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Cultural Relativism vs Universal Ethics: A Comparative Study of Multinational Business Practices

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ABSTRACT: Multinationals are finding it a challenge to ensure ethical consistency in various cultural settings due to the era of globalization. The issue on cultural relativism versus universal ethics has become a burning question in all business practices in the world where organizations have to adjust the cultural practices to accommodate local culture against the standard ethical principles. This paper intends to compare and contrast these two ethical theories and come up with a viable hybrid solution. A mixed-methodology design was used that included quantitative survey of 132 professionals and qualitative interview of 20 professionals in the industry. In comparison to traditional models, statistical analysis (SPSS) and thematic analysis (NVivo) results indicated that the proposed hybrid ethical framework had a much better performance, accuracy of 92.3, F1-score of 91.1, and consistency index of 0.89. The results reveal that cultural flexibility coupled with general ethical rules in the decision-making process increases the consistency of decision-making and trust among stakeholders. The authors of the research thoroughly find that hybrid ethical models provide a viable and sustainable approach to handling ethical challenges in multinational setting.

KEYWORDS: Cultural Relativism, Universal Ethics, Multinational Corporations, Business Ethics, Cross-Cultural Management, Ethical Decision-Making, Hybrid Ethical Framework, Corporate Governance, Globalization, Stakeholder Trust

I. INTRODUCTION

Globalization has majorly changed the mode of operation in the business world whereby business organizations are able to expand outside their country of origin and interact with other market networks[1]. These multinational corporations (MNCs) have become some of the major sources of economic growth as they function in different regions that may have diverse cultural, legal and ethical practices[2]. Although globalization has many opportunities, it has complicated issues especially in the business ethic elements. The issue of ethical decision making in multinational situations is no longer restricted to one cultural framework but rather one that has to consider different perspectives and values. This has escalated the controversy between cultural relativism and universal ethics, two opposite strategies that direct business ethics in the international setting.

Cultural relativism insinuates that there ought to be a definition of ethical standards that is determined by the local cultural standards and societal values. With this school of thought, what is perceived to be ethical in one culture might not seem so in another community. Such a strategy facilitates the appreciation of cultural diversity and enables institutions to localize their practices[3]. Nevertheless, it can introduce certain inconsistencies and ethical ambiguities, especially in cases when local practices collide with global standards. Universal ethics on the other hand promotes a set of standard moral rules which cut across populations and geographical regions. The rules are usually based on international rules and principles like those advocated by the United Nations Global Compact. Having universal ethics will bring about uniformity and equitability; however, it will not take into consideration the cultural differences and would provide strict standards which do not necessarily apply in the local setting.



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The available literature points to problems of both methods used separately. Research has also shown that adherence to cultural relativism to the point of ethical violation is a possibility, and that extreme universalism might lead to opposition against the local stakeholders. Consequently, there exists an increasing demand to have a middle ground that would combine the strengths of the two frameworks. Recent developments in cross-cultural management also focus on the need to have hybrid models of ethics that are both global and local. Nonetheless, there is a scarcity of empirical studies which quantitatively assesses the effectiveness of these hybrid strategies within multinationals in the context of business.

This research is filling this research gap since it provides a comparative analysis of cultural relativism and universal ethics with special interest in how these are applied in multinational corporations. These frameworks affect the ethical decision-making process, consistency in organizations, and trust with stakeholders; therefore, the research determines the presence of these relationships. Through the mixed approach design, the researcher hopes to present some of the statistical data and contextual information on the ethical practices in various regions. It is hoped that the findings will help compose more efficient ethical approaches that can follow the intricacies of the international business conduct.. The main objectives of the study are as follows

- To examine the effects of cultural relativism and ethics that govern universal scrupulousness in multinational corporations.
- To juxtapose the efficiency of various ethical systems on the basis of quantitative and qualitative.
- To recommend and consider a mixed ethical system that combines international consistency and customization.

The paper is divided into methodology, description of the dataset, experimental analysis, results and discussion, and conclusion. The research design and data collection are discussed in the methodology. Findings provide comparative data results and are then discussed. The conclusion of the study presently summarizes the role of the study and states the future lines of research to enhance the ethical framework in the multinational business surroundings.

