

When in Rome (or Manila ...): Where Business, Law and Ethics Meet¹

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Ralf Mehnert-Meland is an Assistant Professor at Minnesota State University – Moorhead. His teaching experience includes business law, business ethics, government regulation and law in international business. Ralf uses cases like “When in Rome (or Manila)” to bring his law and ethics topics from theory to “real life”. Cases that include somewhat uncomfortable topics, as in this case, allow him to draw students into valuable discussions in the classroom.

Ralf holds a Juris Doctor from George Washington University, a Bachelor of Arts in Marketing and International Business from Carthage College and a degree as "Bankkaufmann" in his native Germany. He has worked in executive and management positions in the ERP, Cloud and healthcare industries in the United States and Germany.

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¹ Names and specific locations have been anonymized.

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Ben Rasmussen was a young mid-level international business development manager with a quickly growing software company in the midwestern United States and happily married. He and his wife just had had their first child in June. It was now early July, and Ben found himself on a business trip to the Philippines. Ben had successfully identified and recruited his company's first independent distributor in the Asian market, located in the Philippines. He now had been invited to the capital Manila to present at the main conference introducing the company's software products. This was a very important event to launch the products in Asia which the company viewed as a significant growth area in its overall global business expansion. It was also an important stepping stone for his personal career. He was the only company representative at the event and his successful presence would likely result in additional business opportunities for the company. He had already traveled to several countries around the world - but never to Asia. His approach to business - and to life - was simple. Ben was a straight shooter: What you saw is what you got. Ben did not lie or cheat, and he followed the rules. His approach was about to face a major test on this assignment.

After flying over 22 hours from the United States and crossing the international date line, Ben landed at Ninoy Aquino International Airport in Manila very late in the evening. The airport was extremely busy. Fortunately, Mr. James Chang, the managing director and owner of the Philippine distributor and organizer of the event, had arranged VIP treatment for Ben. Someone waited inside the secured area to pick Ben up and whisk him through customs and immigration. Ben never showed his passport, stood in line or even saw a government official in the process. A car and driver were waiting to drive him to his hotel in the Makati Central Business District.

The next day, Ben explored the immediate neighborhoods around his hotel. He had spent a restless night, dealing with the 14-hour time difference. On his walks, he was immediately confronted with the sights, sounds and smells of a vastly different culture. Being from a northern climate, he also began feeling the effects of the time-lag, lack of sleep and the unfamiliar near-equatorial hot and humid tropical climate.

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After another night with little sleep, Ben presented at the New World Makati Hotel. He was one of three keynote speakers and his presentation was very well received by the attendees. Ben was convinced that the positive reception was an indication of the great potential for the company's products in the Philippines. At the end of the conference day, he was ready to leave for the hotel to catch up on his sleep when the conference organizer said: "Ben, as a thank you for making the long trip and presenting, I would be honored if you could join me and the other speakers tonight for dinner. I will have a driver pick you up at the hotel at 6:30 p.m." Despite his fatigue, Ben did not feel he could turn down the invitation and agreed to join.

The group enjoyed a wonderful dinner and drinks at a high-end Chinese restaurant. In addition to the two other speakers, who worked for potential partner companies in Tokyo and Hong Kong, two of James's employees had joined them. The dinner wrapped up at about 10 p.m. when James asked the group to join him in "something typically Asian." Two cars picked up the men to drive to a different location. Ben fell asleep during the 30-minute drive. He woke up when the car stopped, and his door was opened. As he groggily stepped out of the car, he realized that he did not know where he was or how to get back to his hotel. He also noticed a row of brightly-lit buildings. Led by James, the group entered the largest of these buildings.

Crossing the threshold and assessing the set-up and décor of the interior, Ben immediately realized that they had just entered a brothel. The entire lobby was red, from the lights on the walls to the carpet and the furniture. Right in front of the group on red leather couches, sat 20 of the most beautiful women Ben had ever seen. The owner of the establishment greeted James with the words: "Welcome back. We have prepared everything as you requested." He then guided the group into a small side room with a U-shaped low seating arrangement and a table full of food and drink.

Ben was given the place of honor at the head of the table. At this point, he was extremely uncomfortable as he had not expected to – and did not want to - be in this situation. After the men were seated, James asked the owner to "bring in the women." He then turned to Ben with the words: "Ben, you have first pick. Pick your woman." After assuring James that he was "just fine without one", James strongly insisted on his request. Ben selected one of the women who immediately proceeded to sit extremely close to his right side. James then insisted that Ben needed a second woman, picked her and sat her extremely close to Ben's left side.

Ben was in a state of panic. He did not know where he was or how to find a way out of this situation. He was seated between two extremely attractive women whose obvious goal was to make sure he was going to have an enjoyable evening. While he had no conceptual problem with legal prostitution, he did not want to be in this situation being happily married with a

newborn at home. Ben also was unsure whether prostitution was legal in the Philippines. In addition, Ben's company had recently put in place its first employee policy regarding acceptable business behavior and ethical expectations. The policy clearly prohibited illegal behavior, such as bribery and harassment. It was, however, somewhat vague with regard to other activities by generally stating that employees had to conduct themselves in a "business-like manner while conducting business for the company". Ben was not sure whether his presence at this event could be construed as business-like behavior or as a violation of that policy.

After all the men had been paired up with women, James informed the group with a wink that "everything was included" and that "other options" were available to those who did not enjoy the company of women. The women started serving the drinks and food and began conversation with their respective patrons. Ben found his companions to be extremely well-spoken and educated.

"Something Typically Asian"

At some time, the "typically Asian" part of the evening started. A curtain at the far end of the room was opened to display a large TV screen. Several microphones were provided. The group spent the rest of the night until about 4:30 in the morning singing karaoke. The main role of the women was to animate the men to sing and enjoy their evening out. Ben knew that karaoke singing in business settings had long been a fixture of Asian business culture. Drinking and spending evenings in front of a microphone is seen as a way to unwind, build trust across language and cultural barriers and facilitate business dealings. After realizing the true purpose of the invitation in the evening, Ben found himself much more relaxed and enjoying the company.

There was no question that the men could have enjoyed all the other services that were "included" per James's statement earlier in the evening. That, however, was for each participant to decide on his own.