

*Loyola University Chicago
Graduate School of Business*

GB 446

INTERNATIONAL BUSINESS ETHICS

John R. Boatright

*Spring Quarter
2003*

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 course material consists of packets of articles, cases, and documents, which are available in the bookstore. In addition, there are also three Harvard case studies that should be purchased separately.

The class sessions are conducted primarily by discussion of the readings and cases. In addition to the assigned reading and class participation, the requirements for the course include a comprehensive examination and a group presentation. The examination is "open book," which is to say that all assigned reading and notes may be consulted during the examination. The grade for the course is determined as follows: the examination 60%, the presentation 20%, and participation 20%.

OFFICE HOURS

Office hours are maintained on Mondays and Tuesdays from 9:00 until noon and 1:00 to 3:00, and other times by appointment, in 25 E. Pearson, Room 1379. Telephone (312) 915-6994, fax (312) 915-6988, e-mail jboatri@luc.edu. Course information, including this syllabus, is available at <http://homepages.luc.edu/~jboatri>.

SCHEDULE

Session 1 February 18 Introduction: Ethics in a Global Context

Article: Donaldson, "Values in Tension"

Article: Vogel, "The Globalization of Business Ethics"

Article: Oestreich, "What Can Businesses Do to Appease Anti-Globalization Protestors?"

Article: Vernon, "Ethics and the Multinational Enterprise"
 Case: "Italian Tax Mores"
 Case: Dorrence Corporation Trade-Offs
 Document: OECD, "Guidelines for Multinational Enterprises"

Session 2 February 25 Bribery and Corruption

Article: Boatright, "Foreign Bribery"
 Article: Cragg and Woof, "The U.S. Foreign Corrupt Practices Act"
 Article: Husted, "Honor among Thieves"
 Article: Mirvis, "Transformation at Shell"
 Case: "Lockheed in Japan"
 Case: "Shell Oil in Nigeria"
 Document: OECD, "Convention on Combating Bribery of Foreign Officials in International Business Transactions"
 Document: OAS, Inter-American Convention on Corruption

Session 3 March 11 Managing Ethics Globally: Practical Problems

Article: Puffer and McCarthy, "Finding the Common Ground in Russian and American Business Ethics"
 Article: DeGeorge, "Ethical Dilemmas for Multinational Enterprise"
 Article: Murphy, "European Managers' Views on Corporate Ethics"
 Article: Steidlmeier, "The Moral Legitimacy of Intellectual Property Claims"
 Case: "Foreign Assignment"
 Case: "H.B. Fuller in Honduras"
 Case: "W. R. Grace & Co. and the Neemix Patent" (A)

Session 4 March 18 Responsibility for Foreign Contractors

Article: Sethi, "Standards for Corporate Conduct in the International Arena"
 Article: Maitland, "The Great Non-Debate over International Sweatshops"
 Case: "Hitting the Wall: Nike and International Labor Practices"
 Document: Fair Labor Association, "About the FLA," "Workplace Code of Conduct," and "Principles of Monitoring."
 Document: Nike, "Code of Conduct" and "Monitoring and Assessment"
 Document: Verité, "Comprehensive Factory Evaluation Report"
http://www.nike.com/nikebiz/gc/mp/pdf/nike_verite_report.pdf

Session 5 March 25 Ethics and Multinational Corporations

Article: Bowie, "Relativism and the Moral Obligations of Multinational Corporations"
 Article: Donaldson, "Moral Minimums for Multinationals"
 Article: Velasquez, "International Business Ethics: The Aluminum Companies in Jamaica"
 Case: "Levi Strauss & Co.: Global Sourcing" (A)

Session 6 April 1 Business Ethics in Japan

- Article: Gundling, “Ethics and Working with the Japanese: The Entrepreneur and the ‘Elite Course’”
- Article: Taka, “Business Ethics: A Japanese View”
- Article: Ornatowski, “Confucian Values, Japanese Economic Development, and the Creation of a Modern Japanese Business Ethic”
- Case: “Nomura II: Japanese Business Ethics”

