



MGMT3006 – Assessment 2

Case study 2 in Report Format

Assessment 2 is a written report, based on the case below.

Your report should be 2,500 words. The Reference list, cover sheet, and any appendices are not included in the word count. Any words in tables and diagrams are included in your word count.

Your report should use and demonstrate an understanding of the key topics, ideas and theories covered in Modules 1 to 6 of this unit and make extensive use of the assigned weekly readings for those modules.

Use Chicago 17B referencing and use page numbers for all in-text citations.

The marking guide will be provided in Blackboard, and you are highly encouraged to it to check your paper and to make improvements to the paper.

Due: See the Unit Outline Submission:

This report will be submitted through Turnitin in Blackboard. Draft submission is available.

Assessment cover sheet:

Please ensure to complete and include the cover sheet (available in Blackboard). Please format the name of the file name that you upload using the instructions below.

Assessment Instructions:

Suggested Report Format:

- Cover sheet (available in Blackboard)
- Table of Contents
- Answer to Question 1
- Answer to Question 2
- Answer to Question 3
- References

Assessment Formatting Requirements:

- Use size 11 Calibri or Arial font
- Use 1.5 paragraph spacing
- Complete the required coversheet (available in Blackboard)
- The file name should be: Student Number-UnitCode-Study Period-Year-Assessment2 (e.g. '1234567-MGMT3006-Semester2-2023-Assessment2')

Advice to Students:

- Your paper should show a strong understanding of the key ideas, theories, issues, and readings from Modules 1-6 and use these ideas to support your reasoning.
- You will not be able to discuss in detail every aspect of the case or every ethical issue discussed in class. Instead, identify what you think are the most important and relevant aspects, explain what that is, and focus on those.
- You do not need an Executive Summary.
- All in-text references **must** include page numbers and all items in your end of paper References list must include a DOI where one is available.
- This is not a research assignment. Engaging closely with the assigned class readings listed at the top of each Learning Module will be the best place to start for references for this assessment. 'Engaging closely' with the readings means reading them closely and using them in depth, for example quoting, explaining, and applying multiple, specific, key ideas from each.
- Your main focus should be the Reading List for this unit, and you should make substantial use of the Weekly Assigned Readings for Modules 1-6 'Substantial use' means mean multiple citations to each reading.
- You are also encouraged to use the supplementary readings (tagged as 'Recommended Reading') where relevant.
- Do not rely on lecture slides, blog posts, or other websites to define key ideas from the unit (you should use the assigned readings for this).

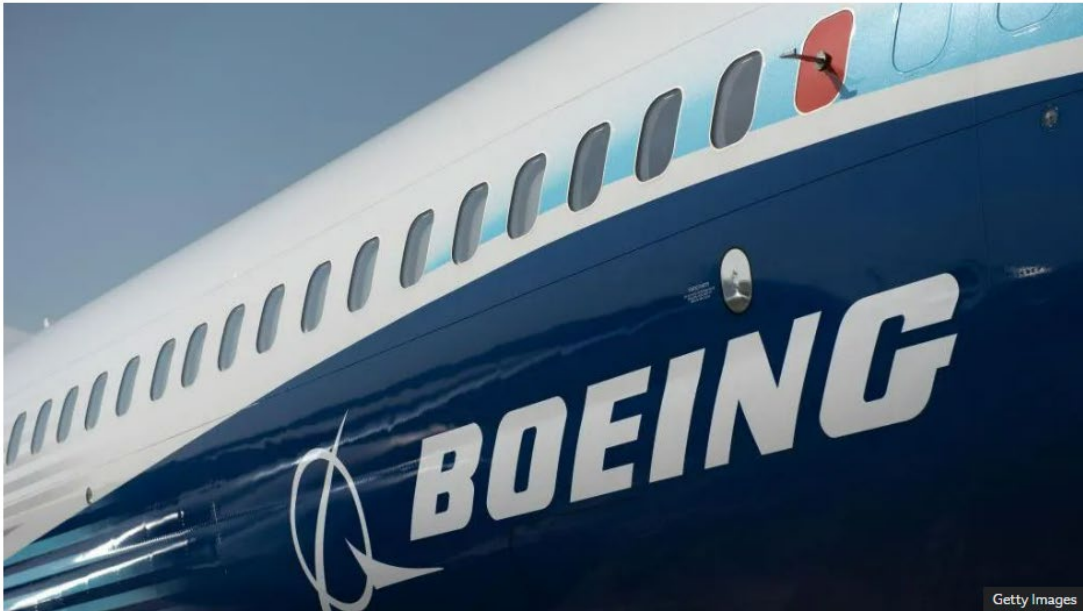
Case 1: Boeing

Regulators push Boeing on plan for 'systemic change'

