the home at an earlier stage—say 1920, when dysentery was more of a US problem (Anonymous, 1933)—no external jurisdiction in the world was simultaneously imposing higher standards of drug safety on itself, standards that would have banned Entero Vioform.

But for the host country now, unlike the home country at an earlier stage, those high standards *do* exist, in real present time, in the home country. The manager's home-country standards thus represent a real-time, contemporaneous critique of the host country's unwillingness, or inability, to guard the safety of its own citizens at the same level. More to the point, the manager's willingness to allow others to consume products deemed unfit for the home-country market can seem as if she is treating those others according to a double standard: as second-class citizens, unworthy of her own home-country standards.

Donaldson's thought experiment misses this consideration. But it's an important one. Some Indian commentators and politicians, for example, objected to the marketing of Entero Vioform in India on just those grounds—that it represented a message to Indians that their health was less important than Americans' (Kamath, 1977; Kernel, 1984; Mironowicz, 1984). At a WHO conference in 1980, Indira Gandhi criticized western MNEs for marketing "dangerous new drugs [to] populations of weaker countries although their use was prohibited within the countries of manufacture" (Hinds, 1982). The same criticism is leveled at firms marketing genetically modified organisms (GMOs) in developing countries when they would not do the same at home: "Kraft has a no-GMO policy in Europe, but it sells a product with GMOs in Thailand," Greenpace campaigner Patwajee Srisuwan says; "This is a classic case of double standards. Kraft must treat Thai consumers equally with its European consumers" (Anonymous, 2005).

Certainly, one can ultimately reject these responses because of the reasons Donaldson gives: In India dysentery is a serious problem whereas it's no longer in America. Likewise, in Thailand, food production faces difficulties that it doesn't in Europe. But the point is that many Indian, Thai and other activists do place a "double standard," second-class-citizen interpretation on the behavior of MNEs that observe higher product-safety standards at home than in the host, taking advantage of host-country's often weaker regulatory apparatus. For example, decades after the Entero Vioform controversy, drug regulation infrastructure in India remained "dangerously understaffed…There is also a dearth of medically qualified staff, poor support infrastructure, a seeming lack of coordination between departments, and a scarcity of decent computer systems" (Editorial, 2012).

Because of the way it's structured, though, Donaldson's thought experiment doesn't make room for it. It doesn't take account of the fact that at least in one key sense the home country can never have been in a relevantly similar situation as the host. From the perspective of the host, the home economy is generating high standards that are coming at the host externally and contemporaneously, while from the perspective of the home economy at an earlier state, those high standards merely lie ahead in the home country's own future. They are in fact invisible and so irrelevant.

We might think we can amend Donaldson's thought experiment to deal with this problem. Perhaps we could go beyond simply calling to mind America at an earlier economic state when dysentery was a problem. We could also imagine, counterfactually, that an MNE from a mythical HyperAmerica was, at that time, selling a dysentery drug in America that violated HyperAmerica's much higher safety norms. But even this wouldn't provide the necessary guidance. It might tell us what an earlier America should have done in the face of such behavior by a HyperAmerican MNE: perhaps object to the MNE's double standards in the way Indira Gandhi did. But it cannot tell is what a real American MNE should do today—what its obligations are—by way of responding to a "double standards" objection of the sort launched by Indira Gandhi and others. Donaldson's framework thus amended helps us think about what the home economy could permissibly do were it in the host's position, not what it—or its MNE—must do in the position it actually now is in.

Donaldson's hypothetical misses a second consideration. Home-country MNEs not only fail to impose on their host-country businesses the more stringent safety standards that they observe at home. Home-country MNEs also succeed in imposing on their host-country businesses economic practices in which they wouldn't—or couldn't—engage at home.

