

# Fedex: ethical issues essay example

[Business](#), [Company](#)



## **Introduction**

FedEx Corporation is a Delaware corporation, incorporated October 2, 1997. The company was originally called FDX Corporation and in 1998, the company acquired Caliber Systems Inc. With this acquisition, the company who was still using the name FDX began offering services that included express shipping, small-package ground service delivery, expedited shipping services, a less-than-truckload freight service in the Western areas of the US, transportation services in the Caribbean and logistics and technology solution. In the year 2000, FDX officially changed its name to FedEx Corporation. Also in the same year, FedEx purchased Tower Group International, which was a provider of logistics services for international clients, a company called WorldTariff which provided customs duty and tax information, thus forming the background for the FedEx Trade Network . Such is the innovation of this far reaching company that has been a model for successful corporate governance. It has even innovated outside its business model by experimenting on electric vehicles in 2012 .

The company FedEx is now a global corporation that provides the entire country with services from the ground, in the skies and even at sea. The company is known by many names such as FedEx Corporation, FedEx Express, FedEx Ground, FedEx Express, FedEx Ground, FedEx Freight, FedEx Office, FedEx Custom Critical, FedEx Trade Networks, FedEx Supply Chain Solutions and FedEx Services .

The financial performance of FedEx is summarized in Yahoo! Finance (2013) as follows:

Figure 1 FedEx Financial Highlights

## **Corporate Social Responsibility: FedEx**

FedEx understands that its impact will always be bigger than the service it provides or the business it generates. Simply put, FedEx understands what Corporate Social Responsibility means. From a simple entrepreneurial perspective, Corporate Social Responsibility (CSR) has now grown into a field that is critical because of its socio-environment implications. Studies have shown that CSR is linked to the principles of business ethics. Business ethics are what we know to be the choices or actions taken by corporations under a set of moral values. Business ethics is our moral compass that provides us the insight to prioritize certain values, translating those values into doable goals and strategies. The evolution of CSR and business ethics transcend just the management personnel involved in running the corporation. Now we look at CSR as an encompassing principle that stems from the owners to the managers to the community where the corporation operates in. CSR is now a metric for determining the level of socially responsiveness of an organization.

A study conducted by the Reputation Institute along with researchers from the Boston College Center for Corporate Citizenship (2008) heralded FedEx as one of the top 50 companies that have the highest Corporate Social Responsibility Index (CSRI). This index is a rating system for US companies and measures specific aspects of corporate social responsibilities. In 2008, FedEx received a ranking of 74.65% which was enough to place the company as the 13th highest among the top 50 corporations in the US. The basis for the ranking was a Global Pulse Study in the same year which was a survey composed of perception of respondents (consumers) of about

200 companies. These consumers ranked the companies based on ethical issues such as environmental preservation, employee relations and community participation. FedEx is one of the companies whose reputation was cemented firmly on fair management practices, effective social programs and break through environmental mitigation actions.

FedEx Corporation became a global business phenomenon and socially responsive corporation almost at the same time . This is by no means a small feat, considering that FedEx is a company that operates in more than 220 countries worldwide and has in its employ, approximately 290, 000 people. The FedEx banner contains a great number of subsidiaries and aligning the goals and strategies as well as the business ethics of those subsidiaries is a herculean feat in itself. How was FedEx able to become an ethical company and a successful company at the same time?

- It starts at the core

The key to this balancing act is the ability of the organization to decide what is good for the organization, with respect to the desires of both internal and external stakeholders. FedEx does this balancing act as part of its core business. Management has installed an ethics program that consists of codes of conduct, employee manuals, monitoring reports as well as an ethics framework. The code of conduct for example, has been adopted by FedEx in 2003 and then amended in 2007 and is known in the FedEx group as the “ Peoples Manual” .

- Valuing people

Valuing people is a trait of FedEx that distinguishes it from the rest. Knowing that the people making up the company are the real assets of the

organization, FedEx makes it a point to put its people ahead of its collective goals. In fact, the company practices what is called a ‘ People-Service-Profit’ philosophy. Fairness is observed in FedEx and their staff and contractors are judged based on their contribution and performance and not by any discriminatory factor.

- Self-monitoring

FedEx uses “ Alert Line”, a help line for employees to anonymously report violations of the company’s code of conducts. This innovative approach makes it easier for the company to reach out to its employees to improve its business processes. Violations include the use of alcohol and drugs in the work area or any incidence of violence. This would ensure that the working environment at FedEx is as conducive and productive as possible.

- Competing fairly

The company also champions fair competition and is vigilant against unethical business practices and illegal activities. The company prohibits collusion with competitors down to the employee level and serves severe sanctions against those that violate this rule. As such, FedEx practices strict observance of Anti-trust laws in the US and in all countries it operates in.

