

Business Ethics
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Lecture – 53
Case Study – 3

Now we will be discussing a case about the relationship of the business with a government and how the society gets suffers or not and the ethical issues related to it. This case is sainted around like two friends one has become a business man and the other influential figure for sanctioning orders. And how the person wants the personal favours while sanctioning certain things for the like orders, for the business and how the case perceives for them.

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So, the case reads as is it always good to have friends in politics. The case is taken from Crane and Martin

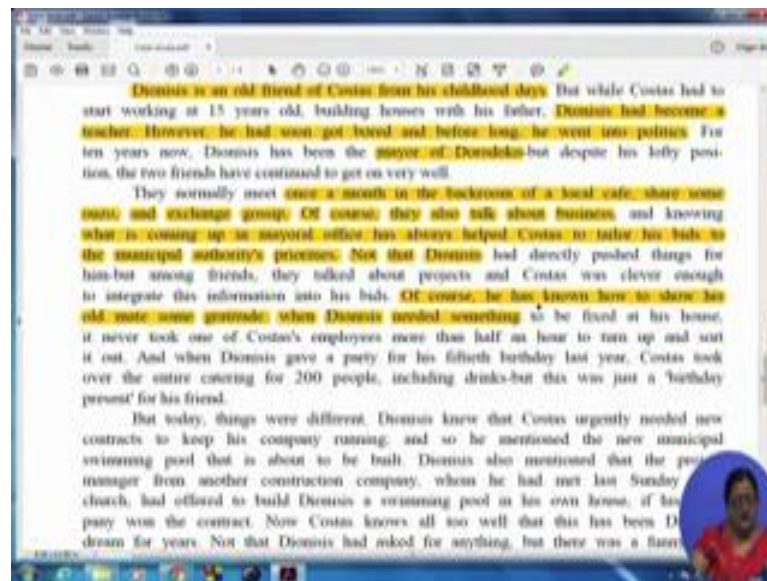
So, while this reading through the case it is very important, like when you see a case you are able to find out; again as a telling earlier the key points the triggers which tell you give you the triggers of whether this is an ethical issue or not. And that like awareness has to develop within us when we are following a particular case itself. So, while reading through the case over here I will highlight some of the important key words mentioned

over here which should set your thinking mind on understanding what are the pockets of ethical dilemma.

So, business deals have always been like when talks of fairly casual in the little Greek town of Dorodoko. So, it is a little Greek town of Dorodoko just South of Thessalonica. Since Costas started his construction business 15 years ago he has won a lot of contracts from the municipal authority, like the redecoration of the town hall, a new kindergarten. Even a nice chunk of the new circular road around the town hall of which kept his 20 employees busy and helped Costas and his family to enjoy a fairly decent lifestyle.

Sitting on the Pasio of his eighteen-century farmhouse and slowly watching the fumes of his cohiba cigar vanishing into the mediterranean sunset he feels quite as he is at ease, if only there had not been this meeting with the Dienisis this afternoon.

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So, who is Dienisis? Dienisis is an old friend of the Costas from his childhood days. But while Costas had to start working at fifteen years old building houses with his father, Dienisis had become a teacher. However, he had soon got bored and before long he went to politics. So, you can understand Dienisis was a teacher, but he got bored with it and he soon entered into politics. For 10 years now Dienisis has been the mayor of Dorodoko, but despite his lofty position the two friends have continued on to get on very well.

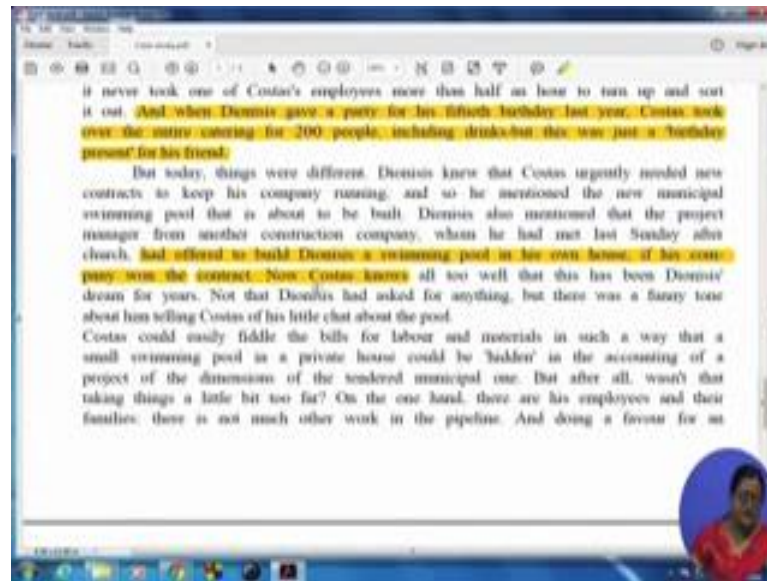
So, what they do is they normally meet once month in the backroom of the local cafe share some ouzo and exchange gossip. Of course, this is important they also talk about business and knowing what is coming up in the mayoral office has always helped Costas to tailor his bids to the municipal authorities priorities. So, he gets to know some of the information about the mayoral office by virtue of the fact like he frames to the mayor. And that helps him to shape his bids to the municipal authority's priorities.

