

Business ethics and critical thinking

Business, Decision Making



When setting up a business, what comes into an investor's or a business man's mind is how much profit will be gained if such type of business is set up. The profit comes out of the good performance of the business. There are so many factors that influence the performance of a business. These factors are such as management processes, government influences, market competition and so many others (Heizer and Render 2007, 59-62).

In a business or a company, there is always the manager who is responsible for making decisions on the necessary steps to be taken in order to deal with these problems. What an investor or a businessman does not always consider much when setting up the business are the problems that will be encountered during normal business operations (Nash, 2007, 42). When the problems arise, they are faced with the problem of making decisions on what to do. Some of the owners of the business even think of closing down the business and resort to other means of getting money.

In a business where the owner makes the decisions, he/she as the owner also plays the role of a manager. He/she therefore makes decisions on how to run the business including the employees to hire for the company in order to improve performance (Heizer and Render 2007, 59-62). Decision making require a manager critically think about the problem especially if the outcome of the problem is not known. In most decision making cases in business, the outcome is always known.

These are decisions on the normal operations of the business for example, decisions on supplies to be made which the manager knows to utilize therefore knows what results to expect. The cases where the outcome cannot be easily predicted are problems that can affect the stability of the <https://assignbuster.com/business-ethics-and-critical-thinking/>

business for example market competition, problems of taxation and corruption cases among other problems (Weber 2006 75). For the business to run smoothly, decision making has to be done. For decisions to be made, a model or a framework that guides the decision maker has to be used.

For a solution to the problem to be found, a manager has to think critically. In business operations, decision making can not depend on critical thinking alone, there has to be a guiding tool or machinery showing what should to be done in a problem situation. This is what is known as the decision making model (Weber 2006 75). This paper will discuss decision making model and apply it in a case study “ The Shake Down”, that will also be discussed. What correct decisions to be made out of critical thinking about the problem of the case study will also be indicated. Decision Making Model

Decision making involves managers identifying a problem or sometimes an opportunity, and looking for a solution to the problem or, in case of the opportunity, how to make use of it. In making a decision, there are six steps that have to be followed according to the decision making model (Kline 2005, 57). The first step involves finding out what the problem is. It is always appropriate for a manager to identify the problem which normally is a situation that has resulted into a difference from what was expected. The manager should find out the cause of the problem to be sure what he/she needs to handle.

The second step is gathering more information about the problem that will help the manager make the final decisions (Palmatier and Crum 2005, 193). Step three of this model involves brainstorming to come up with various possible solutions from which the appropriate one will be selected. It is not

the manager alone who comes up with these solutions, the members of the company that can provide information about solution steps, however ridiculous they may be, share ideas too. Step four is a process of evaluating the solutions obtained in step three.

These are assessed to find out which are best among the many provided (Palmatier and Crum 2005, 193). This is the most important part of the decision making model. It involves narrowing down the solutions to three or two, from which two of them will be selected. One of the selected choices regarded as the best is utilized to solve the problem while the next best is kept as an alternative to the first one. In this section, the best solution is selected based on the time available for the solution to be solved, the information provided, legal barriers, public interest and financial issues.

The manager is allowed to make use of a decision available at the time if an effective one is still not yet found and look for future solutions later (Kline 2005, 57). The next step is to implement the decision made, then the last step which is to evaluate if the decision made is effective is performed. In this step, the decision maker decides to start the process of decision making again if the first one is not successful, implements one of the alternatives or can choose to give the first one more time (Palmatier and Crum 2005, 193).

The case study “ The Shake Down”

Customer Strategy Solutions is a company that was set up in a developing economy with problems the owner did not know to exist until he faced some of them. Ukraine is a country that for one to be offered certain services, the responsible agents or officials have to be bribed. It is a country that when a business company is found with a mistake, the next step of trying to correct

the mistake is bribing the authority. This may not be the real picture in the country, but according to the case study, Ukraine is depicted as having these characteristics.

Zhuk, a business man decided to set up a software developing company (Bodrok Phil. 2005, 31-35). At the beginning of the thought to start a business in Ukraine, Zhuk never thought that the developing economy would create so much problems to his business. He never thought about the cost of doing business in a developing economy. In the process of setting up the software developing company, the two investors Zhuk and Hnatyuk, decided to look for a company that could install communication lines to their company.

Dnipro telecoms, a state owned telecommunication could install the communication lines but would take three years to install the lines for the company to start working, however the same telecoms' agent noted that if extra fee was payed, then he could install the lines after a month and more money for installation after just a week (Bodrok Phil. 2005, 31-35). Zhuk and Hnatyuk decided to bribe the telecommunication agent and be installed for the communication lines within one month. Customer Strategy Solutions started operating well and was progressing well with an appropriate management strategy.

