МЕМЛЕКЕТТІК ҚЫЗМЕТ ЖӘНЕ МЕМЛЕКЕТТІК БАСҚАРУ МӘСЕЛЕЛЕРІ ВОПРОСЫ ГОСУДАРСТВЕННОЙ СЛУЖБЫ И ГОСУДАРСТВЕННОГО УПРАВЛЕНИЯ ISSUES OF CIVIL SERVICE AND PUBLIC ADMINISTRATION

УДК 17, 327

A. Sarsembayeva,

Candidate of philology sciences, docent. Department of state and foreign languages, Academy of Public Administration under the President of the Republic of Kazakhstan

ETHICS AND SOCIAL RESPONSIBILITY IN INTERNATIONAL BUSINESS

Abstract

Ethics in business relate to individual managers and other employees and their decisions and behaviors. Organizations themselves do not have ethics, but do relate to their environment in ways that often involve ethical dilemmas and decisions by individuals within the organization. These situations are generally referred to within the context of the organization's social responsibility – the set of obligations an organization has to protect and enhance the society in which it functions.

Key words: ethics, social responsibility, corruption, codes of ethics, values.

Аннотация

Этика в бизнесе затрагивает поведение и решения каждого руководителя и работника компании в отдельности. Этика как понятие неприменима к самим компаниям, однако, принятие решений отдельными сотрудниками и урегулирование этических противоречий формирует стиль ведения бизнеса. Проблемы этики ведения бизнеса решаются главным образом в контексте социальной ответственности компании. Социальная ответственность – это совокупность обязательств, которые берет на себя организация в плане защиты интересов общества и его дальнейшего совершенствования.

Ключевые слова: этика, социальная ответственность, коррупция, этические кодексы, ценности.

Аңдатпа

Бизнес этикасы басшы және жеке компания жұмысшысының мінез-құлқы мен шешіміне қатысты. Этика ұғым ретінде компанияның өзінде қолданылмайды, алайда жекелеме қызметкерлердің шешім қабылдауы мен қайшылықтарды реттеуі бизнесті жүргізу стилін қалыптастырады. Бизнесті жүргізу этикасы, негізінен, компанияның әлеуметтік жауапкершілік тұрғысынан шешіледі.

Әлеуметтік жауапкершілік дегеніміз – қоғам мүддесін қорғау және одан әрі жетілдіру бойынша мекеменің өзіне алған міндеттемелерінің жиынтығы.

Тірек сөздер: этика, әлеуметт^ік жауапкершілік, сыбайлас жемқорлық, этикалық кодекстер, құндылықтар.

The fundamental reason for the existence of a business is to create value (usually in the form of profits) for its owners. Furthermore, most individuals work in order to earn income to support themselves and their families. As a result, the goal of most of the decisions made on behalf of a business or an individual within a business is to increase income (for the business and the individual) and reduce expenses. In many cases the people who comprise businesses make decisions and engage in behaviors for both their personal conduct and the conduct of their organizations that are acceptable to society. But sometimes they deviate too much from what others see as acceptable.

It seems as though in recent years, however, the incidence of unacceptable behaviors on behalf of businesses or people within businesses has increased. Regardless of whether this increase is real or only illusory, such high-profile and well-documented cases as Enron, WorldCom, Tyco, and Arthur Anderson have certainly captured the attention of managers, investors, and regulators everywhere. Nor has this been a distinctly American problem. Businesses such as royal Ahold NV (a Dutch grocery A. Sarsembayeva

Ethics and Social Responsibility in international Business

МЕМЛЕКЕТТІК БАСҚАРУ және ҚЫЗМЕТ

chain admitting to accounting irregularities) and Nestle (a Swiss firm accused of violating World Health Organizations codes controlling marketing of infant formula in less developed countries) have also caught their share of attention for improprieties real or imagined [1]. Hence, just as the business world is becoming increasingly internationalized, so too has the concern for ethical and socially responsible conduct by managers and the businesses they run.

We define ethics as an individual's personal beliefs about whether a decision, behavior, or action is right or wrong [2]. Hence, what constitutes ethical behavior varies from one person to another. For instance, one person who finds a \$20 bill on the floor of an empty room may believe that it is okay to simply keep it, whereas another may feel compelled to turn it in to the lost-and-found department, and a third may give it to charity. Further, although ethics is defined in the context of an individual's belief, the concept of ethical behavior usually refers to behavior that conforms to generally accepted social norms. Unethical behavior, then, is behavior that does not conform to generally accepted social norms.