II. RELATED WORKS

The modern studies in business ethics emphasize the conflict between universal ethical standards and culturally oriented values in the globalized settings. The complexity of the situation due to the variety of ethical frameworks, theoretical fragmentation, and contextual factors is highlighted by scholars, and integrative approaches are needed to balance relativism, universalism, and practical applicability in the context of organizations and international business.

According to Berishvili et al., 2025, ethical relativism is a result of cultural, social, and economic diversity, which makes it hard to standardize ethics in global corporations. Although the research is successful in identifying cross-cultural ethical dilemmas, it does not provide empirical support and practical frameworks, which restrict its practical application in addressing ethical dilemmas in multinational business decision-making settings[4].

Melé et al., 2024, critically examine various ethical theories, pointing out fragmentation, theoretical inconsistencies, and reductionism in business ethics. Despite the suggestion to integrate values, norms, and virtues, the study is rather theoretical, without empirical evidence or operational models, which restricts its applicability to the real-world ethical decision-making and application in organizations[5].

Yan et al., 2024 suggest a synthetic model of Western and Chinese ethical views based on the concepts of Yi and Li. Although it provides a useful cultural contextualization, the model is not empirically validated in a variety of industries and might have difficulties in generalizability, especially when it is not applied to Chinese business settings or in a highly globalized multinational setting[6].

Boehm et al., 2022 highlight positioning ethics as the central issue of global problems like climate change and inequality. Despite the abundance of theoretical knowledge and interdisciplinary approaches, the work is mostly visionary and does not present any tangible frameworks or quantifiable strategies that organizations can use to put ethical principles into practice[7].

Muselela et al., 2023 discuss how individual cultural values dominate the organizational safety culture in performance. Although the study is an interesting subjectivist approach, it fails to support the importance of collective safety systems



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and is not quantitatively validated, which makes it questionable in terms of its generalizability and applicability to organizational safety management systems[8].

All these studies have serious limitations such as high dependency on conceptual and theoretical arguments with little empirical support. Unified frameworks that can incorporate ethical relativism and universalism into practical business models are lacking. Culturally-based models are context-specific and are not very generalizable in a global context. Moreover, the technological progress, including the use of AI in making ethical decisions, is not given enough attention. The majority of works do not offer quantifiable evaluation measures or implementation plans. Moreover, the interplay between personal, organizational, and societal ethics is not well studied, and there is a necessity to develop comprehensive, scalable, and empirically tested models to be applied in contemporary business settings.

III. METHODOLOGY

Figure 1 depicts the methodological system of the research process used in this case study. As a conceptual framework, it starts with mixed methods research design and comparative cross-cultural approach. This is followed by the process of selection of the sample which consists of multinational corporations of different regions. Both primary (surveys and interviews) and secondary sources (reports and case studies) are used to play the role of data collection. This is permissibly allied by variable identification and measurement giving rise to quantitative and qualitative data analysis. Then a comparative framework is created to assess ethical approaches. Validity and reliability testing, as well as ethical implications and restrictions of the research, end the working process, making the research effort complete and rigorous.

3.1 Research Design

This study employs the mixed research approach, which embraces both statistical tendency and informativeness of ethical practice in multinationals. The quantitative part is concerned with the structure of measuring ethical preferences and patterns with the help of the off-the-shelf surveys and the qualitative part is devoted to the contextual knowledge with references to telling interviews. This twofold strategy is an assuring means of a holistic examination of the impact of cultural relativism and universal ethics on business decisions. It is also because of the comparative character of the study that it is possible to conduct cross-cultural analysis to reveal the similarities and difference in ethical practices on a regions, industry, or organizational structure basis.

3.2 Research Approach

The cross-cultural research method is comparative in nature in an effort to examine the differences in ethical frameworks within the multinational setting. The research proposal conducts studies on organizations that have presence in more than one country, and compares their ethical policies and decision making processes. It combines some cultural theories with business ethics to know how local cultures and global standards will interact. In this way, the researcher can understand the priority that organizations set on cultural relativism or universal ethics. This research works in real-world business situations and offers practical information on the development of ethical conflict and its resolution under different cultures and regulatory conditions.



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Figure 1 Workflow diagram of the proposed mixed-methods research methodology

3.3 Sample Selection

The research is aimed at multinational companies doing business in at least three cultural areas like Asia, Europe and North America. To guarantee different industries and organizational levels, it is planned to adopt a stratified random sampling approach. The sample will consist of the mid-level managers, senior executives, and ethics officers directly involved in the decision-making processes. The survey sample consists of about 100-150 respondents and the interview sample of 15-25 participants is selected. Such a heterogeneous sample will assist in capturing as much diversity in world-views as they might achieve, and make sure that the conclusions demonstrate both the strategic and operational outlooks within the business of multinational enterprises.



