

Google inc. goes to china research paper sample

[Business](#), [Company](#)



Introduction

Google Inc., the undisputed global leader in Internet search engines needs no introduction. The company that gave a new face to the term “information” by transcending it across geographical borders using the Internet has now become synonymous with “democracy on the web” (Flemish & Trevino, 2010, p. 439), espoused as one of its core values, within a short span of 14 years, which have seen it expand its footprints globally, “with 70+ offices in 40+ countries” (Google locations, n. d.), making it both an employer and a business partner of choice. However, despite its growing popularity as a progressive organization, there are still some minds, which prefer to stick to their regressive ways of thinking and functioning. One such name is China that is popular for its archaic laws that openly discourage freedom of expression.

This case depicts an unsuccessful attempt of Google Inc. to spread its wings in this land of the “Middle Kingdom” (Liusp, 2008), and tries analyzing the legitimacy of the internet giant’s step in the light of some well-known philosophical theories of ethics and morality.

Discussion

Sound ethical decision-making starts with “avoiding the temptation to jump to conclusions without having the necessary facts in hand” (“Eight steps”, 2007). This mandates properly understanding the issue both in terms of its known and unknown facts that have led to the current state of affairs, due to ensuing serious implications for all the parties, if a misinformed decision, based on half-baked knowledge is taken.

A detailed analysis of the present case and other sources of information bring to light the following facts:

“ Google Inc. was founded as a search engine company in 1998 by Larry Page & Sergey Brin” (Google Company, n. d.), who own 58% of the company’s stock and have veto power for final decision-making over everyone else, including the CEO, Eric Schmidt” (Flemish & Trevino, 2010, p. 439). Further, Brin had a Russian childhood spent under the Communist regime that taught him to be highly critical of countries with repressive government policies.

- “ The company entered China in 2006 to capture its potential internet market” (Flemish & Trevino, 2010, p. 439).

- “ Then, its only biggest rival was China’s own Beijing-based search engine, Baidu. com, having 60% market share, making Google chew only onto 26%” (Flemish & Trevino, 2010, p. 439).

- “ China known for its archaic laws suppressing open exchange of information, has the world’s most stringent censorship government banning its citizens’ access to politically sensitive content on all print, electronic and online media. In fact, all internet cafes have guards posted as watchdogs over content being accessed” (Flemish & Trevino, 2010, p. 439).

- “ Historically also, China has never been a preferred business destination for U. S. corporations, due to its paradoxical business culture that promotes simultaneous co-operation and competitiveness in business dealings along with a host of contrasting ideologies, beliefs, cultures and psychological characteristics” (St. Clair & Norris, 2012, p. 2).

- “ Google, like its counterparts; Yahoo, MSN & Cisco, faced stiff opposition from the repressive country with regards to its very nature of free

information exchange business, that was very much anti-Chinese government policies; making the search engine giant battle this resistance for some time, which also included its efforts to budge a bit initially, by disclosing some censorship on its Chinese home page [www. google. cn](http://www.google.cn), through a message saying, “ In order to follow local laws, some search results are not displayed” and also excluding chat, e-mail and blogs from its service offering. Later on, it even assured help to the Chinese government in conducting censorship-free searches, while discontinuing self-censorship on its homepage. However, inability of both the parties to reach any fruitful agreement ended this struggle, after four years, making Google close [www. google. cn](http://www.google.cn) to its Chinese users and instead directing them to its Hong Kong website in the hope of more readily providing them with uncensored information, though the company continued retaining its R&D and sales activities in the country (Flemish & Trevino, 2010, p. 439).

