

# Zero fee tour-making an ethical decision?

[Sociology](#), [Ethics](#)



Zero Fee Tour-Making an Ethical Decision? Generally, ethic is similar to moral value that regulates the behavior of people and we use ethic to justify what is right and wrong. Business Ethic is therefore the standard to justify what is good or bad in making a business decision or in running a business (Geer, 1994). Business ethic is relevant to both conducts of individuals and business organizations. Some of the enterprises just simple ignore the business ethics and run the business practically as profit was the sole target for them.

Ethical action may not be practical to a business, while practical action may not be ethical to others.

It constitutes an ethical dilemma. A manager should therefore strike a balance between "ethical" and "practical" before making a decision. In this paper, I will explore approaches to address ethical dilemma and what aspects will be considered before making an ethical business decision. I will use the tourism industry as an example to examine that can an enterprise only focus on business ethic or the profit and whether or not the business ethics are the key element for it to consider before making decision. I will examine both the positive correlation and negative correlation and draw a conclusion at last.

We always wonder what are our ethical standards base on and how can we apply those standard to different circumstances. Many ethicists and philosophers have suggested several approaches to address ethical dilemma. The most common three approaches suggested are the utilitarian approach, moral right approach, justice approach (Velasquez, Moberg, Meyer, Shanks, McLean, DeCosse, Andre, Hanson, 2009). Utilitarian approach is to make a decision base on ethical action that can maximize the benefit or

minimize the harm for the majority of people. It deals with consequences and emphasizes the result of a decision.

According to the definition, ethical business action is an action that benefits the stakeholders, the community, and the environment most. However, it is difficult to find out what is good due to changing characters and behaviors (Velasquez, Andre, Shanks, Meyer, 2010) and people may not always have the same view on what is a good and what is harm. The moral right approach is based on human nature that people can decide what they want to do on their own. They have the right of free consent, the right to privacy, the right of freedom of conscience, the right of free speech, the right to due process and the right to life and safety (Browne M).

Neil Browne (Author) > Visit Amazon's M. Neil Browne Page Find all the books, read about the author, and more See search results for this author Are you an author? Learn about Author Central , Giampetro-Meyer, Williamson, 2003). According to this approach, ethical action is the best action to protect and respect the stakeholders' moral right. Right also imply duty, base on this approach people also have duty to respect others' rights. However, we cannot ensure that the companies maintain the ethical standards depend on their highest value priority.

The justice approach bases on the teachings of the ancient Greek philosopher Aristotle that all equals should be treated equally. According to this approach, the ethical actions treat all people equally or fairly based on a standard which is defensible (Conroy, 2010). Favoritism and discrimination are therefore unjust and wrong. However, this approach may not have adequately accounts for the rights and needs of everyone affected and it is

<https://assignbuster.com/zero-fee-tour-making-an-ethical-decision/>

difficult to see if the decision is based on a defensible standard or an imbalance of power (Yuter, 2008).

All approaches mentioned above help us to address ethical dilemma and to know what we do can be considered as ethical. Although, it is difficult to putting the approaches together as they explain what is “ ethical” in different ways, they give us some information to determine what is ethical in different circumstance. The majority of business decisions contain ethical issues, we only have to decide how to fit the issues into the business actions and weigh how much they should be considered (Cadbury, 2002).

We should have the ability to determine ethical issues and then weigh the consideration that should influence our business action in order to make a good decision (Velasquez, Moberg, Meyer, Shanks, McLean, DeCosse, Andre, Hanson, 2009). There are five elements enterprises used to think of before evaluating a decision. They are profit, fairness, reputation, community care and sustainability. Profit generally means economic profit, that is, the difference between the total revenue and the total cost (both explicit and implicit) of an enterprise.

As assumed in economics, everyone is self-interested and they tend to maximize their profit to achieve profit maximization. Profit is important in business world, especially in profit-making company as profit and money give motivation for business to survive (Williams, 2010). It therefore is an essential element being considered when making business decision. Fairness and reputation is another two elements. Fairness is the mechanism of how we achieve the ideas of just, equal, good, ethical or moral (Bothamley, 1993).

<https://assignbuster.com/zero-fee-tour-making-an-ethical-decision/>

Reputation is the feeling or opinion of other people towards an enterprise. It can be defined as the result of what you do, what you say, and what other people say about you. When a company's reputation for honesty or safety is damaged, it may cause serious impact on the business (Burkhardt, 2008). Community Care will be considered as an element for making business decision also. Community Care is a firm's obligation as a moral agent extends beyond its legal and economic obligations, to the pursuit of long-term goals that are good for society.

Assumed that all businesses obey law and pursue economic interest, community care is done voluntarily, but not what it must do by law or they choose to do because of economic sense (Besser, 2002). Sustainability is the capacity that an enterprise can endure or survive in the market. It is about the doing business better, working with others and staying in business in long run. The enterprise should use division of labors and resources in order to save money, to communicate to the stakeholders and to gain others' loyalty in order to be sustainable.

Enterprises should consider these five aspects with the approaches mentioned before making business decision. For example, if an enterprise wants to make profit ethically, it should focus more on the fairness when it makes decisions. Take the Hong Kong tourism industry as an example. In March this year, a Hong Kong tour guide of Win's Travel Agency discontented with the insufficient shopping amount of the tourists. She threatened the mainland tourists that if they did not go shopping, she would not let them to eat and did not provide hotel to them for accommodation. She used unethical method to force tourist to shop in order to earn more.

A tourist recorded what she said and has spread the video online, which seriously influence the tourism image of Hong Kong (Sina, 2010). The cause of this case is the introduction of zero-fee tour. Zero-fee tour was introduced during 2003 the SARS period in Hong Kong. It is tour which charges tourists less than the basic cost of airline tickets, accommodation and attraction tickets. As this kind of tour is charged under-cost, the travel agencies can only earn a profit by receiving commission and tipping from shops (Lu, 2006). According to Wong (2010), we can examine the business ethical problems in two ways.