Think, for example, of host-country workers—Angolan oil-rig workers, to use Donaldson's case—who receive substantially lower real wages than American workers. That extreme low-wage practice exists in Angola, at least in part, precisely because home-country MNEs are outsourcing aspects of their supply chain in a rush-to-the-bottom quest for the lowest-cost host country. Developed-world MNEs, in forcing hosts to compete with each other by slashing labor standards, bear no small amount of external responsibility for the rock-bottom wages that a given host country might permit. As Morgan Stanley's chief economist Stephen Roach says,

> [w]age rates in China and India range from 10 percent to 25 percent of those for comparable-quality workers in the U.S. and elsewhere in the developed world. Consequently, offshore outsourcing that extracts products from relatively low-wage workers in the developing world has become an increasingly urgent tactic for competitive survival by companies in the developed world ….[It's a] race to the bottom (Brecher, Costello, & Smith, 2006).

As Brecher, Costello and Smith (2006) add, "Wages on jobs outsourced from the United States to India are held down by competition from workers in Vietnam and the Philippines" (see also Golub, 1997; Panicker, 2012; Salman, 2009; Spar 1999).

Donaldson's thought experiment, however, doesn't capture this aspect of the conflicting situations of the home and host economies either. Certainly, in retrospectively applying her own current home-country norms to her home at an earlier economic-developmental stage, the manager might well, as Donaldson says, conclude that—at that time—it would have been permissible to accept lower wages as a tradeoff to promote investment and growth. That's a reasonable conclusion. But the thought experiment fails to capture—it couldn't capture—the fact that host-countries today are accepting lower wages, as a tradeoff to get jobs, in part precisely because home-country MNEs are forcing them to. Donaldson's thought experiment doesn't capture that fact because it's impossible to imagine current home-country MNE's—via some form of backwards causation—retrospectively inducing those low-wage practices in the home country's own imagined earlier developing state. But they very much do contemporaneously induce those practices—through normal causation—in current developing economies.

In at least two relevant ways, then, the home economy, even at an earlier stage, could never have been a position that's "relevantly similar" to the host's now. At any such earlier stage the home—e.g., the US—never coexisted with more-developed economies abiding by higher safety standards. Nor did it coexist with more-developed countries imposing lower wages on it in a globalized race to the bottom. But today, MNEs in more-developed America do directly affect the normative value of the standards and the practical reality of the wage levels in less-developed host countries. And so Donaldson's thought experiment—which places a developing America, as it was decades ago with its lower safety standards and wages, in the role of the host country today—can't advise us about MNEs, in a developed America today, and their responsibilities to those developing host countries. It can't advise us as to the responsibilities that a US MNE may bear today for casting the host's lower standards in an adverse "second-class citizen" normative light, or for helping precipitate those lower wages.

It seems, then, that conflicts over wages or workplace/consumer safety are more aptly deemed conflicts between two very different kinds of economies, home and host, contemporaneously interacting with each other. We can call them "conflicts of economy" because they mirror Donaldson's "conflicts of culture." Just as Donaldson's conflicts of culture arise when two very different kinds of cultures,

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home and host, contemporaneously interact on a normative and a practical level, so too do conflicts of economy arise when two very different kinds of economies, home and host, interact with each other on a normative and a practical level. Their relationship is such that when the MNE meets higher product-safety norms at home than in the host, it inevitably raises the question of whether it's treating host citizens as second class. And when the MNE participates in a practice that helps impose much lower wages in the host than in the home, it necessarily raises the question of its own shared responsibility.

If Donaldson's hypothetical, as I have suggested, fails to capture these two key concerns, then how should a manager from a developed home country think about doing business with subcontractors in developing countries that pay much lower wages, say, or allow child labor? And how should she think about selling products that are unsafe by higher home-country standards, such as Entero Vioform, say, or genetically modified seeds, but that the host's legislative or regulatory apparatus has not been able to address?

### *Avoiding Double Standards and Responsibility-Shirking*

It seems to me that the best way to answer this question about conflicts of *economy* would be to begin with Donaldson's twin criteria for answering his question about conflicts of *culture*. The manager should ask herself whether (a) she could do business in the host country without engaging in the practice in question and (b) the practice represents the violation of a core human value.

