

Example of countrywide financial case study

[Business](#), [Marketing](#)



Business Ethics

In this lecture there were six case studies on ethical issues. The paper shall analyze each one of them and give recommendations thereof. The first case is that of countrywide financial. Over 9% of the loans were subprime loans which are essentially very high risk loans. Due to the unethical behavior at countrywide financial these subprime loans were repackaged as mortgage backed securities and were given high ratings. In 2008 the credit freeze resulted in 62 trillion dollars credit default. Countrywide financial sold out to bank of America for a sixth of its original value. Subprime loans had a legitimate purpose at the beginning. Countrywide financial, however, did not exercise due diligence. They had lured borrowers into getting into risky propositions. When the house values reduced, the interest rates went up and the borrowers suffered losses.

I think it was unethical for countrywide financial to lure borrowers into such a risky proposition. Though most banks claim that there is caveat emptor, most of their clients do not really understand the terms of most of the loans. Since they trust that their financial institutions would not sell a product that is detrimental to their financial position, they are likely to buy whatever is brought to them. I, therefore, think financial institutions have a huge responsibility of advising their clients and providing full disclosure and all the details of the risks involved. I also agree with the point in the discussion that the foreclosure would be unfair and that renegotiation is necessary.

Misleading Numbers

The second case is that of a boss asking a subordinate to omit some numbers of poorly performing mutual funds. I agree with the arguments put forward that it is unethical. This is because misleading the client is deception which is obviously unethical. There are, however, some issues that are involved and it is not easy for the subordinate since he or she is in a moral dilemma. The performance scorecard maybe reduced and the subordinate may even lose his job if he does not follow the instructions that have been given. My recommendation is that the employee should not sacrifice his honor. It is not, however, as easy and it is understandable if the employee compromises since he has a responsibility to himself and even his family. In conclusion, for this case, the omission is unethical but one can clearly see that it is a classic case a moral dilemma. Employees who are put in this kind of situations have a hard time since it is hard to balance a professional responsibility of being ethical and a personal responsibility of looking out for once own interests.

Marketing Prozenc

In this case prozenc is an anti depressant and the issue here is that it was advertised in such a way that there was emotional persuasion. I agree with the presentation that this is highly unethical. I think the measure of whether something is ethical or not depends highly on the seriousness of the matter at hand. The use of a drug is serious and it is unethical for pharmaceutical companies to enter the market and persuade the customers to ask their physicians to prescribe this drug for them. The advertisement is manipulating the customers and it seeks to appeal to their emotions. Trying

to appeal to the emotions of customers while advertising a drug is not right. There could be very serious implications. The advertisement and marketing of aid to a hunger relief aid and that of marketing an anti depressant should not be the same. In the marketing, the pros and cons of using the drug is not given. I think pharmaceutical companies should be very careful and ethical when dealing with marketing for their drugs since there are lives that could be at stake.

Super-Size me

This case is about McDonalds being unethical as it is selling food that is harmful to the health of its customers. The argument is that there is a lot of obesity in America and since McDonalds is a very successful brand, they have more responsibility of ensuring that their food is healthy. I do not agree with this argument. I think a clear line should be drawn between corporate responsibility to the society and people taking their own personal responsibility for their health. There has been alot of discussions and research on how unhealthy McDonald's food is; one of them being an experiment conducted by Morgan Spurlock. I think people should take responsibility for their own actions and not blame McDonalds. This case is a classic example of where caveat emptor should apply, the buyer is fully aware hence the company is not being unethical. On the issue of McDonalds manipulating children, I think parents should be responsible for their own children. In the case of a financial institution, the clients are relying fully on the expertise of the bank hence the bank has to be extremely diligent and ethical; this is not the case in the McDonalds case.

Bullard Houses

I agree with the arguments put forward in this case. It is a case in which the owners of neglected townhouses are trying to sell them but they do not want the same to be commercialized. The agents involved in the transaction have a moral dilemma of whether they should or should not disclose that their clients intend to have a high-rise hotel development on the property. The issues in this case are that if Bullards ask what will happen to the property, the agents should respond and give a full disclosure since negotiations should be done in good faith. If the Bullards do not ask, the agents have no responsibility of disclosing it to them since they also have a responsibility to their clients.

I think in this case the agents should tell the Bullards if they ask or if they have already developed a personal relationship, it is not ethical to betray that relationship. If the Bullards do not ask then the agents have no responsibility of informing them. Something else that should be considered is that the Bullards should exercise due diligence on their part and include a clause in the contract so as to avoid some of the ethical dilemmas.

Conoco's Green Strategy

This case, the one for countrywide financial and the prozenc marketing have a higher ethical threshold. This is because there is much at stake in these cases. In the 1980s Conoco (now Conocophillips) began drilling in the Ecuadorian rain forest. There were enviromental problems like spilling of oil and disposing of waste. Some forest cover was cut down so that people would move in to the forest. The biodiversity was affected and the way of life of the Huaorani people was disrupted. The issues here are that drilling of oil

will lead to availability of energy for the people but it comes at a cost which is pollution of the environment and the disruption of life of the people. Since global warming is a global phenomenon I believe there is no balance in this case and that the company was totally unethical since there was pollution of the environment and disruption of the lives of the people. My recommendation is that the environment should not be destroyed and the way of life of the people should be respected.