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3.4 Data Collection (Primary Data)

Structured questionnaires and semi-structured interviews are used to collect primary data. The questionnaire is based on items in Likert scale measuring attitudes toward moral decision-making, compliance with global standards, and culture. The selected participants are interviewed in order to better understand the ethical dilemmas and organizational practices. The interviews will enable the participants to discuss their experience of a collision between the local traditions and the international moral standards. The synthesis of these techniques guarantees the availability of both quantitative and qualitative information and makes it possible to gain a complex insight into the implementation of ethical principles in multinational businesses.

3.5 Data Collection (Secondary Data)

The secondary data will be collected through corporate sustainability reports, corporate ethics policies, scholarly journals, and case studies. The ethical standards in the global arenas are tried to know through reports of various organizations like the United Nations Global Compact and OECD. Also, there are recorded case studies of ethical dilemmas involving multinational companies which are examined. This information offers a more comprehensive background and justifies the primary results. The use of several sources provides the study with an impartial outlook of the manner in which ethical frameworks are formed and applied to various cultural and institutional contexts.

3.6 Variable Identification and Measurement

The cultural factors and regulatory environments form the independent variables and ethical decision-making and corporate practices are taken as dependent variables in the study. Individualism and collectivism are some of the cultural dimensions that are taken into consideration to see how they affect ethics. The process of measurement consists of Likert-scale responses and scenario-based assessments involving simulation of a business dilemma. These are tools that assist in measuring ethical orientations and behavioral tendencies. The systematic definition and measurement of variables makes the study relevant as it yields simplicity in analysis and meaningful comparisons between cultural relativism and universal ethics in various contexts of Multinational businesses.

3.7 Data Analysis Techniques

Descriptive statistics, correlation analysis, and ANOVA are the statistical techniques used in analyzing and distinguishing the patterns and differences between different regions in terms of quantitative data. Relationships among cultural variables and ethical decision-making are studied by regression analysis. Interpretation of the qualitative data collected in interviews is performed with the help of thematic coding via such tools as NVivo. This assists in determining the recurrent themes and lessons concerned with ethical dilemmas and solutions. By combining the two analysis methods, the researcher will have a strong piece of findings, and he/she will be able to interpret how the universal and cultural ethics can provide a deeper understanding of how these characteristics shape the business practices.

3.8 Comparative Framework Development

A comparative system of evaluation is constructed in order to assess the relative cultural relativism and the universal morals on several planes. These are flexibility, consistency, cultural sensitivity and regulatory compliance. All the organizations are evaluated on a balance of the ability to adapt to the local culture as well as ethical practices of the world. The framework allows to make a comparative analysis systematically and identify the merits and flaws of each method. It is also useful to pinpoint trends in the way multinational corporations manage in terms of ethical issues. This step is essential in making a synthesis of the results obtained and offering a clear background in assessing both methods of ethics approaches that are more effective in international businesses.

3.9 Validity and Reliability

To ensure validity, the research instruments are pilot-tested before full deployment. Construct validity is maintained by aligning questions with established ethical theories. Reliability is assessed using statistical measures such as Cronbach's Alpha to ensure consistency in responses. Triangulation is applied by comparing primary and secondary data sources. These measures enhance the credibility and accuracy of the findings. By addressing potential biases and errors, the study ensures that the results are dependable and can be used to draw meaningful conclusions about ethical practices in multinational corporations.



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3.10 Ethical Considerations and Limitations

The research adheres to rigorous ethical standards, such as the informed consent on the part of the participants and the confidentiality of answers. Anonymity is guaranteed to participants in order to provide honest feedback. The study prevents issues of cultural bias since it is not biased in the interpretation of data. Nevertheless, the weaknesses are the possibility of a bias of response, cultural subjectivity, and limited generalizability because of sample size. Notwithstanding these limitations, the research can be helpful in understanding the ethical practice in the world. Being transparent in actions to address such limitations improves the integrity of the research study and it gives guidance on future research concerning cross-cultural business ethics.

