

International Business Ethics Review

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A Comparison of Business Ethics in North America and Continental Europe

By Professor Georges Enderle

North Americans and Europeans are both relatives and strangers. When their paths cross outside the Western world in Africa, Asia or Latin America, they tend to realize what they have in common. When they meet inside their own worlds, however, on either side of the Atlantic, many dissimilarities leap into view. It is no different with respect to business ethics. Europeans in North America and North Americans in Continental Europe experience language barriers, differing sensitivities to ethical issues and distinct ways of reasoning. Yet when they meet with Asian, African, or Latin American colleagues, these differences between Atlantic partners seem to fade away.

Against the backdrop of these ambiguities, this article examines seven differences between North America and Europe with respect to business ethics. Perhaps more importantly, the article considers what each side can learn from the other to achieve a more comprehensive concept of business ethics. (The term "North America" will include the United States and Canada, and "Europe" will refer to "Continental Europe".)

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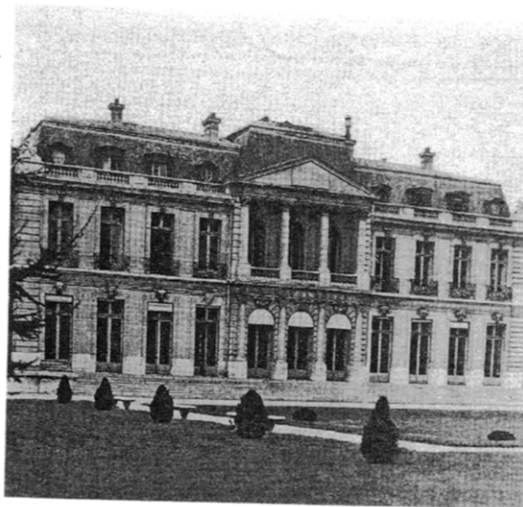
The Status of the OECD Convention on Combating Bribery

By Nancy Zucker Boswell

Twenty-nine OECD (Organisation for Economic Co-operation and Development) members and five non-OECD members defied skeptics by concluding the Convention on Combating Bribery of Foreign Public Officials in December 1997. Signatories agreed to criminalize bribery of foreign public officials and to restrict significantly the source or the "supply side" of bribery.

The OECD Convention is of particular importance in Europe as more than two-thirds of the OECD member countries are located on the European continent, and constitute every major European economy, including Germany, France, Italy and the United

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Chateau de la Muette. OECD Headquarters. Paris, France. Photo courtesy of OECD.

Special Focus: Europe

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From The President

By Lori Tansey Martens

As we approach the new millennium, Europe is undergoing historic changes. On January 1, 1999, the Euro became official currency in 11 European Member States, including three of the G7 economies: Germany, France and Italy. European Monetary Union will surely have a significant impact, both economic and cultural, on each European country. The further integration of the European continent is expected over the next decade, with discussions already underway on such far-reaching issues as tax harmonization, military cooperation and foreign policy coordination.



The European Union already represents the world's largest economy with a GDP in 1997 of 8093.4 (Billion \$) . Additionally, a number of Central and Eastern European countries are currently seeking admission, expanding the EU's geographical range and extending its influence.

In light of these monumental events, we devote this issue of the *International Business Ethics Review* to Europe. Our feature article by the highly renowned Professor Georges Enderle of Notre Dame University provides a thought-provoking discussion of differences between North American and European approaches to business ethics. This issue also features an update on corruption issues and the status of the OECD Convention on Combating Bribery by Nancy Zucker Boswell, Managing Director of the U.S. chapter of Transparency International. The OECD agreement is particularly relevant in Europe as 14 of 15 EU countries are members of the OECD. We also examine an issue gaining importance to a rapidly changing Europe- racism and discrimination, particularly in the workplace. Surprising results of a survey on racism in EU Member States form the basis for an article which is presented on page 3.

Our focus on Europe is particularly timely given recent events at the International Business Ethics Institute. In January, the Institute opened a European office located in London. Having a presence in Europe will ensure that the Institute is informed on key developments and issues in Europe. For further information on the European office, please see the article on page 15. Additionally, with this issue we welcome William Miller to the Institute's staff. William, an expert in French language and culture, is our new editor of the *Review* and will assist in the Institute's communication and education programs. For more information on William's background and experiences, please see page 15.

Finally, I would like to take this opportunity to thank a number of London organizations which have been so very generous in assisting us with the start-up of our European office. These include the Institute for Business Ethics, IntegrityWorks, Arthur Andersen's Ethics & Responsible Business Practices Consulting Group and PricewaterhouseCoopers' Reputation Assurance Practice. A most sincere thanks to you all.

Editor's Note: In keeping with our international focus, we have made no attempt to standardize our contributors' orthography or punctuation in this volume of the *International Business Ethics Review*. All anglophonic style variations were accepted.

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Workplace Discrimination in the European Union Member States

By William Miller

Traditionally, many Europeans have viewed issues such as racism and discrimination, particularly in the workplace, as a U.S. problem. Yet, throughout Europe, issues of fair treatment are increasingly in the news and in the courts. To what extent, therefore, is discrimination a problem in the European workplace?

European Commission's Survey on Racism and Xenophobia

Between March 25 and April 29, 1997, the European Commission conducted a large-scale survey within the fifteen European Union Member States to assess racist and xenophobic views in Europe. The preliminary results of the Commission's findings were presented at a conference in Luxembourg on December 18 and 19, 1997, an event which brought a close to the EU's "European Year Against Racism" campaign.

The initial results of the Commission's findings show that out of the 16,154 individuals surveyed within the Member States, a third of the group professed to being "quite" or "very" racist. Another third of those interviewed claimed to being "a little racist", and the the final third of respondents expressed that they were "not racist at all." Thus according to these statistics, two-thirds of the entire survey group admitted to some degree of racism.