An individual's ethics are determined by a combination of factors. People start to form ethical frameworks as children in response to their perceptions of the behavior of their parents and other adults they deal with. As children grow and enter school, they are influenced by peers with whom they interact in the classroom and playground. Everyday occurrences that force the participants to make moral choices – a friend asking to copy homework, a father accidently denting a parked car when the only witness is his child, or the child who sees his mother receive too much change from the supermarket cashier – shape people's ethical beliefs and behavior as they grow into adulthood. Similarly, a person's religious training contributes to his or her ethics. Some religious beliefs, for instance, promote rigid codes of behavior and standards of conduct, while others provide for more flexibility. A person's values also influence ethical standards. People who place financial gain and personal advancement at the top of their list of priorities, for example, will adopt personal codes of ethics that promote the pursuit of wealth. Thus, they may be ruthless in efforts to gain these rewards, regardless of the costs to others. In contrast, people who clearly establish their family and friends as their top priority will adopt different ethical standards.

A society generally adopts formal laws that reflect the prevailing ethical standards – the social norms – of its members. For example, because most people consider theft to be unethical, laws have been passed in most countries to make such behavior illegal and to proscribe ways of punishing those who do steal. But while laws attempt to be clear and unambiguous, their application and interpretation still lead to ethical ambiguities. For example, most people would agree that forcing employees to work excessive hours, especially for no extra compensation, is unethical. Accordingly, laws have been passed in some countries to define work and pay standards. But applying that law to organizational settings can still result in ambiguous situations that can be interpreted in different ways. In Japan, for example, custom often suggests that a junior employee should not leave the office until the more senior person departs, whereas in the United States the boss is typically the last to leave. These expectations are often more powerful in shaping behavior than the mere existence of a law.

These definition suggest the following generalizations:

– Individuals have their own personal belief system about what constitutes ethical and unethical behavior. For example, most people will be able to readily describe simple behaviors as ethical or unethical.

People from the same cultural contexts are likely to hold similar – but not necessarily identical
beliefs as to what constitutes ethical and unethical behavior. For example, a group of middle-class residents of Brazil will generally agree with one another as to whether a behavior such as stealing from an employer is ethical or unethical.

– Individuals may be able to rationalize behaviors based on circumstances. For instance, the person who finds \$20 and knows who lost it may quickly return it to the owner. But if the money is found in an empty room, the finder might justify keeping it on the grounds that the owner is not likely to claim it anyway.

– Individuals may deviate from their own belief systems based on circumstances. For instances, in most situations people would agree that it is unethical to steal and therefore they do not steal. But if a person has no money and no food, that individual may steal food as a means of survival.

– Ethical values are strongly affected by national cultures and customs. Values are the things a person feels to be important. For instance, in Japan status is often reflected by group membership. As a result, behavior that helps the group is more likely to be seen as ethical, whereas behavior that harms the group is likely to be viewed as unethical.

Мемлекеттік қызмет және мемлекеттік басқару мәселелері Вопросы государственной службы и государственного управления Issues of Civil service and Public Administration

– Members of once culture may view a behavior as unethical, while members of another may view that same behavior as perfectly reasonable. An American businessman might report to the police an American customs officer who requested \$100 in an envelope to clear a shipment of imported goods, whereas his Kenyan counterpart would likely make the payment without even being asked. These differences can create worrisome ethical dilemmas for international business practitioners when the ethical standards of their home country differ from that of the host country.

One important area of cross-cultural and international ethics is the treatment of employees by the organization. At one extreme, an organization can strive to hire the best people, to provide ample opportunity for skills and career development, to provide appropriate compensation and benefits, and to generally respect the personal rights and dignity of each employee. At the other extreme, a firm can hire using prejudicial or preferential criteria, can intentionally limit development opportunities, can provide the minimum compensation allowable, and can treat employees callously and with little regard to personal dignity.

In practice, the areas most susceptible to ethical variation include hiring and practices, wages and working conditions, and employee privacy and respect. In some countries both ethical and legal guidelines suggest that hiring and firing decisions should be based solely on an individual's ability to perform the job. But in other countries it is perfectly legitimate to give preferential treatment to individuals based on gender, ethnicity, age, or other non-work-related factors. Consider the case of Daslu, a Sao Paulo high-fashion women's clothing store catering to the wealthiest of Brazil's wealthy. Its sales staff is drawn exclusively from the same social circles as its clientele. Daslu also hires a small a army of assistants – colloquially known as aventalzinhos, or "little aprons" – to aid the sales staff. The typical aventalzinho works longer hours, gets paid less, has worked for the store more years, and is more knowledgeable about the merchandise than the sales staff. Yet no aventalzinho has ever been promoted to a sales position, for they come from the wrong social class [3].