step two: define the ethical issues

Ethically sound decisions rest on discovering and resolving the existing ethical issues, which are often conflicting due to their opposing nature. For example, “ the right to privacy interferes with the right to expect a safe workplace” (“ Eight steps”, 2007). This case, has a number of ethical issues to be resolved, like Google’s decision to enter China and Chinese government’s reaction to it; approach adopted by Google, initially and later on; and finally, Google’s decision to exit China. According to Flemish & Trevino (2010, p. 439), philosophers suggest the following two approaches to ease out the process:

consequentialist approaches. They focus on the consequences or results of a

given action or decision. Utilitarianism is one such consequentialist approach which suggests that an 'ethical decision' results in maximum benefits and minimum harms to the society at large. This requires a broad thinking about the ensuing results of everything for everyone, and thus, approaching an ethical dilemma by considering the different courses of action in terms of their social benefits or harms for all the stakeholders (discussed next), since narrow thinking does not consider all the stakeholders and focuses on those ethical issues that can only be monetarily measured. In Google's case, at face value its decision to enter China seems noble, considering its "intentions to open up the Chinese economy" (Flemish & Trevino, 2010, p. 439) through widespread exchange of online information, that would surely benefit the society at large, both knowledge-wise and economically through creation of employment opportunities; thereby, obeying the basic tenet of utilitarianism. However, we can't ignore Google as a profit-oriented MNC, which won't just keep its own interest aside for a noble cause; meaning that like any other business corporation, Google's entry into China is purely strategic, which is not wrong also. But, why did Google plan it despite being aware of the situation in China? Or was it unaware of it? Technically speaking, international business requires thorough research beforehand about four types of risks namely; country, commercial, cross-cultural, and currency risk, each of which facilitate success or trigger failure. It would be foolish to attribute such a lapse from a company of Google's stature, therefore, signaling it as a deliberately planned step, taken despite complete awareness of the rough weather ahead, with full confidence, or rather over-confidence in its abilities and global market reputation to 'pull it-off';

something I won't call wise. If that's true, then utilitarianistically, it held a very narrow view of the situation by acting on its co-founders' orders to march ahead, only concerned with growth and expansion and openly ignoring everything else. Talking about its steps to deal with China, i. e. implementing a self-censorship policy initially, and later on expressing its refusal of the same, though agreeing to help the government in conducting censorship-free searches, has two aspects with respect to utilitarianism; firstly, for the Chinese government it was obedience of their policies and gelled well with their definition of the " best possible outcome or consequence" for everyone. However, the same act is not at all utilitarianistic for Google's stakeholders, who knew it as an " ocean of information", thereby, making it not only shatter their expectations but also failing to live up to its own image, and thus, acting very ' unlike Google'. Finally, Google's decision to quit China is not really an ethical issue, even though it affected the stakeholders, since it was forced upon on it by unfavorable circumstances, such as, " inability of both the parties to reach common agreement and Google's lost faith in its ability to protect the security of its users after the hacking of e-mail accounts of a few human rights activists by the protestors" (Flemish & Trevino, 2010, p. 439). And according to me, the ethicality/unethicality surrounding any decision depends on our control over it, rather, than the circumstances controlling it for us; a situation that was in Google's full control before and not after entering China.

deontological approaches. Unlike the consequentialist theorists, deontologists suggest that an ' ethical decision' focuses only on " doing the

right thing, at the right time” i. e. within a given framework of circumstances, governed by universally acceptable principles like honesty, fairness, loyalty, promise-keeping, rights and privileges, justice, compassion, respect etc., thus, also clarifying that regardless of whether or not they lead to societal benefits, certain actions or decisions would be considered wrong or unethical, if they violate a morally binding set of defined principles. Most of the religious texts provide most of these codified rules or principles being followed from ancient times. However, contemporary work settings have given rise to certain Corporate Codes of Conduct which have also qualified as a set of rules defining corporate behavior.

Deontologically also Google messed up everything big time, by entering China, after actively ignoring the prevalent circumstances. However, the government’s reaction to its activities, was out of a fear of political instability that would befall them, if uncensored politically sensitive information did rounds of every human brain; an irrational fear that was completely ill-timed, since the politically sensitive events feared were old enough for people to have lost interest in them, leaving aside the question of really triggering emotions, powerful enough to create any untoward law and order situation. For example, “ the bloody face-off at Tiananmen Square between the armed forces and protestors took place almost two decades back in 1989” (Flemish & Trevino, 2010, p. 439), the memories of which were too bleak than they were at that time to break any riots in the country.

