

# [Memo on metal whistle problems](https://assignbuster.com/memo-on-metal-whistle-problems/)

Memo To: CEO of Toy Company From: Elementary Division Manger CC: Executive Team Date: 07/23/2011 ------------------------------------------------- Re: Discussion on the process of selecting decision alternatives for the whistle issue of the toy company, evaluating the advantages, disadvantages, legal, financial and ethical considerations involved in the various alternatives. The purpose of this memo is to outline three possible decision alternatives to address the problem of small lead traces to contents of metal whistles produced by a U.

S toy company due for shipment to South America; by discussing the methods for the selection of decision alternatives, the advantages, disadvantages, ethical considerations, financial and legal prospective of the each decisions . The memo will further justify and analyze the impact of the recommended decision on customer relationship as well as demonstrate the role of ethics and social responsibility in choosing this decision. While important financial or strategic information is used in the decision-making process, business ethics has become an increasingly popular tool used in making decisions.

Business ethics is commonly referred to as the professional judgment or ethical perspectives used by an individual or a company executive team in resolving moral or ethical problems in business. In resolving the problem of the lead-contaminated metal whistles, I will discuss three possible decision alternatives, methods of selection of the alternatives, pros and cons of the alternatives as well as potential legal, financial and ethical consideration involved in the selection.

Ethical decisions-making can be difficult when it involves uncertainty, unknown outcomes, presents many alternatives, and raises interpersonal issues. However, over the years, people have developed techniques for dealing with these difficulties by introducing a logical five-step decision process technique. The first step involves establishing a context in which to address the problem effectively.

To do this, we can organize a meeting of a diverse group of personnel from the different departments of the company, directly or indirectly involved with the whistle problem. And encourage participation by welcoming criticism, worries, and minority views about the problem. We can also choose different settings for meetings and avoid advocacy by being open to a balanced argument, and accommodating different opinions and values. The second step entails framing the problem properly.

To affectively address the key issue on how to resolve this ethical dilemma, it is important to avoid evaluating past experiences or expectations that could cloud perceptions of the issue, for example, reflecting on the deliberations on the case of the Mattel Company. Other factors include pinpointing possible biases or other team members’ biases, seeking out the perspectives of other team members and approaching the issue from different angles.

The third step is generating alternatives by being creative in thought process as we evaluate various ways of understanding the situation; Brainstorming with the team and jotting down possible pros and cons of the of each alternative; It can also be beneficial if the involvement of creative people could be considered to encompass people who tackle problems enthusiastically and are original, thereby igniting healthy debate which would eventually create an exhaustive list of possible alternatives nonetheless not too many to be considered overwhelming to evaluate or analyze.

In generating alternatives for the contaminated metal whistle issue of the Toy Company, we will begin by gathering facts about the issue which include reports from quality control, production, repackaging, accounting and loss prevention department, interviewing various departmental personnel to assess their reaction to the crisis. Secondly, we will identify stakeholders, who are more likely to be affected by the different decision alternatives.

In this case, the shareholders, employees, consumers and the company as a whole will be impacted by any decision taken. Thirdly, we will qualify the inputs; and this principally involves deciding on the main representatives who will be actively involved in the decision-making process. In this case the company’s quality control regulatory representative, loss and prevention personnel and corporate task executive personnel will be the qualifying input for the issue.

The next step will be to identify the potential consequences which include cost of the recall, safety to the children, preventing possible future law suits, decrease in company stock values, build an ethical reputation for the company and enhance quality control techniques to prevent future loses, The last step involves prioritizing values supported by the different solutions.

In the metal whistles case they are three main decision priority alternatives which include \* Protecting consumers from potential health hazards by implementing a recall/or not shipping the whistle \* Protecting company from liable lawsuits by shipping the products to other countries where regulatory rules for lead levels in products like whistle, are less stringent and reproducing new toys with acceptable lead levels for future shipment to decrease company financial burden. Maximizing the company’s profit by “ unethically” shipping the products and ignoring the report on traces of lead found, while explicitly providing a disclaimer to potential clients of the possible health hazards that may arise from using the lead-contaminated whistles. After generating decision alternatives, the next step involves evaluating the alternatives. This involves determining if each decision meets the objectives of solving the problem.

In evaluating the various alternatives, the pros and cons of the various decision alternatives are often discussed, while the financial, legal and ethical implications of each alternative are assessed. With regard to the decision of protecting the health of the consumers by implementing stopping/aborting the shipment, some of the pros include consumer safety, company longevity through a maintenance of consumer confidence, enhancing company quality control on manufacturing products and raw materials and prevention of possible lawsuits.

While the cons include unavoidable negative publicity, actual and potential damage to the company’s business and image on one hand, and on the other hand, it brings about social and ethical responsibility to consumers on product awareness and use. In addition, negative publicity usually has the tendency to damage the corporate image and consumer perception due to the media bias in the presentation of information in which the negative information is unfairly weighted more than positive information, in the evaluation of people, objectives, and ideas.