Wages and working conditions, while regulated in some countries, are also areas for potential controversy. A manager paying an employee less than he deserves, simply because the manager knows the employee cannot afford to quit or risk losing his job by complaining, might be considered unethical. Similarly, in some countries people would agree that an organization is obligated to protect the privacy of its employees. A manager spreading a rumor that an employee has AIDS or is having an affair with a co-worker is generally seen as an unethical breach of privacy. Likewise, the manner in which an organization responds to and addresses issues associates with sexual harassment also involves employee privacy and related rights.

Managers in international organizations face a number of clear challenges with regard to these matters. The firm must deal with country-specific ethical issues regarding its treatment of employees, but must also be prepared to contend with international comparisons as well. Consider the myriad ethical dilemmas posed by the practice of outsourcing production to overseas locations. From one perspective it can be argued that firms are ethically bound to move jobs wherever they can be performed for the least cost. But some critics would argue that this practice is unethical, for it devalues the worker's numerous contributions to the film and ignores the hardships imposed on displaced workers. In some countries, such as Japan, aggressive outsourcing that results in domestic layoffs violates the firm's implicit agreement to provide lifetime employment. The ethical issues facing die firm's managers do not end once die production is moved overseas.

Numerous ethical issues also relate to how employees treat the organization. The central ethical issues in this relationship include conflicts of interest, secrecy and confidentiality, and honesty. A conflict of interest occurs when a decision potentially benefits the individual to the possible detriment of the organization. Ethical perceptions of the importance of conflicts of interest vary from culture to culture. Consider the simple example of a supplier offering a gift to a company employee. Some companies believe that such a gift can create conflicts of interest. They fear that the employee will begin to favor the supplier whose product is best for the firm. To guard against such dangers, many companies have policies that forbid their buyers to accept gifts from suppliers. Some U.S. newspapers and broadcast media, such as the New York times, even refuse to allow their employees to accept free meals, for fear that their journalistic judgments and integrity might be compromised. But in other countries exchange of gifts between a company's employees and its customers or suppliers is perfectly acceptable. In Japan, for instance, such exchanges are common (and expected) during the ochugen and oseibo gift-giving periods. Ochugen, which occurs in July, originally was intended to pay homage to the spirit of one's ancestors, although it has evolved to reflect one's best wishes

A. Sarsembayeva

Ethics and Social Responsibility in international Business

for summer. Oseibo gifts, which are offered in December, represent a token of gratitude for favors and loyalty shown throughout the year. Japanese department stores helpfully stock their shelves with appropriate goods at every price level during ochugen and oseibo, as ell-defined cultural norms govern the level and appropriateness of the gifts to be exchanged by businesspersons, which depends on the nature of the business relationship, its length, and the amount of business transacted. Note, however, that determining an appropriate gift by the amount of business transacted is exactly the kind of behavior that arouses suspicion of conflict of interest in many North American and European companies.

China offers a similar set of challenges to firms wishing to control conflicts of interest. Much business in China is conducted through guanxi, which is based on reciprocal exchanges of favors. Because of the importance of guanxi, North American and European firms operating in China often face a difficult task in adapting to the norms of Chinese business culture while continuing to honor company policy regarding conflicts of interest. Typically, one finds that in high-context, collectivistic, and power-respecting cultures, gift exchanges are a more important part of the way business is done than in low-context, individualistic, and power-tolerant cultures.

Divulging company secrets is viewed as unethical in some countries, but not in others. Employees who work for businesses in highly competitive industries-electronics, software, and fashion apparel, for example – might be tempted to sell information about company plans to competitors. Consider the plight of Durawool, an American steel wool manufacturer. It was shocked to learn that Chinese law offered it little protection when one of its local employees left the company's Chinese subsidiary and promptly started a rival firm using Durawool's technology [4].

One of the major perspective for viewing ethics involves the relationship between the firm and its employees with other economic agents. The primary agents of interest include customers, competitors, stockholders, suppliers, dealers, and labor unions. The types of interaction between the organization and these agents that may be subject to ethical ambiguity include advertising and promotions, financial disclosures, ordering and purchasing, shipping and solicitations, bargaining and negotiation, and other business relationship.