The county-specific breakdown of extreme racist feelings is even more telling than the averaged results for all Member States. While averaging the survey results from all fifteen Member States is helpful in determining the nature of racism and xenophobia throughout Europe, it tends to obfuscate the fact that all European countries do not have similarly diverse populations.

The greatest percentages of respondents who voiced extreme racism occurred in Belgium (55%), France (48%) and Austria (42%), countries with greater populations of immigrants. The most extreme form of racism appeared less frequently in countries with more homogenous populations such as Sweden (2%), Luxembourg (2%), Portugal (3%) and Spain (4%).

Based on its survey, the Commission attributes strong racist feelings to four basic fears: "dissatisfactions with...life circumstances, fear of unemployment, insecurity about the future of unemployment, insecurity about the future and low confidence in the way public authorities and the political establishment worked in the respondents' countries." Each of the respondents' fears corresponds directly to basic human desires and needs: a sense of satisfaction, a sense of achievement, and a sense of security.

Despite the majority of respondents who expressed racist views, the Commission's survey evinces that neither racism nor xenophobia undermine the strong European belief in democracy and in respecting human rights and individual freedoms. The majority of those interviewed advocated that minorities and immigrants should be included in society and that they should be granted equal rights. When, however, interviewers asked questions regarding which rights to offer unilaterally to all groups, responses varied greatly. One fourth of all respondents, for example, stipulated that minorities must give up their cultures to integrate fully into society.

Discrimination in the European Workplace

According to the Commission's survey, eighty-eight percent of those interviewed believe that an individual's qualifications should be the sole criterion for employment. Although this response was offered most frequently to interviewers, seventy

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"People from minority groups are being discriminated against in the job market" (distribution by country, in percents)

Greece	90%
Sweden	89%
Spain	87%
Portugal	86%
Denmark	85%
Italy	79%
Netherlands	74%
Finland	73%
France	72%
United Kingdom	66%
Belgium	56%
Germany	54%
Ireland	51%
Luxembourg	40%
Austria	39%
EU Average	71%

Workplace Discrimination in the European Union Member States *(continued from page 3)*

percent of the survey group agreed that "minority groups are being discriminated against in the job market." In all but two Member States (Luxembourg and Austria), over half of all respondents reported that minority groups are the target of discriminatory practices in the marketplace. What is surprising is that in Sweden, for example, where interviewees rarely described themselves as extremely racist, 89% of that survey group believe that discrimination occurs in the workplace. This may suggest that the interpretation as to what constitutes workplace discrimination is culturally determined. Swedes may, for example, be more keenly sensitive to subtle, covert forms of discrimination. Additionally, discriminatory practices may well function quite differently in European countries with less homogenous populations.

Implications of the Survey for Business

The Commission's survey not only measured the frequency and severity of racism in the EU Member States, but permitted respondents to choose among possible actions concerning how to change the status quo. Almost 60% of the survey group supported the need for appropriate educational programs "to improve the relationship between people of different races, religions and cultures". The results of the survey also pointed to other solutions such as

"...seventy percent of the survey group agreed that 'minority groups are being discriminated"

legal action and fair reporting in the media to promote greater understanding of "different cultures and lifestyles".

By defining and by observing standards of non-discrimination and fair treatment, businesses operating within Europe can also take a strong stand against discriminatory practices in the workplace. The real question is how companies can effectively and successfully undertake such initiatives.

U.S.-based multinational corporations often encounter difficulties when expanding existing fair treatment standards internationally. A share of these problems lies in linguistic and cultural differences. Although racism and xenophobia are global concerns, they are configured differently in every cultural region. For example, terminology such as "Equal Employment Opportunity" is uniquely American, and other nationalities may not fully understand the term, or may resent the use of "U.S.-centric" vocabulary.

The diversity of cultures which exists within each European country offers special challenges in addressing these issues. Each European nation's colonial and migration history, as well its refugee population, greatly determines the nature and the complexity of racism and xenophobia within its population. The European Commission's survey identifies several anxieties which universally give form and substance to racism and xenophobia, whether in Europe, the Americas, or the Asia Pacific region. Such efforts to define and understand the cross-cultural and the culture-specific facets of racism and xenophobia may well provide the information necessary to help curb discriminatory business practices worldwide.

The quotes in the preceding article were extracted from the Eurobarometer Opinion Poll no 47.1: First results presented at the Closing Conference of the European Year Against Racism.

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A Comparison of Business Ethics in North America and Continental Europe *(continued from page 1)*

Dissimilarities in Business Ethics in North America and Continental Europe

The language of business ethics

The designation "business ethics," which includes many meanings in American English, has many counterparts in European languages (*Wirtschaftsethik*, *Unternehmensethik* in German and *éthique économique*, *éthique de l'entreprise* in French, etc.). Yet what is meant by these terms can be quite distinct. Europeans are predominantly concerned with societal-level issues, while North Americans mainly deal with ethics issues at the individual level.

The American focus on individual concerns lends itself to more direct discourse. For example, many issues of employee treatment in Europe are spelled out in comprehensive employment contracts (including professional and managerial employees), while in the United States, these issues are open to the discretion of the company (or an individual manager), necessitating discussions about "what is fair". Additionally, many Europeans operate in multiple linguistic contexts with varying degrees of language proficiencies which can constrain discussion on such complex issues as ethics.

The individual level versus the societal level

In general, business ethics in North America chiefly deals with issues at the individual level. North Americans increasingly address organizational issues, but rarely discuss societal issues. For example, many American ethics publications focus on "virtues and vices," such as "integrity," or "greed." American corporate codes of conduct often deal with individual issues such as "insider trading," "conflicts of interest" and "personal use of corporate assets." In contrast, Europeans focus on societal issues, and are only now beginning to consider organizational concerns. In Germany, for example, one sees business ethics publications dealing with issues of resource allocation, theories of wealth distribution, strategies to fight poverty in developing countries, international indebtedness to low-income countries, etc. Thus, Europeans focus more on the "rules of the game" while North Americans focus more on the "play of the players" in following pre-existing rules.

