

# Temptations, Ethical Conduct Global Management



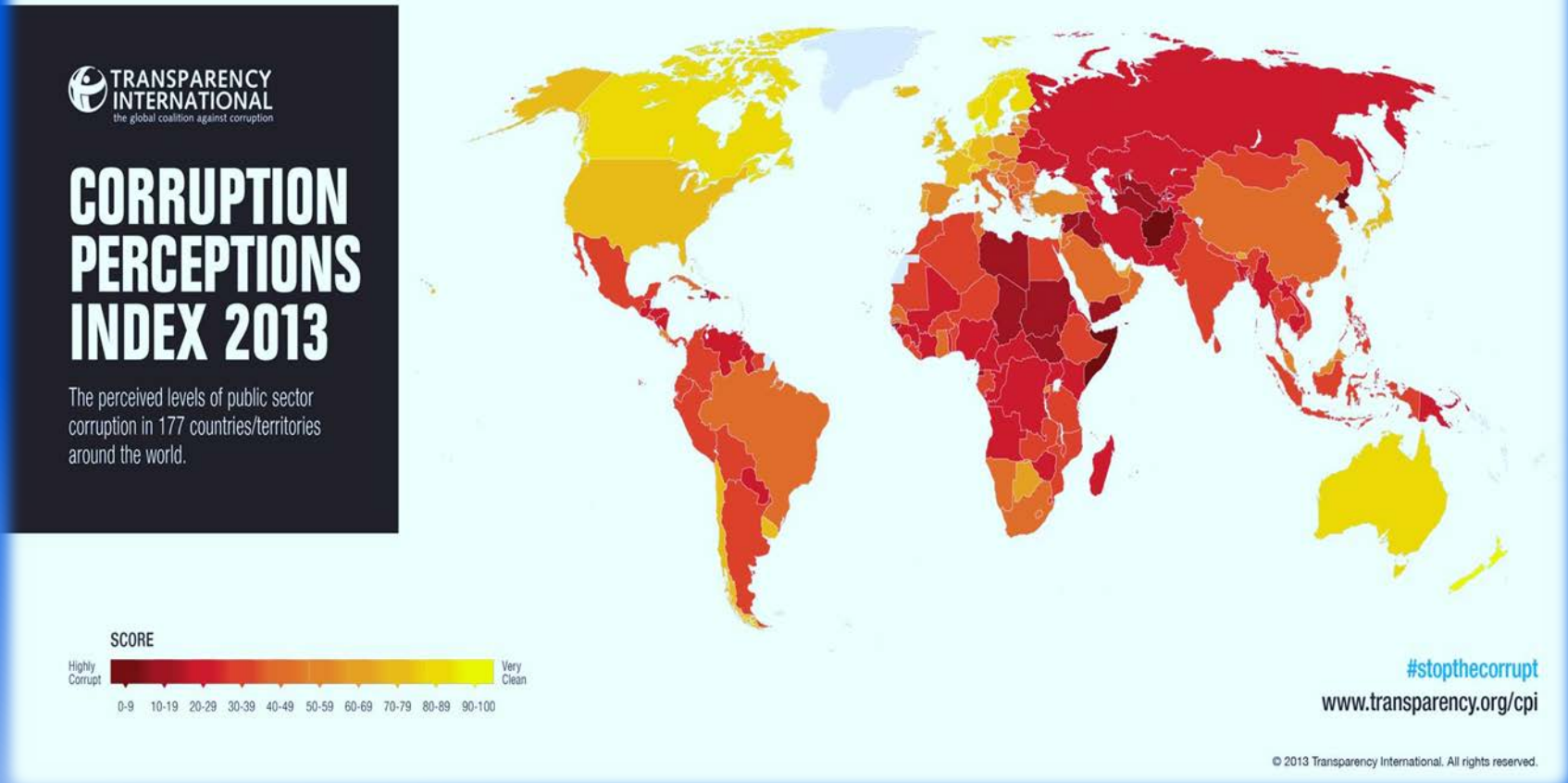
## Lecture Series on Global Leadership

Acsenda School of  
Management  
Vancouver, Canada

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# Most Corrupted Countries



*A much bigger problem than you think!*

# Unethical Conducts = Corruption

- Most people do not equate unethical conducts to corruption
- Many used the excuse of victimless crime
- Problems from Wall Street to Main Street