So suppose, to take question (a), that corporate margins are such that the manager could manufacture the product in the host country by paying higher wages than is the current practice. The answer to question (a) would be affirmative, and so the practice would be one that the MNE could not participate in: the MNE would have to pay whatever higher level of wages it could. Or suppose, again in thinking about question (a) that the only way that the manager could have marketed a drug for dysentery in India would have been to sell the one with the side effects, Entero Vioform. In this case, the answer to question (a) would be negative, and the home-country MNE (Ciba-Geigy) would have been permitted—at least a far as question (a) is concerned—to market the drug in India.

What about question (b)? If paying substantially lower real wages or (say) engaging in child labor requires the home-country MNE to violate a core human value—and there is no consensus on the child-labor issue in the literature (see Arnold and Bowie, 2003; Zwolinski, 2007)—then the manager cannot engage in it. Similarly, as long as marketing Entero Vioform or genetically modified seeds, say, do not violate a core human value—as long as any side effects are not permanent and serious—then MNEs, on the criterion embodied in question (b), could do so.

In effect, many managers are already asking precisely such questions—questions (a) and (b)—about workplace norms and consumer safety. And, depending on the answers, they are acting accordingly (see, e.g., Hartman, Arnold and Waddock, 2003). It does seem, then, that Donaldson's conflict-of-culture questions apply aptly to his conflict-of-economic-development cases. For suppose that we view these cases instead as straightforward conflicts of economy, in which the MNE adheres to norms

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in the home country that it does not observe in the host, or helps instill practices in the host that it avoids at home. Then at the very least if (a) the MNE could do business in the host country without engaging in the practice that it contributed to instilling in the host and/or (b) it is not only observing a lower norm in the host but violating a core human value there, then it should forbear.

But there's an additional set of questions that the manager, or her MNE, should ask in the face of a conflict of economy. Those questions would allow her to avoid the two key flaws in Donaldson's hypothetical, discussed above: first, its inability to account for the double-standard, second-class citizenship message that the MNE sends to the host country by observing higher standards, e.g. in product safety, at home. And second, the responsibility it shares, with other home-country MNEs, for the host country's lower standards when it comes to wages and other labor practices.

Consider Ciba-Geigy's marketing in India of Entero Vioform, the dysentery drug it had withdrawn from sale in the US because of its side effects. Donaldson is, I think, correct in deeming the marketing of Entero Vioform in India to have been permissible. But there's another reason, beyond the one he cites, why it was.

Even though Entero Vioform was not acceptable in the US, i.e., the home-developed economy, other developed nations—European economies as relatively developed as the US—did allow Entero Vioform to be marketed in their home markets (Silverman, Lee, & Lydecker, 1982, 49). Developed nations do not all harbor the same safety standards (De George, 1994: 5); they do not all make the tradeoff between side effects and treatment in the same way. And unlike with some *culturally*-rooted values, when it comes to norms that spring from the developmental level of a country's *economy*, there's no reason why a manager has to be bound by her own home country's norms, if those of another developed economy differ. A rule of thumb might be that a conflict of economy is eliminated if the manager can find another developed economy that—like the host developing economy (in this case, India)—permits the practice. And indeed, in the case of Entero Vioform, there were several.

Another example along these lines would involve the marketing of genetically modified seeds, which can be of great benefit to developing nations as they attempt to fight hunger (Davies, 2003; Nuffield Council, 2003). In this case, within the developed world, European standards are stricter than US standards (Lynch and Vogel, 2001; Rothstein, Borraz, & Huber, 2013). A European GMO MNE that faces a conflict between the norms of her home economy (say Germany)—which takes a much stricter approach in its regulation of genetically modified organisms—and her host economy (say India), which is more welcoming of them (Prakash, 2000), would find far less of a conflict between the norms of another developed economy, the US, and that of the host.

