

**Untangling the Corruption Knot:
Global Bribery Viewed through the Lens of Integrative Social Contract Theory**

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“Untangling the Corruption Knot: Global Bribery Viewed Through the Lens of Integrative Social Contract Theory,” in N. Bowie (Ed.), *The Blackwell Guide to Business Ethics*, Malden, MA: Blackwell Publishers, with Thomas Donaldson, 2002.

ABSTRACT

Global managers often must navigate the perplexing gray zone that arises when two cultures--and two sets of ethics--meet. Suppose:

Competing for a bid in a foreign country, you are introduced to a "consultant" who offers to help you in your client contacts. A brief conversation makes it clear that this person is well connected in local government and business circles and knows your customer extremely well. The consultant will help you prepare and submit your bid and negotiate with the customer . . .for a substantial fee. Your peers tell you that such arrangements are normal in this country--and that a large part of the consulting fee will go directly to staff people working for your customer. Those who have rejected such help in the past have seen contracts go to their less-fussy competitors.

A developing country in Africa solicits bids for a dam on a major river. Your firm submits a bid based on your substantial experience in building similar structures. The contract is awarded to an Indonesian firm having little experience in building the type of dam required. You suspect that a bribe has been paid to the government official in charge of awarding the contract. You later hear that the winning proposal involves substandard materials and design. You genuinely believe that the dam is likely to collapse in the future and cause great loss of life.

What should you do in such cases? “Bribery is just like tipping,” some people say. “Whether you tip for service at dinner; or, bribe for the benefit of getting goods through customs—you pay for a service rendered.” But while many of us balk at a conclusion that puts bribery on a par with tipping or that suggests we should violate our personal values when in another culture, we cannot say why. In the case of the African dam, one appears to confront a choice among evils. If one does nothing, the contract will go to a less qualified bidder, and even worse, the lives of people living near the dam may be endangered. But if one complains, it not only seems like sour grapes, but by exposing the corruption, one risks endangering the representatives of one’s firm. Ultimately can there be any solution to such problems?

This chapter describes a systematic way to think through the problems of bribery and its possible responses. In order to untangle the corruption knot, we will show how to apply two key concepts from the “social contracts’ approach we develop at length in our book, *Ties That Bind* (Donaldson & Dunfee, 1999). We focus on bribery as part of the international issue of corruption because of its enormous importance in today’s global business environment. Further, we believe that public attitudes about bribery are changing, making matters even more challenging for beleaguered managers facing the temptation of bribery. Academics, public policy makers, officials of public international organizations, and corporate managers all must consider the full implications of widespread global bribery. But we also focus on bribery for the practical reason that our space in this book is limited, and we believe that treating one global ethics topic well is preferable to treating many badly.