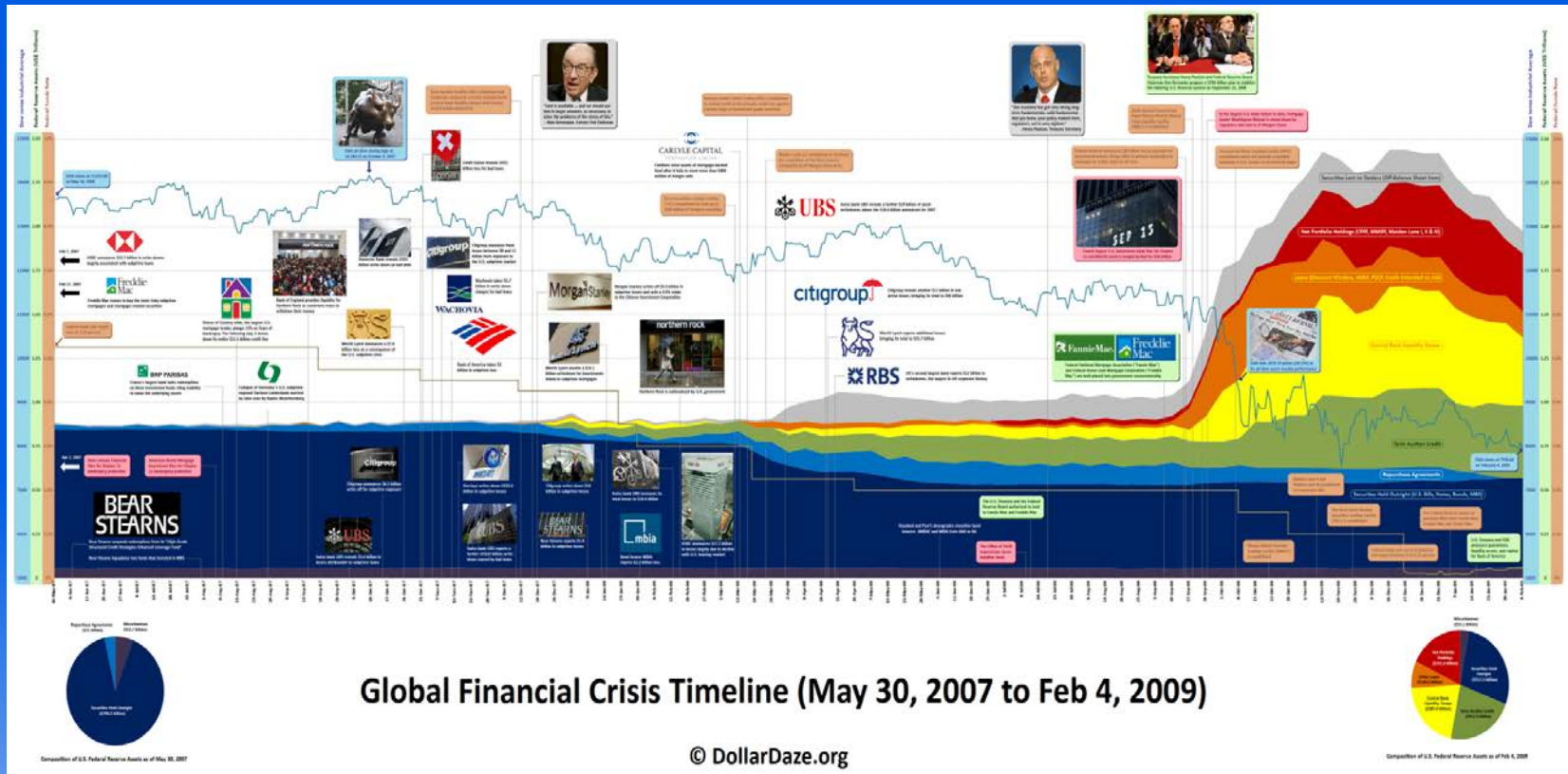


# Why Corruption is Messy Business



**"The problem with money is that it makes you do things you don't want to do."  
*Gordon Gekko from the movie Wall Street***

# 2008 Global Financial Crisis



\$4.1 trillion write down, 30 million people unemployed

IMF, Washington, DC

# Corruption Affecting All Walks of Life



- Fake Baby Formula led to hundreds of infant deaths
- Corrupt Building Inspector led to disaster
- Closure of EMBA School due to unethical relationships



## Xi's war on corruption spreads to China's executive MBAs

By Lifen Zhang in Beijing



Chinese officials are rushing to pull out of executive MBAs after Xi Jinping's government banned them from accepting scholarships as part of a widening [anti-corruption campaign](#).

The government has barred "leading cadres" within the Communist party, the government and [state-owned enterprises](#) from signing up for costly business training unless they have official approval and pay fees themselves. Those already on such programmes must quit immediately.

