## **Contents**

1	Beco	ming a T	Гор-Notch Player	1			
	1.1		e	1			
	1.2		tudy: Can Football Be Fixed? Sportsmanship				
			Culture of Corruption	2			
		1.2.1	Abstract	2			
		1.2.2	Keywords	2			
		1.2.3	In the Name of the Game	2			
		1.2.4	Betting on "a Sure Thing"	3			
		1.2.5	Attempts at Whistleblowing	4			
		1.2.6	Steps to Curb Corruption	4			
		1.2.7	But There's More to the Story	6			
		1.2.8	Summary	7			
	1.3	Case S	tudy Discussion	7			
	1.4		Reflection	11			
	1.5		ision	17			
	Refe	References					
Pa	rt I N	<b>Aapping</b>	the Field				
2	The	Natural	Priority of Moral Virtue	23			
	2.1	Prelude	e	23			
	2.2	Case S	tudy: A Junzi Now Living in Hong Kong?	24			
		2.2.1	Abstract	24			
		2.2.2	Keywords	24			
		2.2.3	Can Virtue Be Taught Nowadays?	24			
		2.2.4	"A Sense of Sharing Displaces the Effects				
			of Selfishness and Materialism"	25			
		2.2.5	Organizing Credit Unions in Hong Kong	27			
		2.2.6	Guiding Principles	28			
		2.2.7	Leading Practices	28			

		2.2.8	"Devotion to Public Duty Leaves	
			No Room for Idleness"	30
		2.2.9	"When the Perfect Order Prevails, the World	
			Is Like a Home Shared by All"	32
	2.3	Case S	Study Discussion	33
	2.4	Ethical	l Reflection	34
		2.4.1	Confucian Virtues	36
		2.4.2	Western Virtues	39
		2.4.3	Mozi's Unclaimed Legacy	42
	2.5	Conclu	usion: A Virtuous Life in Business?	44
	Refe	rences		44
3	Ruci	ness Fth	ics and the Sciences	47
	3.1		e	47
	3.2		Study: Sanlu's Tainted Infant Formula	47
		3.2.1	Abstract	47
		3.2.2	Keywords	48
		3.2.3	Sanlu	48
		3.2.4	The 2008 Milk Scandal	49
		3.2.5	Cover-Up Allegations	49
		3.2.6	A Debated Trial	50
		3.2.7	Uncompensated Claims	51
	3.3		Study Discussion	52
	3.4		l Reflections	55
	3.4	3.4.1	The Role of Science in Business Ethics	55
		3.4.2	Business Ethics as "Science"	56
	3.5		usion: Between Ethics and Morality	61
			asion. Between Etines and Moranty	61
4			ion-Making in Business	65
	4.1		e	65
	4.2		study: Pepsi Sichuan, "A Marriage too	
			to be True"?	65
		4.2.1	Abstract	65
		4.2.2	Keywords	66
		4.2.3	How and Why Pepsi First	
			Came to China	66
		4.2.4	"The Hu Factor" in the JV's Initial Success	
			and Early Signs of Trouble	68
		4.2.5	The "Factory Gate" Incident	69
		4.2.6	Pepsi's Response: What to Do with Mr. Hu?	70
		4.2.7	Pepsi's Business Model at the Core	
			of the Conflict	7
		4.2.8	Hopes Dashed for Saving Pepsi Sichuan	73
		4.2.9	Conclusion	75
	43	Case S	Study Discussion	76