Zhuk implemented a strategy of employing the best talent and training them to produce quality services that was lacking in the Ukrainian market. It was until an agent of the Ukrainian Tax Authority claimed that they owed the government some money, that Zhuk thought of closing down the business (Bodrok Phil. 2005, 31-35). His partner and friend, informed him that the tax

authority claims an amount of \$ 16, 000 from the company due to lack of filing five of 17 files, as required by the taxation rules. Zhuk indicates that everything according to the taxation book was done by the company.

The question here is, what may then be the problem? Is it really that the company did not file the five files as the tax authority agents said, or are these people just after being payed off just like the telecoms' official? Zhuk feels he should close down the company, but considers the employees that he has and his friend that he persuaded to drop his job to work for the company. What decision is good for this company's manager or owner? (Bodrok Phil. 2005, 31-35). Critical thinking The problem that Zhuk faces is operating in a developing economy which the cost is proving to be high.

Zhuk is faced with a problem of whether to pay the tax officials off or not. According to the decision making model, a decision maker should first find out what problem there is and what has caused the problem. According to the case study, Zhuks says that they did everything according to what was indicated in the Ukraine Tax Authority book (Bodrok Phil. 2005, 31-35). What then could the tax authority need even if it concerns auditing that the company did not meet before being set up? If all the procedures were followed, how comes there was a mistake in not scheduling all five files?

The claim may be true, and if it is, Zhuk should not be thinking of closing down the business unless there is a major problem that can cause the business great loses. This tax paying problem does not seem to be a problem worth closing down a business like Customer Strategy Solutions Company. It only needs some long term solution decision so that no problems of such kind can be encountered in the future (Crane and Matten

2007, 30). Future problems of this kind as has happened to the company, should be foreseen and preventive measures taken for safe and smooth business operation.

Zhuk should first find out what the problem is with the tax authorities then act from this. He then should look for more information by finding out who this lady, who came as a tax authority agent is. May be she was just an impostor who was sent by one of the company's competitors. More information about the company records with the Ukraine Tax Authority should also be obtained to help Zhuk know what steps to take. He should not just pay them off before looking for alternative solutions. It is important for Zhuk then to develop various solutions with the help of his partner, to the problem of whether to pay these tax officials or not.

From these solutions, Zhuk can then select the appropriate one. Given the period that the company was offered to pay all the tax arrears that the company had, it may not be possible to do that. Zhuk has to consider the financial status of the company. The solution to this problem is only paying off the tax agents as an initial step, then paying the tax arrears later in order to avoid next payoffs. If Zhuk decides to pay off the tax officials and continue with the business, the problem will never end, the tax officials will always be coming to be bribed.

Zhuk and Hnatyuk came to Ukraine, started their business there and found the corruption going on. It means that if corruption will always be there unless a long term solution is found. This is what Zhuk should look for. Ethical Framework in Decision Making For a manager to make a good decision, he/she has to consider what is ethically correct. For the manager to

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make decisions while sensitive to the ethical issues, a frame work for decision making has to guide him/her (Noel and Andrew 2007, 47).

This frame work has the steps similar to decision making model of solving problems. The first step is to recognize the ethical issue, for example in the case study, Zhuk realized that closing down the company would affect his partner Hnatyuk, who had resigned to work for him, and would as well affect the employees who would remain jobless. The next step is looking for facts or information about the ethical issue, for example finding out what information is lacking about the impact of closing down Zhuk's company, who will suffer most, and if there are alternatives.

Evaluation of the alternative decisions that can cause less or no harm with regard to what is considered ethical then follows. Just as in the decision model, the next step is implementing the best decision selected then evaluating later to find out if the selected choice was effective (Schwab and Gelfman 2005, 74). Zhuk could as well look for choices that would not harm the people he feared would be affected, implement it and find out if it is effective. Theories of Decision Making

Decision making theories also affect the decision a manager makes when a problem occurs (Peterson and Ferrell 2005, 52-53). According to business ethics theory, businesses are meant to make profit and so any problem that hinders this profit making should be done away with regardless of any effects to other parties. The solutions should be based on how the profit making can be brought back with consideration of no other factors (Sharma and Bhal 2005, 123, Peterson and Ferrell 2005, 52-53).

It does not consider any harm caused to other people except the business. Another theory states that businesses have morals that have to be considered so that a decision cannot be made to harm the people involved in the business operations. The people too have a life to lead and deserve to be treated well (Sharma and Bhal 2005, 123). Relating this to the case study, Zhuk's case belong to the business moral theory although he could choose to make decisions using the first one.

It is evident that Zhuk cares for the members of his company when he thinks of how they will be affected if the company is closed. Conclusion. From the above discussion, decision making is shown to have so many factors that affect it and also have a framework that guides the managers to ensure success in the long run. Business management has problems that require decision making and hurried decisions with no effective outcomes would be loses to the business companies. Appropriate decision making is therefore essential.