Some of this may be attributable to the decimated economies of Europe following the Second World War. As a loser of the Second World War, Germany had to rebuild its national economy almost from scratch, bringing to the forefront many societal and economic structure issues for review and discussion.

Approach to Decision-Making

Generally speaking, the North American approach emphasizes freedom and a corresponding responsibility in decision-making and acting. This view is expressed in insisting upon individual and corporate responsibility and self-regulation; that is the commitment to set up and respect their own "supplementary" rules, such as ethical codes of conduct for companies, professional associations, and industries. By contrast, as already discussed, Europeans tend to put the moral priority on the societal level, sometimes going as far as to contend that only societal rules matter ethically, while individual and organizational conduct is merely a question of efficiency and expediency.

Historical, geographical, and legal reasons help explain this marked difference. North America is a vast land, where the frontiers could be moved again and again towards the West, and the "American Dream" has known few limits. Europe, however, is a much smaller continent with many borders and structures which have been cemented over centuries and cannot be changed easily. With regard to differing legal systems, the Napoleonic Code, dominant in Continental Europe, relies essentially on a comprehensive set of laws to guide judgments, whereas the Common Law system in Anglo-American countries is less comprehensive and provides more opportunities for interpretation (and private litigation).

Rationales for business ethics

Americans and Europeans have gravitated to different rationales for the role of ethics in business. In North America, much of the current surge in public, business, and academic interest in business ethics can be traced to scandals. A secondary driver is the argument that "good business" and "good ethics" go hand in hand. Ethical conduct lies in the self-enlightened interest of companies and is seen as an important motivational and unifying force to compete in the global marketplace. Business ethics in this context must be embraced internally and it appeals to a growing number of business people, yet its role is ambiguous and emerges only in the long run. This rationale can be used merely as an instrument to achieve business objectives which are not ethically examined, thus missing the very point and understanding of ethics.

In Europe, the argument for business ethics is more likely to be that business now plays an increasingly important guiding role in every aspect of society. Economically-based thinking and acting are penetrating and dominating more and more domains; only what counts economically and yields profit is relevant. Against this business ethics is called upon to set barriers which cannot be breached and also to humanize business.

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A Comparison of Business Ethics in North America and Continental Europe (continued from page 5)

Orientation: Practical vs. Theoretical

The North American approach to business ethics is more practical than the Continental European approach and corresponds to: the American tradition of pragmatism; the role of corporate law, including the recent Federal Sentencing Guidelines; the litigious character of North American (and particularly U.S.) society; and, strong consumer organizations in a large relatively uniform market. Continental Europeans, to varying degrees, focus first on theoretical issues before they address, if ever, practical challenges.

Teaching business ethics

In North America, a great number of business schools offer mandatory and elective courses on business ethics. The list of textbooks and case studies is almost endless. Many chairs of business ethics have been created in North America, mostly funded by business persons concerned with educating future business leaders. An established tradition of private donations enables North American business schools to create new and innovative programs without threatening existing programs and faculty resources. In contrast, private donations are little known in Europe and, in the climate of tight university budgets, introducing business ethics programs would result in fewer financial resources for other faculty. This institutional context, along with disregard for business ethics as an academic discipline, explains why institutionalizing business ethics at the academic level has been slower in Europe.

Ethics initiatives in corporate practice

Ethics initiatives in corporate practice appear to be significantly more frequent and more developed in North America than they are in Europe. Indicators of high activity levels in North America include: the number and frequency of conferences and reports on business ethics undertaken by The Conference Board and other institutions; the growth and development of the Ethics Officer Association; and, the existence of publications geared toward a corporate audience, including *Business Ethics* (since 1987); *Ethikos* (since 1987); and *Research Report* (since 1988) of the Council on Economic Priorities.

Because the European business ethics scene is fragmented by country and by language, it is more difficult to assess the level of activity. Information on corporate ethical initiatives can be found mostly in more academically-oriented publications, including: *Etica degli Affari e delle Professioni* (in Italian, since 1988); the *EBEN-Newsletter* (in English, since 1987); *Business Ethics: A European Review* (in English, since 1992); *Projet* (in French, since 1990); *Forum Wirtschaftsethik* (in German, since 1993); and *Ethique des Affaires* (in French, 1995-1998).

Towards a more comprehensive and better integrated concept of business ethics

From these areas of dissimilarity, fairly consistent profiles emerge of the North American and European approaches to business ethics. These approaches place a different and unbalanced emphasis on the individual, the organization and society. Although all interactions among the various levels cannot be treated at the same time, they should be included in the analysis of whatever subject is being examined. A much richer understanding of business ethics would then emerge, one closer to the complexity of modern business.

Neither the European approach nor the North American approach addresses the international challenges to business ethics with sufficient determination, explicitness, and thoroughness. North Americans and Europeans should interact more, not only to increase shared knowledge, but to learn from one another. Additionally, since both sides have, thus far, paid insufficient attention to organizational issues, corporate ethics should be a major focus of future endeavors.

One argument for business ethics, which is gaining much ground and requires greater consideration, holds that humankind faces enormous challenges in the next millennium. This argument remains rather underdeveloped on both sides of the Atlantic. To meet these challenges, business must take a proactive stance in traditional economic and technological terms, but it must equally evaluate and address issues of global concern such as the environment and education.