Contents xiii

	4.4	Ethical	Reflection	79
		4.4.1	From Role Models to Moral	
			Decision-Making Models	79
		4.4.2	The Deontological, or Duty-Based, Method	82
		4.4.3	The Utilitarian Method	83
		4.4.4	The Method of Applying Justice	84
	4.5		sion: Moral Decision-Making	٠.
	1.5		Pepsi Sichuan Case	85
	Refer		Cpsi dicitati Case	88
_				
5			r Competition in Business	91 91
	5.1		. I M . ' W'! WI D-	91
	5.2		tudy: Mengniu vs. Yili, What to Do	00
			nfair Competition?	92
		5.2.1	Abstract	92
		5.2.2	Keywords	92
		5.2.3	Bitter Rivalry in the China Dairy Market	92
		5.2.4	Mengniu vs. Yili: A War of Words?	94
		5.2.5	Clever Marketing Strategy	
			or Predatory Behavior?	95
	5.3		tudy Discussion	95
	5.4	Ethical	Reflection	99
		5.4.1	What Is Commutative Justice?	99
		5.4.2	Commutative Justice and Fair	
			Competition in Business	103
	5.5	Conclu	sion	105
	Refer	ences		105
Par	t II A	Areas of	Stakeholder Responsibility	
6	Custo	omers: (	Consumer Rights and Responsibilities	111
	6.1		2	111
	6.2		tudy: Mattel"An Ounce of Prevention	
		Is Wor	th a Pound of Cure"	112
		6.2.1	Abstract	112
		6.2.2	Keywords	112
		6.2.3	Mattel's Own Globalization	112
		6.2.4	The Supply Chain at Mattel	113
		6.2.5	2007 Product Safety Scandal	113
	6.3		tudy Discussion	117
	6.4		Reflection	119
	•	6.4.1	Transparency for Accountability	120
		6.4.2	Hong Kong's "Guide to Consumer Rights	
		~· · · · · ·	and Responsibilities"	122
	6.5	Conclu	ision	126

xiv Contents

7	Cust	omers: N	Marketing Ethics	131		
	7.1	Prelude	e	131		
	7.2	Case S	tudy: Financial Marketing			
		the Bea	ar Stearns Way	132		
		7.2.1	Abstract	132		
		7.2.2	Keywords	132		
		7.2.3	Bear Stearns: Victim or Perpetrator			
			in the Financial Crisis?	132		
		7.2.4	Bear Stearns and the Securitization			
			of Home Ownership	133		
		7.2.5	Mortgage Loans Become a Commodity			
			to be Traded like Pork Bellies	135		
		7.2.6	Bear Stearns' Corporate			
			Culture: Root of the Crisis?	138		
		7.2.7	BSAM's Hedge Funds: A Cautionary Tale	140		
		7.2.8	The Everquest IPO: Robbing Peter			
			to Pay Paul?	143		
		7.2.9	Conclusion: Bear Stearns' Demise	145		
	7.3		tudy Discussion	145		
	7.4		l Reflection	148		
		7.4.1	Fiduciary Responsibility	149		
		7.4.2	Fiduciary Duties in China's			
			Companies Law of 2005	152		
	7.5	Conclu	usion: Overcoming "Marketing Myopia"			
			estment Banking	153		
	Refe			154		
_						
8			Dignity and Workers' Rights	157		
	8.1		e	157		
	8.2		Study: Who Cares About Foxconn			
			Employees' Health and Safety?	158		
		8.2.1	Abstract	158		
		8.2.2	Keywords	158		
		8.2.3	Introducing Foxconn	159		
		8.2.4	The Sweatshop Scandal	159		
		8.2.5	The Foxconn Suicides (2010–2011)	160		
		8.2.6	Summary	161		
	8.3	Case S	Study Discussion	162		
	8.4		l Reflection	167		
		8.4.1	On Human Dignity: Catholic Perspective	168		
		8.4.2	On Human Dignity: Confucian Perspective	169		
		8.4.3	Human Dignity and the UN's Universal			
			Declaration of Human Rights	171		
		8.4.4	China's Labor Contract Law	172		
	8.5	Conclu	usion	174		
	Refe	erences				

