
Unethical Business Conduct

A 21st Century International Business Reality



Unethical Business Conduct has ranked in the Top Ten Security Threats and Management Issues Facing Corporate America every year since 1997. It seems everywhere you turn there are stories of unethical personal & business conduct appearing in the media. It is no surprise that Corporate America continues to be concerned about this subject especially internationally.

Unethical Business Conduct can negatively impact a business, by damaging the businesses credibility, brand, reputation and potentially causing significant loss of customers and potential business failure. Unethical Business Conduct comes in many forms:

Financial Misconduct - to include bribery, fraud, tax evasion and price fixing

Mistreating Employees - abuse of workers especially in the Global Supply Chain, child labor, sweat shops, and illegal practices to name a few areas.

Misrepresentation - this can be anything from false marketing to falsified data on corporate reports, conflicts of interest and lying for financial gain.

The importance of international business ethics and conduct has been rising steadily alongside the themes of Globalization, which key component is more companies doing business internationally than ever before, virtualization and the rapid technology changes occurring within the global business landscape and the dynamic shift of their workforce compositions to many of these emerging global markets. The primary problem of Unethical International Business Conduct is that many of the people, cultures and nations where US

Companies do business hold entirely different standards of both ethics/conduct than America. For example, making payments to obtain business is common practice in many developing markets in Asia, Africa, the Middle East and Eastern Europe.

A primary challenge for US corporations doing business internationally is in the area of standards for employment practices, they are inconsistent at best from one country to the next in many of the emerging markets. As a result outside of the companies own decisions to enforce infractions of unethical business conduct, there is many times no legal or Governmental response available in these markets to employers thus helping to perpetuate the unethical conduct.

Let's look at bribery as an example of unethical business conduct. This is one of the toughest areas of business conduct to deal with internationally. The United States has aggressively adopted the provisions and enforcement of the Foreign Corrupt Practices Act (FCPA) to crack down on US corporations and their personnel engaging in illegitimate bribing to gain business from foreign governments for example. However internationally there are many different views on bribery as there are different cultures. Some see bribery as expected within their culture, others a very minor issue not worthy of prosecution. Of course when your workforce in your international operations is comprised of personnel from different cultures and diverse backgrounds you can see how this can potentially lead to unethical business conduct along with a lack of governmental and legal enforcement remedies available to enforce the bad conduct.