- Knowing the law

Because of the global reach of the company, FedEx must be up to date with the legal requirements of each country it operates in. Thus, to enable the company to be ethical and lawful and remain as financially viable as possible, the company has more than 100 top-tier lawyers handling all legal and compliance obligations of FedEx and its subsidiaries.

## **FedEx: One of the Few**

FedEx is one of the world's most admired companies. Fortune Magazine calls FedEx as one of the best places to work at in America. And this is a rightful award to be given to a stellar company such as FedEx. FedEx manages its affairs such that it positively affects the local and global economy, the environment and the society it is involved in. FedEx is more than just a company this way; it becomes a “ global citizen”.

The ethical principles enumerated above show that FedEx is a company, despite having about three hundred thousand employees of different cultural backgrounds worldwide, still puts its people ahead. Its banner program ‘ People-Service-Profit’ philosophy of FedEx shows the company values its employees very highly. The employees however, get more than just the proverbial tap-on-the-back recognition.

The money that employees of FedEx make is very competitive. A good example of how competitive the salary scale in FedEx is by looking at actual pay scales. A good example is the job called “ handler “ which makes between US\$ 10, 000 to US\$ 25, 000 per year while a truck driver makes between US\$ 30, 000 to US\$ 40, 000 per year. For jobs that do not require a college degree, this is already a very good deal. This is of course coupled with health insurance, life insurance, disability benefits, even a stock purchase plan and benefits for the employee and his family. And this is available to any of FedEx's employees regardless of gender, race, age or belief. In fact, FedEx loves diversity and encourages it in their work environments. FedEx completely overhauled the work systems that are bogged down by diversity and has made an enjoyable multicultural

workplace model .

With an annual profit sharing program, the employees of FedEx get a percentage of the company's profits. This is added to the employee's pension program giving the company a nice retirement bonus to reward that employee for its dedication to the company and its loyal years of service.

**FedEx also recognizes workers unions and even supports the workers who join larger (US-based) employee unions.**

Addressing the work-life balance of employees is tied to addressing the community issues of FedEx employees. This means that FedEx must be keen on addressing matters concerning education, health and other forms of assistance. According to the company website, FedEx is at the forefront of helping communities. It donated US\$ 1 Million to the program Teach-for-America in 2006 and continued donating to educational programs in until 2011 . FedEx has then extended its desire to help fund educational programs through the FedEx Global Education Centres. These Centres are located in almost all the continents, providing up to US\$ 5 million every year for the improvement of educational systems in these communities. It may be a drop in the bucket for FedEx, whose annual turnover is around US\$ 35 billion but it is one of the many corporate social responsibility programs that they advocate and are successful at .

Another cause that FedEx supports is environmental preservation. FedEx operates a fleet of motor vehicles (around 700 planes and 75, 000 motor vehicles) and because of their business model the company contributes to air pollution as well as to the hastened depletion of the Earth's natural resources. The management of the company is well aware of this issue and

has approached the problem in a variety of ways. One of the more innovative ways it is trying to help preserve the environment is through the use of Hybrid Electric vehicles. In partnership with the US Environmental Defence Authority, FedEx has started the operation of about a hundred of these hybrid electric vehicles. The difference they provide is that they travel further using less fuel and fewer emissions (FedEx Corp, 2008).

FedEx also is a proud supporter of renewable energy technologies. For example, it operates of its facilities under an 80% renewable energy power supply structure. The power comes from solar cells that were installed in the company's buildings. FedEx also joined the Green Power Market Development Group and is advocating the exploration, development, installation and use of established and emerging renewable energy technologies .

Lastly, FedEx has a recycling program called Ground Green Program where it tries to reutilize the materials that it uses for packaging.

The beauty of all these efforts by FedEx however, is based on a very simple idea. FedEx believes that it will be successful if it can provide its stakeholders as much “ access” they need to information to make meaningful decisions. Thus, FedEx always tries to increase awareness through interaction and exchange of ideas, information, people, business process, success stories, lessons learned, etc. It extends the concept of access to its clients thus enabling the small enterprises to interact with large businesses. It thus opens the way to a fairer market place wherein the small and emergent coexist with the large and powerful.



## **Conclusion**

The company FedEx is a global corporation that provides the entire country with services from the ground, in the skies and even at sea. FedEx understands that its impact will always be bigger than the service it provides or the business it generates. Simply put, FedEx understands what Corporate Social Responsibility means. FedEx has succeeded in building an organization that understands the importance of business ethics and the rightful treatment of corporate social responsibility. FedEx understands that if it cares for its stakeholders, their local and global communities, they will be benefitted in the end, at a greater degree than their expenditures for it. FedEx understands that this includes the environment (the planet) we live in and the utilization of resources that help prevent its further degradation will provide long-term successes not just for itself but for the planet as a whole. FedEx desires to keep its stakeholders; particularly its employees empowered and as such, have given them avenues for growth, development and security. FedEx harnesses the power of its people through team productivity, reduced legal obligations and costs, making the most important yet invisible asset of the company, the power of its people, visible through its success.

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