

2019/20 Responsible Business and Management Writing (and Alternative Media) Competition: UNDERGRADUATE CATEGORY

**Essay Title: ‘Choose a business ethics issue discussed in the news in 2019 and analyse it through business ethics theories. Determine whether the organisation involved acted ethically, or not, based on your analysis’.**

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**Abstract**

This essay provides an insight into the topic of business ethics, by focusing on the case of Company X. Through analysing the case of Company X, conclusions are drawn on whether organisations should play a role in protecting human rights, or not. John Locke’s ethics of rights theory is used to assess whether protecting human rights, in the case of Company X, should be an obligation of businesses. With increasing demands placed on workers, it is important to explore the issue of human rights, such as the right to healthy and safe working conditions and right to speech. Varying viewpoints are considered and a critique of the ethics of rights theory is presented. Potential solutions to prevent such human rights infringements are also offered to help advise managers on what they can do to help manage their staff and to make them more ethically aware. Additionally, how the ethics of rights theory can be developed to better suit the society of today, is also put forward towards the end of the essay, as we move towards a time of increasingly complex and challenging expectations from stakeholders.

Concerns regarding ethical standards in business continue to grow (IBE, 2018), and as organisations are becoming increasingly scrutinized, it is important to understand the roles that they need to fulfill, both politically and ethically, as well as economically. Ethical business has become a widely researched area over the last few decades and has encouraged investigation into the “study of business situations, activities and decisions where issues of right and wrong are addressed” (Crane, et al., 2019, p. 5). Thus, this essay discusses current business ethics issues and the moral obligation of organisations, assessed through ethics theories.

A prominent business ethics issue, in the news in 2019, surrounds the company, Company X. Launched in 1995, Company X has come under fire for the treatments of its workers. According to GMB Union, “workers are breaking bones and being knocked unconscious due to the appalling working conditions present in Company X’s warehouses in the UK” (ITV News, 2019). Company X are facing high-profile criticism for this (The Guardian, 2019) and have also been subject to protests, calling for safety improvement at Company X’s sites around the country. This therefore invites an analysis into the ethical theory related to this business issue, as corporations have become actors with significant power (Kobrin, 2009), and so it is important to assess the extent to which Company X may be inflicting harm, rather than providing a major contribution to society.

The ethics of rights theory, largely contributed to by philosopher, John Locke, has been chosen to analyse the case of Company X. This theory states that “rights are basic entitlements that need to be respected and protected in every action” (Crane, et al., 2019, p. 100). The business, therefore, is acting unethically, if they are not respecting or protecting these. This issue will now be analysed in depth, in relation to ethics of rights, as rights are universal and it appears in this case, that basic human rights are not being applied to everyone in the company.

“Corporations are increasingly judged on their attitude towards human rights” (Crane, et al., 2019, p. 101). However, it is questioned whether firms should hold the obligation to respect rights, or not. Friedman (1970) believes that business should focus only on profit, suggesting that “business ethics may be an oxymoron” (Collins, 1994, p. 1), as businesses are seen as utterly immoral, by solely focusing on shareholder wealth maximisation. Meanwhile, Carroll (1991), argues businesses should also focus on ethical, legal or philanthropic objectives. This debate will now be explored, in relation to the case of Company X, in order to critically consider their role in human rights protection.

With increasing demands placed on workers, the ILO’s (1998) declaration and its 2010 follow-up, sets out standards on rights at work. The idea of connecting business to human rights is a new phenomenon (Ruggie, 2008) and so now, corporations are subject to numerous laws to ensure the fair treatment of employees (Hoffman & Moore, 1990). A number of rights can be said to have been violated by Company X, whose overworked workforce has increased by double over the last three years (Guardian, 2019). It can be said that Company X’s workers’ right to healthy and safe working conditions, has been violated. Warehouse employees are expected to pick an unmanageable number of items per hour and if they do not meet targets, they risk job termination. This shows that Company X’s focus is purely on providing their customers with products, quickly, with no regard for what that will mean for workers. Health and safety is a concern here. Workers are prevented by managers for reporting safety issues, which means injuries are occurring. The obsession with ‘rate’ means that moral principles such as the freedom and autonomy of humans in these workplaces, is being prevented. This leads onto the violation of another right.