# Methods of Corruption & Misconducts

- Bribery
- Blackmail
- Embezzlement
- Extortion
- Fraud
- Front Running
- Falsified Accounting
- Insider Trading
- Jitney Trade
- Larceny
- Misrepresentation
- Theft



# Corruption, Friendship or Ethical Conducts

- Chinese called it “guanxi” or “friendship”
- Wall Street called it “Old Boys Club”
- Stockbrokers called It “Forward Looking Statements”

However one may beautify it, some conducts may be deemed unethical, but some are outright illegal:

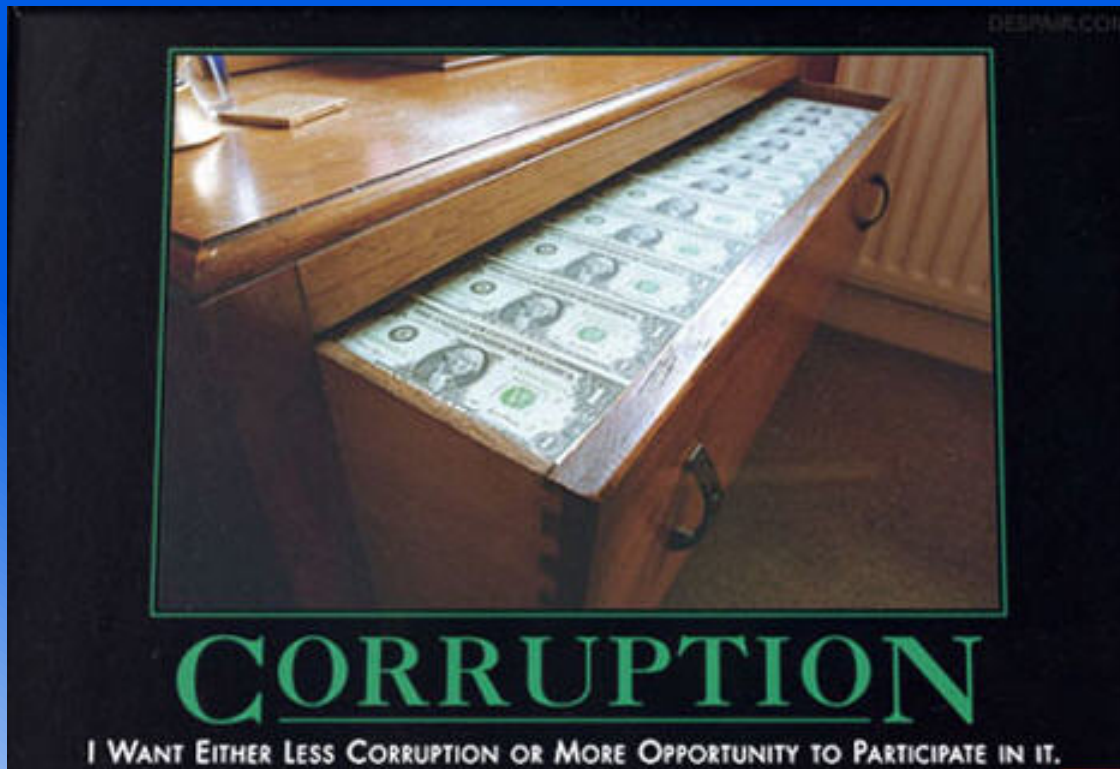
- Insider trading & front running
- Under table rebates
- Diverting business to preferred suppliers for a fee

# Friendship Gesture or Ethical Conducts?

- Extravagant gifts to customer's relative
- All expenses paid trip citing business visit
- Gift phone card with thousands of dollars prepaid
- Lease luxury cars on behalf of clients
- Paying for business associate's kids to study abroad

# Solution?

- When dealing with global management, it is nearly impossible to avoid such situation



Oversight  
or  
Overlook?

# Open Discussion - What would you do?

- Global management in a country where corruption is a part of every day life
- From the smallest chore such as a parking ticket
- To boxes full of cash
- Business needs to move forward while adhering to the rules

# Situation

- You are constructing a multi-million dollar project in a country that is known for corruption
- Your duty is to get the project underway
- What would you do?

