

General electronic company



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Contained herein is an analysis of business ethical issue regarding General Electric (GE) Corporation. As a market leader in the manufacture and sale of different industrial and household goods, the company is tasked with the wider responsibility of ensuring that its actions are beneficial to the millions of stakeholders that relate to its products and production processes. However, General Electric has been accused of ignoring other stakeholders when it comes to environmental issues. This issue will be addressed conclusively in the paper. To an extent, the company has been developing ways and means of including the wider stakeholder body in the process of environmental regulations.

This analysis will address GE's progress in meeting its corporate social responsibility touching on environmental issues, which is in consideration that the company manufactures products that have significant impact on environment, such as coal plant machineries, aircraft engines and locomotives among others. The process of manufacturing other products also result to industrial waste that impact local environment.

Despite manufacturing and selling such environmentally sensitive product, the company has consistently abstained from taking responsibility of its actions and therefore improves accordingly. It is only after long fights with environmentalists, Environmental Protection Agency and competition decisions that have led to GE taking the issue seriously. However, unlike many other corporations that have incorporated environmental sensitiveness in their corporate social responsibilities, GE

For instance, GE took about 20 years (1981-2001) to accept that it had responsibility of cleaning areas where its industries had dumped

polychlorinated biphenyls (PCB) compounds. Secondly despite its size and global reach, the company was among the last industrial leaders to incorporate Corporate Social Responsibility (CSR) in its operations.

While nations and corporations were rushing to adhere to Kyoto Protocol, which required Carbon Dioxide emissions to be reduced by 2012 (UNFCCC, 1997), GE continued with its old approach to pollution. On understanding that the company was increasingly being left behind and under attack from environmentalists, GE management coined the phrase “Ecomagination” which described its new strategy of reducing its impact on environment. The strategy has, however, been accused of shielding the company from its past environmental record and only looking for future ways of reducing emissions. The policy is also accused of being a tool to position GE in the increasingly lucrative industry of producing “green” (environmental friendly) products.

The highlight of GE’s problems with pollution started way before the United States Congress banned polychlorinated biphenyls by industries in 1972. The company had consistently been accused of being a leading polluter of Hudson and Housatonic Rivers, but was adamant to take action because the country lacked laws to govern specific pollutants produced by the facility. The enactment of Clean Water Act in 1972 revoked PCB effluents from American industries. Companies, including GE were therefore ethically required to take responsibility of their actions in periods before and after the Act’s passage.

GE was, however, adamant of this move and consequently chose to continue with its old processes. The company’s management was completely against taking responsibility and only concentrated on growing GE profits. In other

words, GE management were more concerned with the internal stakeholder, mainly shareholders and therefore ignored the outsider stakeholders such as the larger population of water users downstream and the living organisms whose very existence was threatened by GE's actions.

GE's excuse on cleaning its environmental mess was that it was not polluting after the Clean Water Act was passed. According to Nielson (2002) the United States Environmental Protection Agency (EPA) pushed legislators for a new law forcing companies like GE to embark on cleaning environmental pollution they had caused before 1972. This resulted to the 1981 Comprehensive Environmental Response, Compensation, and Liability Act (Superfund Act).

The law required that corporations embark on the process of cleaning industrialized areas that were affected by previously released toxins. General Electric's, under Jack Welch, was again slow in following the new regulations. In fact, Welch is quoted saying that living in areas with PCBs was no health threatening as environmentalists liked other people to believe.

Ethical issues

General Electronic Company (GE) has a poor corporate reputation in environmental issues in the past; this negative aspect by the public made the company to change its operations towards its environmental strategy. General Electronic Company is a company which had prioritized more on profitability than social responsibilities before 2000 when global forums such as G8 and WTO raised concern on the degradation of the environment.

By 2002 GE the company had changed its perception on environmental and corporate issues; they initiated training on social and environmental issues and interacted extensively with activist, investors and regulators. GE was related to pollution of Housatonic and Hudson Rivers in the 1980's which it was accused of dumping polychlorinated biphenyls from the factories along their banks.

The company was unethical for GE to challenge the law which was being enforced to clean the environment and not dispose hazardous materials to the extent that it declared in the public that living in areas contaminated by polychlorinated biphenyls is not hazardous to health. The employees revealing private information about the company is unethical in accordance to work ethics. An employee should safe guard the company private information at any given time. This information is vital to maintain the secrets of the company so that it is not revealed to the competitors.

Confidentiality of information by the employee's should be upheld always and it is a requirement for any company to ensure that their information is well safeguarded (James 2002). It is also unlawful to diverge, private information to the public or third party without the consent of the company's administration.

The company was unethical by maintaining defective products in the market while they knew that the products were substandard. General Electronic Company has a wide range of products which caters for most of their customers needs and they knew that they are strategically positioned to influence their customers if they launch an environmental conscious program. In May 2005 the company launched a project which they branded

Ecomagination which they convinced the public that what is good for the environment it is also good for the business. Ecomagination objectives were to meet environmental challenges such accessibility to clean water, use of renewable energy and reduction of emissions.

They were to focus on improving the technology which they use to reduce on emissions and develop solutions which will address the challenges such as use of solar energy, low emissions aircraft engines, hybrid locomotives water purification technology and use of efficient lighting. However, the public was aware that the reason for launching the campaign was not for Philanthropic purpose.

The company had also poor publicity by use of propaganda by marketing their products claiming that that they meet the requirements which ensure that they take care of the environment (Davies and Cecere 2008). The company deceived its customers and the regulators that their products and ways on how they conduct their business they take into consideration on taking care of the environment which has not been the case.