So, this could again be an ethical point of dilemma where you can debate about is it right to share this type of information. When you talking of may be seeing it from the (Refer Time: 06:37) like though from the post prospective or from the ethics of care prospective both of them are friends and there is nothing wrong to share an information with the friend. But again from the rights and justice prospective we can tell then others were also may be placing this orders they also have the right to this information. And it is justice for all if this information goes to everyone and may be not the special preference given to Costas.

So, not that Dienisis has directly pushed things for him, but among friends they talked about projects and Costas was clear enough to integrate this information in to his bids. Of course, he has known how to show his old mate some gratitude. So, when Dienisis needed something to be fixed that is house or like he never took one of Costas employees more than half an hour to turn up and sort it out. And when Dienisis give a party for his 50th birthday last year, Costas took over the entire catering for 200 people including drinks were this was just a birthday present for his friend.

So, this what is the cost involve questions like would you do it, would you do it for all of your friends, so is it a gift really, is it the bribe these type of issues. Because see the nature of the things and the nature of the favour itself. Like your moral impulse may be telling, like this is something which is beyond the normal quantity of gift may be that is given.

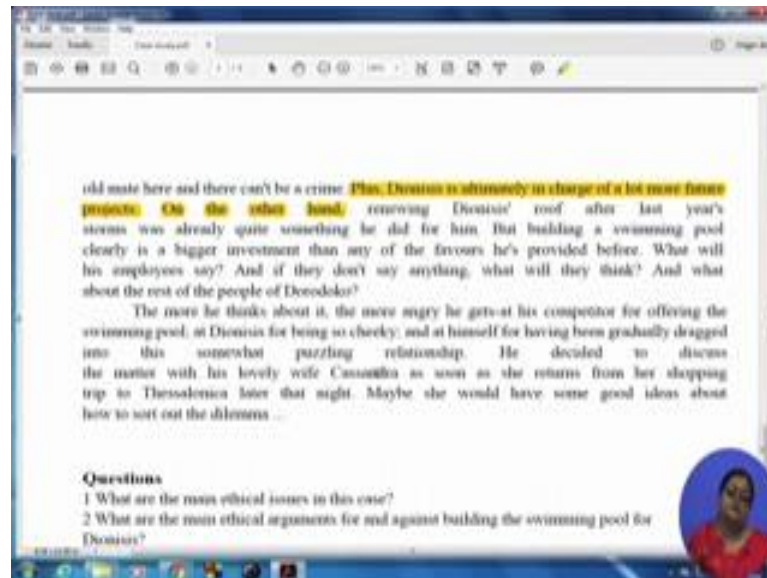
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But today things were different Dionisis knew that Costas urgently needed new contracts to keep his company running and so he mentioned the new municipal swimming pool that is about to be built. Dionisis also mentioned that the project manager from another construction company whom he had made last Sunday after the church had offered to be Dionisis a swimming pool in his house if the company owns the contract.

Now, Costas knows all too well that this has been Dionisis doings for years, not the Dionisis had ask for anything, but there was a funny tone about him telling Costas of his little chat about the pool. Costas could easily fiddle the bills for labor and materials in such a way that this small swimming pool in a private house could be hidden in the project of the dimensions of the tender municipal one. But after all was not that taking things a little too far. On one hand there is his employees and their families, there is not much other work in the pipe line.

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And doing a favour for an old mate here and there cannot be a crime. Plus, dominance is ultimately in charge of a lot more future projects. On the other hand; so this is the point of dilemma like when he trying to decide like whether this is going too far like or so he is in the point of understanding. Like whether to go for this contract or not, because in one hand he finds like his employees are there, families are there, he is responsible to them they are not are the work which is there. So, this contract is really very important for them. And doing a small favour to a friend may not be a crime. Plus Dienisis was responsible, he has the political power of giving sanction to lot more future projects. So, this expectation is there.