For example, businesses in the global pharmaceuticals industry have been under growing criticism because of the rapid escalation of the prices they charge for their newest and most powerful drugs [5].

This firms argue that they need to invest heavily in research and development programs to develop new drugs, and higher prices are needed to cover these costs. Yet given the extent of the public health crisis that plague some areas of the public health world – such as HIV/AIDS in sub-Saharan Africa – some activities argue that the pharmaceutical manufacturers should lower their prices and/or relax their patent protection so that patients in poorer countries can afford to purchase the drugs needed to treat such diseases. Another growing concern in recent years involves financial reporting by businesses. Because of the complexities inherent in the finances of large multinational corporations, some of them have been very aggressive in presenting their financial positions in a positive light. And in at least a few cases some managers have substantially overstated their earnings projections and/or hidden financial problems so as to entice more investment [6].

Differences in business practices across countries create additional ethical complexities for firms and their employees. In some countries small bribes and side payments are a normal and customary part of doing business; foreign companies often follow the local custom regardless of what is considered an ethical practice at home. In China, for instance, local journalists expect their cab fare to be paid if they are to cover a business-sponsored news conference. In Indonesia the normal time it takes for a foreigner to get a driver's license is over a year, but it can be 'expedited' for an extra \$100. And in Romania, building inspectors routinely expect a 'tip' for a favorable review [7].

At times, however, the sums involved are not small. A U.S. power-generating company lost a \$320 million contract in the Middle East because government officials demanded a \$3 million bribe. A Japanese firm paid the bribe and won the contract. Enron allegedly had a big project in India cancelled because newly elected officials demanded bribes. While such payments are illegal under U.S. law (as well as the laws of several other countries), managers nonetheless dislike losing important contracts to less ethical rivals.

Managing Ethical Behavior Across Borders

While ethics reside in individuals, many businesses nevertheless endeavor to manage the ethical behavior of their managers and employees by clearly establishing the fact that they expect them

to engage in ethical behaviors. They also want to take appropriate steps to eliminate as much ambiguity as possible as to what they view as ethical versus unethical behavior. The most common ways of doing this are through the use of guidelines or a code of ethics, ethics training, and through organizational practices and the corporate culture.

Guidelines and Codes of Ethics

Many large multinationals, including Toyota, Siemens, General Mills, and Johnson & Johnson, have written guidelines that detail how employees are to treat suppliers, customers, competitors, and other constituents. Others, such as Philips, Nissan, Daewoo, and Hewlett-Packard, have developed formal codes of ethics – written statements of the values end ethical standards that guide the firms' actions.

A multinational firm must make a decision as to whether to establish one overarching code for all of its global units or to tailor each one to its local context. Similarly, if a firm acquires a new foreign subsidiary, it must also decide whether to impose its corporate code on that subsidiary or allow it to retain the one it may have already been following. In order for a code to have value, of course, it must be clear and straightforward, it must address the major elements of ethical conduct relevant to its environment and business operations, and it must be adhered to when problems arise. In one classic folly, Enron's board of directors was once presented with a potentially lucrative venture that contradicted the firm's code of ethics. So what did the board do? It voted to set aside the code of ethics, approved the business venture, and then reinstated the code of ethics!

Ethics Training

Some multinational corporations address ethical issues proactively, by offering employees training in how to cope with ethical dilemmas. At Boeing, for example, line managers lead training sessions for other employees, and the company also has an ethics committee that reports directly to the board of directors. The training sessions involve discussions of different ethical dilemmas that employees might face and how they might best handle those dilemmas.

Again, one decision for international firms is whether to make ethics training globally consistent or tailored to local contexts. Regardless of which approach they use, though, most multinationals provide expatriates with localized ethics training to better prepare them for their foreign assignment. BP, for instance, is currently preparing a cadre of managers at its headquarters in England for future assignments to Russia. These individuals have been undergoing training in the Russian language as well as in local business customs, practices, and ethics.

Organizational Practices and the Corporate Culture

Organizational practices and the corporate culture also contribute to the management of ethical behavior. If the top leaders in a firm behave in an ethical manner and violations of ethical standards are promptly and appropriately addressed, then every in the organization will understand that the firm expects them to behave in an ethical manner – to make ethical decisions and to do the right things. But if top leaders appear to exempt themselves from ethical standards or choose to ignore or trivialize unethical behaviors, then the opposite message is being sent – that it's acceptable to do something that's unethical if you can get away with it.

