

## Book Review

**Stephan Rothlin and Dennis McCann: *International Business Ethics - Focus on China*. Heidelberg: Springer, 2016. 528pp. ISBN 9783662474334**

After the publication of ‘Developing Business Ethics in China’ (Lu and Enderle, 2002), ‘Becoming a Top-Notch Player: 18 Rules of International Business Ethics’ (Rothlin, 2004) and ‘Dimensions of teaching business ethics in Asia’ (Rothlin and Haghirian 2013), the academic and business communities have been waiting for an authoritative sourcebook on international business ethics with a focus on China that combines sharp theoretical analysis with the illustration of in-depth case studies. ‘International Business Ethics – Focus on China’ fulfils both. This book takes the reader on a philosophical journey to shared ethical principles between Eastern and Western philosophy that serve as signposts for the study of business ethics, using the works of Confucius, Mencius, the ancient Greek philosophers and the Bible as vantage points for promoting moral leadership and ethical behavior in business.

The first two decades of the 21<sup>st</sup> century have seen many challenges to business ethics around the globe. The authors address this problem at the conceptual level, by proposing to see business as a form of friendly game, rather than a zero-sum game that is only about competition and winning. The goal of the authors is nothing less than eliciting a paradigm shift in business that is “based on the systematic integration of the basic moral concerns identified in the spiritual traditions of Asia adapted to the challenges of International Business Ethics” (Chapter 20).

Stephan Rothlin and Dennis McCann combine decades of experience in teaching, research and the practice in business ethics with a focus on China and Asia. Their book starts from the basic assumption that international business ethics needs to sprout from within the spiritual traditions of every culture, rather than being imposed from the outside. They also pay attention to the interrelation between business performance and good ethics and show that moral leadership can be a key characteristic for business success.

The authors’ main argument is that Eastern and Western spiritual traditions converge on their emphasis of moral leadership and integrity, and they stress that “the only way to ensure compliance with the relevant standards is to develop a corporate culture that encourages accountability and transparency at all levels of management and in all the firm’s relationships with its various stakeholders” (Chapter 3). They see the answer to difficult business situations in the capacity for moral leadership by the individual, the inspiration of which can be found in the spiritual traditions of ancient Chinese, Indian or Judeo-Christian philosophy that serve as a moral compass to navigate this complex world.

Building on a collection of 20 case studies, their work offers great insights into business accounts of moral leadership and moral failure taken from China, India, Japan and the US. The organization of the book follows a clear approach: every chapter introduces a different aspect of business such as free and fair competition, moral decision making, consumer rights, workers’ rights, social responsibility, corruption or the environment, then outlines the ethical dimension of the problem through a detailed description of a case study,

followed by a critical discussion and a part on ethical reflection. The fundamental Confucian principles of *Li* (礼, propriety), *Yi* (義, righteousness), *Ren* (仁, humanity) and *Zhi* (智, wisdom), as well as the Book of Rites, but also the wisdom of Mencius and Mo Di are treated as the main sources of business ethics in China. At the end of each case study, a host of questions for reflection are offered to the reader, which underlines the book's usefulness as study material for college and MBA students. The authors do not shy away from difficult questions like potential trade-offs between observing Intellectual Property Rights and saving human lives, which was the case with Thailand's violation of its WTO agreements under the TRIPS. But rather than giving textbook answers of what is right or wrong, they stress that what constitutes appropriate behavior in a particular cultural context is to be negotiated by the affected stakeholders. The book is culturally sensitive as it avoids prescribing direct advice, and prefers to embed the argument in a specific context. The authors however avoid falling into relativism, as they clearly discern shared philosophical principles among the ancient philosophies of China, other Asian countries and the West as signposts of moral leadership.

By quoting Austrian-born American management guru Peter Drucker, the authors stress that it is the ability of creating and retaining customers that determines a company's success or failure in the market and show through selected case studies that virtue ethics and moral leadership do play a crucial role in this regard. Putting a company's purpose and its customers over its profit is reminiscent the string of humanistic continental philosophy which permeates Peter Drucker's work and is also found in the Austrian School of Economics' principle of 'gain through indirection'.

The treatment of the case studies and the ethical discussions in the book are shining examples of accomplished erudition. The selection of cases includes among others China's 'Sanlu tainted milk scandal', the sub-prime crisis, the nefarious competition in the milk industry between China's Yili and Mengniu, and Schindler's failure to adequately address and apologize for an incident caused by a technical defect of one of its elevators in Japan. Each of them illustrates the importance of moral leadership and how a failure to do so may severely hurt business operations. On the other hand, stories of the successful launch of credit unions in Hong Kong and the Philippines, as well as the achievements in CSR by the Indian company Infosys do impressively illustrate how business can be combined with service to the community, and are used by the authors as hallmarks of a nascent paradigm in business ethics.

In the face of intensifying environmental and social problems, as well as an upsurge in international organized crime activity, Business Ethics will continue to be an important issue in the economics of the 21<sup>st</sup> century. What is more, the recent rise in China's overseas investments and its increased international engagement through the One-Belt-One-Road Initiative will lead to a stronger engagement of Chinese companies in markets outside China. This creates an urgent need for other countries to better understand the institutional context and the philosophical sources of Chinese business ethics. This book is a good start for both. It is delightful to read and very useful for both academics and business practitioners who are looking for moral guidance in their cross-cultural business endeavors. Stephan Rothlin and Dennis McCann succeeded in presenting an authoritative account of business ethics in Asia that will be used as an important sourcebook on this subject for the time to come.

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