In such cases, the manager can reach the same conclusion as Donaldson does. But she can do so for reasons that mitigate, perhaps even eliminate, the concern that by allowing her MNE to treat host-country consumers according to lower safety standards than those it observes at home, it is treating them as second-class citizens. Instead, the manager is straightforwardly adopting a safety standard that can be found in the broader developed world. It's one that, even in economies at a developmental level comparable to her home, is deemed to be a reasonable tradeoff. And she is using that very same developed-world standard in dealing with a developing country market. Unlike with conflicts of cultural development, in which developed countries as a whole have moved in a normative direction that weighs against gender inequity, say, or nepotism or gift-giving, when it comes to conflicts of economy, developed countries attach a variety of different weights to competing health care, food safety, and economic risks.

When it comes to ameliorating conflicts of economy, then, the manager can look for guidance to other developed economies, not only her home. By the same token, she can also look to other developing economies, not just the host.

Suppose that the home-country manager works for a US apparel retailer, and the host developing country is Cambodia, Bangladesh or Vietnam. In these three countries, wages for garment workers—both in real terms and as a percentage of a living wage—are the lowest in the developing world; the next-to-lowest would be China (Workers Rights Consortium, 2013: 3). And suppose, as is the case, that to a significant extent that's because worker productivity is lower in Cambodia, Bangladesh and Vietnam than in China, due in part to relative deficits in the "physical conditions" of work: plant and infrastructure but also the provision of food, water, health care and appropriate education and training. Let's grant, in other words, that markets work, and the lower wage in Cambodia, Bangladesh and Vietnam reflects, at least in some measure, the lower relative productivity of their garment workers, which is due to the human and physical capital with which they work (World Bank, 2012: 11).

In cases like this, it can be in everyone's interest for MNEs sourcing their garment manufacturing in Cambodia, Bangladesh and Vietnam—even those MNEs that have done so precisely because those three countries are the lowest-wage/working-standards jurisdictions—to act in concert to make investments that boost productivity in the apparel sectors of the three economies. There is little downside, as a general statement, to their refusing to take the wage levels of the lowest-wage host-country—e.g. Cambodia or Bangladesh or Vietnam—as a given, trying instead to bring them closer to the norm that exists in the next-to-lowest-wage competitor developing nation, such as China (see e.g., Calton, Werhane, Hartman, & Bevan, 2013: 735). As long as the wage rate rewards productivity, higher wages for garment employees in Cambodia, Bangladesh and Vietnam won't drive MNEs away, harming the economy and its workers. Nor, for the same reason, will MNEs be any the worse off, not if the higher wages they pay are reflected in productivity gains. Nor will MNEs sourcing in Cambodia, Bangladesh and Vietnam, even with their improved wages and standards, have to sell their products at a competitive disadvantage, because—even if wages are higher than they were—they still needn't be any higher than the next-highest-wage competitor, China. This kind of approach will also ease pressure on MNEs that do source their manufacturing in higher-wage and higher-standard developing-world nations because they want to support those wages and standards (Becker 2005). Such a process can then continue to the next stage, bringing Chinese *and* Cambodian/

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Bangladeshi/Vietnamese garment-worker wages, say, up to the next highest level in the developing world, for example Haiti.

It might also be the case that wages are higher in China than in Cambodia/ Bangladesh/ Vietnam because of minimum-wage laws (Workers Rights Consortium, 2013: 23), which in the developing world are often sector- or job-specific. Again, MNEs operating in Cambodia/ Bangladesh/Vietnam will have little to lose in pushing for a similar legislated rate in those countries. Even with a higher wage that takes Cambodian/Bangladeshi/Vietnamese garment workers closer to the Chinese norm, MNEs contracting in those countries still wouldn't, depending on other costs of production, necessarily be losing any competitive edge they had, just diminishing it; they would simply be brought to an even playing field with their Chinese counterparts. Their now-common minimum wage with China would then become the floor from which further improvement—bringing both Cambodian/Bangladeshi/Vietnamese *and* Chinese wages up to the next-highest wage regime—would become the goal.

