Ethics in the workplace case study action plan assignment

Art & Culture

Abstraction Paper Company provides an Inside look at a major corporate downsizing program led by the controversial turnaround manager " Chainsaw" AY Dunlap. By the end of the restructuring in late 1995, when Kimberly-Clark acquired Scott, the market value of Coot's common stock had increased by more than $3 billion. Dunlap personal wealth increased over this period by nearly $1 00 million, reflecting his compensation and appreciation in the value of his Scott stock holdings and executive stock options (Gilson, 1994).

No employee issue has created as much media attention and more employee anguish than company downsizing. Popular press articles suggest that thriving corporations regularly reorganize their workplaces, leaving many people out of work even when their former employers face no imminent financial threat. Changing patterns are some of the reasons cited for Job loss support this Impression of the rising Importance of streamlining operations.

Differences In factors such as the state of the economy and the signal sent by Job loss could make the process of downsizing and the effects of job loss differ between restructurings of healthy organizations and ionizing due to financial misfortune. This paper provides an in-depth look at the effects of restructuring and the massive job loss at Scott Paper Company In 1 993, and the large affect it had to the community Scott paper serviced. Alberta.

Dunlap, a self-proclaimed " Rumba In pinstripes" showed little or no sympathy, when in less than seven months created his very own crisis, and eliminated 11, 200 people, which was one-third of its workforce. Seventyone percent of the headquarters staff, which included 50 percent of management, and 20 percent of the hourly employees; this was considered one of the most introversion downsizing cases in the U. S at the time (Nelson& Terrine, 2004). So we ask, what were the sources of the Scott Paper companies' ethical obligations to Its long-term employees? Ere AY Dunlop motives based solely on the trends of the market? The goal of restructuring should be to increase the overall market value of the business; often the gap that restructuring addresses is very large, in the billions of dollars possibly. Research suggests there are usually three primary motivations for reorganization; the first Is the poor financial performance, second, Is the need for a new corporate tragedy, and lastly it is used to correct how the company is valued in the capital market Nonsense, 1994).

In this case the warning signs were clear at Scott Paper with the declining sales, stale product lines and some irrelevant business ventures; a lagging revenue stream and stock price, also contributed to the massive restructuring. Interview Witt economics correspondent Paul salmon, AY Dunlop snowed no remorse or regret regarding the layoffs when he was asked what his definition of corporate responsibility, his response was cut and dry. He stated: " A corporation is in equines to make money for its shareholders. That is the essence of the free enterprise system.

Business is not a social experiment. Socialism has failed the world over. In fact, we have one of the lowest unemployment rates we've had in recent history (Dunlop, 1996)". He displayed pride when stated that sacrificing thirty-five percent of his staff was worth the loss to offer a more secure future to the rest of his staff, surprisingly in this case, his restructuring did not cause severe disruption to the business. In fact, despite how Coot's restructuring was often portrayed in the news media, mom of Dunlap supporters felt the treatment of the affected workers was largely pretty humane.

With the relocation of Scott headquarters' from Philadelphia to Florida and their acquisition from Kimberly-Clark company, Scoots stock value increased tremendously, and their share holder and corporate stakeholders from the more the $ 3 billion dollars in profits and Dunlop was able to move on to another " war" with nearly $100 millions dollars as a reward. Analyze and evaluate alternativeness Coot's Board of Directors hired Mr.. Dunlap in, as CEO, the purpose was to increase revenue and shareholder value. In this aspect, Mr.. Dunlap was highly successful.

What is questioned are the methods by which Mr.. Dunlap pursued this. Mr.. Dunlap history agenda is consistent with what he does from company to company, divest non-core business and slash large number of Jobs. It seems obvious that other avenues of revenue generation were not pursued just by the history of Mr.. Dunlap. The first action to review was Mr.. Dunlap decision to move Scoots from Philadelphia, PA to Boca Orator, FL. With the rich history that the company had with Philadelphia was immediately a negative mark on the company.

Whatever the reasons may have been for the company to move, many suggest that it was due to Mr.. Dunlap having a home in Boca Orator. One alternative would be for the company to review and discuss with the city of

Philadelphia high level their plans. The city may have been willing to provide a temporary home for the new CEO in return for the company committing to keep the business in Philadelphia. Another alternative would be potential increased tax breaks to keep the company in Philadelphia. Again, the company would have benefited by maintaining the corporate headquarter where the roots of the company ally are.

Staff reductions are never a pleasant experience for anyone, the company or the employee that Just lost their Job. Mr.. Dunlap perceived lack of consideration for staff Just adds to the unpleasantness of a reduction in force. Some alternatives to a large reduction in force would be a much more gradual reduction. Large wholesale reduction has negative impacts both on those that are being let go but also on those Tanat are still Walt n ten company . I Nils also does not mention ten extra workload t many staff have pick up to ensure the workload continues.

Make recommendations company should have recognized the negative impact rash decisions would make in the media and to consumers prior to making such statements as corporate relocation and layoffs of this magnitude. As a result, the company could have better prepared the media an announcement of this nature. Instead of Just announcing the layoffs, the company could have shared exactly what they were doing for those impacted employees such as severance packages, Job placement activities, and career changing.