To determine if what is being done is ethical or is not ethical is done by evaluating the actions with the set guidelines. In an employment set up there are rules which are set and mostly they are included in the companies policy which one signs that they will abide with the rules set. In cases which the rules are not followed then such instances could be regarded as unethical. The corporate ethics mostly is not about the rules which are set but about honest of the employees to adhere to good virtues. Bad virtues or practices which could also be referred to as being undisciplined are considered to be unethical.

Ethical deeds are considered as doing the right thing in the right manner at the right time and add value to the company. Organizational culture of the employees is a major factor which contributes to the ethics of the employees. For example an organization with open systems of communications which information has good channels for orders and control instills discipline to the employees to be ethical. Good communications channels makes the employees feel free to share their ideas and worries which improve on their productivity.

The employee are also able to solve any grievances amicably hence reducing on any unethical act by the employee as they attempt to sabotage any thing due to frustrations of unsolved grievances. Employees should be encouraged to be ethical by rewarding those who perfect it by ensuring that what they do is the right thing this shall encourage the employees to be more conscious and in turn improve their behavior.

Remove the product from the market

The company should remove the products which do not conform with the environmental standards from the market voluntarily. But, if they fail to do that they shall be forced by the regulators. GE's substandard products should be removed from the market in the most appropriate manner which would involve less publicity and encourage customers to buy their products in the future. If the case is mishandled it would attract a lot of negative publicity which the competitors would capitalize on to venture in to GE's market.

Reclaiming the market after it has been lost to competitors is very expensive and takes long and chances of not reclaiming back all the customers is not

easy. Negative publicity moves around very first and it's a matter of few days and most of the customers would be aware and withdraw from seeking goods and services from GE, hence it is important to protect it.

The company should remove the products from the market willingly the company shall not receive a lot of publicity as its being suctioned to remove their produce from the market (John 2007). For the few people who will know that the company is withdrawing their produce from the market they shall relate it to a good gesture of the company realizing its mistake and be able to correct it for the interest of the customers but not being forced. It shall maintain its popularity without much damage to its reputation.

Removing the products from the market is an expensive exercise but it is cheaper in the long run because the company would have saved its image with the public and stored their popularity and reduced on negative attitude how the public perceive them. It is to the knowledge of the company that the products in the market were substandard so waiting for them to be ordered to remove them would be embarrassing and this would as well bring negative publicity.

Settle the case out of court

The company should seek the settlement of the case out of court, while maintaining the secrecy of the defect. This shall enable them conceal the issue from the public domain which would increase on their negative publicity. If the case is presented in the courts it will attract a lot of attention from the public which is not healthy for the survival of the company in the market. Negative publicity is very costly to a company, because it shall have

to prove otherwise to the public to win their confidence else they will loss popularity and favor by the public who form their customers.

Once the business is exposed to negative publicity its business operations declines and can not flourish which would be the fate of the company if it sort to settle the case in court. Cases which are settled in court usually take long before they are determined; chances are also high that by the time the case shall be listed in court the products which are in dispute could be withheld from being sold. The company may be forced to recall back all the products which are in the market meaning that they will run at a loss and they won't have ample time to replace them soon.

The ruling of the court to recall the products from the market would be drastic such that the company would have not planned on how to replace the products in the market. If the company delays to replace the items back in the market it would be an advantage to the competitors. The competitors would seize the moment and be able to penetrate in GE's market due to its absence or even due to negative publicity which would make GE's customers to buy from the competitors. Investors and suppliers will avoid doing business with the company in fear that the company will not be performing well in the business.

Fate of the whistleblower

A whistleblower convey any information which he feels that its of the in interest of the public especially if the company has issues which affects the public negatively and the issues are not being addressed by the company even after they have been aware of. It is important that a whistleblower exhaust all avenues available in the set procedures of the company to <https://assignbuster.com/general-electronic-company/>

address the issue and it is only after such measures are not workable should they now inform the public. Whistleblowers play a major role in the interest of the public and they should be protected.

The whistleblower is justified if the company product or policy shall commit serious harm to the public the employee should report the company for the interest of the public. If the employees in there cause of duty identifies serious threats which are harmful they should state their moral concern about the issue. This enlightens the authorities who should take control over it before it is harmful to the public. A whistle blower would also opt to diverge, the information if they have informed the immediate supervisor and there is no action. Meaning that he has exhausted all the internal procedures to address the issue but there is no action.

The employee must as well document all the evidence which support his action and present it to the observer who would evaluate the products or the firms' practice which is a threat to the public. Before the employee reveal the wrong doing to the public they must be convinced that the exposure shall ensure changes are done to correct the situation. The Whistleblower should also be justified if the risk and danger involved to blow the whistle is equal to if the mission succeeds.

Whistleblower should be protected by the company by developing internal grievances and process which employees should report to any wrongdoing. Employees should be encouraged to use these channels and reward them accordingly. Senior executives should be appointed whose role is to investigate the allegations and also stipulate the disciplinary actions which should be taken.

However, at times the whistleblower should not be protected if they divulge the information which is necessary for the company to perform its work efficiently. Some of the whistleblowers are unethical and their motive is malice and do not have concrete reasons why they have done so nor do they have evidence to support their arguments.

Such whistle blowers should not be protected especially who divulge confidential information of the operations of the company, current and future plans of the company as or legal issues. They should also not be protected if the accusations do not show a conviction that the wrongdoing is being committed. This mainly arises if there is no evidence that such wrong doing occurred.

Sometimes the employee could forward personal accusations which are not relevant or do not contravene with the company policy or do not appear illegal. The employees who complain about their manager's competence in their daily work decisions and do not have relevance to morality, responsibility or management actions should not be protected as well. The management could decide to demote, discharge or transfer if it is proven that the employee had violated code of conduct.

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