

Business ethics is the study of how managers and other employees are to act in certain situations. This simulation provides an opportunity to consider challenges presented to employees seeking to act ethically in the performance of their duties within a multinational corporation.

MegaComp International, Inc. is a leading manufacturer of antivirus software, firewall software and other computer security components. The company enjoys an excellent reputation among its customers and suppliers. Employee morale is high, and ethics is a priority at the company.

The systems and products of MegaComp have been selling well in its already existing markets in the United States, Japan and Europe; but like any company, MegaComp is eager to grow the business.

At a strategy session, the MegaComp CEO, Jan Werner, and division managers decide to explore the potential of expanding their business to China. The market looks like a good fit to MegaComp products, but there could be a problem. MegaComp managers tell CEO Werner that China makes franchise decisions city-by-city, district-by-district. A payoff is usually required to get licenses.

What should CEO Werner say to the division chiefs?

Ethical decisions made by senior officers in a corporation can impact their subordinates as they try to carry out their duties. A natural loyalty to the company can come into conflict with ethical decision making.

MegaComp begins business in China, making facilitating payments through intermediaries to ensure the necessary licenses. The business contacts in China are pleased with the arrangement and do not see any ethical implications to the practice.

You have been recently hired by MegaComp and just relocated to its Hong Kong contracting office, handling the new business in China. You have just gone over the business arrangements and have noticed the facilitating payments issue. You can also see that the CEO approved the plan. You've just received a phone call from CEO Werner, who asks you how you are enjoying the new position in Hong Kong.

Leaders have a special role in setting ethical standards within a corporation and are frequently asked to be mentors for junior personnel who face ethical issues in the workplace.

One of your subordinates comes to you with questions regarding the facilitating payments aspect of business operations in China. She tells you that she is uncomfortable with the practice and wonders if she will face criminal liability when she makes the first payments next week. You assure her that Chinese law does not prohibit these payments in any way. Relieved, she returns to her office and makes plans to meet with her intermediaries to make the facilitating payments. As you sit in your office, you wonder if you should

check with the legal office back at MegaComp's American headquarters to see if there is any liability under United States law.

Even though giving bribes, or facilitating payments, is an acceptable business practice around the world, bribery is becoming more expensive around the world because of its business transparency. This has led to more government agencies cracking down on the practice. Globally, consumers are also becoming aware of the costs of corruption. While bribes and payoff requests are frequently associated with large construction projects, turnkey capital projects and large commodity or equipment contracts overseas, companies that do business internationally, and their employees, must be aware that bribes are an ethical issue subject to legal scrutiny. Prudence, as with all ethical issues, should be the starting point in analyzing such situations.

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