

Does a good cause justify an ethically questionable act?

What would you do if your refusal to engage in bribery threatened the viability of your business project? Is extortion ever justifiable if it's for a good cause?

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A decision by the European Union to fund the electrification of eight villages in an unnamed central African country came as welcome news to one small, private, European firm dedicated to the supply and installation of electricity.

For several years, "Voltium" (a real company but whose name has been changed to protect its identity) had been experiencing losses due to a shortage of projects. The E.U. contract represented an important opportunity for the firm to improve its financial position, while at the same directly benefiting those villagers who were about to receive electricity.

But what the company did not foresee were the obstacles that local leaders would impose on the project. Should Voltium give in to local pressures for the sake of the greater good?

This is the business dilemma posed by IESE professors [Guido Stein](#), [José Ramón Pin](#) and [Juan Carlos Vázquez-Dodero](#), in collaboration with Eloy del Potro, in their case study that received a European Foundation for Management Development (EFMD) award in the category of Responsible Leadership in 2012.

Connections required in every sense

The project was destined to bring electricity to more than 10,000 people, as well as eight health centers, which would greatly improve the delivery of health care in a region where life expectancy was around 50 years and the infant mortality rate was 6 percent.

Public lighting would increase safety in the streets, and the introduction of television, radio and mobile phones would enhance people's connections to the wider world.

The region's inhabitants had been promised electricity since the 1960s. Now it looked as if that promise was finally going to be fulfilled, thanks to the E.U.-supported collaboration between the National Electricity Company and Voltium.

However, the head of the project for Voltium, Daniel Ragot, soon ran up against local politics. It seemed that powerful members of a noble local clan were all involved in the project in some way. They exerted considerable influence over the local administrative authorities.

The country's administrative structures worked under a double payment system, which meant that government and business saw their revenues dwindle after a large number of civil servants, middle managers and personal acquaintances all took their cut.

Does the end justify the means?

At first, the project seemed to be going well, with the initial surveying and transportation of materials to the region completed without any major difficulties.

However, things began to get complicated when the workers began clearing brush and cutting trees where the power lines would be installed.

The regional king complained that Voltium had not paid the necessary "fees," so he had their materials confiscated. He even went so far as to go on national television and blame Voltium for alleged environmental damage, while behind the scenes he sold the wood from the felled trees.

Ragot was faced with a serious moral and legal dilemma. He was under pressure from two sides: the local ruler, who was demanding payment, as well as the European Union, which had strict funding conditions attached to the contract.

Ragot was also under pressure from his own company, which was not hitting its profit targets and was on the brink of closure.

If something didn't give, the project would have to be delayed, frustrating the very worthy goal of bringing electricity to remote villages.

Given that the project was ultimately going to improve the quality of life for thousands of people, was it really such a bad idea to give in to the king's demands and grease a few

palms? What would you do?

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