Workers in Company X’s warehouses are being treated as robots rather than human beings. Human rights are unalienable which means that they should never be lost. Whilst they may be restricted in certain situations, such as the restriction of freedom of movement in prison, they should not be restricted here. Workers, who walk miles, are warned that they cannot take bathroom breaks, which is a violation of articles in the Universal Declaration of Human Rights, published in 1948. It states that every individual has rights no matter where they go, and no one can take away an individuals’ human rights.

Lastly, another right that has been violated, is the right to freedom of conscience and speech. Company X has threated to fire its employees who are protesting for change in the company, with regards to climate change. Employees have blown the whistle by speaking out on how the company is not doing enough to challenge environmental issues (BBC News, 2020). Consequentially, this has led to workers receiving emails threatening termination if they continue to speak out about Company X. This is preventing workers’ right to speech. However, it could be argued that the employees are going against their duty to the firm, by informing third parties about this alleged issue (Hoffman & Moore, 1990). Duties will now be explored.

The importance of the notion of rights lies in the idea that these rights usually result in a duty to fulfil also. An employees’ right to safe working conditions, may also come with a duty to respect the employer’s property. Where targets are set, the workers in the warehouses needs to ensure they are working to the contracted hours. If not, this may be the reason for underperformance, rather than too many bathroom breaks. Also, the right to freedom of speech, also comes with the duty to comply with the labour contract. More specifically, are employees staying loyal to the firm when bringing issues of Company X’s lack of commitment to climate change, to attention in the news?

Yet, some argue that Company X did act ethically. Company X have stated that they “work hard to ensure all of their employees are treated fairly and with dignity and respect” (ITV News, 2019). In terms of the ‘supposed’ violation of the right to healthy and safe working conditions, it could be argued that Company X has not created poor working conditions. These already exist in society and so they are just a continuance of what is already occurring. Ethical practices are indeed the perception, but unethical practices are the norm, as many organisations may treat their workers under poor working conditions, it is only Company X that has come under fire. In terms of workers claiming to have lost their freedom of speech, it can be said that the employees are active agents, not victims. They have the choice whether to work for Company X or not. However, is this the case? Many individuals may have no other option when it comes to employment.

In addition to the duties that need to be met by employees, justice also needs to be considered, which allows for a process to make sure human rights are being respected equally and fairly. The notion of justice has been extensively applied to ethics in business. Justice can be defined as “the simultaneously fair treatment of individuals in a given situation with the result that everybody gets what they deserve” (Crane, et al., 2019, p. 104). Rawls (1971), a Kantian, suggested two tests of justice, and they will be applied here to settle the debate over whether Company X acted ethically or not. There is the need for fair procedures, also known as procedural justice. “Fairness is determined according to whether everyone has been free to acquire rewards for his or her efforts” (Crane, et al., 2019, p. 104). In terms of the case of Company X, it could be said that the decision to not allow employees’ bathroom breaks, is not just, because the least advantaged, i.e. the warehouse workers are not benefitting, as they are receiving the same amount of pay, as they did with bathroom breaks. They are not being rewarded for picking more items per hour, whereas the warehouse managers may be receiving higher pay due to the higher productivity. Managers here “desire obedience in order to achieve high targets and employees desire free choice” (Konovsky, 2000, p. 491) and so when the interests of management and labour do not coincide, individual choice, is sacriﬁced to preserve order. Fair outcomes also need to be considered, commonly referred to as distributive justice. Here, “fairness is determined according to whether the consequences, are distributed in a just manner, according to some underlying need or merit” (Crane, et al., 2019, p. 104). With the case of Company X, it could be argued that according to distributive justice, employees at the bottom of the corporate ladder, i.e. the warehouse staff, do not have the same opportunities as those managing the warehouses. They are not given the opportunity for bathroom breaks, whilst those with more authority are. This shows that their actions are unjust.

There are many benefits to the ethics of rights theory. It has been credited by Crane (2019, p. 107) for its straightforward view in answering ethical dilemmas. Yet, despite the theory’s simple approach, it is not the most theoretical. It only presents one aspect of morality (Kaler, 2002), when real life tends to be complicated, encompassing a wide range of elements, that all need to be considered under one ethical theory. Ethical theories based on rights are also very powerful because have helped to structure constitutions, such as the Universal Declaration of Human Rights, earlier mentioned, which has helped enforce human rights standards all over the globe.