On the other hand his dilemma is renewing Dienisis roof last year's storms are already quiet something he did for him. But building a swimming pool clearly is a bigger investment than any how the favours he is provided before. Then if others getting know about it, if his employees get know about it like this is how the business is got then what are they going to think. Like maybe they are not going to say anything, but if they going to think anything differently. And for the rest of because we have started with like it is a very small town, so mostly the people know their each other. So, what other people of the Dorodoko are going to think.

So, the more he thinks about it he gets more angry at his competitor for offering the swimming pool, because this brings into the stakeholder analysis when we did the

competitors role also it taking away suppliers, in taking away business by unethical practices of bribing, may be lowering the price or poaching the suppliers, or deformation by advertisement. These are a different ways like the competitors tries to take steps to grab the business from the other for competitor.

A Dienisis for being so cheeky and at himself for having been gradually dragged into the somewhat puzzling relationship; he decided to discuss the matter with his lovely wife Casandra as soon as she returns from a shopping trip to Thessalonica later that night. Maybe she would have some good ideas of how to solve the dilemma.

So, this is the case and the questions that are following it. Of course, like what are the main issues in this case and what are maybe I ethical arguments for or against building the swimming pool for Dienisis. So, as far as the main ethical issues in the case are concerned; so we find like this is case which is about bribery and corruptions scandals and the areas of business and politics. However, the more delicacy of this case is on that like both are friends and the friendship relationship is there. So, in this case this deals with the bribery issue between a politician and a business person of a construction industry and when it relates to like more so when both are friends what is the problem.

So, the main ethical issues that the case includes here are; so how for does this friendship between the two old mates will reach, where is the border between the favours and the bribery. Did Costas favour in the past gradually create this climate of giving and excepting bribes? How for like the responsibility of Costas to his employees goes, how far should he go to live up to it. So, as we can see from the case or get a picture from the case like the municipal swimming pool will be built on bribes anyway. So, what is the difference it will make or does it make any differences Costas or his competitors will build the Dienisis swimming pool. So, who has to bribe attempt to break this cycle of corruption?

So, as evident from the case also we find Dienisis is in a position power and about variety of aspects about Costas's business like. So, if Costas does not build his private pool he might be out of the game for future projects. He also might have to face other problems from the political spearing future, such as increase scrutiny in the health and safety record of his company or the accuracy of his accounting procedure, because he was telling like if this municipal swimming pool is to be done and the Dienisis

swimming pool is also need to be done, so this can be taken into the accounts of it. So, this accounting procedure may also be under scrutiny in future.

So, these could be these are the possible ethical issues regarding which the dilemma are there. So, ethical arguments in favour for building the swimming pool for Dienisis is both arguments could be there; yes or no. So, first will discuss the argument in favour of then against it: greatest good for the greatest number of people from an utilitarian prospective, everybody directly involved would get the benefit, Costas will get benefit it in terms of getting more business this one and may be more orders in future. Dienisis will get benefit it in having a swimming pool. Costas employees will also get benefited in terms of driving a continued job.

The only harm that will be is for the taxpayer as the project becomes like we more expensive, but given the fact that Costas competitors would built the swimming pool anyway this harm may not even be a part of Costas decision. Because whether Costas does it or not the competitor will do it and then even the competitor does it the taxpayers are going to suffer. So, we can there like Costas will remain so irresponsible for the sufferings of the taxpayers. So, mainly from the families prospective also Costas and Dienisis would maintain a close relationship of friendship in future if he builds the swimming pool for Dienisis.

Amongst the arguments which are against is. So, is like the: we can tell like may be given such an favours he could be its a part of friendship, but a present of this size which is clearly exceeds the boundaries. Because like arranging for food for to 200 people, then may be building the roof, now a swimming pool which is when we find like its gradually increasing the quantity of money spent for these type of gifts. From a conscient prospective specially maxim three would be problematic here. So, Costas is definitely not happy with the idea of his employees and the village knowing about the deal. Because, though he was more with the previous deals, but this is what is started troubling him it was the amount appears to be much more and investments much more then what are the favours that he is going to get or as it is becoming a continued process.

So, as conceal principle may also suggest that giving into this temptation here might result him in following in falling in more deep trapped in a circle of corruption. As now

this behavior of giving favours and in greater for the orders that you are getting then becomes an universal law.

