

Wal mart violates workers basic rights philosophy essay



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Introduction

As an organisation progresses and becomes more significant, the greater impact it has on the people, social and environment. In this competitive environment, business ethics plays an important role in an organisation to determine its reputation and sustainability as it acts as a guide to influence and reinforce an organisational behaviour. Managing an organisation is not solely about self-interest of making profits anymore, decisions and actions have to be exercised with consideration to align with its principles and standards. Although there might be issues about what is the right ethical decision to make, however there is no standard definition as it differs from every individual perspective within and around the organisation.

This essay would assess the ethical theories with different perspective with a case study and evaluate the positive and negative impact among the theories. Then determine an ethical theory that is considered most useful in guiding an organisation decision.

Case Study: Wal-Mart Violates Workers Basic Rights

In this case study, it discusses the ethical practice of an America multinational retailer organisation, Wal-Mart. Despite being the world's largest retailer with more than 2 million workers operating in 8, 500 stores worldwide, the organisation has yet to develop a proper policy for its labour condition. Concerns were raised by the trade unions, in regard to the severe violation of workers basic rights in the Wal-Mart factories from Indonesia, China and Bangladesh. Wal-Mart's exploitation of its workers' right extended to forced labour, minimum wages paid, healthcare violations and even

bathroom break limitation. Such extreme labour policy reflects on the ethical practices of the organisation. By applying the ethical theories based on the case study, it would show the different perspective of how the theories view an ethical practice.

Normative Theories on Ethics

In business ethics, normative theories established some fundamental principles to distinguish the right decisions from the wrong decisions. Kagan (1998) stated that the normative theories emphasis on how people should act, not how people do act; it is the moral beliefs of a society that reflect how people should behave. As business ethics are fostered through different decisions and cultural aspects, the normative theories are characterised into two main perspective: consequence based and non-consequential based.

Consequence Based: Ethical Egoism, Utilitarianism and Virtue Ethics

Consequence based approach is to determine the rightness of a decision based solely based on the result. When the consequence is positive, the decision is right, while when consequence is negative, the decision is wrong. Thus, an organisation with consequence based approach make a decision on the weighing the ratio of the good and bad consequences. However, what would be the consideration and determinant for the consequences? The three consequence based approaches: ethical egoism, utilitarianism and virtue ethics differentiate its views in the following.

Ethical Egoism

Egoism views personal interest as its moral guiding principle. Where decision rightness is defined in terms of its own self-interest. Thus, in a situation when faced with a business dilemma, an egoist would be inclined to make the decision that is believed to serve own interest. Looking at Wal-Mart violation of labour rights, egoism would rather maximise its own advantage in the situation where profit is more important. Thus, it would view Wal-Mart's action as moral as self-interest is met.

Utilitarianism

Unlike ethical egoism, utilitarianism is concerned with making decision that result in the maximum of good consequence for maximum individuals. When the consequence causes happiness, it is moral; when the consequence causes unhappiness, it is immoral. To derive to a decision, utilitarianism would perform a benefit/cost analysis by identifying the course of action that could be executed and weight the possible benefits for each course. Then, the decision would be chosen based on the action that yields the maximum benefit over the greatest number of people. Based on utilitarianism, Wal-Mart's ethical standard is immoral as the consequences failed to benefit the employees. Although by underpaying the employees, the stakeholders would gain more profits, however it has resulted in significant unhappiness among the majority of the factories' employees. Thus, the cost has outweighed the benefit and causing the action to be considered unethical.

Virtue ethics

In contrast to ethical egoism and utilitarianism, virtue ethics emphasis on the person and virtue in the morality rather than the consequence of an action.

The decision would be regarded as moral if the person making the decision is virtue with the aspect in sense of justice, fidelity, self-care and prudence. In the Wal-Mart's case, the action would be deemed as immoral. Looking at the dire consequence caused, it is apparent that the person making the decision lacks the aspects of virtue.

Non-Consequential Based: Kantianism and Justice Ethics

While non-consequential based approach views decision made whether if its right or wrong as an independent factor of the consequences. What matters for non-consequential based approach is the nature of intention, not the consequences. For the non-consequential based approach, there are the Kantianism and Justice Ethics.

Kantianism

Kantianism expresses that morality is based on the intention behind the decision instead of the consequences. It is based on the abstract of universal principles where an action is moral only if it is motivated by moral obligation. Kantianism encourages the focus on doing the right like being righteous, honest and upholding integrity. Since Kantianism views an organisation as a moral community where individuals are related to achieve common goals, it is immoral for organisation to exploit employees or customers for profit to satisfy the stakeholders. Applying Kantianism in the Wal-Mart's case study, it

is evidently immoral. Wal-Mart failed to operate as a moral community and employees were exploited.

Justice ethics

On the other hand, justice ethics based moral on the fairness of action. Justice ethics is closely associated with the fair treatment of people and reward based on the merit to comply with the ethical standards. Hartman and Desjardins (2008) matched justice ethics and utilitarianism in the similarity that both follows benefit/cost analysis. However, unlike utilitarianism, justice ethics abide to fairness and equity in the distribution of good. For Wal-Mart, it failed to comply with the ethical standard of providing fair treatment toward its employee and discriminated the employees' right. Thus, in justice ethics is considered as immoral.

