

Starnes-brenner  
machine tool  
company—to bribe or  
not to bribe



**ASSIGN  
BUSTER**

Several questions should be emphasized in the case; the question of ethics, the question of self-reference criterion and a more important question of what role should the marketer play; how much should they try to change the system and how much should they try to become a part of the system. A strong point should be made that in a country where bribery is part of the way of doing business, there is an identifiable system of how much bribes are made, how much for different activities, when paid and to whom paid.

One retired British executive once graded bribes as: 5% of \$200, 000 will be interesting to a senior official below the top rank, while 5% of \$200 million justifies the serious attention of the head of state.[1] Anyone being sent to a country where bribery is an important aspect of doing business should be well versed on the system of bribery in the country and be prepared to deal with it effectively.

#### Pertinent Facts

The Latin American sales effort of Starnes-Brenner Machine Tool Company of Iowa City, Iowa centers around a one-man operation in Latino. The company is changing its international marketing emphasis and is going to act more aggressively as an international firm.

A new salesman is going to replace the Latino representative who is retiring. During the training period the new man who is a company man from the U. S., is introduced to the role bribery plays in doing business in Latin America. He questions the ethics of the practice and the rationality of it as a means of doing business profitably. The retiring representative points out that the firm in Latino, in addition to making a profit, is stimulating the economy of the

<https://assignbuster.com/starnes-brenner-machine-tool-companyto-bribe-or-not-to-bribe/>

country and that since bribery is a recognized means of doing business it is stimulating to the economy of Latino. He proposes that ethics will rise with an increase in the standard of living.

Bribery persists as a problem the world over. In China, many of the Republics of the former USSR, and elsewhere, the business person is confronted with the decision to bribe or not to bribe. The instructor may want to have the students review the section on Business Ethics in Chapter 5 before attempting this case. It may be useful to have them examine the case without using the decision tree for ethical and socially responsible decisions (Exhibit 5-4) and then to review the case using the decision tree. The advantage of using the decision tree is to help them focus their thinking on the consequences of their decisions.

One of the purposes of this case is to explore all the ramifications of bribery. A point raised in the case concerned bribery in the U. S. The attitude presented is that all others engage in wholesale bribery but that Americans are somehow above it all, except for isolated cases. Two articles that address issues of bribery both in the United States and elsewhere are recommended before discussion of this case. See " The Destructive Costs of Greasing Palms," BusinessWeek, December 6, 1993, p. 133-138 and Daniel B. Moskowitz, " Taking Aim at Bribes Overseas," International Business, February 1994, p. 110.