**Assessment Item 3: Essay**

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# Essay

 Morals, values and principles are three key elements that support disciplined existence of an individual and an organisation. Businesses are developed and designed as per societal values and morals, definitely as per their application. These guidelines support efficient decision making by depicting the right and wrong perspectives of a situation without biasness (Barrow, 2015). As per sociology and philosophy, ethics are defined by the actions that are taken after knowing the right or wrong. On the other hand, values help in undermining the two sides of a situation. Consequently, Hall and Page, (2015) stated that ethical dilemma arises when respective individual or the organisation is literally confused or incapable of taking decision hung between moral imperatives.

 In other words, situational conflict that gives birth to ethical concerns for the entity is known as ethical dilemma. Tesco, one of the largest retailers in the world is strategically recognised for its fine super markets that provide wide variety of products to consumers. As per the report produced by Butler (2016), Tesco has been questioned for its ethical functioning and relations with suppliers. The company being one of the promising institutions to include ethical working in its trade has now acquired the limelight for all wrong reasons. The unethical practise reported was delayed payment to suppliers of the company. Supply chain being an important part of the organisation was disrupted because of delay in payment by 60 days or more (Butler, 2016).

 Grocery Code Adjudicator (GCA) announced the decision favouring suppliers and condemned Tesco for failed behaviour in punctual payments (Butler, 2016). Furthermore, the investigation revealed that organisation did not report any sort of transaction for a period of two years consecutively with the supplier. This led to accumulation of a debt of £2 million pound by Tesco to the supplier (Ruddick, 2016). This indicates an unethical practise conducted by the organisation in the back of its international reputation as global ethical retailer *(Our Ethical Trading Approach*, 2014). This was not the first time that Tesco was under scrutiny for ethical issues. The company was also blamed in 2013 for purchasing goods worth billions from its production site at Bangladesh and selling the same at higher prices. The pay of labour acquired to manufacture these goods was very low as compared to the selling price.

 Considering the current issue of delayed payment to supplier by Tesco, Christine Tacon who was the GCA, pronounced that such a market conduct is serious breach of laws and code of conduct which governs retail and grocery market (Ruddick, 2016). Holding payment worth million pounds is very illegitimate action taken by Tesco. Furthermore, the company was advised to make necessary changes in its operations so that such issues do not occur in near future (Butler, 2016). Ethical dilemma faced by the company in this aspect was to meet the marginal deadlines for keeping the business financially sound. However, chief executive of the company, Dave Lewis apologised for the criminal offence that Tesco had committed *(Our Ethical Trading Approach*, 2014). Furthermore, Lewis presented that fundamental changes will be introduced in the company for eliminating occurrences of unethical practises.

 During the proceedings of this judicial issue, Tesco was also subjected to be a part of accounting scandal that costed about £500 million to the company (Ruddick, 2016). This black hole was discovered while shortfall of supplier payment had become popular. In order to maintain its own individualistic goals and standards, the company experienced an ethical dilemma of providing payments to its major suppliers who were also local investors. On the contrary, in the year 2017, several improvements in ethically functioning of the company were witnessed (Ruddick, 2016). Several attributes like values, monitoring, improvement and transparency were imbibed as ethical trading approach by Tesco in its governance.

 From the critical review of Tesco’s ethical dilemma it is quite clear that there is lack of proper monitoring in operations management application. Business organisations especially the ones that have instilled corporate social responsibility principles in the name of ethical functioning state that providing employment opportunities is greatness. However, delivering lower wages and incentives to unskilled and skilled labour as compared to revenue generated depicts unethical aspect of their functioning (Schleper, Blome & Wuttke, 2017). In Tesco’s case, the suppliers had to suffer significant losses for two years due to postponement payments. Additionally, a unilateral deduction marked by the company in the invoice just for adjusting marginal targets is another unethical step taken by the organisation. Such kind of unreasonable actions with complete consciousness depicts that ethical working is more bound on papers as compared to actions (Murphy, 2016).