Comparison between the Ethical Theories

In favour of ethical egoism, Wong (2006) stated that every individual has the right to pursue their own interest and placing their desire over others. Where deemed that if every individual pursue own self-interest in a competitive society, it would benefit the society as a whole eventually. However, many philosophers have constantly refuted egoism and refuse to accept it as an ethical theory. According to Quinn (1974), who claimed against the standard of ethical egoism, since self-interest might not be equivalent to the rational morality, egoism might face conflicts of interest resulting in potentially unethical conduct. Moreover, if ethical egoism was to be practiced by all individual, it would places oneself in a higher importance than the rest and would result in inequity and imbalance of harmony in the society. Ethical egoism might not be a well-accepted application in business, but it is more <https://assignbuster.com/wal-mart-violates-workers-basic-rights-philosophy-essay/>

commonly practice by small companies where the lack of social obligation is unlikely to threaten the livelihood of business.

Unlike ethical egoism, Allhoff and Vaidya (2005) stated that utilitarianism is based on an equity approach to fulfil the interest of all individuals as it considers the interest of all relevant individual like the stakeholders, employees, customers and business partners. Andre and Velasquez (1989) mentioned that even though utilitarianism is a popular ethical theory among organisations, it is challenging to rely on it solely for moral decision-making. Also, Preuss (2000) argued that utilitarianism is not practical as it is complex to determine what is considered happiness to different individual, especially when it involves different parties with different interest, it might not be possible to satisfy every needs. Furthermore, utilitarianism might have the tendency to introduce biasness to elevate majority interest over the expense of the minority interest. Even so, among the theories, utilitarianism is considered to be the prevalent form of consequentialism among organisations.

According to Ferrell, Fraedrich and Ferrell (2012), virtue ethics would be considered as a functional theory since it assesses the character of the person who is making the decision instead. Virtue ethics focus on developing good virtue, where the virtue in turn would lead the person to make the right decision. It is believed that it is important for an organisation to focus on building virtues in all individuals, thus to nurture the individuals' character and morality in making the appropriate decision (Ferrell, Fraedrich and Ferrell 2012). It is common that organisation applies virtue ethics through its statement of value, or code of conduct to enforce certain regulation that is <https://assignbuster.com/wal-mart-violates-workers-basic-rights-philosophy-essay/>

believed to be moral. For example, Google's belief in 'Don't do evil' suggests that all the individual within the organisation to comply. However, Nelson and Trevino (2010) countered on the reliance on virtue ethics alone does not guide how one should act when a situation arises. Similarly, the standard of virtue that one should possess might differ in different organisation and culture as well.

As for Kantianism, Rendtorff (2009) believes that it promotes democracy and equity in the business environment and would help to create harmony and peace. In contrary, Smith and Dubbink (2011) feel that given the nature of Kantianism, it is impractical to apply to the business context as the fact that Kantianism encourages organisation to be motivated by its moral duty instead of profit, which is seemingly unrealistic.

While Mandal (2010) believes that justices ethics is useful in an organisation to eliminate any form of inequity and discrimination, thus protect the interest of individual who lacks in influence. Then again, Mandal (2010) also agrees that it is quite difficult to attain a fair distribution as every individual judges fairness with different criteria.

After examining the ethical theories and case study, it is obvious that the five theories have its own distinctive viewpoint about ethical behaviour. However, based on evaluating the arguments of the theories, utilitarianism would be considered the most useful in guiding company decisions. Since no theory is faultless, the idea of a useful theory should be practical and able to contribute to an optimal extent. Utilitarianism provides a consistent approach for moral-decision-making and a systematic approach that aims to

achieve the highest desirability and balance of possible happiness. Although it comes with controversy about the ethical aspect, however in comparison with the other theories like Kantianism, utilitarianism would seem like a more realistic approach in an organisation context. Nevertheless, an organisation should not base its decision-making process entirely on the same ethical theory for every different situation. When evaluating a theory on its own, there is shortcoming. Thus, the rational approach is to assess the strength of each theory and synchronize in a way that would be effective for the particular situation. Furthermore, it is necessary to take into consideration that an ethical theory that applies for an organisation in United States might not have the same effect for an organisation in China due to the different business environment, culture, moral standards etc.

Conclusion

In conclusion, business ethics is a complex field that is significant in every organisation. Despite having much controversy about the ethical theories, philosophers have concluded that the ethical theories have its own positive and negative consequences. Comparing the ethical theories, even though utilitarianism is determined to be the most useful in guiding company decisions, it might not work for every organisation or decision-making process. Thus, it is important to be critical towards the ethical approaches to foster an appropriate corporate and social responsibility that is best suited to its own interests toward the stakeholders, employees, customers and business partners. Nevertheless, with an appropriate ethical combination well in placed with the organisation objective, it could definitely serve as a guideline for effective ethical decision-making.