Introduction

The management of ethics in an organization is a crucial, yet, a difficult task. The organizations that run their business by following the code of ethical conducts are said to an ethical organization (Crane & Matten, 2010). These organizations take utmost care to minimize the level of ethical issues such as conflict of interest, product safety, advertising, and issues related to shareholders and community ethics. Thus, the following discussion highlights the ways in which these ethical issues could be rectified, which is done by evaluating certain cases.

1. Short Case

The ethical dilemma that is faced by a person may arise either due to the organizational pressure or it may also occur due to the personal beliefs, assumptions or policies. The ethical dilemmas are also of three types including self-dilemma, dilemma of competence and dilemma of confidence. In this case, self-dilemma is reflected in which it is difficult to facilitate integration of a company with another company that is working in tobacco manufacturing. The assignment of merger cannot be accepted because there is no way to retain the promise, as well as working simultaneously. It is so because, while working for the company, promotion of tobacco will be done directly or either indirectly. In this case, it would be better to leave the company because nothing is more important than the lives of people and it is known widely that smoking is injurious to health and thus, indulging yourself intentionally in such an activity is an unethical practice.

2. Conflict of Interest

In the process of acquisition, it is necessary to maintain the customers trust and level of faith in order to sustain in the growing market. In this case, a big company is involved in health care products and the little company is involved in health care advice. Thus, it is not necessary that due to the acquisition, the big company will force the little company to recommend its products. The advice provided for the products will be completely true and objective. As a senior executive, the vertical merger would be undertaken to bring the small business into the corporate world. Later, the process of negotiation and signing of antitrust laws will take place (Powell, 2016). The responsibility for the big company is that it continues to work for the growth and wealth creation. The obligation towards the little company is that it is not forced to provide advice on products that sounds wrong to it. For the customers, it is obligatory to provide products with accurate advice and low cost. To the shareholders, as well as the financial community, a proper return on investment and dividend must be provided. Moreover, focusing on diversification, share prices and innovation will also enhance the support of shareholders and financial community. The other stakeholders are employees, and to seek their full cooperation, it is necessary to provide them the incentives for their hard work. The government is the other stakeholder, and it is necessary to follow all the rules and laws with proper tax structure. In the end, another stakeholder is the environment for which protection of natural resources and control of pollution is mandatory (Pillay, 2015). The provision for the little company will include economic dependence, non-audit services and subjective judgment.

3. Product Safety

In the manufacturing of low fat and healthy food products, another alternative available is to conduct multiple tests and research on the product. If a single compound associated with dizziness is found, then its proper elimination is mandatory because launching a product with this drawback can destroy the brand name. Apart from this, launching a product by giving full warning details and consumption quantity can also serve as another alternative. Thus, it is obligatory to provide customers with the best quality products. Other stakeholders are the society for which health and maintenance of ecological balance is a must. Apart from this, the environment is also important so that sustainability is maintained. Other stakeholders include employers to which proper return on investment should be provided and for the employees, it is necessary to motivate them through incentives for their determined performance. Thus, the course of action would be to provide warning details and the quantity to be consumed at a time. The due care theory perfectly fits here in which the risk associated with any product and its safety measures are provided. Moreover, the material choice, construction method and design of the product are also provided to customers so that the company is not liable for any future risk (Weiss, 2014).

4. Product Safety & Advertising

It became essential for Big Pharma to recall its drug because, for it, human welfare and integrity are the main aspects to lead a business. Thus, the company gave due importance to its stakeholders that is the government, consumers and society. According to the experts, degardation of the anatomy of the human body in a slow and gradual manner is very risky. It is the responsibility of both, doctors and manufacturers to publicize the risk and provide the risk information to their suppliers and patients on a strict and frequent basis. However, many consumers ignore the warning signs for the medications. It becomes the obligation for doctors to not to over prescribe medications rather than manufacturers, who are just the suppliers. Yet, in the case of manufacturers, it is essential to provide drugs to the retail stores in limited quantity only. In this case, direct consumer marketing is not appropriate as they rush to buy the drug because of its benefits and neglecting the internal health hazards. It is appropriate once the medicine gets established in the market and consumers develop an understanding of its usage. Thus, it is the responsibility of the manufacturers to provide sufficient details about the drug to the doctors. The reactions of recall were different because, in spite of the fact that the drug has associated risk, it also saved lives of many people. Senior management also had the same expectations and they did not try to change the negative reactions because they knew this that they have done nothing wrong and unethical.

5. Shareholders

Working with the deal time, the major obligation towards the shareholders of the company is to provide more profit and return on investment. For other two companies, it is necessary to gain trust and faith so that they can invest their funds in the deal. However, customers and employees are also the major shareholders in the case. Nevertheless, the company, by planning for such deal, is at a big stake since it has to take the responsibility of all the finances. In this case, it would be better to safeguard the interests of stakeholders by involving them in the decision or by giving them prior notification.

6. Community

The major stakeholders are the consumers and environment. The best strategy developed to deal with the dump and disclosure is to announce it at the news conference and by explaining the role played for the well-being of the local individuals and it became the moral obligation of the CEO. The reaction of news by Wall Street was controversial, but still the CEO tried to clean the area and was not aspired to keep it a secret for the next two years. In this case, the CEO, by taking the use of due care theory, can justify his conference in which he can state the possible risks and the safety measures to the people. If the case had been prevalent in the US also, the CEO could have taken the same decision because moral and values of a person always force them to take the right decision. Thus, there is no need for the American companies to uphold non-US environment. The protection of the environment should be to a limit that it does not destroy the future resources and have no effect on rising global warming.

Merck and River Blindness, a pharmaceutical company, also faced an ethical issue in which the drugs that provided the maximum benefit to the company were on the verge of losing its patent protection. In this scenario, the company chose not to take any risk with the life of the people and invested a huge capital in the research for the development of new drugs. Thus, considering the health aspect of people more important rather than the annual sales or profits had made the company to be more competitive and sound on the grounds of its ethical behavior.

A similar situation of ethical dilemma is reflected in the case of a spring water company, where the advertising department had to promote the purity of spring water in order to attract more customers. However, due to the introduction of a chemical in one of the machines, 120,000 bottles were contaminated. It had been investigated by the company that the consumption of drinking water of more than 10 gallons could only be hazardous to the customers' health. Thus, it had been a serious concern for the advertising department, whether to limit its advertising campaign by making the customers aware of the health risk associated with the consumption of the contaminated water or to promote the sale of the product by giving false commitments to the customers.

The stakeholders of the company involved had been top management, managers, employees and customers. If the advertising campaign had promoted the sale of spring water bottles by hiding the actual truth, it could have lead to the increase in the sales of the company, which would ultimately result in the increased number of customers and profit to the company. However, the customers would have suffered the loss due to false promotion as the risks related to health were still associated with the water. Thus, it could be better for the company to replace all the bottles by pure water and stop the production of water from the contaminated machine until and unless it is redesigned. However, the implementation of this strategy depends completely on the company's financial position. If a company has sound financial structure, it could opt for maintaining ethics in its operations, but an unstable financial system of the company would stimulate it to raise its income by making the profit and neglecting the ethical aspect.

Thus, both the companies have had faced ethical issues, where both the companies had to choose between making the profit and considering the ethical aspect.

Conclusion

It can be concluded from the cases that, organizations should consider the ethical issues very strictly as they can pose a direct threat to their goodwill and profitability.

References

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