

Case in Ethics

By Hector Bravo

A 24 year old man, who majored in accounting and graduated from the University of Puerto Rico, Mayagüez Campus (UPR-M), approached the owners of a commercial center located near the UPR-M about the possibility of starting a barbecued food eatery in an empty space in the establishment.

The administrator of the commercial center discussed and reviews with him the business idea. The young man was then asked to present it as a written proposal. He, under the guidance of a professor of business administration, prepared the project and submitted it on 1 May 1997. In a second meeting, the proposal was discussed with the commercial center's administrator and submitted to the Board of Director's for evaluation. The student was to return in two weeks for an answer. In a third meeting, the administrator informed him that he was worried that the business was directed mostly toward college students and would be a place where alcoholic beverages were sold and would give a bad atmosphere to the center. According to the administrator, to avoid this problem the idea needed to be altered to include more food dishes and be focused more toward young professionals instead of college students. In a following meeting, the administrator and the young man discussed the square footage, the establishment, and the rent and the young man was informed that he should improve the proposal. Because of the last meeting, the young man understood that his proposal was being seriously considered and built up some expectations. He investigated the possibility of obtaining a loan with the mortgage as a guaranty and his parents as the guarantees, and submitted a second proposal to the commercial establishments Board of Directors on July 3, 1997.

As the time passed the young man inquired weekly about the status of the proposal. During this time, there were some changes made to the original proposal after meetings with the administrator. In a letter submitted on August 20, 1997 he informed the Board that in Pizza X in that same commercial center they were selling alcoholic beverages. Again, changes were made to the proposal to reflect this new information. After several months, the proposal was expediently denied by not responding affirmatively or negatively in writing with the stated reasons being that the young man's business would require too much parking space and the negative effect of the

sale of alcoholic beverages.

Approximately one year later, in the same commercial center, an establishment from a North American firm opened with the same concept which included alcohol sales, barbecue food, and late night hours.

Questions:

1. Why wasn't there a written refusal to the proposal stating the reasons why it was not accepted?
2. Was there any discrimination based on age?
3. Ethically, should the owner of the establishment had considered and approved a similar, but not equal, concept?
4. Was there a violation of law? If there was any, which laws were violated?
5. Was there robbery of concept? Of idea?
6. Are the following claims prosecutable?
 - a. Damage and loss
 - Moral damage
 - Emotional damage
 - Economic damage (loss of income, etc.)
 - b. Contract and/or pre-contract violations
7. Is there any discrimination or partiality against local businesses? Is there any discrimination against the small merchant vs. big business chains? In this kind of business, is foreign money preferred to local? If true, why?