So, the fact that he is angry about Dienisis behaviour and that is strange feeling. So, about this particular step further the relation to the mayor; would him to the fact like his moral impulse is also tells him that something would be wrong. So, from the post modern prospective one might there for argue that the Costas, inner gut feeling is also tells him that this is just one step which is too far. So, may be even his gut feeling is not accepting the fact that he is going to do this huge favour in order to get the order in terms of the municipal a swimming pool.

So, like now in this case we have discussed like whether this is situation is different, because like we discussed Dienisis is a mayor so what situations have different if Dienisis is a regular business customer rather than a mayor. So, like may be customer to this construction company who were this pool to be constructed and may be the person who is come to negotiate wants a pool to be made in his home.

So, here the main difference of Dienisis being in a political role is he is not only just abusing some of the corporate's money in including a private pool in a bigger project, but he is also betraying the interest of the wider community for which namely is the tax payee (Refer Time: 24:44) which is responsible. So, the government has a responsibility dual like principle agency relationship not only with the business house, but with the society at large.

So, when we are discussing what is the difference is between if Dienisis were a business person customer and when it is a political person is the difference when the direct responsibility of the government to the society at large to think best in their interest. So, when Dienisis is trying to like get a private pool constructed in between a big project of bigger project, so he is trying to actually betraying the interest of the wider community the trust that they have put on them toward their best interest of the society. And also the Dienisis is a politician makes him more powerful than just a simple business person, because he can use his power to either reward or punish Costas in other cases areas of business as well.

So, if now it is left to decide like how would you advice Costas what to do. So, this again you can try to see from the different ethical perspectives that is there. And that depends

on a holistic idea of your business opportunities; what are the other possibilities that are there, so who is it possible for you to get business from other avenues. For like what are your responsibilities to your employees, can you tell your employees of this situation also and jointly you involve them in the decision also what is to be done? And so like maybe they agree to work in a may be your price also your salary level.

So, you have to work on the different opportunities, may be that you see from different angle in this case, like is it the only order that is there for you or you can have access to other orders also if you try. So, who are the other competitors present? What is the number of employees you have? So, what is your relationship with them? So, can you come to some common agreement regarding if this is the scenario? What you are going suppose to do over here? So, these type of questions may be answered from the different, you can answer this from the utilitarian prospective like we did for the toys case of doing the deal and not doing the deal; you can do that analysis of pleasure and bid.

We can look into the analysis from the right prospective and may be the justice prospective also. So, of this like inequality which are there, the liberty which are there, and what you can do about it; and you can do from the virtues prospective also this course and post modern prospective also. And you can take a multiple of lent's together to answer to this situation. Like you can tell think of like because Dienisis is your friend; So, do you think it is right to like discuss with him the if the possibilities like you can get order without doing that pool also; with that going for that private pool or more.

So, at the end of the day the when you talk of the moral impulse your gut so what is that feeling that you are getting from inside, and what are the constraints under which you are making this decisions and the person was making a decision. The constraints that you read will ultimately decide like what you are going to do in this case. And the like decision taken may vary from person to person, but you may apply the different theories while answering when you talking off. It is your right to get the order if you are done it in a proper way. So, you can apply justice also like whether it is justice done to you like you can talk of whether the mayor is also appropriating like asking for this type of favours. So, when you feel like it is no more a favour and it is becoming a bribe and if you are not comfortable with it then it may be you have to think of other options of. Because here in the case its told like no there is no such other work in the pipeline, but the case is not elaborate it about why there is no other work in the pipe line. Or what

efforts you have taken as Costas to those works of or you have also taken this as a very easy channel where you have your friend as a mayor who tells you something about what is happening in the mayor's office and that is how you get the order.

What if tomorrow like Dienisis does not remain the mayor and somebody else comes, then you do not have this inside information then how you are going to survive, what you are done to looking to those issues. These types of self questions and what alternatives you are worked into and how you survive in these types of situations will help you to like come out of the trap may be and find out other avenues of survival. But if you take that only this is the only opportunity this is the only option left then that may drag you towards this trap. Today may be Dienisis is demanding a swimming pool; tomorrow he may demand something more and may be that is not end to it.

So, be doing a complete analysis of the situation that you are in the steps that you have taken to analyze that situation find out your alternatives will help the Costas to find out the right way how is going to deal with this particular deal; whether he will go for the deal will go for this bidding, for this municipality swimming pool or not.

Thank you.