

Cross-Border Shopping

by

Steven L. McShane
University of Western Australia
Perth, Australia

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S. L. McShane *Canadian Organizational Behaviour*, 5th ed. (Toronto: McGraw-Hill Ryerson, 2004); S. L. McShane & M. A. von Glinow, *Organizational Behavior*, 3rd ed. (Boston: McGraw-Hill, 2005); S. L. McShane & T. Travaglione, *Organisational Behaviour on the Pacific Rim*, 1st ed. (Sydney: McGraw-Hill Australia, 2003)

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By Steven L. McShane, The University of Western Australia

Jack Tremblay was delighted to receive a job offer from the Canadian subsidiary of TGZ Technologies Inc., a California-based manufacturer of mini-computers. Tremblay was hired as a systems engineer in the Montreal office to install the company's product and serve as a troubleshooter for clients who experienced problems.

During his first two weeks of work, Jack accompanied experienced systems engineers from the Montreal office to see how TGZ's products were installed. Jack had been a systems engineer in a related business for five years, so he could understand many of the steps the experienced engineers went through to install the equipment. However, every client has unique requests, so Jack could not install these systems until he received formal training from the company's head office in California.

At the end of two weeks, Jack was sent for an intensive one-week training program in California where he learned how to install different types of TGZ computers in a variety of situations. Jack met other recently-hired systems engineers from across North America, including four other Canadians. It was a high-spirited gathering where the learning was intense and close friendships were formed. Jack returned to the Montreal office even more dedicated to the company than before and highly motivated to work with clients to install and service TGZ's products.

After three months of work, Jack returned to TGZ's head office in California for another four days of training. The program included many of the same people he had met in the previous program. On the third day of training, Jack was approached by a production manager at TGZ's California plant. He asked Jack to take a small package back with him to Montreal and handed over a small box containing several small components and circuits for a TGZ minicomputer that was about to be installed for a Montreal client. Although these pieces would fit into a shaving kit, they were worth several thousand dollars in the retail market. Jack asked whether these items should be declared at Canadian customs, but the manager quickly said "No. Uh, we will handle that. You just keep them in your luggage so that there's no confusion with the customs papers we have sent already."

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Upon his arrival in the Montreal office, Jack gave the package to the regional manager who was expecting it. “You had no trouble with Canada Customs, of course?” asked the manager. Jack explained that he said nothing about the box and was not given any special inspection. He then asked why there was so much concern about getting across the border with the parts if the customs papers had already been processed.

The regional manager laughed as he replied: “Is that what Choy (the production manager) told you? I bring these things across all the time. Besides, the duty is almost \$500 on these parts. If we claimed everything we imported, we would probably have to raise prices by 5 or 10 percent or transfer service work to our offices in New York. And that would put you out of work! Now don’t you worry about a thing.”

Jack was stunned, but left without showing any emotion. He now realized that his action had violated Canadian customs law and that he may be asked to do so again. Jack decided to call the systems engineer from TGZ’s Calgary office with whom he had become friends at the California training sessions. The systems engineer from Calgary said that she did not have any such experience, but her regional manager had just been hired and might not know about the practice. She suggested that Jack shouldn’t worry about the incident. She was sure that import duties would be eliminated from these components over the next few years. Jack thanked his colleague for the advice and then sat in his office to decide how to handle this situation.