In the view of the travel agency, that is the enterprise, they have to transfer the costs to the service providers in order to save costs of the company as the tour is charged under-cost. The travel agencies therefore do not give basic salaries to the tour guides, and force them to push shopping in order to earn commissions from different shops. Also, some of the travel agencies may require the tour guides to pay in some cost component in advance and delay the repayment to the guides. In the view of tour guides, they don't receive any salaries in zero-fee tours.

They will earn nothing if the tourists do not shop therefore they tend to force or even threaten tourists to buy in order to earn shopping commissions and tipping. This damages the tourism image of Hong Kong seriously. Using utilitarian approach, the business action should be base on ethical action that can maximize the benefit or minimize the harm for the majority of people. According to Velasquez, Andre, Shanks and Meyer (2010), to use utilitarian approach we should first determine the course of the business

action and then find the benefits and harms of taking the action for all stakeholders.

In this case, only Win's Travel Agency gains benefit. The tour guide has no salary in serving a zero-fee zero, she did not earn much benefit and had to force the tourists to shop. The business action harmed the tourists, as they were treated badly by the tour guide and are forced to shop. The tourists also had to buy things in unreasonable price as the shops marked up the price of their products in order to pay for the shopping commissions. Also, the action harmed the image of Hong Kong tourism. The action is not ethical as the courses of it cannot maximize the benefit or minimize the harm for the majority of people.

By using moral right approach, we should first indicate what rights are involved in a specific case, and then see if the business action conflicts with the rights (Hamilton, 2009). In this case, the tourists had the right of freedom; they can refuse to shop if they do not want to. The tour guide's action was unethical as she threatened the tourists and forced them to shop in order to fulfill the shopping amount. Also, the tour guide's action conflict the tourists' right to life and safety as she threatened them that they would not be provided a place for accommodation.

We should know the distribution first when using justice approach. We have to know who gain benefits and who suffer from losses, and then see if the distribution of the business action is fair (Hamilton, 2009). According to this case, Win's Travel Agency gained benefits as it have saved costs and the tour guide suffered from losses as she did not earn any salary. It is unethical that the enterprise did not provide the tour guide with basic salary. The tour

guide really provided service for the company, and it was not fair for her to receive no pay while other guides not serving zero-fee tour received salaries.

Also, it is unfair that those tourists who bought few products were treated badly as all tourists joined the same tour and they had not required to shop when they joined the tour. Now, I would examine why Win's Travel Agency made the decision to provide this kind of tour according to the five aspects mentioned. Firstly, the enterprise mainly focused on profit. Providing this kind of tour, the enterprise need not to pay salaries to the tour guides and it can receive a great deal of commission from shops as most tourists from mainland spend a lot in shopping.

Also providing zero-fee tour attracts a great deal of people from mainland to visit Hong Kong, the volume of sales of the enterprise would therefore increase (TICHK, 2009). The enterprise considered less in fairness and reputation. It did not pay the tour guide any salary except the shopping commission although the tour guide deserved to get salary after providing service. It is unfair that the enterprise did this action. As the tour guide was not paid, she treated the tourists badly, this not only damaged the reputation of the enterprise but also that of Hong Kong tourism.

In sustainability, the enterprise can use division labors and resources to save costs. However, it communicated to the stakeholders unsatisfactorily as it did not know what the tour guide and the tourists needed. Also, it cannot gain others' loyalty in order to be sustainable. Finally, in community care, the enterprise did less beyond its legal and economic obligations. Other than increased the sales figure in the tourism industry, it did less that benefited



the society. Win's Travel Agency therefore made decision mainly based on profit rather than business ethics.

In conclusion, different businesses would make decisions base on different aspects. They should use the utilitarian approach, moral right approach and justice approach to address ethical issues before evaluating a decision base on the five elements. According to the case above, purely base on making profit practically does not really bring much benefit to an enterprise. Enterprises should therefore strike a balance between practically making profit and the business ethics. It is very important for enterprise to consider ethical issues before making decisions as it is unavoidable. Reference Andre . C, Velasquez .

M, Moberg . D, Meyer . M. J, Shanks . T (2010), Calculating Consequences: The Utilitarian Approach to Ethics Andre . C, Velasquez . M, Moberg . D, Meyer . M. J, Shanks . T, McLean . M. R, DeCosse . D, Hanson . K. O (2009), A Framework for Thinking Ethically Besser T. L (2002), The Conscience of Capitalism: Business SocialResponsibilityto Communities Bothamley . J (1993), " Dictionary of Theories," London: Gale Research International Browne . M. N, Meyer . A. G . , Williamson. C (2003), Practical Business Ethics for the Busy Manager Burkhardt . R (2008), Reputation Management in Small and Medium-sized Enterprises Cadbury .

A (2002), Case Histories in Business Ethics, Conroy . M (2010), An ethical approach to leading change : an alternative and sustainable application Geer . H. D. (1994), Business Ethics in Progress Hamilton J, B (2009), How to Use the Justice Test Hamilton J, B (2009), How to Use the Rights Test TICHK (2009), Travel Industry Council of Hong Kong Lu . J (2006), 'Zero-fee' practice <https://assignbuster.com/zero-fee-tour-making-an-ethical-decision/>

damages travel industry Sina (2010), News on Sina. com Williams . W. E (2010), Profit versus Nonprofit Wong . W (2010), Chairman of Hong Kong Association of Registered Tour Co-ordinators, News Yuter R. J (2008), A Fair and Balanced Approach to Social Justice