This would have provided not only the communities impacted some time to adapt to the changes but also additionally the people impacted the ability to maintain a lifestyle they are used to. This also would have given the company an image of compassion and understanding even if it were a false image. A possible solution to the CEO moving the corporate headquarters to Boca Orator, FL would be to relocate on critical staff to the CEO, such as Chief of Staff and other personnel, but keeping the corporate offices in Philadelphia. This is done all of the time in Corporate America.

There is nothing required that the CEO needs to be located in a major facility. With the technologies at the time, physical proximity is not important. In addition, the company should have discussed potential options with the State and local governments to determine what assistance could be provided by those governments. This would have given the states a forewarning of changes that need occur and brainstorming of ideas could have occurred. Issues and Problems in Scott Paper Downsizing a leader, steadfastness and calmness will help to avoid a feeling of panic or disorientation on the part of employees.

If downsizing is inevitable for a company, solutions are also available for smooth employee exits. A true leader would want to do away with destroying the oral of both outgoing employees and the ones left in the company. The responsible corporation would have done everything in its power to avoid layoffs. Albert Dunlap was the CEO of Scott Paper Company from 1994-1995. Dunlap laid-off 11, 200 people and put intense pressure on those who remained to increase short- term shareholder value. The stock went up.

Kimberly-Clark acquired the company and Dunlap moved to Sunbeam, leaving a seriously wounded Scott Paper behind with his pernicious sense of business ethics. True, businesses are supposed to make money, but are that all that matters? Mr.. Dunlap actions on corporate responsibility and responsibility towards employees (or rather, the complete lack thereof) are nothing short of obscene. His excessively high executive compensation packages are also despicable. Let’s face it, how much money does an individual need to live the (very) good life?

Why should one person be given many multiple tens of millions of dollars while others working for the same company are barely surviving? Down with costs, out with employees, up with profit margins; and the stockholders rejoiced. Collects Is use to agelessly Dustless In terms AT pronto, or operating orators, or dividends. The current public debate, is how worthwhile is the large employer? Are profits paid to shareholders generated at the expense of other stakeholders: namely unemployed and dislocated, discouraged but willing, workers?

Downsizing can sometimes seem to be about creating victims and displacing blame rather than accepting responsibility and choosing moral and ethical ways to implement the outcome. It appears that Mr.. Dunlap wanted a quick outcome that protects his and the company’s assets, yet he had no compassion to those who was let go. There were no strategic plans to carryout downsizing in order to have its effect be a positive one. It appears options were not weigh out before planning such a desperate move. Will the downsizing be profitable to the company?

Will employee morale be lowered by the cutback? Have all other options been exhausted before the lay-off was decided upon? What strategic plan has been developed to ensure that the survivors feel confident in their employment and that they understand what their new focus should be? As we look at the reasons for downsizing, it was easy for Mr.. Dunlap to Justify the needs from an organizational and business point of view. If he had considered the deeds of employees and the affects of downsizing on them, the picture would have looked different. While Mr..

Dunlap did, what he felt was necessary to line his pockets and for Scott Company to stay alive in the competitive world of business, it had a moral obligation to his employees and the community. Whether or not Mr.. Dunlap choose to consider the needs of the company’s employees and the community during the downsizing phases how greatly it would affect the outcome of the process and alter the benefits of the lay-off. While Mr.. Dunlap and the company’s profits was the main concern, he should have been ireful of the way he implemented the downsizing in order for the outcome to be adaptive and positive.

Because profitability was the only criteria for downsizing, the Scott Company probably had disgruntled and non-focused employees, the outcome of the downsizing most likely was disruptive, causing low morale in the workforce, which breeds lower productivity. If the employees thought that Mr.. Dunlap exhausted all other possibilities before the lay-off and considered the needs and feelings of the employees and the affects on the community, they may be able to look upon the company with trust and security.

It appears that according to Dunlap, a corporation exists primarily to enrich its stockholders; the products themselves are only marginally relevant, the employees even less so. What happened with the Scott Company is not unique nor an isolated incident within Corporate America. Every employee knows when they start a Job that it could be here today and gone tomorrow. However, the worker goes to work each and every day with a hopeful confidence that their employer will provide them with an income stream that will help facilitate their way of life.

In short, there is a dependency on the employer to be there, to protect their employees, and to pay their employees as promised. That dependency requires a high level of trust. The actions of Mr.. Dunlap, in some ways, destroy the trust that employees have in their employers. To be terminated without the opportunity to plan a course of action to sustain yourself and Tamely Is a tough way to loose a Jon. Corporate downsizing will continue to happen and draw media attention. Those that are successful at it, must measure their success by more than Just revenue and production. While Mr..

Dunlap is correct in that business is not a social experiment, equines and they way it is conducted impacts society in measurable and immeasurable ways. The fact is, there are many individuals in this country that are homeless who work each and every day. Likewise, there are many here and abroad who work every day that do not have health insurance. The decision of one, like an Albert Dunlap, has the ability to shape the lives of people that spans further than the people he let go directly. For many, work becomes a second home. Employees often spend long hours at work, shed tears, and share in the highs and lows of the company.