## Pick an Answer

- A. Go with the flow
- B. Report the incident to authority
- C. Overlook it
- D. Retain licensed professionals locally

# Can International Business be Lily White?

- No, but do your part to make it better
- Is there a one size fits all solution?
- Not in our life time!
- Since we can't change the world, let's start the small changes from our own backyard

# Changing the Wall Street Culture Starting from Business School

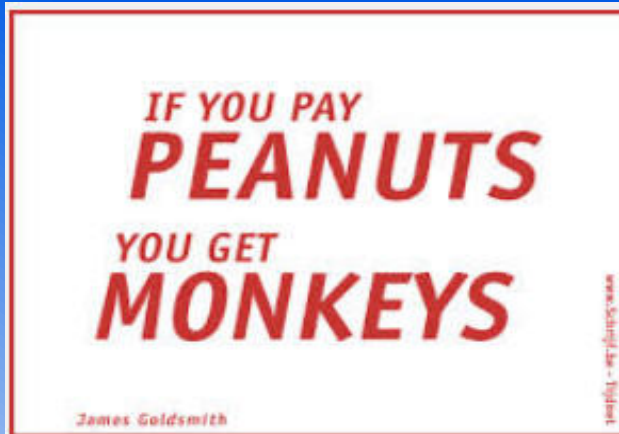


- “Wall Street is the only place that people ride to in a Rolls Royce to get advice from those who take the subway.” - Warren Buffett
- Corruption is a form of business expense and is deductible in some countries
- No Money, No Honey
- No Finance, No Romance
- Hard Drugs, Fast Life



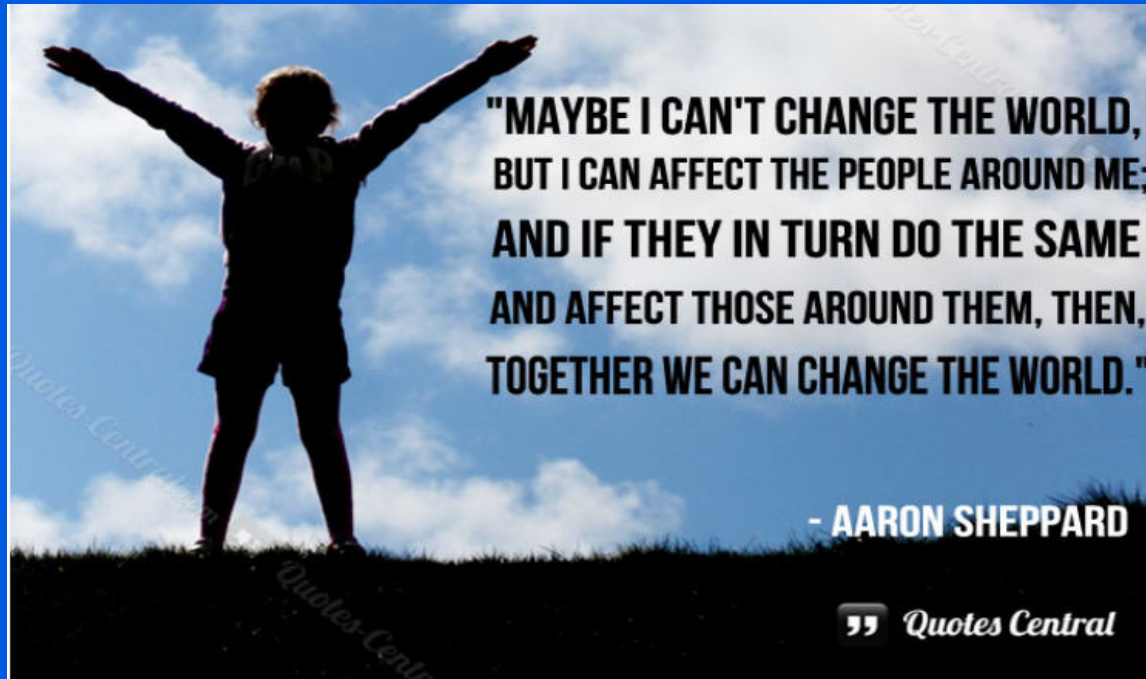
# Making a Difference One Step at a Time

- Proper education for the workforce
- Create a healthy middle income segment
- Reduce the disparity between workers of same job grade within your organization
- Pay fair compensation



# Some Basic Rules to Remember

1. Sleep with dogs, wake up with fleas
2. If you find yourself in a hole, first thing to do is stop digging
3. Hire people brighter than yourself and stay out of their way
4. The art of being wise is knowing what to overlook
5. Live simply, love generously, care deeply



“ Maybe I can't change the world, but I can affect the people around me; and if they in turn do the same and affect those around them, then, together we can change the world.

*Aaron Sheppard*

References:

- The Global Infrastructure Anti-Corruption Centre (GIACC)
- Transparency International