One recent survey sheds some interesting light on how these practices get implemented in various countries. The survey focused specifically on the acceptability of bribing officials when doing business in foreign countries. This survey found that Russian, Chinese, Taiwanese, and South Korean firms found bribery to be relatively acceptable. Among the countries that found bribery to be unacceptable were Australia, Sweden, Switzerland, Austria, and Canada. Italy, Japan, and the United States fell in between the extremes [8].

Kenya is one of the countries where bribery is almost a way of life. One study estimates that as many as two-thirds of individual and business involvements with Kenyan public officials involve paying a bribe [9]. Bribery and corruption is so extensive in China that some studies estimate that the costs of corruption is so extensive in China that some studies estimate that the costs of corruption have wiped out the equivalent of 13 to 16 percent of the country's GDP [10]. Many of the former Soviet republics face similar problems, as Figure1 indicates. Example "Should You Pay the Bribe?" discusses strategies for dealing with bribery requests.



Figure1 Corruption in the Former Soviet Union

Reports of bribery... Percentage of firms that report frequent bribing in

Kazakhstan	23.7%
Kyrgyzstan	26.9%
Russia	29.2%
Georgia	36.8%
Armenia	40.3%
Uzbekistan	46.6%
Azerbaijan	59.3%

Note: EBRD figures show senior executive also have to spend between 5% and 15% of their time dealing with public officials in these countries.

And the Cost Average cost of bribery or bribe tax as percentage of annual revenue

Russia	4.1%
Kazakhstan	4.7%
Kyrgyzstan	5.6%
Uzbekistan	5.7%
Azerbaijan	6.5%
Armenia	6.8%
Georgia	8.1%

Note: EBRD figures show small firms have to pay twice the percentage of their investments in bribe taxes as large firms do, and that new entrants pay more that privatized or state firms. Source: European Bank for reconstruction and Development.

Legal compliance is the extent to which the organization conforms to regional, national, and international laws. The task of managing legal compliance is generally assigned to the appropriate functional managers. For example, the organization's top human resource executive is responsible for ensuring compliance with regulations concerning hiring, pay, and workplace safety and health. Likewise, the top finance executive generally oversees compliance with securities and banking regulations. The organization's legal department is also likely to contribute to this effort by providing general oversight and answering queries from managers about the appropriate interpretation of laws and regulations.

Ethical compliance is the extent to which the members of the organization follow basic ethical standards of behavior. Organizations have increased their efforts in this area – providing training in ethics and developing guidelines and codes of conduct, for example. These activities serve as vehicles for enhancing ethical compliance. Many organizations also establish formal ethics committees, which may be asked to review proposals for new projects, help evaluate new hiring strategies, or assess new environmental protection plans. They might also serve as a peer review panel to evaluate alleged ethical misconduct by an employee [11].

Philanthropic giving is the awarding of funds or gifts to charities or other social programs. Giving across national boundaries is becoming more common. For example, Alcoa gave \$112,000 to a small town in Brazil to build a sewage treatment plant. And Japanese firms like Sony and Mitsubishi make contributions to a number of social programs in the United States.

Perhaps the most significant international philanthropic program to date is that of Merck, the big U.S. pharmaceutical company, which had developed a heartworm medicine for dogs. In the affluent

Мемлекеттік қызмет және мемлекеттік басқару мәселелері Вопросы государственной службы и государственного управления Issues of Civil service and Public Administration

U.S. market Merck charged \$20 to \$30 for a dose of the drug. But Merck scientists discovered that their heartworm medicine could also cure onchocerciasis, a disease more commonly known as river blindness. This parasitic disease, spread by biting black flies, causes maddening itching, muscle pains, and weakness. Half of its victims suffer impaired vision, and one-sixth lose their eyesight entirely. Yet the people who inhabit the sub-Saharan lands that are plagued by river blindness are among the world's poorest. Merck decided to provide the drug, called Mectizan, free. Since 1987, Merck has donated over 250 million doses of Mectizan, sparing an estimated 30 million sub-Saharan Africans from this terrifying disease [12].