Further, Google played smartly, by initially budging into the government’s demands based on its scanning of the anti-expression atmosphere over there, thus, correctly gauging the ‘ right circumstances’ to take a

deontologically ethical decision, which though was unethical from a consequential standpoint. Finally, Google's 'just-in-time' exit when things were getting unmanageable, with China's increased hostility towards it along with widespread global criticism from everywhere regarding its activities from the time it entered that country, was an ethically sound decision on its part from a deontological perspective.

step three: identify the affected parties (stakeholders)

Every ethical decision has certain outcomes, that directly and indirectly affect the entities or parties involved, known as stakeholders, therefore, it becomes imperative to identify these people beforehand in order to conduct an "impact analysis" well in advance, because it not only decreases the post-decision implementation questions from all corners, but also helps in planning any "crisis management" efforts required, in case, the implemented action creates a chaotic atmosphere. Stakeholders are normally owners, managers, employees, business partners, clients, suppliers, government, stockholders, or anyone having a vested interest in anything related to the organization. A suggested way is to adopt a "funneling approach" from the bottom. "Start with the parties directly affected by the outcome of the decision, such as the business owners, employees, managers etc. Next, think broadly and include other parties who may be indirectly affected such as the customers, government etc." ("Eight steps", 2007). In this case study, the stakeholders would be Google China and its employees, managers, owners and co-founders, Chinese government, citizens and customer groups, including bloggers, as well as various human rights activists and social welfare organizations such as the UN Declaration

of Human Rights, Reporters Without Borders Group, Amnesty International, The Electronic Frontier Foundation, and last but not the least, the U. S. Government - Google's parent country.

step four: identify the consequences

Because each decision has certain consequences for different stakeholders, therefore, once identified, they need to be empathized with respect to their current situation or position, and the shift it would undergo once the decision is made or implemented, either for better or worse, and if worse, then, to what extent they can be avoided, or at least minimized. Another aspect that needs attention is an inter-consequence comparison for all the parties, post-decision implementation. " All the consequences ensuing from any decision-making activity fall into the following categories" (Flemish & Trevino, 2010, p. 439):

long-term vs. short-term consequences. Businesses often face a dilemma of choosing between short-term and long-term benefits, which demands vision and wisdom on their part to display clairvoyance in their actions and decisions - a quality rarely seen. In this highly dynamic environment, the legitimacy of our current decision lies in its ability to command the same respect in the future. For Google, the short-term and long-term consequences of its faulty decision to enter China remained the same throughout, because both in 2006 upon its entry and in 2010 upon its exit from China, it met stiff resistance and opposition from the government, which it could not overcome, and instead succumbed to it. Similarly, during the same timeline, it could not even touch Baidu. com's market share figure, leave aside, surpassing it; and always remained a distant second to it.

Further, the exit plan made Google “lose out revenue in the range of \$250 to \$600 million in 2010, a figure that is expected to touch \$840 million by 2013, considering the growth potential of the Chinese Internet market from 300 million to 400 million regular users” (Flemish & Trevino, 2010, p. 439). However, for China, its way of functioning remained the same both before and after Google, thus, causing it to lose nothing.

symbolic consequences. Every business decision is symbolic i. e. sends out a message, by representing something. This issue gains paramount importance in situations when the same message is misunderstood by the receiver or someone else due to a gimmick of human mind in the form of peoples’ diverse ways of thinking and behaving, differing attitudes and beliefs and also varying degrees of pre-conceived notions about someone or something. Google’s entry into China must have sent across mixed signals in the industry, with some seeing its entry into a perilous market, as a crazy move, while others labeling it as a sign of confidence. However, when the same company, retrenched back, defeated, everyone, including those who directly and indirectly supported its decision, must have questioned its business acumen. Similarly, Google’s activities in China, be it imposing a self-censorship policy initially or later on showing disinterest and refusal regarding the same, turned many eye-balls, as evident from the “widespread criticism it received from every direction” (Flemish & Trevino, 2010, p. 439).

