

Proactive policy

[Environment](#), [Animals](#)



Ethics: the ethics policy as formulated by Walgreens is very comprehensive and addresses most of the ethical issues that can affect the organization today. As mentioned, it is effective in addressing the following ethical issues: insider trading, antitrust issues, equal employment opportunity issues, environmental issues, conflict of interest, creative accounting, issues of kickbacks, employee right to privacy, and international trade, among others.

As a measure of its effectiveness, YahooFinance(2010) has compared the Corporate Governance Quotient (shortened as CGQ) for Walgreen against the quotients of other firms competing in the same industry. Yahoo Finance (2010) reports that Walgreen's CGQ is superior to the CGQ of approximately 80% of all firms that retail food and staples, but only superior to 57% of all firms in the S&P 500 index. This then suggests that there is room for improvement.

Even though the ethics policy is comprehensive, it is silent on some other ethical issues such as the issue of executive compensation, animal testing, and certain aspects of director independence and conflict of interest; all of which are major issues in as far as business ethics is concerned. Consequently, Walgreens should address these areas. In this regard, it should: - Establish and implement a proactive policy that prohibits animal testing for its drugs, or refrain from buying drugs supplied by pharmaceutical companies that still conduct animal testing (for example on Guinea pigs and mice).

Animal testing has become one major issue in the field of business ethics, with firms competing in the cosmetics industry (such as L'Oreal) and in the pharmaceutical industry coming under a lot of flak from ethical consumers

and animal rights activists for testing their products on animals. According to Andre and Velasquez, for example, close to 20 million animals die every year due to tests administered to them in the process of testing new products on them or for medical reasons.

Close to half of these animals are forced to undergo painful experiments, with a good number of them receiving no painkillers in the process. Animal rights activists, inspired by Bentham's utilitarian theory, have convincingly argued that such experiments cause pain to the creatures, an act that is inherently unethical (Andre and Velasquez, 2010). It therefore behooves Walgreen to find alternative means of testing the drugs under development.

- The issue of executive compensation has also been a major ethical issue, especially because business executives have in recent times enjoyed huge salaries that are hundred times more than those of junior employees and which many times have not corresponded with their contribution to the organization. Walgreen's ethics policy is silent on this issue too. Walgreens must establish and implement an explicit proviso in its ethics policy which firmly ties executive pay to the performance of the company.