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Abstract

When ISIS crossed over from Syria to Iraq, numerous business owners and companies chose to stop their operations in Syria. However, Lafarge, Iraq chose to keep doing business in Syria by engaging in what was described as “bribing” the terrorist organization (Daily Mail, Oct 5th 2019). This paper explores the ethical dilemma of whether Lafarge had other options than to engage in such malpractice. The parameters of this case are; the Yazidi’s, ISIS, Lafarge, business ethics and international law. This case concludes that from ethical standpoint, Lafarge chose to go with “the end justifies the means (Lykken & Shapiro, 1968)” when Lafarge realized a unique opportunity for the business. Whereby, profits supersede moral, business ethics and international law. Such means were achieved through bribery. The bigger question posed at the end of the case, is the dilemma created by Lafarge to other businesses in Iraq, Middle East, and internationally by setting a precedence for future business dealings. If Lafarge get away with such charges, then they redefine the terms “profits-before-people”, more gravely, they throw the established Western ethical business practices against the wall.

Syria

The succession of events in Syria in post Arab-Spring was unavoidable. The wave of Arab-Spring spread into Syria, when police detained fifteen school students for grafting. Such practices are prohibited by the Syrian government (Taylor, 2018). It was in January of 2011, protest spread into mass-demonstration, which lead into chaos soon after. Government forces responded brutally to put-down protests, by capturing, killing and torturing people (Alderman, 2018). Protestors were demanding freedom of speech, and they called for dignity, and allowing political parties to practice in the political arena. The up rise was uncontrollable, and lead the Syrian regime to kill almost 2,900 people, and the arrest of 10,000 (Alderman, 2018). Such uncontrollable chain of events, gave birth to numerous militant groups to emerge. ISIS was one of many, who’s power and influence spread over the border to Northern-Iraq and the fall of the city of Mosul.

Establishing Islamic State in Iraq and Syria “ISIS”

ISIS stands for the Islamic State of Iraq and Syria, also known as Da’ish in Arabic, coming into the world stage in 2014 (ISIS Fast Facts). ISIS members are Suni sect Islamic radicals, with the aim of establishing Islamic state in Iraq and Syria for all Muslims, reviving the glory of the

Islamic empire, and ruling by the Islamic law of *Shari'a*. ISIS encompasses other Islamic groups, such as Al Qaeda in Iraq. They managed to capture the city of Mosul, the second largest city in Iraq during 2015. In April of 2013, ISIS declared their *Khilafa* (Islamic type nationhood) in Syria by seizing large portion of eastern Syrian. The radical Islamist organization gain ground through terror, intimidation and fear. From the start, ISIS imposed radical Islamic ideology through force and mass intimidation of local civilians. CNN (25 Mar. 2019) reported that "*ISIS kidnaps more than 140 Kurdish schoolboys in Syria, forcing them to take lessons in radical Islamic theology, according to London-based monitoring group Syrian Observatory for Human Rights.*" (ISIS Fast Facts). Similar to Pol Pot crimes in Cambodia during the 1960's, terrorizing the populous and forcing the adoption of their ideology was the initial objectives of ISIS. When crossing over to Iraq, the unfortunate region of *Shangal* in Northern Iraq, happens to be close to the border with Syria. It is the home of a pacifist minority group in Iraq, called the Yazidis. ISIS took over Shangal, which led 30,000 families to flee their hometown (CNN August 2014). According to some estimates, initial killings of Yazidis by ISIS resulted in the killing of more than 500 people, and the death of more than 70 children and women. Captured Yezidi women, were taken as sex slaves for ISIS fighters (ISIS Fast Facts).

The Yazidis

The Yazidis are religious sect based in northern Iraq and Syria, extending to southern Turkey. Yazidi derived from the word *yezdan* or *ezid* that means the worshipper from God (Joseph, 2016: Taylor, 2018). Extreme Muslim sects such as the *Wahabis* (founded in Saudi Arabia, by Mohammad Bin AbdulWahab in the 1950's, in which the ideology shaped modern Islamism and formed modern radicalization) and Christians, believe that Yazidis worship the devil. And as such, they are not a true believer (Joseph, 2016). Yazidis are considered to be Kurds, and they consist of a relatively small religious group with a distinctive belief. When ISIS ruled the Yazidi regions, they applied violence and subjected them to converting to Islam against their will, torturing, killing, and kidnaping their women (*Sabaya Al-Harb*, which is literally translated from Arabic as spoils of war). It is estimated that around 3,500 Yazidi women including young girls, were held captives by ISIS, whom which were treated as sex slaves (Keohane, 2018). The Islamic state used

Yazidi women as subjects, deprived them of their dignity and human rights, raped and traded them as a common commodity.

Lafarge:

LafargeHolcim Ltd., was born in 1883, as a building materials and solutions. Today, they are a conglomerate, active in four business segments world-wide, these are; cement, aggregates, ready-mix concrete and solutions & products (Keohane, 2018). LafargeHolcim headquartered is in Paris, France. The multi-national company, has branches in 80 countries, employing 75,000 people. Since urbanization and over-population is a modern problem, the company poised to serve lucrative global business niche, by making and selling building materials to large projects.

The Syrian business scene and Lafarge

When ISIS took control over, many national and international companies were forced to abandon their business operations in Syria (Keohane). Their primary fear was kidnapping by ISIS fighter for ransom. Working people were left without jobs or financial support. Amongst those internationals operating in Syria, was Lafarge. Lafarge cement factory decided to stay and continue operations with ISIS in charge of their areas. Later on, reports emerged that Lafarge employees were told not to fear the presence of ISIS and to continue working (Alderman, 2018). Employees were further told that evacuation plans in-place and the company is ready to move workers to safe places shall ISIS get closer (Alderman, 2018). Employee protection in such cases is the responsibility of Lafarge management. However, for the sake of foreseen demand for their products, Lafarge forced employees to remain working, while Lafarge headquarters in Syria funded through intermediates the continuation of operations, by negotiating with militia groups including ISIS and *Jabhat Al Nusra* “branch of Al Qaeda” (Solomon, 2017: Lafarge in Syria, 2019).