Professor Georges Enderle, a founding member of the European Business Ethics Network, is O'Neil Professor of International Business Ethics in the College of Business Administration at the University of Notre Dame and Vice-President of the International Society of Business, Economics, and Ethics (ISBEE). This condensed version of Professor Enderle's article "A Comparison of Business Ethics in North America and Continental Europe" (Business Ethics: A European Review 5 (1996)) appears with the kind permission of Blackwell Publishers, Oxford, England.

The Status of the OECD Convention on Combating Bribery

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Kingdom. Over recent years, numerous other organizations- the Organization of American States, the World Bank and the International Monetary Fund- have initiated programs to promote greater accountability. Recognizing good governance as fundamental to economic growth and political stability, these organizations are demanding immediate, concerted action.

This profound shift in attitudes lags behind an earlier change in public opinion toward corruption. Public pressure has led to the removal of numerous officials from office. Finding a common transborder objective, citizens and civil society organizations have raised public awareness and pressured governments and donors to pursue systemic anti-corruption reform.

Intensifying competition for capital in the global marketplace has inspired the recent spate of activity: private capital prefers transparent and accountable markets. Corruption has undermined investor confidence and prompted serious capital outflows which have inhibited productive investment and macro-economic stability. This has increased pressure on donors to direct resources to their most productive use and to promote reforms where corrective action is needed.

Anti-corruption sentiments are rising not only in the industrialized countries, but also in developing countries and emerging markets. The economic crisis in Asia, partially attributed to corruption, has eroded the belief that economic growth and corruption can coexist. There is now an increased awareness that corruption dissuades foreign investment, undermines development, and destabilizes nascent democracies.

Recognizing the unacceptable cost of corruption has led officials and organizations to the following realizations:

- solutions must focus on the underlying economic, political, and institutional causes of corruption
- all stakeholders- the government, private sector, civil society- must be involved in developing mutually supportive systems
- long-term, sustainable programs must incorporate a host of economic and public sector reforms- deregulation, privatization, transparency, and institution-building- as well as a wide range of preventive and enforcement measures that are responsive to local conditions.

Making bribery a crime

The OECD Convention lays the groundwork for creating effective anti-bribery systems in countries with varied legal systems. Its core provision makes it a crime for "any person" to "offer, promise, or give any undue pecuniary advantage, whether directly or through intermediaries, to any foreign public official...in order to obtain or retain business or other improper advantage in the conduct of international business." The prohibition goes beyond the U.S. Foreign Corrupt Practices Act to include bribery in government procurement, environmental issues, tax payments, and other regulatory matters, as well as judicial proceedings.

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Organization Spotlight:

The European Business Ethics Network (EBEN)

Established in 1987, the European Business Ethics Network (EBEN) is a consortium of individuals from the business community and academia who set forth as their mission "to support and enhance the ethical quality of decision making processes in business." EBEN holds an annual conference and publishes the *European Business Ethics Newsletter* three times a year. The Network has more than 700 members in eighteen countries. In 1994, EBEN, in association with Nijenrode University, The Netherlands Business School founded the EBEN Institute which "is engaged in fundamental, practical, and applied research activities." The EBEN Institute offers the following services:

- ethical audits
- development and implementation of ethics codes
- corporate community involvement
- fraud prevention
- training services for business firms, public sector entities, professions and teachers.

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The Status of the OECD Convention on Combating Bribery

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"Foreign official" refers to officials who control procurement in important areas, such as telecommunications, transportation and energy. The term includes appointed and elected legislative, judicial, and administrative officials, in addition to officials of international organizations and government-controlled enterprises.

Criminal penalties for bribery must be "effective, proportionate, and dissuasive." Countries whose legal systems lack the concept of corporate criminal liability- Germany, Sweden and Switzerland- must provide for equivalent non-criminal sanctions. The Convention also provides for mutual legal assistance including extradition, and requires signatories to take preventive measures, such as establishing accounting standards and prohibiting off-the-book accounts.

The Convention contains the fundamental elements of an effective regime. However, as a product of multiparty negotiations conducted within a narrow time schedule about a sensitive subject, the OECD proposal has shortcomings that could allow for future circumvention. It does not cover improper payments to foreign political parties, party officials or candidates. In addition, because of jurisdictional concerns, it does not provide comprehensive coverage of foreign subsidiaries. The OECD Working Group on Bribery will take up these and other issues in May 1999.

Ending tax deductions for foreign bribes is another salient feature of the OECD program. Norway, Denmark and Portugal have taken steps to implement the 1996 OECD Recommendation to end Tax Deductibility. Austria and France, however, have indicated that they may deny tax deductibility only to people who have prior criminal convictions for foreign bribery. This is an unacceptable interpretation of the 1996 Recommendation, and it would leave most bribes tax deductible.

Monitoring violations

The signatories were committed to ratify the Convention by the end of 1998. As of January 4, 1999, Iceland, Japan, Germany, Hungary, the U.S., Finland, the U.K., Canada, Norway, Bulgaria and Korea had deposited their instruments of ratification of the Convention with the Secretary-General of the OECD. With Canada's depositing, the Convention will now enter into force on January 15, 1999. The agreement was that the Convention would enter into force on the sixtieth day following the deposit of ratification instruments from five of the ten countries with the largest shares of OECD exports (the U.S., Germany, Japan, the U.K. and Canada).

U.S. leadership was imperative for bringing other signatories on board, and the U.S. deposited its instrument of ratification on December 8, 1998. Because the Convention prom-

ises to substantially, if not perfectly, redress the current imbalance of anti-bribery restrictions, the U.S. private sector strongly favored ratification.

After the Convention enters into force, the next challenge will be to ensure the adequacy of national legislation and its enforcement by 34 countries with major differences in their legal systems. A rigorous monitoring process to promote effective and consistent implementation will be needed for several years.