It constitutes an added, and unexpected financial burden on the company, stemming from the cost of repackaging, reproduction and other logistics. In terms of the legal prospective, it limits liability for corporate negligence, hence decreasing legal penalty costs. Based on the utilitarian perspective, the ethical corporate action in this situation is the one that produces the greatest good and does the least harm for all who are or potentially affected-customers, employees, shareholders, the community, and the environment which in this case is a recall to protect the consumers.

Also, based on the rights perspective, it is the right of the consumers to know the truth; which in this case, revealing information about potential lead traces in the metal whistler was an act of respecting consumer rights. Financially, the company stands a potential of suffering a big loss which could cause decrease in company stocks or potentially, company bankruptcy. The second decision alternative suggests shipping products to countries with limited or no regulation on lead-contaminated products, to decrease company loss and liability charges while reproducing new toys for future shipment.

The advantage with this decision include decrease in financial burden, maintenance of the company’s reputation, prevents violation of U. S product manufacturing regulations. However, the cons include unreliable service with regard to dateline of toy shipment, need for expedited production workforce, compromise of consumer health safety and possible unethical practice. Financially, the company will suffer from short term increased cost of production but eventually balance financial sheet upon contract shipment to another country.

On legal consideration basis, this decision could prevent the company from lawsuits against various regulatory departments. Nonetheless the exporting agency might frown upon the company’s ethical action. Ethically, the company will be doing the right thing by not shipping the toys out to Latin America. The company could also assume the Common Good Approach, in which it will be shipping the goods to a country where they could use it because the company believes traces of lead will cause negligible health hazard to consumers.

The third decision alternative entails maximizing the company’s profit by shipping the products and ignoring the report on traces of lead. Such a decision can be corroborated by the argument that the amount of lead found on the metal whistle is too negligible to pose any deleterious health effects. The pros in this case include maximizing profits, decreasing work overload in the production line and repacking workforce, short term prevention of company negative publicity and preserving consumer perception.

The cons include potential lawsuits from regulatory agencies, future company negative publicity and reputation. Financially, the company might be able to make short-term profits which will eventually be ’wiped-out’ by lawsuits from regulatory agencies that will suit the company for a violation of the law. In this case, the company will be acting unethically, from the Utilitarian Perspective because it fails to provide the greatest good to the greatest affected people.

However, with respect to the Fairness or Justice Perspective which believes in reward for a job or assignment completion in this case, profit from the production of the metal whistles of the toy. Legally the company stands a chance of facing tremendous regulatory violation suits because of failure to adhere to the U. S laws of lead regulatory production standards. The last process of selecting a decision alternative is choosing the best alternative – upon proper evaluation of the merits of each alternative, the best alternative is chosen.

An important aspect of this process is to avoid a too long or short deliberations time to avoid hasty, undefined alternatives. After a decision is chosen, the team’s findings are communicated to the other team members with detail explanations on why the various decisions were or were not taken into consideration. In implementing the decision alternative, deadlines, and follow up need to be set up with proportioned responsibilities on the company’s decision.

Based on the three decisions, I will recommend the first decision alternative which supports a strategic recall of toys with a postponed shipment date. Some of the reasons for supporting this decision include but not limited to; ethical actions of the company which supports the Utilitarian approach of greater good to the majority, long term company consumer reliability, consumer safety and prevention of company litigation from federal and state agencies, awareness of better or stringent product /raw material quality control.

All these factors could overall lead to better future business of the company and legal awareness of regulatory laws. When a company institutes a product recall as a result of regulatory violations or for voluntarily precautions purposes, in which the product sale and consumption would cause a potential consumers risk, it usually leads to negative publicity for the company and imparts a minus on its reputation. With regards to negative company publicity, consumers usually respond to recalls based on their previous relationship or assertive values of the company.

When a consumer is committed to a company brand, the consumer automatically counter-argues negative information about that brand. These defensive processes moderate the ill effects of the negative information in that it decreases the possibilities of attitude degradation. However, consumers with a low commitment to the company brand products, usually counter-argue such information to a lesser degree as a result inadequate interest for the product.

When consumer commitment to a product is high, it could lead to absence of the negativity effect as well as considerations of positive information about that product being a more diagnostic issue than negative information. Based on the company’s social responsibility to the society in making such a decision, it is incumbent upon the company to determine the needs, wants, and interests of target markets and to deliver the desired satisfactions more effectively and efficiently than competitors, in a way that preserves or enhances the consumer's safety and the society's well-being as a whole.

Hence companies are required to incorporate social and ethical considerations into their decision-making process. The recall/shipment stoppage could threaten the company’s social legitimacy in that the company could lose social legitimacy if it is seen as being dishonest, irresponsible, potentiates attributes of law breaking tendencies, or behaving in a manner that shows little concern for the community.

To prevent any loss of legitimacy, the organization needs to reestablish congruency between the values implied by its actions and accepted social norms by properly communicating reasons for recall/shipment stoppage, sincerely apologizing for inconveniences and providing a lucid action plan to forestall future possible issues of similar kind and scope.. Finally, it could cause a social awareness on the society in scrutinizing products that could be of potential harm to society if laws are regulatory production laws are violated.