The idea here is that for MNEs subcontracting in a given developing economy, what should be normative for them would be the wage and working standards not of that particular developing economy, but of the one that's the next more stringent. Nothing is necessarily lost in market-competitive terms by trying in whatever ways are available to bring one developing economy's norms up to the next-most stringent developing economy's level. Under this analysis, then, the obligation for apparel MNEs would be to take action to improve the productivity of their workers in a developing economy by investing, in concert, in health care, education and other amenities proven to boost worker productivity while pushing for higher minimum wages: up to the level of the next highest wage/standard jurisdiction. This is a moral minimum: the least that MNEs can do, because the ultimate costs to them (in principle; details will vary) are far from insurmountable or necessarily even significant. But they must do so in concert: No one MNE can create all of the educational and health-care infrastructure necessary to boost productivity gains—if one tries, its competitors might simply poach and free ride off of their investment—nor can any one MNE lobby effectively for an increase in minimum wage. As Reed (2002) says, "this is not a responsibility that the corporation can fulfill by itself, but rather, it implies cooperating with local communities, NGOs, other corporations, and other interested actors."

The point is not that as garment workers in Cambodia/Bangladesh/Vietnam become more productive, their wages will naturally rise. Their other options would still pay less, considering the relatively low productivity of Cambodian/ Bangladeshi/Vietnamese workers in all other sectors. It's simply that as garment workers become more productive, it becomes easier—less costly, less competitively disadvantageous—for apparel-sector MNE's, should they choose to do so, to act so as to collectively raise those workers' wages.

In all of these ways, MNEs—as Donaldson's thought experiment, too, advises—would still be permitted to pay Cambodian workers less than American workers. But they also go a step further and deal with the problem of shared responsibility—the fact that in host countries such as Cambodia, wages are so much lower in part because of the shopping-around of more-developed country MNEs. To deal with that shared responsibility, developing-country MNEs are obligated to work in concert to bring those wages up at least to the next highest level—in the same industry —in the developing world. More generally, as Spar and Yoffie (1999) say, when "corporations… cooperate to enact tougher environmental standards, bans on child labor and tighter health and safety regulations," it can be "in their own best interests to do so" because it can "solve the collective action problem that binds them all."

In conflicts of economy, then, the home-country manager, even beyond meeting the test of Donaldson's conflict-of-culture questions (a) and (b), still has further obligations. She should take her guidance not just from home and host country norms, but from less stringent norms elsewhere in the developed world (Europe instead of the US) where they are closer to those of the developing world, and norms not just from the host but from elsewhere in the developing world (China versus Cambodia) where they are more stringent: closer to those of the developed world. In imposing less strict developed-economy standards, where possible, the manager avoids the statement that developing-economy citizens are second-class. And in working, in concert with other MNEs, to raise host-country practices up to more strict developing-world standards, the manager can help deal with the home-country MNE's shared responsibility for creating those practices (see, e.g., Radin and Calkins, 2006).

## CONCLUSION

Donaldson's innovative framework looked only at home and host as a whole. It did not look internally into each, to fathom whether home and host were ever divided over relevantly similar sets of culturally-generated values—patriarchy versus gender equality, say, or gift-giving versus anti-corruption movements. Nor did Donaldson's framework look externally, weighing the home and host's conflicting norms and practices in the context of those in the broader developed and developing worlds.

Doing so, I have tried to suggest, enriches Donaldson's framework, but also flips it around. It allows us to see that what for him were conflicts of culture, in which home and host have "fundamentally different perspectives"—the home's cultural values championing gender equity, merit or impartial government, while the host's cultural values sustain gender inequity, nepotism or gift-giving to officials—might better be understood as conflicts of cultural development. In conflicts of cultural development, home and host are simply at different stages of an internal struggle between gender equity and inequity, or merit and nepotism, or impartial government and gift giving. And so MNE managers should look in a fine-grained way internally at the cultures of both home and host countries, where they might discover that each is not monolithically the polar opposite of the other (Koehn, 2013; Melé and Sánchez-runde, 2013: 683). Instead they might find that the home at one point harbored (and still does to a lesser extent) the practices of the host, just as the host—even now—displays pockets of normative opposition to that practice as the home did in its time (and of course displays to a far greater extent now).

In each of the cases that Donaldson identifies as fundamental conflicts of culture, home and host are, in fact, divided internally in this "relevant" way.