The OECD Working Group has already begun to secure the signatories' support for a monitoring process that provides for mutual and peer evaluation. While the Convention permits some flexibility, evaluation is important to forestall major differences in how foreign bribery is prohibited. Governments may be reluctant to impose relatively strict prohibitions on their own companies compared to their competitors. This scenario raises the risk of a minimal level of implementation.

A monitoring process can address this risk by quickly sending a clear signal that all parties will be held to high standards. The OECD Working Group has already begun, on an informal basis, to provide mutual assessments of draft implementing legislation. This work is likely to be more effective at this stage rather than waiting until inconsistent or ineffective laws have been enacted.

The Working Group will also address issues related to the private sector and civil society, such as access to information and the possibility for input. These groups provided input throughout the negotiation phase, and, since the Convention's conclusion, they have monitored progress and served an important watchdog function.

The private sector will want to ensure that restrictions against competitors operating abroad are enforced consistently and that it has channels for reporting concerns or problems. It can also play an important enforcement role by adopting effective, voluntary anti-bribery policies and programs that will control its operations beyond national borders.

Nancy Zucker Boswell is the Managing Director of the U.S. chapter of Transparency International, the global non-profit coalition to curb corruption in international business transactions. For the full text of "New Tools for Fighting Corruption", consult the Center for International Private Enterprise's Economic Reform Today 3, 1998, where the article originally appeared.

A Country by Country Update of the OECD Convention on Combating Bribery (As of January 25, 1999)

- Argentina** The amendments to the Penal Code are in the latest stage of preparation. The draft bill to ratify and implement the Convention was expected to be presented to Parliament before the end of 1998.
- Australia** The legislation and the Convention was referred to the Joint Standing Committee on Treaties for examination. The Committee subsequently recommended that Australia sign the Convention and, subject to some changes to the draft legislation, also recommended enactment of the implementing legislation. The Convention was scheduled to be signed and the implementing legislation was scheduled to be introduced into Federal Parliament on December 7, 1998.
- Austria** A draft bill on implementing legislation was approved by the Council of Ministers and submitted to Parliament on 18 June 1998, where it was adopted on 17 July. The legislation implementing the Convention has been in force in Austria since 1 October 1998. The ratification process is under way. Austria expected to meet the deadline for ratification by the end of December 1998.
- Belgium** After a formal decision of the Council of Ministers, the draft bill will be sent to the State Council for advice before being submitted to the Parliament. With respect to the revision of penal law to comply with the obligations under the Convention, a legislative proposal is under discussion in Parliament. It has been adopted by the Senate and it is now being debated in the Chamber of Representatives. The legislation will probably be approved before the Convention is ratified.
- Brazil** A draft text of the Convention is under examination by the Chamber of Deputies. After the general elections in the country, the matter will be reviewed by the Chamber as an urgent matter, so that it can be sent to the Senate and, afterwards, be signed by the President.
- Bulgaria** The Popular Assembly ratified the Convention on 3 June 1998. The implementing legislation was approved by the Council of Ministers on 31 July. The instruments of ratification/acceptance were deposited with the Secretary-General of the OECD on 17 December 1998.
- Canada** Canada deposited the instruments of ratification/acceptance of the Convention on 17 December 1998.
- Chile** Approval has been delayed due to parliamentary consideration and approval of the OAS Convention. The agenda to present draft legislation to ratify and implement the OECD Convention in Parliament is being discussed.
- Czech Republic** The ratification and implementation process was interrupted by the June 1998 parliamentary elections. The draft amendment to the criminal code was reintroduced and approved by the new government on 12 October and currently it is being submitted to the new Parliament. The ratification and implementation process should be completed early in 1999.
- Denmark** Denmark has prepared draft legislation on both ratification and implementation of the convention but was unable to submit it to Parliament in 1998. The government was expected to submit this in January 1999.
- Finland** The legislation for ratification and implementing legislation were approved by Parliament. Finland deposited its instrument of ratification/acceptance on 10 December 1998.
- France** The Ministry of Foreign Affairs has prepared a text on ratification of the Convention; a bill to amend the penal code has been drafted by the Ministry of Justice. This amendment will also take into account the anti-corruption instruments developed in the framework of the EU. The Council of Ministers should have approved the drafts on ratification and implementing legislation at the end of December 1998, after consideration by the State Council. However, parliamentary discussion was not possible before January 1999.

A Country by Country Update of the OECD Convention on Combating Bribery *(continued from page 9)*

- Germany** The act ratifying and implementing the Convention was signed on 10 September 1998, and published on 21 September 1998. The Instrument of Ratification was signed by the President and was deposited with the OECD on 10 November 1998.
- Greece** The implementing legislation was sent to Parliament in July where it was examined by a parliamentary committee which gave its approval to the draft texts on 29 October 1998. Both texts will be sent to the plenary session of Parliament where a debate will be scheduled. It was hoped that the Convention would be ratified by Parliament and implementing legislation adopted in December 1998.
- Hungary** Last May, the government adopted proposals to ratify and to implement the Convention (the Amendment of the Criminal Code). The texts of ratification of the Convention and implementing legislation were submitted to Parliament at the same time. The texts for ratification were approved and the instrument of ratification was deposited on 4 December 1998.
- Iceland** The Icelandic government deposited its instrument of ratification on 17 August 1998.
- Ireland** The government has included in its current legislative programme a commitment to take any necessary measures to extend corruption legislation to take account of the OECD Convention on Bribery. A detailed examination of relevant domestic legislation and requirements under the Convention is being undertaken at present by the Department of Justice, Equality and Law Reform. On the basis of the examination to date, the law, in large measure, meets the requirements of the Convention. However, there are one or two areas where additional legislation appears necessary and these issues are being addressed in the proposals to the government.
- Italy** The Italian government has decided to submit to Parliament a single bill for the ratification and the enforcement of the OECD Convention and of the European Union Convention and protocols on corruption and fraud. It was expected that the Bill would be put on the agenda of the Council of Ministers to be submitted to Parliament for its prompt enactment as statute before the end of 1998. Implementation provisions will enter into force with the Convention.
- Japan** On 10 April 1998, the Government of Japan formally submitted the Convention, along with its implementing legislation (amendments to the Unfair Competition Prevention Law) to the National Diet. The National Diet approved the conclusion of the Convention on 22 May 1998. The implementing legislation was adopted on 18 September 1998. The instrument of acceptance was deposited on 13 October 1998.
- Korea** The Korean government formally submitted the bill to ratify the Convention along with its implementing legislation to the National Assembly in October 1998. Both bills were approved by the National Assembly and Korea deposited its instruments of ratification/acceptance on 4 January 1999.
- Luxembourg** The draft bill to ratify and implement the Convention is being finalised. It was expected that the legislative procedure would be completed by the end of 1998, provided that the Council of State gave its approval.
- Mexico** A Spanish language version of the Convention was submitted to the Senate for ratification as a treaty. Following that, draft implementing legislation will be introduced in the Chamber of Deputies, as part of a comprehensive package of reforms to the criminal code in Mexico.
- Netherlands** A proposal to ratify and implement the Convention was sent to the Council of State in November 1998. It is expected that the Council of State will deal expeditiously with the legislation but some amendments might