Unfortunately, in this age of cutbacks, many corporations have also had to limit their charitable gifts over the past several years as they continue to trim their own budgets. And many firms that continue to make contributions are increasingly targeting them to programs or areas where the firm will get something in return. For example, today they are more likely to give money to job training programs than to the arts, which was not the case just a few years ago. The logic is that they get more direct payoff from the former type of contribution – in this instance, a better-trained workforce from which to hire new employees – than the latter [13].

In addition to these formal dimensions for managing social responsibility, there are also informal ones. Leadership, organizational culture, and how the organization responds to whistle-blowers all help shape and define people's perceptions of he organization's stance on social responsibility.

Organization Leadership and Culture. Leadership practices and organization culture can go a long way toward defining the social responsibility stance an organization and its members will adopt. [14] For example, Johnson & Johnson executives for years provided a consistent message to employees that customers, employees, communities where the company did business, and shareholders were all important – and primarily in that order. Thus when packages of poisoned Tylenol showed up on store shelves several years ago, Johnson & Johnson employees didn't need to wait for orders from headquarters to know what to do: They immediately pulled al the packages from shelves before any other customers could buy them [14]. By contrast, the message sent to Astra employees by the actions of their top managers communicates much less regard for social responsibility.

The demands for social responsibility placed on contemporary organizations by an increasingly sophisticated and educated public grow stronger every day. There are pitfalls for managers who fail to adhere to high ethical standards and for companies that try to circumvent their legal obligations. Organizations therefore need to fashion an approach to social responsibility the same way that they develop any other business strategy. That is, they should view social responsibility as a major challenge that requires careful planning, decision making, consideration, and evaluation. They may manage social responsibility through both formal and informal dimensions. Formal organizational dimensions used to implement a firm's social responsibility include legal compliance, ethical compliance, and philanthropic giving.

REFERENCES

1 "Supermarket Giant Ahold Ousts CEO in Big Accounting Scandal", Wall Street Journal, February 25, 2003, pp.Al, A10;

2 See Norman Barry, Business Ethics (West Lafayette, Ind.: Purdue University Press, 1999);

3 Rebecca Mead, "Dressing for Lula", The New Yorker, March 17, 2003, p.82ff.

4 'For Steel-Wool Maker, Chinese Lessons,' New York Times, May 28, 1996, p.C5.

5 "AIDS Gaffes in Africa Come Back to Haunt Drug Industry at Home," Wall Street Journal, April 23, 2001, p.AI; "Drug Companies Face Assault on Prices," Wall Street Journal, May 11, 2000, pp.BI, B4.

6 Jeremy Kahn, "Presto Chango! Sales Are Huge," Fortune, March 20, 2000, pp.90-96; "More Firms Falsify Revenue To Boost Stocks," USA Today, March 29, 2000, p.IB.

7 'How U.S. Conserns Complete in Countries Where Bribes Flourish,' Wall Street Journal, September 29, 1995, pp. AI, A14; Patricia Digh, "Shades of Gray in the Global Marketplace," HRMagazine, April 1997, pp. 90-98.

8 'Corporate Canada Wary of Using Bribery,' Financial Post, May 15, 2002, p.FP5.

9 Bribery Drives Up the Cost of living in Kenya, Financial times, January 19-20, 2002, p.4.

10 "Cancer of Corruption Spreads Throughtout the Country," Finanial times, November 1, 2002, p.6; "Chinese Corruption Has Sliced Up to 16% off GDP over Decade, Study Estimates," wall street Journal, March 8, 2001, p.A10.

A. Sarsembayeva Ethics and Social Responsibility in international Business



11 "Africa Recovery," allAfrica.com, April 22, 2003 (online); www.merck.com, press release 090502 (online). 12 "A New Way of Giving," time, July 24, 2000, pp. 48-51.

13 David M. Messick and Max H. Bazerman, "Ethical Leadership and the Psychology of Decision Making," Sloan Management Review. pp.9-22.

14 See Janet P. Near and Marcia P. Miceli, "Whistle-Blowing: Myth and Reality," Journal of Management, vol. 22, no.3 (1996), pp.507-526 for a recent review of the literature on whistle-blowing.

15 "Warning to 'Conflict Diamond' Traders", Financial Times, April 29, 2003, p.6;

16 "Talks End in Agreement to track Diamond Shipments", Houston Chronicle, November 30, 2001, p.36A; 17 "Diamond Town in the Rough", Wall Street Journal, July 5, 2001

18 Jon Lee Anderson, "Oil and Blood", The New Yorker, August 14, 2000, p.45ff.