 With lots of philosophical and sociological aspects associated with a decision, there are several ethical theories developed by experts few ages ago (Schlegelmilch, 2016). These theoretical concepts become the guiding principle for selecting the righteous action favouring the organisation or individual. Utilitarianism and Deontology are two primary contrasting ethical theoretical concepts that can help in gaining better insights of the ethical dilemma of Tesco (Körner, & Volk, 2014).

 John Stuart Mill proposed utilitarianism as the Utilitarianism as an ethical theory. As per this concept, the actions that yield maximum utility are considered to be more righteous or best suited for the situation (Tenenbaum, 2017). Consequences of actions are mapped as per their benefits and drawbacks under this theoretical concept. Furthermore, utilitarianism is also considered as the extensive version of consequentialism that is based on standard right and wrong outcomes of an action. However, equal interest of the concerned individuals is taken into purpose in the utilitarianism scenario (Swenson, 2016).

Evaluating the basic principles of this theory, moral aspect behind maximisation of utility is associated with happiness. For instance: A company wishes to expand its operations on river banks by occupying land owned by regional minorities. The ethical dilemma here arises for expansion of business but at the cost of destruction of local population’s sustenance. As per utilitarianism theoretical concept, even though business organisation is happy in inviting growth opportunities but maximum wrong is happening with regional minority (Schlegelmilch, 2016). Henceforth, action is stated as unethical. Correspondingly, actions taken by Tesco for bridging individual financial gaps were classified as unethical by the judiciary. The reason behind this judgement was more amount of unhappiness associated at supplier’s end as compared to the organisation’s utility (Trémolière, & Bonnefon, 2014*)*. Since, actions of Tesco produced unhappiness in the grocery markets, the actions were termed wrong and unethical.

 A branch of moral philosophy is linked with deontological ethics which is also referred to as deontology. The duties or obligations associated with actions of a being are considered in this theoretical concept (Shin, Sung, Choi, & Kim, 2015). Coined by Jeremy Bentham, deontological ethics are focused beyond the conscience of right or wrong aspects of an action. The ethical dilemma that is born due to internal conflict is majorly dealt with this theoretical concept. Broadly, the rules or set of principles followed by the entity often become cause of ethical dilemma and land troubles regarding selection of the right or wrong path. Compliance with moral duty is selected as the parameter for classifying actions in the ethical dilemma (Weiss, 2014). Tesco’s business structure lacked control and evaluation measures with effectiveness. Lack of internal transparency and knowledge regarding company obligations landed the organisation in judicial trials for breaching grocery conduct code.

 Aforementioned theoretical concepts, utilitarianism and deontology have transformed the perspectives of managerial ethics. When in situation of ethical dilemma a company can use these complimentary theories for gaining wider angle (Barrow, 2015). With acquisition of moral aspect over right and wrongness of a situation, management authorities also understand the source of ethical dilemma.

 Often utilitarianism is criticised by social experts and psychologists for its ambiguity in maximisation of utility (Murphy, 2016). In other words, it is not clearly defined in the theoretical axioms of utilitarianism whether to consider results or the rules that support maximisation of utility. Socio-economic welfare situations or conditions were emotional intelligence of the entity are linked are majorly dealt through this theory. However, deontology presents a different angle over the situation. As per this theory, the extent up to which rules or moral obligations is compiled by the entity help in determining whether an action is right or wrong (Tenenbaum, 2017). Decision making process for an ethical dilemma is largely based on the theoretical approach selected.

 Inclusion of ethical principles and morals in business governance helps in maintaining good control over conflicts and issues that arise in the internal environment. Furthermore, management experiences lesser difficulties while communicating the core beliefs and values of company to its employees (Hall & Page, 2015). Ethical principles help in strengthening corporate culture and convey business values to every stakeholder. Although Tesco did not include ethical functioning in its primary environment but company had acquired strong brand reputation due to efficient customer handling (Butler, 2016). If the fact that fundamental functioning of organisation was not unethical, then as per utilitarianism an action is only right if maximum happiness or utility associated with it is acquired by counting every stakeholder. This particular fact turns false as per the report produced in The Guardian.

