

MGMT 446

INTERNATIONAL BUSINESS ETHICS

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Winter Quarter 2008-09

DESCRIPTION

This is an advanced business ethics course that addresses the ethical challenges of international business for corporate decision making. The aim is to understand the ethical issues that arise in the global business environment and to develop an ability to resolve these issues effectively. The major emphasis of the course is on standards for the operation of multinational corporations and on ethical problems in specific countries and areas of the world. Some attention is also given to the ethical perspectives of managers in different countries and national differences in the academic study of business ethics.

OBJECTIVES

Business ethics is an important part of the education of any manager, but managers with responsibility for foreign operations are confronted with many ethical issues that do not arise in domestic business. The distinctive ethical problems of international business are due to many factors, including: different ethical traditions and political and legal systems; diverse forms of economic organization and different levels of economic development; inadequate or ineffectual regulation, especially in less-developed countries; conflicts between national and regional economic and political interests; a lack of background institutions and guidelines for international business; the scope and power of multinational corporations and their ability to evade regulation; and pervasive corruption in some parts of the world. In order to deal effectively with the ethical challenges of international business, managers need to:

- Understand the increasingly complex global environment of business and the specific ethical problems that it raises.
- Develop a sensitivity to different ethical perspectives and a tolerance for the conflicts and ambiguity of international business.
- Develop guidelines for personal decision making and for formulating and implementing

ethical corporate policies under the conditions of international business.

- Learn how to work toward more effective background institutions and forms of international business regulation.

The course does not seek to impose any particular values or standards but provides, instead, an opportunity for examining one's own moral convictions and those of others and for exploring how they can be integrated into management practice.

REQUIREMENTS

The class sessions are conducted primarily by discussion of articles and cases. In addition to the reading the assigned materials and participating in class discussion, the requirements for the course include two short writing assignments and a comprehensive take-home examination. The grade for the course is determined as follows: the two writing assignments 30%, participation 30% and the take-home examination 40%. The course makes extensive use of Blackboard. In addition to material posted on Blackboard, this system will be used to submit all writing assignments, including the take-home final examination. Students are responsible for learning how to gain access and work with files in Blackboard and for ensuring that the system has their preferred email address. For instructions, see the documents *Student Quick Start* and *Working with Files* on the Blackboard logon page.

READINGS

The readings for the course consist of articles and cases, which are available from various sources. The source for each item is indicated in the section titled "Sources." Material marked [B] is posted on Blackboard. Material marked [S] is available from Study.net. To access materials from Study.net, go to www.study.net and register as a student. Once you are registered with a username and password, you can access the materials for this class. You will pay a fee for each document. This fee covers only the royalty charge; use of Study.net itself is free. Once you pay the fee, you can download and print out the document and save it to your computer. You can also order a packet of the printed material, paying 7 cents per page. This amount covers only the cost of printing since you have already paid the royalty charge. By using Study.net, you have a choice of printing out the material yourself or paying this service to do it for you. To use Study.net, you will need to have an Adobe Acrobat Reader. Full instructions are given on the Web site. The assigned book is available in the bookstore, or it may be ordered from Amazon or any other book service.

ATTENDANCE

Students are expected to attend every class. Since the course consists of ten three-hour sessions, an absence from even one class involves missing a significant portion of the course. It is recognized, however, that students must miss a classes on occasion for good reason. ***The policy is that if you cannot attend a class, notice must be given to the instructor by e-mail either before the class period or on the next day after an absence.*** Students are also expected to stay for the whole class

period. *If it is necessary to leave before the end of class, you must notify the instructor beforehand.*

OFFICE HOURS

Office hours are maintained on Mondays and Tuesdays 9:00 to noon and 1:00 to 4:00, and other times by appointment, in 1 E. Pearson, Room 420. Telephone (312) 915-6994, e-mail (preferred) jboatri@luc.edu.

