

Peer Review of Grievances at Shamrock-Diamond Corporation

The Shamrock-Diamond Corporation was founded by an entrepreneur in 1895 as a manufacturer of cutting, drilling, and grinding instruments. By 1912, the company had begun to build overseas plants. Then, as the oil industry grew, Shamrock-Diamond expanded further. In 1965, sales exceeded \$300 million for the first time, and the corporation's status progressed from privately held to publicly held. Today it consists of 72 distinct firms employing 18,600 workers at 96 plant sites in 15 countries. The company specializes in cutting tools, drilling equipment, grinding machines, sealants, and safety products.

Mr. Mario Pellegrino has been chief executive officer of this corporation for twelve years. The company has been profitable and has increased its dividends and workforce every year that it has been under his direction. For the past week, Pellegrino has been preparing a presentation and proposal for a meeting of his board of directors. After he calls the meeting to order, he gives his explanation about an additional agenda item. Although the agenda for the meeting had been mailed, the new item was not listed. Pellegrino considered the matter to be too touchy, and he selected this occasion to approach the board with his views. He does not expect these views to be fully shared by board members.

Pellegrino begins his presentation to the board as follows:

You know that we have always been keen on a high standard of ethics in this corporation. Over the years we have developed separate codes of ethics to govern problems of "questionable payments" abroad, acceptable advertising of our products, and nondiscriminatory employment. These proposals put us out front in the 1980s, and we are still ahead of other American corporations.

Two years ago, as some of you know, I took part of my vacation and attended a two-week seminar on "Ethics and the Business Corporation" at Dartmouth College. To my surprise, the focus of the discussion among the participants in this seminar was on em-