PART I. James buys material from a local supplier in Country X. The local supplier is a friendly man who invites James to family functions and often offers him gifts and is clearly offended when James refuses them. For James, the gifts are "kickbacks" and pose conflict-of-interest problems. But James's colleagues tell him that in Country X, business relationships are built on personal relationships, and personal relationships are cemented with gifts. James likes the man and thinks the way of doing business in Country X is more human and certainly more enjoyable. Yet he wonders if the relationship involves violations of his code of ethics.

1. (30 points) Discuss this case in terms of (a) one code of ethics and then (b) in terms of guidelines for interpreting and applying the codes in another country.

2. (20 points) Suppose this same situation arose when James was transferred to a plant in Utah. How (if at all) would it change your answer that he is dealing with a somewhat different culture within his own country?

PART II. Philip Harding is an engineer at a small family business called Wonder Products, Inc (WPI). The majority of WPI's work involves designing and producing parts for larger products that are sold by other companies. WPI is under contract to design and produce a complex component for General Farming Implements' (GFI) farm harvesting equipment.

Despite a nagging, though small, problem that does not find a 'perfect' solution, WPI designs the part to GFI's satisfaction. The price is set at $100 for each component. GFI orders 1000 components, with the likelihood that since things have gone so well, they will be talking to WPI and Philip about other contracts.

WPI begins production and ships the first portion of the order to GFI on time. GFI, at this point, is very happy with the component and wants WPI to ship the final three quarters of the order as soon as feasible. As Philip is working on the component he thinks of an apparent solution to the 'nagging problem' that bothered him in the design. It would involve a small change in the production process, while increasing the cost to three dollars more per component. Philip is convinced that, had they known about this improvement earlier, GFI would have wanted it. Philip decides to spend the weekend experimenting with his new idea. He quickly confirms the fact that the new design solves the problem.

(A) Philip brings the development to the attention of other members of WPI. He says that although they can fulfill the original contract and be safe from legal reproach if they say nothing to GFI, they have an ethical obligation to offer the new design to GFI immediately, whether or not WPI ends up picking up some of the costs for making changes. He contends that the flaw in the initial design was an oversight on WPI's part. "We contracted with GFI with the understanding that we would provide them with the best design we could come up with," Philip says. "So we ought to tell them about the improvement."

(B) The financial manager of the company, Connie, expresses her concern about the three dollar per component cost increase. She says that they are working on a narrow profit margin now; and, although this only represents a one percent increase in cost, it adds up to $2250 plus costs associated with recalling and altering the components already sent to GFI. She thinks that WPI would be better off introducing the development if and when GFI makes another order.

(C) Tim, in charge of Sales and Public Relations, suggests a compromise between the two. He
suggests that they offer to share in the cost of the new product. Concerned with the image WPI projects, Tim worries about GFI later complaining about WPI not coming to them with the development during the first order. Although they could insist that the design change was not conceived of until after the first order was complete, there would always remain the doubt, indeed a correct doubt, that WPI held out on GFI by not offering them the best product. In the long term this could mean mistrust and, in the worst scenario, a severing of business ties between the two. "Granted," Tim acknowledges, "the withholding of this information would mean an increase in our short term income. But it could mean a disaster to our future with GFI--and a setback in our standing in the business community!"

3. (30 points) Which of these three positions do you most agree with - (A) Philip's, (B) Connie's, or (C) Tim's? Support your answer by reference to BOTH an ethical theory (being sure to specify which theory you are using) AND an in-depth discussion of one of the views of responsibility that we discussed?

4. (20 points) Suppose your management sides with Connie and dictates that you not bring the issue to the client's attention until this order has been completed? Under what conditions would you consider going against these orders and informing the client about the improvement?
   a) if the improvement made for more efficient operation?
   b) if the improvement made for a decrease in environmental impact?
   c) if the improvement made for an increase in safety of operation?
Justify your answers.