consequences of secrecy. Another test of the ethicality of a particular decision is whether it is taken publicly and consensually through open communication with everyone or privately in a clandestine fashion to avoid

any negative reactions and confrontations upfront. Confrontations and cross-questioning is always feared when the decision-maker lacks conviction to provide convincing answers, which is sufficient to raise doubts on the immorality of the planned action or decision. Google also had to bear the consequences for not only taking a misjudged business decision, but also keeping it a well-guarded secret. The very fact that the co-founders used their special veto decision-making power to seek entry into China, and that too without securing the immediate stakeholders' buy-in, assuming that they knew about the rough waters in the alien territory; for the fear of encountering active confrontation and cross-questioning, says it all.

step five: identify the obligations

Ethical issues should be determined keeping in mind the stakeholders' obligations, which depend on the roles played by them, often giving rise to role conflicts, and hence, at times clouding our ability to make ethically sound decisions due to an undue favoritism we show towards a particular role, thereby, ignoring others in the process. This should not happen and we should give equal respect and importance to all the obligations, in order to be able to deliver an impartial and an ethically sound judgment.

Deontological approach dictates "principle-based" ethical behavior of a decision-maker aligned with a moral set of codified rules of conduct, which ignites peoples' trust in him; partly based on his obligations towards the people stemming from the role he plays in the societal set-up. The involvement of different actors in this case makes for a web of multiple roles played by different stakeholders that give rise to the obligations they have towards one another that decides the ethicality/unethicality on their part.

Google, as already mentioned, deontologically failed to deliver its obligations by breaking an unspoken trust of its stakeholders, primarily the employees by taking a misinformed decision of entering rough waters in China, and then repeating the folly, from the users' perspective of bowing to its demands, which though, I feel was justified considering its already first goof up of overconfidently seeking entry without bothering much about the consequences, making it not to afford another mistake of pushing itself onto the Chinese government; as CEO - Eric Schmidt rightly said, " Google has a responsibility to abide by the law of every country where it does business, and it would be arrogant of it to just walk into a country where it has just begun operations, and tell it how to run itself" (Flemish & Trevino, 2010, p. 439). This seems logical because antagonizing the law of the country in which one operates, is never a wise decision.

Finally, as far as the Chinese government is concerned, it has continued ignoring its obligations towards its citizens from day 1, as clearly evident from its repressive policies designed to curb free expression, especially concerning " stale" political news, that has lost the vigor and intensity to invite strong reactions from the public, thus, a self-critical definition of " acting ethically under the right set of circumstances", from a deontological perspective.

step six: consider your character and integrity

Even bigger than the society, is our own conscience that demarcates between ethical and unethical behavior. The best thing before taking any ethical decision, is to place yourself in the shoes of one such person or a professional community, whom you consider as an epitome of morality, and

then decide whether or not your contemplated action matches up to their definition of ethical behavior. Here, abiding by the disclosure rule is helpful. “ Disclosure rule means asking yourself whether or not you would feel comfortable in publicizing your activities or decisions through a newspaper, news channel or any public forum platform” (Flemish & Trevino, 2010, p. 439). Try imagining that highly ethical person or community’s perception of you once the act goes public. Would they continue respecting you? If the answer is no, then it means that you should not be doing it.