Session 7 April 8 Business Ethics in China

- Article: Lu Xiaohe, “Business Ethics in China”
- Article: Hanafin, “Morality and the Market in China: Some Contemporary Views”
- Article: Steidlmeier, “Business Ethics and Politics in China”
- Article: Steidlmeier, “Gift Giving, Bribery and Corruption: Management of Business Relationships in China”
- Article: Su and Littlefield, “Entering *Guanxi*: A Business Ethical Dilemma for China?”
- Case: Haier Hefei Electronics Co. (A)

Session 8 April 15 Developing Global Codes of Ethics

- Article: Rondinelli, “Transnational Corporations: International Citizens or New Sovereigns?”
- Article: Sethi, “Codes of Conduct for Multinational Corporations”
- Article: Frederick, “The Moral Authority of Transnational Corporate Codes”
- Article: Webley, “The Interfaith Declaration: Constructing a Code of Ethics for International Business”
- Document: Caux Round Table, “Principles for Business”
- Document: ICCR, “Principles for Global Corporate Responsibility”
- Document: Transparency International, “Mission” and “The Corruption Perception Index”

Session 9 April 22 Presentations**Session 10 April 29 Examination****SOURCES****Articles**

- Boatright, John R. Boatright, “Foreign Bribery,” in *Ethics and the Conduct of Business*, 4th ed. (Upper Saddle River, NJ: Prentice Hall, 2003), 427-431.
- Bowie, Norman E., “Relativism and the Moral Obligations of Multinational Corporations” in Tom L. Beauchamp and Norman E. Bowie, eds., *Ethical Theory and Business*, 6th ed. (Upper Saddle River, NJ: Prentice Hall, 2001), 533-542.

- Cragg, Wesley, and William Woof, "The U.S. Foreign Corrupt Practices Act: A Study of Its Effectiveness," *Business and Society Review*, 107:1 (2002), 98-144.
- DeGeorge, Richard T., "Ethical Dilemmas for Multinational Enterprise: A Philosophical Overview," in W. Michael Hoffman, et al., *Ethics and the Multinational Enterprise* (Lanham, MD, 1986), 39-46.
- Donaldson, Thomas, "Values in Tension," *Harvard Business Review*, September-October 1996, 48-62.
- Donaldson, Thomas, "Moral Minimums for Multinationals," *Ethics and International Affairs*, 3 (1989), 163-182.
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- Gundling, Ernest, "Ethics and Working with the Japanese: The Entrepreneur and the 'Elite Course'," *California Management Review*, 33 (Spring 1991), 25-39.
- Hanafin, John J., "Morality and the Market in China: Some Contemporary Views," *Business Ethics Quarterly*, 12 (2002), 1-18.
- Husted, Bryan W., "Honor among Thieves: A Transaction-Cost Interpretation of Corruption in Third World Countries," *Business Ethics Quarterly*, 4 (1994), 17-27.
- Lu Xiaohe, "Business Ethics in China," *Journal of Business Ethics*, 16 (1997), 1509-1518.
- Maitland, "The Great Non-Debate over International Sweatshops," *British Academy of Management Annual Conference Proceedings*, 1997, 240-265.
- Mirvis, Philip H., "Transformation at Shell: Commerce and Citizenship," *Business and Society Review*, 105:1 (2002), 63-84.
- Murphy, Patrick E., "European Managers' Views on Corporate Ethics," *Business Ethics: A European Review*, 3 (1994), 137-144.
- Oestreich, Joel E., "What Can Businesses Do to Appease Anti-Globalization Protestors?" *Business and Society Review*, 107:2 (2002), 207-220.
- 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.
- 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.
- Rondinelli, Dennis A., "Transnational Corporations: International Citizens or New Sovereigns?" *Business and Society Review*, 107:4 (2002), 391-413.
- Sethi, S. Prakash, "Codes of Conduct for Multinational Corporations: An Idea Whose Time Has Come," *Business and Society Review*, 104:3 (1999), 225-241.
- 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.
- Steidlmeier, Paul, "Business Ethics and Politics in China," *Business Ethics Quarterly*, 7 (1997), 131-143.
- Steidlmeier, Paul, "The Moral Legitimacy of Intellectual Property Claims," *Journal of Business Ethics*, 12 (1993), 157-164.
- Steidlmeier, "Gift Giving, Bribery and Corruption: Management of Business Relationships in China," *Journal of Business Ethics*, 20 (1999), 121-132.
- Su, Chenting, and James E. Littlefield, "Entring *Guanxi*: A Business Ethical Dilemma for China?"

