
Event Report

“Ethics Across Cultures” Panel: Cross-Cultural Perspectives on Ethics

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“Ethics Across Cultures,” a panel arranged by the Student Leadership and Ethics Board in conjunction with the Sanford C. Bernstein & Co. Center for Leadership and Ethics, represented perspectives on dilemmas students from a variety of geographic backgrounds faced in their respective workplaces. Covering nearly every continent, panelists described conundrums that many people would find outrageous, as well as some that seemed relatively commonplace. The stories highlighted the universality of ethical dilemmas in the workplace as well as the nuances that made some events more relatively country- or culture-based than others.

The first three panelists broadly represented Africa, Latin America and Asia with experiences that seemed to highlight the differences between professional cultures across borders, especially from the vantage point of students at a business school based in the United States. Stories of implicit bribery in Africa to help secure a land deal, looking at the practices of price-fixing and collusion in construction in Latin America, and briefcases of money exchanged during a difficult merger in Asia seemed in sharp contrast to what many involved in the business community would consider ethical. The moderator, David Beim, professor of professional practice, finance and economics, at Columbia Business School, said that in matters of ethical quandaries, “the best antidote is to talk.”

The panel discussion revolved around the constraints put on the protagonists in these dilemmas, what they ultimately decided and the resulting aftermath. There were significant risks associated with each of the situations, including loss of face, loss of market share and the chance of the deal falling through. In the Latin American example, the protagonist trusted his employer, a large international construction company, not to engage in price collusion despite its prevalence in that sector. In doing so, he not only faced the potential of losing business amid the

cronyism and covert deal making that went on in hotel rooms and at quiet tables in restaurants, he also faced potential physical threats to himself and his family. Demonstrating courage in the face of these potential repercussions, he conferred with his company, which agreed to remove itself from price collusion. Unfortunately, whether a direct result of this specific decision or not, the company lost its position as market leader within the country soon thereafter.

In these examples, the magnitude of the ethical dilemmas seemed to indicate a widespread, pervasive problem related to ethics, apparent both within companies and within industries. Generally, the regulatory environment was inept, inadequate or otherwise disenfranchised such that what many people would consider the first resort—legal counsel and procedure—would have provided little to no assistance. In the merger case described by the panelist from Asia, regulations actually hindered the promotion of compliance with ethical standards. The new manager after the merger was not able to fire corrupt individuals in the organization until a period of six months had passed, due to labor laws. This was in the face of blatant misuse of funds and these “inactive advisers” were permitted to stay in the firm and were finally let go after the country’s labor-law standards were satisfied.

While the point was brought up by the Latin American panelist that those of us who were questioning the validity of some legal infrastructure abroad “cannot apply standards in one place to another,” Professor Beim stated that foreign governments must be more responsive to these issues if they want to be hospitable to U.S. corporate interests. The question that remains, however, is where the balance lies between a country maintaining its own internal compass and approach to ethics, and accommodating the ethical construct that a foreign operation might demand.

A second group of panelists representing the United States, the Middle East and Europe had examples of ethical dilemmas that appeared to be similar to what many people would consider to be more clear-cut violations.

In the case from Europe, an analyst working in strategies and derivatives was given a luxury watch when a client attempted to ingratiate himself. Upon telling his supervisor about the gift and his concerns about its implications, he was told, “Your choice, your decision.” After careful consideration, the panelist returned the watch to demonstrate that he was not apt to have his services bought outside the confines of his firm. He was able to avoid an unfortunate aftermath, because the CFO of the client company—the giver of the gift in this case—was fired three months after the incident due to financial mismanagement. The panelist’s earlier dissociation from the client proved to be not only ethically aligned but also professionally savvy.

In the example from the Middle East, an employee of a credit-rating agency was given a near ultimatum to choose between standing his ground and losing face to a large and noteworthy client, and adjusting a poor rating upward in order to favor the client and his direct supervisor. Once again, it was a challenging choice for the panelist, but one that can be found in various markets around the world.

From the U.S. panelist, a former investment banker who worked in mergers and acquisitions, the audience heard about a choice between securing a client's best interests and doctoring data in order to land a deal and make his firm look good.

These dilemmas were grouped together by one of the event organizers, first-year MBA student Vicente Brocchetto, as examples of junior-level staff members put into difficult positions by clients or managers. As he explained, many people relatively new to their jobs perceive themselves as being far less empowered and thus less apt to be in a situation where they might be coerced into acting unethically. However, that tends to severely underestimate the responsibility and influence people in those positions tend to wield. As the employee at the credit rating agency in the Middle East said, "We're perceived as a rubber stamp—we don't think too much of our own signature."

As with the previous panelists, the protagonists in the second half of the panel all elected to make what could widely be construed as the most obviously ethical decision, though not without some degree of consternation. All the panelists agreed that having the backing of the firm is very important in validating one's decision and implementing it, and except for the analyst at the Middle Eastern credit-rating agency, the panelists felt they had the backing of their firms, which assisted in their confidence to act.

Both historically and in recent memory, Columbia Business School students have been exposed to multiple examples where ethical quandaries can expose themselves blatantly or subtly, whether it be under the guise of cultural norms or as "part of the job." Situations such as those described in this panel present ethical questions, character issues and business acumen. As Professor Beim said, referring to ethical directives, oftentimes "what's most important is that it comes from the top."

This is not just because there is an objective idea of what is "right" or "ethical" when it comes to business; this panel served to show how flexible the idea of ethics can be when viewed globally. What was quite apparent, however, is that the culture of a company is managed from the top down when it comes to ethics and that there is some seemingly universal intuition that some scenarios are ethical or unethical. Furthermore, it seems that firms that do not act ethically—as we have seen in

with such firms as WorldCom and Satyam—frequently are exposed for their misdeeds in a global arena. As this panel demonstrated, there remains a need for cultural sensitivity in matters around global ethical norms versus local mores, as ethics is a subjective concept and varies based on community values and social attitudes. However, this panel also demonstrated that there could be universal outrage at some incidents that put people in uncomfortable and even dangerous situations. Some ethical violations know no political boundaries.

RITIJA GUPTA MBA '10

Columbia Business School