# Business Issue of Ethics

Business entities are continually facing fierce competitions from each other in their attempt to attract and maintain customers, retain their employees as well as increase their revenues and boost their performance above those of peers. These aspects of the business environment have made them plan strategically on how they relate to these stakeholders. Many businesses across the globe have gone under because their workplace culture did not take their moral practices and obligations into account. However, many have also risen above board through relating with all their stakeholders and society by putting much focus on moral duties. Such businesses are known to be practicing business ethics which has greatly contributed to their success. Operating in a business environment is complex now than ever due to the availability of information which gives potential and existing clients, customers, competitors and society a full glimpse into a company’s reputation, transparency and overall corporate values which in turn affects business relationships.

This paper will examine how ethical issues affect a community pharmaceutical outlet which is faced with the ethical dilemma of selling to a third party consumer information that otherwise should be private according to their initial agreement. Consider the following situation:

Pennvile, a community pharmaceutical stores, desires to boost its stock so that it can improve its capacity to serve the increasing number of customers in the community area. HealthyZ, a leading insurance company has agreed to support Pennvile Pharmaceuticals by offering a financial assistance amounting to $ 2,000,000 for the purchases of additional medication. In exchange, HealthyZ demands that Pennvile provide the health data of the consumers, including the most frequent symptoms, age, gender and spending patterns. This information will help the insurance company decide on types of policies to sell in this neighborhood as well as how to advertise its products to the community. This arrangement will enable Pennvile to expand its stock and serve many community members while at the same time raising its revenue generation capacity. Most of Pennvile consumers are present on the company’s Facebook page. However, the dilemma that the company faces arises from their express commitment to privacy which reads, “We will not share your personal information with a third party as it is against our rules." This places the company into a sort of ethical dilemma because sharing consumer information may lead to specialized insurance policies although they are not sure whether the type of information that HealthyZ requires will be used for the implied purpose.

## The Benefits and Costs Arising from the Situation

In order to fully examine the ethical nature of the situation facing Pennvile Pharmaceuticals, it is important to highlight some of the benefits as well as costs to each party involved. Sharing consumer information will not cost much for Pennvile Pharmaceuticals Store who is yet to benefit from the arrangement. They will be able to add the volume of their medical supplies in an attempt to meet the increased demand from members of the community. The sales volume, revenue, and profit margin will increase (Alhouti, Johnson, & D'Souza, 2016).

Concerning HealthyZ Insurance, they will use the consumer information to identify the type of policies that best suit majority in this community. It will also reduce the risk of claims made to the company by revealing some pre-health conditions that are prevalent in the community. The information provided will be subjected to analytical processes which will provide useful insights on how to approach the potential consumers as well as coming up with better services that meet clients’ needs (Samuel, 2015).

The community members who are the potential customers of Pennvile Store, on the other hand, trust in the Pharmaceutical Stores that their confidential information will not be shared with any third party. Sharing clients’ information means that their identity, health, spending and other sensitive personal information will be leaked to a third party. Upon discovering the breach, client’s loyalty to the Pharmaceutical Company may be eroded. Consequently, most clients may opt to transfer loyalty to other pharmaceutical stores and initiate legal actions against the company. It may expose Pennvile to several lawsuits which may lead to substantial financial losses as well as other charges or even ban. The overall issues that the company will be struggling with may include, poor reputation, loss of trust in transparency, reduced customer loyalty, low market share and reduced performance, from a financial perspective (Martin, 2016).

## Analysis Using Hooker’s Ethical Tests

According to Hooker (2012), ethical issues could be explained through the application of objective and rational arguments. The decision could be looked at from various dimensions rationally and objectively which then could determine whether executing certain decision is ethical or not. Hooker (2012), came up with three test that could be applied in any situation presenting an ethical dilemma. They include generalization principle, virtue ethics, and utilitarian ethics.

### Generalization Principle Test

According to this principle, where an act reflects what every entity would have done in an ideal situation is considered to be ethical (Hooker, 2012).

### Analysis

According to the privacy policy governing the Pharmaceutical Store, businesses are not allowed to share medical records with a third party without customers consent (Niemiec & Howard, 2016). However, if the information is aggregated, it can be shared with other healthcare providers so that beneficial policies could be passed to help the general public. However, there is a need for consumer’s consent before sharing personal information and consumer have the right to opt out anytime from such an arrangement.

### Utilitarian Principle

According to this famous principle, a decision is made based on the fact that takes into consideration that all stakeholders in a given decision acquire maximum utility. In other words, the maximum value should be sought for all stakeholders involved (Hooker, 2012).

### Analysis

Using this principle, Pennvile should focus on a decision that will ensure it derives win-win situation for both the members of the community, who are its consumers, HealthyZ and for itself. Selling consumer information will be judged based on the benefits each stakeholder derives from such a decision. If Pennvile sells consumer information to HealthyZ, it will generate revenue that will enable it to expand its activities, thus meet the demand and benefit many community members. It will also benefit its shareholders whose return on investment will increase as a result of increased profits. HealthyZ will also use the data provided to offer tailored insurance products that will be effective for the whole community. This means that members of the community, Pennvile, and HealthyZ will benefit from the sale of clients’ information. However, it is the moral duty of Pennvile to ensure that the data it sells to HeathyZ is aggregated and personal information stripped before selling such information. Doing so according to this principle, the Pharmaceutical Store will be within privacy policy and thus will be acting ethically.

### Virtue Ethics

According to this test, every company has a mission, reputation, and vision (Martin, 2016). For instance, a company with a strong mission that values its customer’s privacy will not be virtuous if it is involved in selling consumer’s private information for its own gain (Kanter, 2013). Many companies have a mission that is reflective of faithfulness, trust, transparency, and protection. This test requires a virtuous company to align all its actions with their reputation, mission, and vision.

### Analysis

According to this test, it will not be virtuous for Pennvile to sell any information that consumers view as private and confidential. This test holds that the Store should adhere to its privacy policy even if it did not specify the same on its Facebook page. Even if the login information is contained in its headquarters, selling consumers information will mean that the Store is untrustworthy therefore will not be virtuous. In any case, it will not be virtuous for Pennvile to sell consumer information to HealthyZ because they will be failing the test of being faithful to their mission, being trustworthy, and transparent in dealing with the members of the community from where its consumers come.

## Leadership Role in Changing Policy

Leadership in any organization is very vital in steering such an organization towards long-term success. Good leadership requires that when Pennvile wants to change its policy to allow sharing of consumer’s personal information, it should involve all stakeholders and be sincere in revealing what will be required and for what purpose. An honest leader will be a good role model to employees which will enhance their retention and performance. A leader who is operating ethically will benefit the customers, shareholders, employees and its business peers. This according to Drake (2016), will strengthen reputation as well as transparency of the company making it highly competitive compared to its peers.

## References

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