SCHEDULE

11/11/08 Introduction: Ethics in a Global Context

Article: Donaldson, "Values in Tension" [S]
Video: "Roberto Radda"
Document: OECD, "Guidelines for Multinational Enterprises," pp. 19-27 [B]

11/18/08 Global Perspectives on Ethics

Article: Vogel, "The Globalization of Business Ethics" [S]
Article: Puffer and McCarthy, "Finding the Common Ground in Russian and American Business Ethics" [S]
Article: Rice, "Islamic Business Ethics and the Implications for Business" [S]
Case: "The Shakedown" [S]
Video: "Kay Moreno"

11/25/08 Bribery and Corruption

Article: Rose-Ackerman, "The Political Economy of Corruption: Causes and Consequences" [B]
Article: Kaufman, "Corruption: The Facts" [B]
Case: "Terry Rhodes (A)" [S]
Video: "Carter Hamilton"
Document: "Foreign Corrupt Practices Act Antibribery Provisions" [B]
Document: OECD, "Convention on Combating Bribery of Foreign Officials in International Business Transactions" pp. 3-9 [B]

12/2/08 Responsibility for Foreign Contractors

Book: Rivoli, Pietra, *Travels of a T-Shirt in the Global Economy*
Article: Maitland, "The Great Non-Debate over International Sweatshops" [B]
Article: Sethi, "Standards for Corporate Conduct in the International Arena" [S]
Case: "Hitting the Wall: Nike and International Labor Practices" [S]
Document: Mattel, "Global Manufacturing Principles" [B]

12/9/08 Business Ethics in Japan

- Article: Gundling, “Ethics and Working with the Japanese: The Entrepreneur and the ‘Elite Course’” [S]
Article: Ornatowski, “Confucian Values, Japanese Economic Development, and the Creation of a Modern Japanese Business Ethic” [B]
Article: Maitland and Umezi, “An Evaluation of Japan’s Stakeholder Capitalism” [B]
Case: “IBM-Fujitsu Debate” [S]

1/13/09 Business Ethics in China I

- Article: McGregor, “The Grand Bargain” [B]
Article: Su and Littlefield, “Entering *Guanxi*: A Business Ethical Dilemma in Mainland China?” [S]
Article: Tam, “Ethical Issues in the Evolution of Corporate Governance in China” [S]
Case: “NES China: Business Ethics (A)” [S]
Video: “Comparing American and Chinese Negotiation Styles”
View this video on your own before class at
<http://video.google.com/videoplay?docid=4634363396909200237>

1/20/09 Business Ethics in China II

- Case: “Google, Inc., in China” [B]
Case: “Haier Hefei (A)” [S]

1/27/09 Multinationals and Human Rights

- Article: Schermerhorn, “Terms of Global Business Engagement in Ethically Challenging Environments” [B]
Article: Post, “Assessing the Nestle Boycott: Corporate Accountability and Human Rights” [S]
Case: “Mobil in Aceh (A)” [S]

2/3/09 International Corporate Social Responsibility

- Article: Kapstein, “The Corporate Ethics Crusade” [S]
Article: Bennett, “Multinational Corporations, Social Responsibility and Conflict” [S]
Case: “International Rivers Network and the Bujagali Dam Project (A)” [S]

2/10/09 NGOs, Fair Trade, and Product Certification

- Article: Spar and La Mure, “The Power of Activism: Assessing the Impact of NGOs on Global Business” [S]
Article: Argenti, “Collaborating with Activists: How Starbucks Works with NGOs” [S]
Case: “IKEA’s Global Sourcing Strategy: Indian Rugs and Child Labor (A)” [S]

SOURCES

Book

Rivoli, Pietra, *Travels of a T-Shirt in the Global Economy* (New York: Wiley, 2005).

Articles

Argenti, Paul A., "Collaborating with Activists: How Starbucks Works with NGOs," *California Management Review*, 47 (Fall 2004), 91-116.

Bennett, Juliette, "Multinational Corporations, Social Responsibility and Conflict," *Journal of International Affairs*, 55 (2002), 393-410.

Donaldson, Thomas, "Values in Tension," *Harvard Business Review*, September-October 1996, 48-62.

Gundling, Ernest, "Ethics and Working with the Japanese: The Entrepreneur and the 'Elite Course'," *California Management Review*, 33 (Spring 1991), 25-39.