	-	oyees: D	Piscrimination and Sexual Harassment
	9.1		
	9.2		udy: A Rising Star Falls to Earth: Moral
			ship and Sexual Harassment
		9.2.1	Abstract
		9.2.2	Keywords/Phrases
		9.2.3	Icarus Soars at the IMF
		9.2.4	Icarus Falls from the Sky
		9.2.5	Moral Leadership and Its Exercise
			at the IMF
		9.2.6	Institutional Failure at the IMF?
		9.2.7	New Directions: Recovering
			the Right to Lead
		9.2.8	Summary
	9.3	Case St	udy Discussion
	9.4	Ethical	Reflection
		9.4.1	An Assault Upon Human Rights and Dignity
		9.4.2	Sexual Discrimination and Harassment
			in Hong Kong
		9.4.3	Legal Protections for the Rights and Interests
			of Women in China
	9.5	Conclu	sion
	Refer	ences	
0	Empl	loyees: V	Vhistle-Blowing
	10.1		<u> </u>
	10.2	Case St	tudy: Tokyo Electric Power
			ny and the Fukushima Disaster
		10.2.1	Abstract
		10.2.2	Keywords
		10.2.3	Unforeseen Catastrophe, Disastrous
			Responses
		10.2.4	Blowing the Whistle on the Nuclear
			Power Industry
		10.2.5	A Man-Made Disaster?
		10.2.6	Playing Games with Japan's
		10.1.0	"Heavenly Descendants"
		10.2.7	Saving Face or Rebuilding Trust?
		10.2.8	Conclusion
	10.3		tudy Discussion
	10.3		Reflection
	10.7	10.4.1	The Ethics of Whistle-Blowing
		10.4.1	Whistle-Blowing and the Just War Tradition
	10.5		sion: Beyond Whistle-Blowing

11	Inves		hics and Finance	225		
	11.1		2	225		
	11.2		tudy: Investors and Bankers Respond			
		to Calls	s for Financial Reform	226		
		11.2.1	Abstract	226		
		11.2.2	Keywords	226		
		11.2.3	Occupy Wall Street and the Prospects			
			for Financial Reform	226		
		11.2.4	Ten Practical Proposals	228		
		11.2.5	Toward an Investor Bill of Rights (IBOR)	229		
		11.2.6	Ethical Banks and Their Best Practices	232		
		11.2.7	Ethical Banking Practices in Asia	233		
		11.2.8	Conclusion	237		
	11.3	Case St	tudy Discussion	237		
	11.4	Ethical	Reflection	241		
		11.4.1	Financial Markets and Gambling Casinos:			
			Is There a Difference?	242		
		11.4.2	Private Transactions and Responsibility			
			for the Common Good	243		
	11.5	Conclu	sion	245		
	Refer	ences		246		
12	Inves	tors: Inv	vestment, Ethics, and			
			esponsibility	249		
	12.1			249		
	12.2		tudy: Infosys' Investment in Corporate	217		
	12.2		Responsibility	249		
		12.2.1	Abstract	249		
		12.2.2	Keywords	250		
		12.2.3	The Beginning of the Infosys Saga	250		
		12.2.4	An Indian Perspective on CSR	251		
		12.2.5	Values at Infosys	252		
		12.2.5	Implementing C-LIFE Principles:	232		
		12.2.0	Infosys' Social Contract	253		
		12.2.7	A Family Business Empowering India	256		
		12.2.7	An Uncertain Future	257		
		12.2.8		259		
	12.2		Conclusion			
	12.3 12.4		tudy Discussion	260 262		
	12.4		Reflection			
		12.4.1	The Ethical Basis for CSR	263		
		12.4.2	Milton Friedman's Critique of CSR	265		
	12.5	12.4.3	A CSR Pyramid	266		
	12.5		sion	268 268		
	Kerer	eferences 20				