delay the procedure which normally takes around three months. It is expected that both chambers of Parliament will approve the bills in 1999.

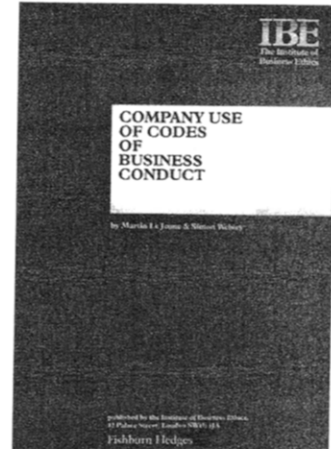
- New Zealand** The necessary implementing legislation has been prepared, but it could not be introduced to Parliament in 1998, so ratification of the Convention is foreseen in 1999.
- Norway** After consultation with the relevant private and public authorities at the end of May 1998, the government submitted to Parliament a bill to ratify and implement the Convention. The bills were approved by Parliament and will enter into force at the same time as the Convention. The instrument of ratification was deposited on 18 December 1998.
- Poland** The Ministry of Justice has prepared a draft law which is being reviewed by its legislative department, in particular to consider the effects it may have on other branches of law. The proposal will implement the Convention developed in the OECD and Council of Europe Convention on Money Laundering.
- Slovak Republic** The government approved the Convention at its session on 12 May 1998, and decided to submit it to the Parliament. Most of the legislation to implement the Convention has been prepared. It was submitted for discussion, but was not passed by the outgoing government. The new Parliament formed after the legislative elections in September 1998, were expected to receive a complete package of legislation.
- Spain** The draft legislation for ratification has been approved by the Council of Ministers and has been submitted to Parliament. As to implementing legislation, a draft text has been approved by the Council of Ministers and is now under consideration by the General Law Council.
- Sweden** The legislative process in Sweden has been slightly delayed. The ratifying and implementation proposals were to be submitted to the Legal Council for consultation during the week of 2 November 1998. Following this process, the government was expected to submit the bill (which will also cover the EU instruments and the issue of tax deductibility) to Parliament by mid-December 1998.
- Switzerland** The Ministry of Justice has prepared a proposal for a global revision of corruption laws, that also takes into account other international instruments, namely those of the Council of Europe. The revision of the corruption legislation was approved by the government on 1 July 1998, and published with the view of holding consultations with the cantons, the political parties and other interested bodies.
- Positive results have led the Ministry of Justice to prepare a draft law and commentary for submission to Parliament by the beginning of 1999, and discussed and approved by the two Chambers of Parliament in the course of the year.
- Turkey** The draft bill to ratify the Convention is ready as well as the accompanying memoranda. Implementing legislation is still under consultation in the Ministry of Justice. The Ministry of Foreign Affairs may decide to push adoption of the draft bill to ratify the Convention in order to give impetus to the bill on implementing legislation.
- United Kingdom** Internal consultations have confirmed that the scope of existing law allows the United Kingdom to proceed with the ratification process without the introduction of new legislation. The Department of Trade and Industry invited the Foreign Office to complete the ratification process. The deposit of the instrument of ratification took place on 14 December 1998.
- United States** On 31 July 1998, the Senate approved the Convention and the implementing legislation. Congress completed action on implementing legislation in October. The U.S. deposited its instrument of ratification on 8 December 1998.

For continued updates on the status of the OECD Convention on a country by country basis, visit the OECD Web site at <http://www.oecd.org>.

New Business Ethics Publications

Company Use of Codes of Business Conduct

Companies are increasingly taking the initiative to create or to revise their codes of conduct. Yet, after developing their codes, what are companies doing with them? *Company Use of Codes of Business Conduct* by Martin Le Jeune (Fishburn Hedges) and Simon Webley (Institute of Business Ethics) reveals that many companies neglect to involve staff adequately in code revision or that they fail to train their employees concerning the meaning and the use of corporate codes of conduct.



Le Jeune and Webley based their conclusion on a survey of fifty-seven companies operating within the United Kingdom to determine how businesses are using their codes of business conduct and what their experiences have been with the codes. The results of Le Jeune and Webley's study reflect both good and bad news. On the positive side, companies are updating their codes more often, in addition to making greater effort to publicize the code's existence internally. Companies within the UK are also making provisions for whistleblowing. On the other hand, thirty percent of the companies surveyed do not distribute codes of conduct to every employee, nor do they involve employees (by survey or other means) in code revision. According to the report, companies are still reluctant to publicize externally that they have a code. Finally, only forty-six percent of the companies surveyed report that they train their workers to understand and use the code. The majority of the companies (67%) who responded to the questionnaire also professed a disinterest in pursuing an ethical or social audit.