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And so if the home-country MNE is participating in the host country's earlier-stage struggle between norm and practical reality, while engaging in the later stages of a relevantly similar struggle at home, then it's behaving neither hypocritically nor ethnocentristically. Suppose, though, that home and host are viewed as being in a state of Donaldson's culture conflict, in which the two countries' values "fundamentally" diverge. Then when the MNE participates in the host's practice it raises a legitimate issue of hypocrisy, since at home it's observing very different values. And when it imposes its own norms in the host, it raises a legitimate concern about ethnocentricity, since the host has very different values.

In a similar way, what Donaldson called "conflicts of relative economic development" can be understood simply as "conflicts of economy." On the "conflicts of economy" view the home was never really at an economic-developmental stage *relevantly* similar to the host's. After all, when the home—the US, as we have been assuming—was at the "same" developmental stage as the host, e.g., India or Cambodia, it never had to contend, in a globalized world, with even more developed countries establishing higher safety norms. Nor did it have to compete, in a globalized world, with other then-developing countries in a race to ever lower labor practices, especially a race to the bottom on wages.

The "conflict of economy frame" emphasizes that an MNE manager today bears some responsibility for observing higher safety standards and wage levels at home than in the host. But it can often meet that responsibility by taking into account the norms and practices not just of home and host, but also of the broader developed and developing-world economies external to them.

Suppose that other developed countries observe less strict safety norms than does the MNE's own home developed country. Then the MNE can observe those less strict norms in a host developing country while mitigating any suggestion that it's treating the host's citizens as less worthy of protection because theirs is a developing economy. And suppose that other developing countries require or sustain higher wages than does the host developing country. Then the MNE (in concert with others) can raise wages in the host without necessarily losing market share, thus mitigating any charge that it's taking advantage of economic practices, such as rock-bottom wages, that it, in concert with other MNEs, is responsible for imposing on the host.

Suppose, however, that home and host are viewed simply as being in different states of Donaldson's relative economic development, in which the host displays safety and wage standards that would have been acceptable at home were it at a relevantly similar stage of development. If the MNE now simply accepts the host's lower safety norms, it risks appearing to be treating host citizens according to a double standard, as second class: in a way in which no other country's MNEs similarly did to its home at the relevantly similar stage. And when the MNE helps impose a practice on the host—barely livable wages wrought by a globalized race to the bottom—it bears shared responsibility for that practice, a responsibility no other country's enterprises would have borne when its home country's wages were similarly low.

Flipping Donaldson's influential framework around—treating conflicts of culture as conflicts of relative cultural development, and conflicts of relative economic development as conflicts of economy—opens up new normative possibilities for the manager. The manager can, depending on the case, point to and justify ways of resolving such conflicts without involving the hypocrisy, ethnocentrism, double-standards and/or shirking of responsibility that any international business-ethics conflict hazards.

## ACKNOWLEDGEMENTS

I am grateful to Joe Heath, Harry Krashinsky, and the editor and reviewers at *Business Ethics Quarterly* for their helpful comments on earlier versions.

## NOTE

1. It's a matter of some irony that MNEs that were unwilling to be guided by that request—who wanted to remain in South Africa while supporting change in a process of "constructive engagement"—had to attribute contrary traits to black and white South Africans. On the one hand, those MNEs had to assume that (contrary to statements from Desmond Tutu and others) black South Africans cared more about their own economic interests, i.e., the jobs and wages MNEs could provide by staying in South Africa, than the political freedom the MNE would promote by pulling out. In other words, those MNEs had to assume that black South Africans, as a whole, did not care about political concerns and principles beyond their own economic well-being. But those same MNEs had to assume precisely the opposite about white South Africans: that white South Africans did indeed care about political concerns and principles beyond their own economic well-being. Such MNEs had to assume, in other words, that the white regime could be motivated by—"constructively engaged" by—arguments about values like political freedom more than by threats to their own economic interests; otherwise attacking those interests by pulling out would have been seen as the way to go in helping bring about change.

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