2. Government, Corporate versus Consumers
Governmental and legal issues
- Information asymmetry
- Holes in laws
- Loose regulation

Consumers
- Do not know how to protect themselves.
Micro Environment

- Morality of corporate leaders
- Corporate culture
- Employee quality
- Management and corporate control on ethical problems
Ethical Problems in China Retailing

- **Bribery and corruption**
  - Carrefour resigned more than 10 purchasing managers in 2007.

- **Cheating**
  - Faked partners in Carrefour’s expansion
  - Faked price promotion

- **Intimidating**
  - High slotting fees

- **Theft**
  - Employees
  - Consumers
Ethical Problems in China Retailing (Cont.)

- Counterfeit products
- Food safety
- Environmental issues in retail industry
Scenario 1

- A foreign retailer plans to open several stores in a third-tier city in China. A Chinese businessman claims that he has good relationships with local government and can help the retailer get prime locations and facilitate the approval process. The business man asks for $20,000 to cover his expenses.
Scenario 2

- As a buying manager, you purchased 100 desktops for the new headquarter in China for your company from a local dealer. After the completion of the transaction, the dealer sent you a free laptop as a gift to thank you for your business.
As a retail buyer, your company sent you to China to negotiate the price with a major supplier for your company’s new purchases. A sales manager from the Chinese supplier picked you up at the airport and told you that the vice-president of the company would like to have dinner with you tonight and talk about the contract at a fancy local restaurant.
Scenario 4

- At the beginning of the dinner, the vice-president of the supplier poured a full glass of Chinese wine and made a toast to you. Then he drank all the wine in his glass. You know that the Chinese wine is very strong and you might get drunk if you drink it all.

- [http://www.youtube.com/watch?v=cernijilo&feature=related](http://www.youtube.com/watch?v=cernijilo&feature=related)