Google’s action here can best be explained in terms of the “ integrity theory that focuses on a person’s virtue ethics i. e. on his integrity or character by assessing his behavior in terms of his motivations, intentions and moral reasoning. It defines ethical or unethical character of a person with reference to his social or business community” (Flemish & Trevino, 2010, p. 439). In Google’s case this point of reference, other than its explicitly stated goals and values, would also be its business competitors, like Yahoo, MSN & Cisco along with experts like the Internet Civil Liberties Specialists. The comparison of their (competitors) actions with that of our protagonist is relevant due to the same situation faced by each. Google’s actions, though partly influenced by them, were still better, since, not only did it publicly “ apologize for compromising on its values” (Flemish & Trevino, 2010, p. 439), but also proved its genuine remorse by refusing to give-in beyond a point, unlike, its competitors, most prominently Cisco, which shamelessly, “ built a censorship-heavy Internet system for the Chinese government by providing the hardware to block internet sites” (Flemish & Trevino, 2010, p. 439). And what more, even the experts like the Internet Civil Liberties Specialists have

endorsed Google's decision by saying, " that it helps it re-align its business, with its ethos" (Flemish & Trevino, 2010, p. 439).

step seven: think creatively about potential actions

The best ethically sound decision is not always " yes" or " no", because it satisfies only one group of stakeholders, while leaving the other dissatisfied and antagonized - something we should refrain from. Therefore, there is always a third option of principled negotiation, whose search demands a creative effort on our part to holistically consider the situation, assess all the potential courses of action, and choose the middle path, since, apart from successfully solving the problem, it also satisfies everyone to some extent, while leaving no one dissatisfied

Though logically viable, it's success is also situation-dependent, which unfortunately in Google's case is not very favorable, since, principled negotiation as a third option is a two-sided affair, requiring flexibility by both the parties - something which China is totally estranged to. The government's " my way or highway" attitude threw Google in a " fight or flight" syndrome, and finally made it cease its web presence in their land. And it is not that they did not fight. They tried battling it out for four years, but only took this decision to quit once all their hopes were laid to rest. So, I agree with Google's decision to quit because they at least tried their level best.

step eight: check your gut

Despite being a " highly rational fact-gathering and evaluation process" (Flemish & Trevino, 2010, p. 439) performed using the five senses, ethically sound decision-making, does not refuse using the sixth sense of intuition or

gut feeling. Thus, any kind of even the weirdest discomfort felt from inside, about a particular situation, that makes one doubt his/her actions is a warning worth attending to immediately. However, it should only act as a “whistle blower” and not govern the entire decision-making process.

Unfortunately, Google ignored China’s troublesome commercial history with other western corporations as the biggest gut feeling and blindly chose to enter it. In fact, the case clearly cites Google’s competitors’ face similar struggles over there. Though, it is hard to believe that both Page & Brin were unaware of their competitors’ struggling commercial presence in China, but, assuming they truly were aware, just reconfirms their ignorance of the gut feel. However, if they did it despite knowing everything, then in my view it was a deliberately taken, unethical decision purely based on sheer over-confidence.

Conclusion

The above discussion reveals the many perils of doing international business, with one of them being, facing an ethical dilemma pertaining to an otherwise faulty decision taken, which even if, afterwards reversed, cannot undo the harm already caused. Something, which exactly happened in the case of Google, wherein, according to me it took an unethical decision to enter a problematic country like China, actively ignoring the warning signs, and only considering profitability, and nothing else. This is totally, anti-consequentialism or utilitarianism, which promotes broad thinking. Even if for the sake of argument, we assign legitimacy to Google’s entry in China due to its noble intentions of improving growth and development opportunities through dissemination of knowledge and information, still, its

decision could not be called as ethical since the final outcome was not at all beneficial.

Further, even deontologically, Google is guilty of entering China, under “wrong circumstances”, when the problems over there were far from over. However, though it took an ethically right decision to retrench back “at the right time”, but the damage was already done.

Finally, from integrity perspective also Google is at fault, since, instead of learning from the mistakes of his professional community of competitors, it also treaded the same path, thus, calling it as an unethical move on its part, and hence, making me disagree with its decision to enter China.

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