Nevertheless, the criticism of the ethics of rights theory needs to be stressed. The notion of rights takes a view of morality, that is bias towards the West. In the West, child labour is observed as a bad thing, but not in other parts of the world. Additionally, a considerable amount of friction might arise if this theory is imposed on cultures with different ways of living (Crane, et al., 2019). This also relates to the idea of objectivity. The theory, which is largely absolutist, presents human rights as quite objective when they are quite a subjective phenomenon. Whether a human right violation, has occurred or not, depends on the culture in which the violation took place.

Some potential solutions to prevent future infringements will now be put forward. Ruggie (2008) set up a framework for responsibility in human rights, in collaboration with the United Nations, which involves three duties. It is the duty of the state to prevent abuse, perhaps through legislation or campaigns that encourage protection, in a positive way as Wettstein (2010, p. 33) states how we should “include a positive obligation to protect human rights”. Additionally, it is a firms’ duty to respect human rights principles, by reducing and managing threats to human rights. Company X are already partly doing this through their open-door policy (Guardian, 2019), but perhaps this needs to be emphasised more, so employees feel that they have the right to bring up any issues, as currently, protests are occurring. Enforcing internal controls in Company X’s warehouse may therefore help with the preservation of human rights, so that employees do not feel that they are being treated like machines (BBC News, 2019) . The last duty is to remedy, whereby firms and governments should set up stricter punishment processes, as not much is being done to punish those who infringe basic human rights. Recently, there have also been attempts to develop or revive more flexible ethical theories (Crane, et al., 2019). A limitation of the ethics of rights theory, earlier highlighted, was that it only presents one aspect of human life. Recent developments, however, now try to encompass all elements of human life, under one theory. Theories such as these, therefore, may be more useful in improving ethics awareness in managers, by “integrating moral philosophy into the management process” (Robertson & Crittenden, 2003, p. 385). Lastly, business ethics needs to be about citizen engagement, not just about what businesses tell the public. We need to tell them what business ethics is. Perhaps, also, it may be beneficial if more large companies were encouraged to write an ethics code. Whilst Cressey and Moore (1983) argue ethics codes do not convince people that they have become more responsible in recent years, they are indeed a step forward.

Ultimately, it is clear that human rights have been violated in the warehouses at Company X, at a time of increasingly complex and challenging expectations from stakeholders (Robertson & Crittenden, 2003). Managers have a lack of business ethics education (Floyd, et al., 2013), and if this was changed, corporations could become agents for good. It must be noted, however, that these violations could be considered as perhaps something that is unavoidable, highlighting the cynicism of business ethics (Gentile, 2011). Politically, businesses are economic entities, not elected like governments are, and so if corporations became proactively involved in the protection of human rights, this would perhaps lead to practices which “serve to enable the rampant pursuit of business self-interest” (Rhodes, 2016, p. 1503). So, while Company X have acted unethically according to the ethical theory and Rawls’ test of justice, human rights exploitation appears inevitable in today’s capitalist system, thus meaning companies may be unable to protect human rights.

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**Appendix: Original Assignment Brief**

**Corporate Social Responsibility and Ethics Essay guidelines – Semester 1**

**GENERAL INFORMATION**

The assessment aim is to apply theoretical knowledge to discuss a practical issue.

**ESSAY TOPICS**

Choose a business ethics issue discussed in the news **in 2019** and analyse it through business ethics theories (e.g. utilitarianism, deontology, ethics of rights). Determine whether the organisation(s)/individual(s) involved acted ethically (or not) based on your analysis.

You will have two choices of essays:

1. ***In-depth analysis*** of a business ethics issue using ONE moral concept

* Briefly describe the news and identify the main business ethics issue involved
* Briefly define the theory used to analyse the issue
* **Critically analyse and evaluate the issue with reference to the chosen business ethics theory**
* *Offer some potential solutions in the conclusion (optional)*

2. ***Comparative analysis*** of a business ethics issue with reference to MULTIPLE moral concepts

* Briefly describe the news and identify the main business ethics issue involved
* Briefly define the theoretical concepts chosen to conduct the comparative analysis
* **Critically analyse and evaluate the issue through the different lenses**

*Offer some potential solutions in the conclusion(optional)*