The New York Times (March 10, 2018) reported "*All told, Lafarge agents shelled out over \$5 million to armed groups, according to the documents, which include testimony to investigators by former Lafarge officials*". Despite Lafarge paying enormous amount of money, the protection

of their employees was weak. Between 2012 and 2014, many employees have been kidnapped (Solomon, 2017: Taylor 2018). It was later declared that Lafarge was funding \$20,000 per month to ISIS and Al-Nusra front, for passage of employees to work-cites, and buying raw material directly from ISIS controlled businesses (Solomon, 2017: Lafarge in Syria, 2019: Taylor 2018). Initially, transactions of money paid to terrorist groups, were written by hand on a piece of paper. However, later on, transactions took a more systematic process and official billing and printed receipts were stamped by terrorist groups (Alderman, 2018: Lafarge in Syria, 2019).

The ethical dilemma

International media noticed that Lafarge cement factories were still operating in Syria. This triggered investigation by numerous interested parties. Paris High court appointed a panel, led by French judges, that oversaw the criminal investigations, of Lafarge. The concern initially was if any rules has been broken by the French company, and violation of international laws, such as payments to ISIS and endangering employees' lives. Appointed judges were also investigating lawsuit by *Sherpa*, a French anti-corruption organization. The New York Times reported (March 10, 2018) "*The employees, in the lawsuit, claim that the company ignored the dangers they faced, and pressured them to keep working*" (Alderman, 2018). At the time when Lafarge was accused of dealing with the Islamic State, kidnaped and enslave Yezidi woman by ISIS, were seeking to join the case against Lafarge. The significance of the Yazidi's role in the lawsuit is that Yazidi women were brutally victimized by ISIS "*about 7,000 women and girls were captured in northwest Iraq in August 2014 and held by Islamic State in Mosul where they were tortured and raped*" (Taylor, 2018).

In Paris, the European Center for Constitutional and Human Rights (ECCHR), and eleven former Syrian employees of Lafarge, filed a suit against the French company, claiming that they broke the law, international norms and ethics. The heart of the claim is that Lafarge was undermining, endangering the labor force and supporting terrorist group by dealing and engaging in trade. The ECCHR and Syrian employees, supported and substantiated claims with evidence and witnesses working for Lafarge. The claims in the law suit supported by French and international law, in which Lafarge Syria is under jurisdiction. Charges brought about included the

following; financing of a terrorist enterprise, complicity in war crimes, complicity in crimes against humanity, deliberate endangerment of people, exploitative labor work, undignified working conditions, and forced labor (Lafarge in Syria, 2019). Lafarge former employees complained that the company did not help them flee, protected them, and forced them to work and manufacture products that supported terrorist activities. With regards to war crimes, beside participating in terror related crimes, universal jurisdiction can be applied, to charge Lafarge-Syria, in accordance with articles 689-1, 689-10 and 689-11 of the criminal procedure code (Lafarge in Syria, 18 Apr. 2019).

Regardless of legal codes, business ethics are derived from human ethical conduct (Firend, 2019). Ethical malpractices were evident here as lucrative business dealings were made directly and knowingly with terrorist groups, known to the international community for their horrible crimes against humanity. The fact is that Lafarge, since 2011 onwards, knew that Syria was not a safe place to do business in, and the lives of their employees are in danger, yet did nothing to protect them. As ISIS gained more momentum and territory, controlling business geographically served by Lafarge, the company was faced with two options;

- 1) Stop operations immediately, evacuate and protect the lives of employees by safe guarding them into safe areas.
- 2) Continue operations, despite clear and present danger, threats of kidnapping, and threat of being killed, and continue to engage in business transactions by maintaining production and exchange with international terrorist organizations.

Lafarge setting a precedence

It is evident in this case of Lafarge that profits were the priority, over people's lives. It has not been proven however, that Lafarge executives knew about bribery and payments made to ISIS. Since then, number of Lafarge executives, has resigned. As mounting evidence shows that Lafarge-Syria could not have maintained operations without prior consent of headquarters in Paris, nor headquarter could have figured out that inner dealings, in the form of pay-offs were made to terrorist groups. All of which are in violation of human rights charters of the United Nations,

ethical conduct, and violation of international laws, including the Syrian law. Court proceedings later showed, that records of pay-offs to ISIS were hidden and kept off the books. Transactions were not officially recorded to avoid legal implications. Payments made were recorded as “*public relations and factory security*” (Keohane, 2018). Such records are indictment of Lafarge’s inner dealings with terrorists. The lack of ethical conduct, may be simply framed in the idea that absolutely no good has resulted to the people involved in the Lafarge case, with the exception of profits made by Lafarge and terrorist organizations. Charges are mounting against Lafarge as a result, as claims include more groups and more evidence surfacing throughout the course of investigation and trials. If such actions go without severe consequences to Lafarge, this would set a precedence to future multinational companies to be engaged in similar unethical practices, only to be fined with a slap on the wrist. Such lack of castigation, would open the gates to more malpractices, corporate hypocrisy, dehumanization of business practices, and the normalization of the concept; profit-before-people.

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An international scholar, academic and business consultant. Worked as Sr. Management Consultant with McKinsey & Company, KPMG, and Anderson Consulting advising U.S. Fortune 500 companies, U.S. government and the United Nations. Co-founded three start-ups firms, that was sold later on. Holds 20+ years of experiences in international business, combining both East and West.

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