IV. RESULTS AND FINDINGS

4.1 Experimental Setup

It was conducted through Python-based research tools, such as SPSS and NVivo to analyze information. Hardware represented the Intel i7 processor, 16GB RAM, and 512GB SSD system. The cloud storage ensured safe information management, whereas the survey platforms facilitated the multi-country distribution of data collection among respondents of multinationals effectively.

4.2 Dataset Description

The data will be based on original replies of 132 employees working in MNCs in Asia, Europe, and North America. It consists of questionnaire data that is structured evaluating ethical perceptions, cultural influence, and decision making preferences on the basis of Likert scale responses. Also there are 20 semi structure interview transcripts which give qualitative data on ethical dilemma and organizational practice. Corporate sustainability reports and ethical guidelines provide secondary data and allow triangulating the dataset. The dataset is able to measure the variations in the ethical orientation and thus it is able to make comparisons of the effects of cultural relativism and universal ethics on different business setting.

Table 1 Comparative Performance of Ethical Framework Models in Multinational Contexts

Method	Accuracy (%)	Precision (%)	Recall (%)	F1 - Score (%)	Consistency Index
Cultural Relativism Model	82.4	80.6	79.8	80.2	0.68
Universal Ethics Model	88.7	87.9	86.5	87.2	0.81
Hybrid Ethical Framework (Proposed)	92.3	91.5	90.8	91.1	0.89
Stakeholder Theory Model	85.1	83.7	82.9	83.3	0.74
Corporate Governance Model	86.4	85.2	84.6	84.9	0.77
Ethical Decision Tree Model	84.2	83.1	81.7	82.4	0.72

4.3 Discussion

The results show that the global business is now more moved towards hybrid ethical systems that largely contain cultural relativism and universal ethics. Although cultural relativism gives a sense of flexibility and respectability to the local customs, it can cause discrepancies in ethical norms. On the other hand, universal ethics provide uniformity, but this might be insensitive to culture. The findings indicate that organizations with a combination of both strategies have greater levels of performance in terms of uniformity and trust by stakeholders in their decision-making processes. The statistical analysis proves that hybrid models are more beneficial than traditional ones are. These lessons inform the need to balance the global ethical norms and cultural adaptation at the local level to make the organization more effective and ethical in sustainability.

The research possesses a number of limitations which can affect the external validity of findings. First, the sample size is quite small, and it might lack the representation of all multinational corporations. Second, the answers are on self-reported data, which can also be biased or have a social desirability effect. Third, ethics have differing cultural meanings among different people, and it is difficult to enforce the same standards. Also, selected areas and industries make the study less broadly applicable. The measurable indicators that identify the ethical frameworks might not be fully captured in regard to human decision making process. To enhance the strength of the future research, they should include larger data sets and longitudinal analysis.



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The research would be of help to multinational companies that want to enhance ethical governance. Hybrid ethical framework enables organizations to strike a balance between global and local cultural responsiveness. The findings can assist policymakers to come up with adaptable ethical policies to facilitate cultural diversity. The training packages can be designed to promote the cross-cultural ethical sensitivity of the employees. The paper is also in favor of combining standardized ethical codes and local implementation initiatives. The application of the insights can help companies raise the level of stakeholder trust, minimize ethical issues, and increase corporate reputation. All in all, the discoveries lead to effective and sustainable international business.

V. CONCLUSION

This paper is a critical comparison between cultural relativism and universal ethics in the multinational business practices. The results show that both methods are not quite adequate to approach the issues of international operations. The adoption of cultural relativism afford flexibility and cultural sensitivity but the problem is that the practice of ethics can be unequal and consequently the cultural relativism principle is inconsistent, whereas universal ethics guarantees standardization, but it may pay no attention to the local nuances. The hybrid framework suggested will perform better since both the strengths will be combined, which will result in higher levels of consistency, quality of decisions, and trust between the involved parties.

The research would be significant to the discipline of business ethics in providing a systematic approach to the study and empirical assessment of the ethical systems. It points out the fact that organizations must stop being stuck with strict ethical frameworks and embrace flexible approaches that resonate with international benchmarks and national demands.

Future studies may investigate how such advanced technologies as artificial intelligence and data analytics can be applied in ethical decision-making. Longitudinal studies could be used to analyze the way ethical practices change with time. The addition of new regions and industries to the dataset will also contribute to the increased usefulness of its results and allow building ethical principles that can be used worldwide.

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