 Inclusion of utilitarianism ethical concept in an organisation’s management depicts that decision making process will be largely based on results of an action as compared to the process compliance (Schlegelmilch, 2016). For instance: Tesco instigates utilitarianism theory in its supply chain management operation. The managerial practises in this concern will be focused on taking those decisions and actions which result in complete good of consumers, shareholders and suppliers. The radical nature of this theory depicts that equality has to be maintained while coming out of the ethical dilemma. Corresponding to the example mentioned before, managerial decisions must be made by keeping suppliers, business owners, employees and customers at equal position. Often this feature is lacking in ethical decision making process (Swenson, 2016).

 Employee and employer relation is considered to be deontic while applying the deontology ethics. The orders issued by the employer or respective head of a department are obligations which have to be followed by the subordinate or employee. Tesco’s accounting operations failed and caused the ethical issue of irregular payment to the suppliers. As per the duties and responsibilities defined by the finance operation of Tesco, employees have to follow accordingly (Ruddick, 2016). However, deviations in their work structure and lack of follow up of instructions depicts occurrence of unethical issues. Unconscious and automated negligence in fulfilment of instruction leads to deontological dilemmas. In addition these aspects, Tesco’s case scenario cannot be termed as deontological dilemma because accounting scandal was an outcome of conscious activities of certain employees.

 Often organisations fail in executing their strategies due to lack of proper communication of goals and objectives. Tesco’s ethical functioning fundamentals were lately depicted to its employees and stakeholders. This led to significant deterioration in managerial practises of the company (Shin, Sung, Choi, & Kim, 2015). As per utilitarianism ethical concept, the role of duties and obligations is less as compared to the outcomes generated. For instance: Tesco aspires to launch a food product which is manufactured from sea animals and specific species of fish. Consumers might be attracted to such a product because of its multi-vitamin benefits and extra ordinary qualities. However, over hunting and collection of fishes disturbs ecological balance of the marine ecosystem. On applying utilitarianism theory, overall outcome results in maximum benefits for human beings. This in turn depicts that managerial practise of Tesco in this aspect is ethical. On the contrary, deontological ethics determine that company is not complying with sustainable development features and is hampering environmental balance. Henceforth, an ethical dilemma arises for Tesco.

 The impact of theoretical concepts is configured at three basic levels of an organisation. These are micro-level, mid-level and macro-levels of the company. Tesco’s employees and unskilled labour form the micro-level management. The deontological ethics are widely influencing actions of managers that govern ground level employees and unskilled staff at manufacturing sites (Körner, & Volk, 2014). Cultivation of virtues and characteristic traits of employees as per organisational principles of Tesco is important to maintain discipline internally. Deontological ethics influences managerial decisions when ethical issues arise at micro level of the company (Murphy, 2016). Furthermore, decisions linked with type of strategies for handling human resource are also influenced by deontological theoretical aspect.

 Policies, corporate governance and partnerships made by Tesco are a part of middle level management. Both utilitarianism and deontological ethics directly influence the managerial practises of this organisational level. Tesco’s middle level management has to evaluate the activities of business partners, industrial associations and local agencies (Weiss, 2014). This process of action evaluation is based on ethical considerations of how the structure is to be developed for Tesco. In addition to this, policies produced by middle level management are judged as per utilitarianism ethical theory. This theoretical concept helps in selecting only those policies and business associations which yield maximum ethical benefits. Furthermore, hierarchical structure of the company is devised with separate allocation of responsibilities by the influence of deontological ethical theory (Barrow, 2015).

 Every business organisation is bound to prepare and implement a structure which is in accordance with human rights principles and righteous value proposition for every stakeholder. These decisions are influenced by utilitarianism and deontological ethical concepts in different ways (Swenson, 2016). Tesco’s strategic function and working is dependent on the type of decisions it makes with ethical considerations. Chain of authorities developed in the internal structure of Tesco is defined with deontological theory so that unethical obligations are not carried forward. The actions taken by middle level management directly have a severe impact over micro level of the organisation. As per utilitarianism theory, maximum utility for the individuals that will be facing decision become judgement criteria in ethical dilemma.

