

# A serious violation of pandg 's code of ethic

[Sociology](#), [Poverty](#)



With the rapid development of consumer market, information is increasingly important among the growing competition for the market participants. Information asymmetry creates comparative advantage for the firms as they are able to adjust strategies referring to market trends or the strategy of the other company. A minority of people even risk using unethical means to obtain information from their rivals. For instance, P&G collected information from Unilever Company by sorting through the trash bins in the office for confidential documents. Based on the Deontological theory, the purpose of this essay is to critically analyze and indicate the viewpoint that P&G misbehaved in business operation and is a violation of its own code of business ethics.

Before making the judgement of the case, it is essential to point out the relationship between motive, process and result within the situation. Critics holding utilitarianism ideas argue that P&G has already taken measures in time to get the consequence under control. John Pepper, the chairman of Procter & Gamble, claims that their company has never done anything illegal and promised that none of the information gained from dumpster diving will be used in the further operation.

Besides, three executives in P&G who oversee the project of information gathering are fired for their dereliction of duty and violation of ethical considerations. Furthermore, office waste is generally agreed as abandoned items from the company and it should be publicly accessible, so dumpster diving might be regarded as a public information gathering. Since P&G did not gain any unethical benefits ultimately and the loss of Unilever Company

was minimized, behavior of P&G result in negligible negative effect, then P&G should be considering as virtuous after all.

However, sincere apology and guarantee will not make any difference at the fact that what P&G has done is against its own code of business ethics. P&G is always claiming that they have never done anything illegal in this case, is law abiding equals moral ethical? The answer is totally negative. To refute the views above, the difference between legal act and ethical act needs to be defined.

The generalized legal act refers to all acts that are not prohibited under law, that is, acts that is tolerated and will not be pursued. However, the limitations of the law are not adequate to cover everything. In contrast, the code of ethics is universal and inevitable. That is to say that it restrains all the existence and requires them to act in a certain form. Although dumpster diving is not officially considered as unlawful, it has already been forbidden on the code of ethics and policies for P&G.

Kantian theory believes that motives for actions are the priority factor in the judgment of ethical behaviors. "The outcome is good or bad" does not seem to be the only important consideration. Behavior should be considered as morally valuable only when it is for the "good will", which means the motive of the act must be to fulfill the moral obligation. As operators competing in market economy, Procter & Gamble should follow the principle of voluntary, equal, fair and honest credit, to comply with recognized business ethics. The acquisition of competitive advantage should be achieved through efficient

management, cost control and appropriate strategies, instead of obtaining the information of competitors through the improper means.

As the victim of unfair competition, Unilever Company conducted a series of consultations with Procter & Gamble and threatened to protect their rights through lawsuits. So the result of this incident remains to be seen as the outcome of negotiation between leadership has not been finalized.

Meanwhile, Procter & Gamble's ethical responsibility will not disappear as the outcome of incident changes.

P&G chooses dumpster diving as a method of collecting competitive analysis information based on the objective of creating "winning strategy", which refers to taking advantage of asymmetric information to establish a target strategy against Unilever Company. The outcome of this act is known and it might even end up a failure eventually, while it will not change the fact that P&G made the decision on an unethical base point, which is morally unacceptable.

Deontological theory insists that all the individual or entity should have born unconditionally with certain rights and these rights have intrinsic value.

Every individual has a right to freedom and equality, and every individual is morally obliged to treat others in a free and equal manner. For the enterprise, it should own the right of privacy which means that within the enterprise, its confidential documents, internal communications or any other non public information should be protected from being intruded by others. Whether the confidential document is on the office desk or the trash can, it should be considering as part of an internal resource since it is still inside the

enterprise property. Dumpster diving behavior of P&G is gaining information inside the restricted space of Unilever Company, which is an offense of the right of privacy and internal resources. The neglect of the principle of rights is another aspect of the unethical behavior of Procter & Gamble.

Generally speaking, P&G had a serious violation of its code of ethic in the case of dumpster diving against its rival, Unilever Company. Despite the fact that dumpster diving has not been legally prohibited and the responsibility is not specific, being legal does not discharge the accusation of unethical. The motivation of the decision making on the moves of collecting information of competitors is based on the will of impairing the interests of its competitors. Meanwhile, P&G encroached commercial secret and right of privacy of Unilever Company. In conclusion, P&G's move is possibly legal, while it is a violation of its code of ethic which can be proved by Kantian theory and the principle of rights. (Word Count: 964)