13	Com	petitors:	Intellectual Property Rights	273		
	13.1	Prelude	3	273		
	13.2	Case St	tudy: TRIPS and AIDS Medicine:			
		Compu	lsory Licensing in Thailand	274		
		13.2.1	Abstract	274		
		13.2.2	Keywords	274		
		13.2.3	Merck	274		
		13.2.4	TRIPS	275		
		13.2.5	Thailand, Compulsory Licenses	276		
		13.2.6	Humanitarianism or Opportunism?	277		
		13.2.7	International Perception of Thai TRIPS Case	279		
		13.2.8	Industry Reaction	280		
		13.2.9	Summary	280		
	13.3		tudy Discussion	281		
	13.4		Reflection	283		
		13.4.1	The Concept of Intellectual Property	284		
		13.4.2	Forms of Intellectual Property and Their Claims			
			to Protection	285		
		13.4.3	Intellectual Property in Chinese Moral Philosophy	286		
		13.4.4	IPR Regulation in Today's China	289		
	13.5		sion	290		
				292		
14	Com <sub>1</sub>	_	Fighting Corruption in the Marketplace	297 297		
	14.1					
	14.2		/ Scandal	298		
		14.2.1	Abstract	298		
		14.2.2	Keywords	298		
		14.2.3	An Unexpected Monster	298		
		14.2.4	Institutionalized Corruption	299		
		14.2.5	The High Cost of Bribery	300		
		14.2.6	Culturally Corrupt?	301		
		14.2.7	The Economics of Crime	302		
		14.2.8	Recovery	303		
		14.2.9	Summary	304		
	14.3		tudy Discussion	304		
	14.4		Reflection	309		
		14.4.1	What's Wrong with Commercial Bribery?	309		
		14.4.2	An Emerging Global Consensus	311		
		14.4.3	How Can Corruption Be Diminished?	314		
		14.4.3 14.4.4	Hong Kong's Independent Commission			
		14.4.4	Hong Kong's Independent Commission Against Corruption (ICAC)	315		
	14.5	14.4.4 Conclu	Hong Kong's Independent Commission			

xviii Contents

15	The Social Environment: Business Etiquette						
	and (	Cultural	Sensitivity	321			
	15.1	Prelude	<u> </u>	321			
	15.2	Case St	udy: Schindler's Apology	321			
		15.2.1	Abstract	321			
		15.2.2	Keywords	322			
		15.2.3	One Tragic Summer Evening	322			
		15.2.4	Fast Excuses, Late Apologies	322			
		15.2.5	Countering the Panic, Investigating the Causes	323			
		15.2.6	Mapping a New Way Forward	324			
		15.2.7	Conclusion: Unanswered Questions	325			
		15.2.8	Update	326			
	15.3	Case St	tudy Discussion	328			
	15.4	Ethical	Reflection	330			
		15.4.1	Apologies in Business Ethics:				
			Western Perspectives	331			
		15.4.2	Apologies in Business Ethics:				
			Japanese Perspective	333			
		15.4.3	Converging Perspectives Pinpoint				
			the Challenge for Schindler in Japan	336			
	15.5	Conclu	sion	337			
	Refer	ences		338			
16	The S	Social Er	nvironment: Ethics and Information Technology	341			
	16.1		)	341			
	16.2	Case St	tudy: End of the World—Phone-Hacking Scandal				
			Down Murdoch's News of the World After 168 Years	342			
		16.2.1	Abstract	342			
		16.2.2	Keywords	342			
		16.2.3	A Good Story Goes Bad and a Bad Story Gets Worse	343			
		16.2.4	"Dark Arts" or "Good Magic"? Business				
			Uses of Technology	345			
		16.2.5	Murdoch's Mass-Media Monster	347			
		16.2.6	Summary	348			
	16.3	Case St	tudy Discussion	349			
	16.4		Reflection	353			
		16.4.1	Privacy: A Human Right Inherent in Human Dignity	353			
		16.4.2	Legal Protection for the Right to Privacy	354			
		16.4.3	Privacy in Hong Kong and the People's				
			Republic of China	357			
	16.5	Conclu	sion	360			
	Refer	References					