 Tesco’s macro level management involves direct dealing with customers and markets that are used for circulation of products and services. The managerial practises at this level involve market structure development and allocation of strategies for handling services, human resource, finances and external environment factors. Ethical concerns on macro level administration include development of policies and regulations with justified reasons (Trémolière, & Bonnefon, 2014*)*. Furthermore, macro managerial practises help in defining responsibilities of regulatory authorities. While dealing with ethical issues of this level, the theoretical concepts are useful in providing ethical justifications for defined regulations. If Tesco experiences any sort of ethical dilemma regarding deployment of a particular operation or strategy, then utilitarianism can be used. It will help in evaluating the nature of impact proposed strategy would have on the stakeholders.

 In situations of reinforcing a regulation, Tesco experiences an ethical paradox. For instance: Tesco proposes to implement a regulation that abides production process to be more sustainable and less damaging towards environment. This regulation had been devised as per international standards and acceptance of major environmental organisations (Tenenbaum, 2017). However, production costs are increased after implementation of this regulation. With extreme market research and improvisations, Tesco wants to reinforce sustainable production regulation but compromising production costs by reduction in employee wages. This indicates ethical paradox being experienced by Tesco. In such situations, deontology and utilitarianism can be applied for gaining ethical perspective with moral insight of the right and wrong decision. Tesco can enhance its managerial practise at macro level with evaluation of impact on stakeholders by implementation of respective regulation. In addition to this aspect, deontology theory will help in understanding the procedure and components of regulation with ethical perspective. Any element that doesn’t comply with ethical standards can be eliminated right away.

 The ethical dilemma of Tesco presented in The Guardian depicted that organisational leaders were less aware about internal functioning of the company (Butler, 2016). However, another perspective for the situation can be gained with the fact that leaders of Tesco might have strategically planned for pretending to be unaware. Having complete power and responsibility to either uplift the corporate image of a company or deteriorate the same, leaders play very crucial role. Ethical breaches are widely considered as reflections of irresponsible leadership or their corrupt actions (Weiss, 2014). In other words, irresponsible leadership is considered as abuse of power and troublesome situations for the company.

 Leaders can depict the essence of ethical functioning in their decisions. When assurance from team members, customers, business partners and every other significant stakeholder is acquired by the leader, consequent respect and dignity of the company is enhanced. There are lesser chances of conflicts and issues experienced between leaders and the followers (Shin, Sung, Choi, & Kim, 2015). Global leaders have said to be more focused on corporate culture of the company. As per the principles and practises of ethical leadership, huge impact is visualised by companies that have stronger work dynamics and better cooperation of employees. This in turn depicts the ethical functioning of leaders.

 A specific characteristic of leaders is to gather commitment of working individuals towards ethical functioning. The motivation and inspiration that an ethical leader provides has tremendous impact on the thinking process of individuals (Schlegelmilch, 2016). By focusing on righteous acts and processes, leaders enlighten a path which every employee needs to follow. In addition to these aspects, when employees have significant faith and belief that leaders might not leave them in any critical situation then ethical decisions are made. Despite of being a daunting task for leaders to instigate commitment, entire business environment is transformed with collaboration of ethical principles.

 There are several other techniques which reflect ethical decisions of leaders in an organisation. Imbibing an idealistic ethical behavioural model that is based on honesty and transparency in communication is one significant approach of leaders (Schleper, Blome & Wuttke, 2017). With enhanced communication and open discussion on darker areas of the company, employees begin to entrust their leaders. This in turn reduces work based complexities. In addition to ethical behaviour, feedback cycles are initiated by leaders for welcoming suggestions and valuable insights in current functioning structure. The acceptance of a leader towards negations supports cultivation of respect by employees (Hall & Page, 2015). All these aspects together contribute in establishment of ethical values in the company which automatically is reflected in the decisions taken by leader of company.

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