**SUMMARY AND CONCLUSIONS - Chapter 4: Law and justice: diverse ethical perspectives for business**

Ethical foundations of law determine its content and the ways in which it is applied. They also influence the perceptions of legitimacy and the sense of moral obligation to obey felt by governments, companies and individuals. Law is mainly a phenomenon of states and societies, and this chapter has emphasized that national law is the basis of most of an MNE’s international transactions. However, the chapter has also highlighted the differing historical, cultural and political environments that determine the content of the law and how it is applied. These, as we have seen, can be highly diverse. There are some common ethical themes, but moral issues tend to be viewed differently in different cultures, with inevitable impacts on the legal system.

Justice in one location is sometimes far removed from what would be seen as justice in another. It is perhaps no wonder that in a globalized world, international agencies and MNEs alike seek to measure national legal systems against criteria under the broad heading of the rule of law. Of course, these, too, are subject to fluctuation. But they indicate a genuine tendency to identify universal principles to which all national legal systems should adhere.

The rule of law as a set of principles is essentially ethical, stressing human dignity and equality before the law. The rule of law is not an all-or-nothing phenomenon, and it is true to say that it is more of an ideal than a set of criteria which are measurable. States must continually respond to internal and external threats as they perceive them. But most state governments now appreciate that legal reforms to establish and maintain the rule of law benefit society and also benefit business activities. The country with an efficient, fair and transparent legal system is likely to be seen as an attractive place to do business by foreign investors.

Countries are keenly aware of national competitive advantage, but this does not imply a goit- alone attitude. They are increasingly engaged in international governance structures, often to enhance their own domestic credentials. This co-operative activity indicates a willingness to tackle global issues through international agreement, with the result that national laws become modified to conform to international standards. A state sometimes subscribes to internationally agreed principles, but makes exceptions in practice if it senses national interest might be at stake. A shift in this behaviour can come about through states perceiving a growing international consensus. It can also come about through governments taking an enlightened view of long-term national interest. Similarly, international firms are now accepting the validity of looking beyond national law to internationally recognized ethical principles.