Kapstein, Ethan B., "The Corporate Ethics Crusade," *Foreign Affairs*, 80 (September-October 2001), 105-119.

Kaufman, Daniel, "Corruption: The Facts," *Foreign Policy*, Summer 1997, 114-131.

Maitland, "The Great Non-Debate over International Sweatshops," *British Academy of Management Annual Conference Proceedings*, 1997, 240-265.

Maitland, Ian, and Mitsuhiro Umezi, "An Evaluation of Japan's Stakeholder Capitalism," *Journal of Private Enterprise*, 22(2) (2006), 131-164.

McGregor, James, "The Grand Bargain," in *One Billion Customers* (New York: Wall Street Journal Books, 2005), ch. 1.

Ornatowski, Gregory K., "Confucian Values, Japanese Economic Development, and the Creation of a Modern Japanese Business Ethic," in Georges Enderle, *International Business Ethics* (Notre Dame, IN: University of Notre Dame Press, 1999), 386-405.

Post, James E., "Assessing the Nestle Boycott: Corporate Accountability and Human Rights," *California Management Review*, 27(2), Winter 1985, 113-131.

Puffer, Sheila M., and Daniel J. McCarthy, "Finding the Common Ground in Russian and American Business Ethics," *California Management Review*, 37 (Winter 1995), 29-46.

Rice, Gillian, "Islamic Ethics and the Implications for Business," *Journal of Business Ethics*, 18(4) (1999), 345-358.

Rose-Ackerman, Susan, "The Political Economy of Corruption: Causes and Consequences," *Public Policy for the Private Sector*, April 1996.

Schermerhorn, Jr., John R., "Terms of Global Business Engagement in Ethically Challenging Environments," *Business Ethics Quarterly*, 9 (1999), 485-505.

Sethi, S. Prakash, "Standards for Corporate Conduct in the International Arena: Challenges and Opportunities for Multinational Corporations," *Business and Society Review*, 107:1 (2002), 20-40.

Spar, Debora L., and Lane T. LaMure, "The Power of Activism: Assessing the Impact of NGOs on Global Business," *California Management Review*, 45 (3) (Spring 2003), 78-101.

Su, Chenting, and James E. Littlefield, "Entering *Guanxi*: A Business Ethical Dilemma in

- Mainland China?" *Journal of Business Ethics*, 33 (2001), 199-210.
- Tam, On Kit, "Ethical Issues in the Evolution of Corporate Governance in China," *Journal of Business Ethics*, 37 (2002), 303-320.
- Vogel, David, "The Globalization of Business Ethics: Why America Remains Distinctive," *California Management Review*, 35 (Fall 1992), 30-49.

Cases

- "Google, Inc., in China," Business Roundtable, BRI-1004
- "Haier Hefei (A)," Harvard Business School, 300070
- "Hitting the Wall: Nike and International Labor Practices," Harvard Business School, 700-047.
- "IBM-Fujitsu Debate," Harvard Business School, 9-390-168
- "IKEA's Global Sourcing Strategy: Indian Rugs and Child Labor (A)" Harvard Business School 9-906-414
- "International Rivers Network and the Bujagali Dam Project" (A), Harvard Business School N9-204-083.
- "Mobil in Aceh, Indonesia (A)," Stanford Graduate School of Business, IB-40A
- "NES in China: Business Ethics" (A), Ivey School of Business, 9B01C029.
- "Terry Rhodes (A)," London Business School, CS-08-014.
- "The Shakedown," *Harvard Business Review*, March 2005, 31-35.

Documents

- "Foreign Corrupt Practices Act Antibribery Provisions"
<http://www.usdoj.gov/criminal/fraud/docs/dojdocb.html>
- Mattel, "Global Manufacturing Principles"
- OECD, "Convention on Combating Bribery of Foreign Officials in International Business Transactions," pp. 3-9.
- OECD, "Guidelines for Multinational Enterprises," pp. 19-27
<http://www.oecd.org/dataoecd/56/36/1922428.pdf>