Contents xix

17	The S	Social Er	vironment: Philanthropy	365			
	17.1	Prelude	· · · · · · · · · · · · · · · · · · ·	365			
	17.2	Case St	tudy: Tata Group: Philanthropy with Purpose	366			
		17.2.1	Abstract	366			
		17.2.2	Keywords	366			
		17.2.3	The Tata Group	366			
		17.2.4	Modern Day Advancements	36			
		17.2.5	The Tata Philosophy in Action	36			
		17.2.6	The Organization of Corporate Philanthropy	37			
		17.2.7	Light and Shadows	37			
		17.2.8	A Promising Future?	37			
		17.2.9	Summary	37			
	17.3	Case St	tudy Discussion	37			
	17.4	Ethical	Reflection	37			
		17.4.1	Corporate Philanthropy: Andrew Carnegie's				
			Gospel of Wealth	38			
		17.4.2	Corporate Philanthropy: Mahatma Gandhi's				
			Concept of Trusteeship	38			
	17.5	Conclu	sion	38			
	Refer	ences		38			
18	The Social Environments Welfore and Comparets						
10	The Social Environment: Welfare and Corporate Social Responsibility						
	18.1	-		39 39			
	18.2		tudy: Prato Meets China, in Search	37			
	10.2		Common Good	39			
		18.2.1	Abstract	39			
		18.2.2	Keywords	39			
		18.2.3	Prato	39			
		18.2.4	The Arrival of the Chinese	39			
		18.2.5	Takeover or Revitalization?	39			
		18.2.6	Social Transformation	39			
		18.2.7	Summary	39			
	18.3		tudy Discussion	39			
	18.4		Reflection	39 40			
	10.4	18.4.1	Modeling Catholic Social Teaching in Prato	40			
		18.4.2	The Enduring Relevance of Pope Leo XIII's	40			
		10.4.2	Rerum novarum	40			
		18.4.3	Catholic Social Teaching on Immigration	40			
		10.4.3	and Globalization	40			
	18.5	Conclu	sion	40			
		ences		41			
	I/CICI	CHCCS		41			

19			Environment: Ethics and the Environment	415
	19.1			415
	19.2		udy: Pollution, Politics, and Prevention—Lessons	
		from th	e Songhua River Catastrophe	416
		19.2.1	Abstract	416
		19.2.2	Keywords	416
		19.2.3	Water of Life	416
		19.2.4	Explosion and Contamination	417
		19.2.5	Flowing Across Borders	418
		19.2.6	No More Cover-Ups	420
		19.2.7	Cleaning Up the Songhua River Basin	421
		19.2.8	Short-Term Punishments, Long-Term	
			Consequences	423
		19.2.9	Conclusion	425
	19.3	Case St	tudy Discussion	426
	19.4	Ethical	Reflection	429
		19.4.1	The Silent Stakeholder	429
		19.4.2	Management, Stewardship,	
			and Sustainability	431
		19.4.3	Stewardship as Corporate	
			Social Responsibility	432
		19.4.4	Exercising the Principle of Subsidiarity	
			in and for the Environment	434
	19.5	Conclu	sion	435
				435
20	Towa	rd a Nev	w Paradigm of Business Economics	441
	20.1		2	441
	20.2		tudy: Credit Unions and Credit Cooperatives	
			Philippines	442
		20.2.1	Abstract	442
		20.2.2	Keywords	442
		20.2.3	A Success Story in Plaridel	
		20.2.4	Credit Unions and Cooperatives: An Innovation	
		20.2.1	in Microfinance?	443
		20.2.5	How Credit Unions and Cooperatives Work	_
		20.2.6	Credit Unions in the Philippines	
		20.2.7	Obstacles to Credit Union Development	447
		20.2.7	Summary	
	20.3		tudy Discussion	
	20.3		Reflection	
	20.4	20.4.1	Human Dignity and Solidarity: Core Concepts	733
		20.4.1	in Catholic Social Teaching	454
		20.4.2	The Common Good and the Cultivation	7-34
		20.4.2		154
			of Moral Virtue	456

Contents xxi

	20.4.3	Credit Unions and the Creation	
		of "Social Capital"	457
	20.4.4	Toward a Business Economy Based	
		on "Mutualist Principles"	458
20.5	Conclu	sion	460
Refer	ences		461
Glossary o	of Terms	for International Business Ethics:	
Focus on	China		465