Aside from detailing the results of their survey, Le Jeune and Webley include three case studies regarding the use of codes of business conduct: C&A, Lloyds TSB Group and the Standard Chartered Bank. The report also includes, within the appendices, the statistical results of the survey, the twelve steps of implementing a code of conduct and the article "A New Tool for Multinationals: Social Accountability 8000" by Lori Tansey Martens.

Company Use of Codes of Business Conduct may be purchased from the Institute of Business Ethics at 12 Palace Street, London SW1E 5JA, United Kingdom. For more information, please contact the Institute of Business Ethics by phone: (44) 171 931 0495, by fax: (44) 171 821 5819, or by E-mail: info@ibe.org.uk. The cost of the report is £15.00 plus postage & handling.

International Business Ethics: Challenges and Approaches

The dramatic development of international business since the 1980s has created new ethical implications and challenges for the field of business ethics. *International Business Ethics: Challenges and Approaches* proposes illuminating perspectives and signposts for the widely uncharted field of international business ethics, and reports about specific ethical commitments of business leaders and organizations.

This volume, edited and introduced by Professor Georges Enderle, includes the contributions of more than thirty experts in the field of business ethics, half of them from non-western countries. Initially delivered at the First World Congress of Business, Economics, and Ethics in 1996, these papers have since undergone substantial refinement and revision. The collected papers include contributions from such business ethics experts as Henri-Claude de Bettignies (France), K. Chakraborty (India), Richard T. De George (U.S.) and Simon Webley (U.K.).

The work represents a pioneer effort in international business ethics, containing articles which are both practical and interdisciplinary. The collection also delineates the contours of how international business ethics may develop at the turn of the Millennium.

To be released in April 1999. *International Business Ethics: Challenges and Approaches* may be purchased from the Marketing Department, University of Notre Dame Press, 310 Flanner Hall, Notre Dame, IN 46556. For additional information contact the Marketing Department by phone: (219) 631-6346, by fax: (219) 631-8148, or by E-mail: undpress.1@nd.edu. The cost of the publication is \$55.00 (cloth) and \$27.00 (paperback) plus postage & handling.

Global Roundup

Recent activities and efforts in the field of business ethics from around the world.

Washington Conference on Corruption: The International Business Ethics Institute, in collaboration with the Development Center of the Organization for Economic Cooperation and Development, is among the co-organizers of the Washington Conference on Corruption "Fighting Corruption in Developing Countries and Emerging Economies: The Role of the Private Sector". The conference will take place in Washington, DC on February 22-23, 1999. To find out more about this important conference or to obtain registration materials, please contact the Institute by phone (202) 296-6938, fax (202) 296-5897, or E-mail: info@business-ethics.org.

Argentina: At a workshop held on September 7-8, 1998 in Buenos Aires, Argentina, individuals from government, business and the public sector (OECD and OAS member countries) united to discuss anti-bribery reforms on the national and international level. The Conference was sponsored by the Organisation of Economic Co-operation and Development, the Organisation of American States and the Government of Argentina in cooperation with the U.S. Agency for International Development. (OECD)

Brazil: In March 1998, the Congress and the President enacted a law to combat money laundering which prohibits using financial systems for illicit purposes. The law also established a Council on Financial Activities. (OECD)

China: In concert with President Jiang Zemin's mandate of July 1998 to combat corruption and profit-seeking by the military, the People's Liberation Army transferred some 68 enterprises worth \$170 million to the city government of Beijing. (*Associated Press* 12-05-98)

China's parliament, the National People's Congress, agreed to revise China's constitution to promote private enterprise and family-owned business. The revisions propose to protect private enterprise by adhering to the rule of law and by officially recognizing multiple forms of ownership. (*Wall Street Journal* 01-01-99)

Europe: On January 15, 1999, European Parliament Members adopted a resolution by Richard Howitt which calls for EU-wide standards for European multinationals operating in developing countries. (<http://www.europarl.eu.int>)

Germany: Transparency International (TI) recently released its 1998 Corruption Perception Index. Below are listed the ten most corrupt and the ten least corrupt countries according to TI's survey. For a full list of the countries surveyed and for more information on the index calculations and methodology, visit the Transparency International Web site at <http://www.transparency.de>.

1998 Corruption Perception Index

Ten Most Corrupt Countries:

1. Cameroon	1.4	6. Indonesia	2.0
2. Paraguay	1.5	7. Colombia	2.2
3. Honduras	1.7	8. Ecuador	2.3
4. Nigeria	1.9	9. Venezuela	2.3
5. Tanzania	1.9	10. Russia	2.4

Ten Least Corrupt Countries:

1. Denmark	10	6. Canada	9.2
2. Finland	9.6	7. Singapore	9.1
3. Sweden	9.5	8. Netherlands	9.0
4. New Zealand	9.4	9. Norway	9.0
5. Iceland	9.3	10. Switzerland	8.9

(A perfect 10.00 reflects a completely corruption-free country.)

Uganda: To reduce financial dishonesty in business management, Abel Rwendeire, the Minister of State for Higher Education, requested that the Institute of Certified Public Accountants of Uganda (UCPAU) emphasize teaching business ethics. (*The Monitor*, Kampala 02-03-99)

U.S.: To help business leaders access information on socially responsible policies and practices, Business for Social Responsibility (BSR) announced the Global Business Responsibility Resource Center located at <http://www.bsr.org/resourcecenter>. (*AOL News*)

Vietnam: On November 20, 1998, Deputy Prime Minister Nguyen Tan Dung made official the decision that Vietnam will, for the first time, release key financial data, including the national budget. By disclosing this information, the government seeks to curb waste and corruption. (*Associated Press* 12-05-98)

Institute News

The Roundtable Series:

Between June and November 1998, the Institute hosted three Roundtable Discussions as part of its ongoing commitment to international business ethics education. The Institute's Roundtable Series unites individuals from the public, private, non-profit, and academic sectors to exchange and discuss global perspectives on developments within the field of business ethics, as well as to promote synergies across organizations and disciplines.