- Journal of Business Ethics*, 33 (2001), 199-210.
- Taka, Iwao, "Business Ethics: A Japanese View," *Business Ethics Quarterly*, 4 (1994), 53-78.
- Velasquez, Manuel G., "International Business Ethics: The Aluminum Companies in Jamaica," *Business Ethics Quarterly*, 5 (1995), 865-882.
- Vernon, Raymond, "Ethics and the Multinational Enterprise," in W. Michael Hoffman, et al., eds., *Ethics and the Multinational Enterprise* (Lanham, MD, 1986), 61-69.
- Vogel, David, "The Globalization of Business Ethics: Why America Remains Distinctive," *California Management Review*, 35 (Fall 1992), 30-49.
- Webley, Simon, "The Interfaith Declaration: Constructing a Code of Ethics for International Business," *Business Ethics: A European Review*, 5 (1996), 52-57.

Cases

- "Dorrence Corporation Trade-Offs," in W. Michael Hoffman and Robert E. Frederick, eds., *Business Ethics*, 3rd ed. (New York: McGraw-Hill, 1995), 114-118.
- "Foreign Assignment," in Thomas Donaldson and Al Gini, eds., *Case Studies in Business Ethics*, 4th ed. (Upper Saddle River, NJ: Prentice Hall, 1996), 190-192.
- "Lockheed in Japan," in John R. Boatright, *Ethics and the Conduct of Business*, 4th ed. (Upper Saddle River, NJ: Prentice Hall, 2003), 29-30.
- "H. B. Fuller in Honduras: Street Children and Substance Abuse," in John R. Boatright, ed., *Cases in Ethics and the Conduct of Business* (Englewood Cliffs, NJ: Prentice Hall, 1995), 301-314.
- "Haier Hefei Electronics Co." (A), Harvard Business School, 9-300-070.
- "Hitting the Wall: Nike and International Labor Practices," Harvard Business School, M1-700-047.
- "Levi Strauss & Co.: Global Sourcing," Harvard Business School, 9-395-127
- "Nomura II: Japanese Business Ethics," Casenet, Thomson Learning 0-324-00262-9.
- "Italian Tax Mores," in Thomas Donaldson and Patricia H. Werhane, *Ethical Issues in Business*, 5th ed. (Upper Saddle River, NJ: Prentice Hall, 1996), 129-131.
- "Shell Oil in Nigeria," *Case Research Journal*, 17(4), 1997, 1-21.
- "W. R. Grace & Co. and the Neemix Patent" (A), Darden School, University of Virginia, UVA-E-0157

Documents

- "Caux Round Table, Principles for Business."
- Fair Labor Association, "About the FLA," "Workplace Code of Conduct," and "Principles of Monitoring."
- "ICCR, Principles for Global Corporate Responsibility."
- Nike, "Code of Conduct" and "Monitoring and Assessment"
- Organization of American States, "Inter-American Convention on Corruption"
- OECD, "Convention on Combating Bribery of Foreign Officials in International Business Transactions."

OECD, "Guidelines for Multinational Enterprises."

Transparency International, "Mission" and "2000 Corruption Perceptions Index."

Verité, "Comprehensive Factory Evaluation Report" http://www.nike.com/nikebiz/gc/mp/pdf/nike_verite_report.pdf