Business Ethics in the Middle East

Special Guest: Mr. Ronald Pump, Director of Government Affairs, AT&T

On June 19, 1998, the Institute held its fourth business ethics Roundtable Discussion, attended by representatives of the private and public sector, non-governmental organizations, academia, and the diplomatic corps. Mr. Ronald Pump, currently Director of Government Affairs at AT&T, opened the discussion by addressing the topic of business ethics in the Middle East. Mr. Pump gave his perspective on the situation in the Middle East, based on his experiences as AT&T's Regional Director for the Middle East and North Africa.

A wide-ranging discussion ensued among participants concerning business ethics issues in the Middle East. Chief among the issues were corruption, the Arab boycott of Israel and racial, gender, and religious discrimination. The role of culture in shaping business practices and public perceptions of ethical standards and problems was examined, as well as public attitudes toward the ethical conduct of U.S. corporations. The role of multinational corporations in promoting responsible and responsive business practices was also discussed.

An International Dialogue on Corruption

On August 26, the Institute hosted a Special Roundtable Discussion on Corruption, with members of a United States Information Agency-sponsored delegation on "Ethics in Government and Business." The session, facilitated by Nancy Zucker Boswell of Transparency International, included government officials, members of the press, academics and business people from Bangladesh, Cambodia, Colombia, Ghana, Kuwait, Laos, Nigeria, Pakistan, Panama, Papua New Guinea, Sri Lanka, and Swaziland.

After discussing current multilateral and NGO initiatives to combat corruption, the challenges of implementing lasting reform were discussed. The important role played by the international press in spotlighting corrupt practices was highlighted. Several participants, however, expressed frustration at the lack of protection for journalists in their countries. It was felt that in the context of economic underdevelopment, it is more difficult to develop a public appreciation of the value of a free press and human rights in general. Other

participants pointed out that perceptions are changing, due in large part to recent transformations in the global communications infrastructure and the efforts of NGOs such as Transparency International. It was agreed that stronger communications links and both formal and informal coalitions would enable geographically - and perhaps politically - isolated organizations to benefit from shared experience and knowledge.

Business Ethics and the Global Economic Crisis

Special Guest: Dr. Rushworth M. Kidder, President, Institute for Global Ethics

On November 2, Dr. Rushworth M. Kidder, President of the Institute for Global Ethics and a member of the International Business Ethics Institute Board of Advisors, was the special guest at the Roundtable Discussion on Business Ethics and the Global Economic Crisis.

One major theme of this Roundtable session was the capacity of technology to leverage devastating effects globally. Dr. Kidder expressed that at the heart of certain technological disasters, such as the incident at Chernobyl, lies a moral meltdown. Ethical issues will ultimately determine whether or not humankind survives the twenty-first century. Roundtable participants discussed global, shared values, as well as the difficulty in finding a common language with which to address ethical issues in a business context. It was noted that while humankind may share a core set of values, each culture expresses these values differently.



Institute photo.

Institute Opens European Office

The International Business Ethics Institute has established a European office based in London. Lori Tansey Martens, the International Business Ethics Institute President, has temporarily relocated to the UK to establish the office which formally commenced operations in January 1999.

Ms. Tansey Martens stated that "As an organization dedicated to transnationalism in the field of business ethics, it has long been our objective to establish offices in major regions around the world." Ms. Tansey Martens added, "There is no substitute for a local presence in keeping the Institute and its constituencies abreast of the most important and the most timely business ethics developments in Europe, including effective strategies and solutions in the area of corporate responsibility." Having an office in both the U.S. and Europe will enable the Institute to collect information from a greater number of resources and to communicate this information to a wider audience.

The European office also will serve to cultivate new relationships and partnerships, while renewing and strengthening ongoing alliances between the Institute and European-based businesses, academicians, and the public sector. The Institute welcomes the opportunity to exchange ideas and information to promote greater understanding and support of corporate responsibility issues.

The European office is located at Craven House, 121 Kingsway, Suite 103, London, WC2B 6PA, United Kingdom. Phone: (44) 171 557 4035, fax: (44) 171 557 4034. Ms. Tansey Martens can also be reached by E-mail at Tansey@business-ethics.org.

Addition To The Institute

In October 1998, William Miller joined the International Business Ethics Institute as Editor & Communications Manager. As editor of the *International Business Ethics Review*, Mr. Miller manages all aspects of publication including researching current issues and trends in the field, and liaising with contributing writers from academia and business. Mr. Miller is also responsible for managing the Institute's varied public education activities and programs.

In addition, Mr. Miller oversees the Institute's Internet Web site to ensure that pertinent business ethics information is quickly disseminated to diverse global audiences. Mr. Miller also assists in the Institute's corporate advisory work.

Mr. Miller brings to the Institute extensive expertise in French language and culture. A former resident of France and fluent French speaker, Mr. Miller served as Adjunct Professor for the Department of French and Romance Philology at Columbia University. While at Columbia, he instructed both undergraduate and graduate courses in translation and language skills. He has delivered speeches on eighteenth-century French literature, philosophy, and ethics.

Mr. Miller earned an M.A. and an M.Phil. at Columbia University, where he is completing his doctorate in French and Romance Philology. He also holds a graduate degree, as well as pedagogical certification, from the Institute for the Research on Women and Gender at Columbia University. Mr. Miller is a Fulbright, Columbia University, and Oxford University Fellow.



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