31 May 2024

By Natalie Sherman, Theo Leggett, BBC News

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Boeing was once known for safety and engineering. But critics say an emphasis on profits changed that

Boeing is back in the headlines for all the wrong reasons again after the Alaska Airlines 737 Max 9 incident. The National Safety Transportation Board, which is investigating, is expected to release its preliminary findings soon.

That's the Boeing of today and the last five years. But it wasn't always that way.

It wasn't that long ago that Boeing's reputation was that of a staid industrial giant, known for building the safest, most advanced planes in the sky. It helped introduce the world to commercial jet travel.

Pilots and others in the industry, as well as members of the flying public, summed up their confidence in the company with the expression, "If it's not Boeing, I'm not going." The company still sells [coffee cups](#) and [t-shirts](#) with that slogan.

So how in the world did the company whose brand was once synonymous with safety become mired in reputational disaster – to the point where at least one travel site has a feature that allows passengers to [avoid Boeing 737 Max](#) planes altogether.

Experts and critics say that Boeing's woes have been years in the making, some pointing to the result of a shift in corporate culture that started at the top and put profits ahead of the safety and engineering prowess for which it was once praised, placing not only its future, but the passengers on its planes, at grave risk.

While Boeing denies there has been such a shift away from safety and excellence, what is indisputable is that its engineering and manufacturing problems have contributed to a

series of shocking incidents, two of which resulted in the deaths more than 300 people combined. Boeing simultaneously became a financial basket case, reporting cumulative net losses of more than \$26 billion, and counting, over the last five years, with no end to the red ink in sight.

Source and full story: <https://edition.cnn.com/2024/01/30/business/boeing-history-of-problems/index.html#:~:text=But%20critics%20say%20an%20emphasis%20on%20profits%20changed%20that,-Analysis%20by%20Chris&text=Part%20of%20the%20fuselage%20blowing,ripped%20away%20from%20terrified%20passengers.>

...

Boeing will continue to face increased government inspections and limits on production, as regulators say "systemic change" is needed to rebuild confidence in the safety of its planes. The aerospace giant presented regulators with a plan on Thursday aimed at improving the quality of its aircraft.

After the meeting, the head of the Federal Aviation Administration (FAA) said the agency would continue to meet weekly with senior executives to monitor its implementation.

"That's really the hard part," FAA administrator Mike Whitaker said, adding that he could not give a time frame for when the current production cap on planes might be lifted.

"I don't think it will happen in the next few months," he said.

Boeing has been in the spotlight since an unused door fell off a brand new 737 Max plane during a flight operated by Alaska Airlines in January, leaving a gaping hole on the side of the plane.

But concerns about Boeing's attitudes toward safety and quality control conditions in its factories are not new.

The company faced intense criticism five years ago, after two 737 Max aircraft were lost in separate, but almost identical accidents, killing 346 people.

Dave Calhoun, Boeing's outgoing chief executive, said many elements in the plan were already under way and the company was "committed" to the plan's execution.

The said the company will continue to work under the FAA's oversight.

January's incident, which investigators said was due to missing bolts, raised new doubts about its corporate culture and manufacturing approach.

Source and full story at: <https://www.bbc.com/news/articles/cv227neg8ngo>

Case 2: Starbucks



Starbucks has recently faced multiple lawsuits and challenges over the honesty of its advertising.

Starbucks sued for alleged false advertising of 'ethical' coffee

The National Consumers League (NCL) on Wednesday filed a lawsuit against Starbucks, saying the corporation engages in false advertising by claiming to be committed to “ethical” sourcing when it still relies on farms that face accusations of human rights and labor abuses.

The lawsuit, filed in D.C. Superior Court, seeks to block Starbucks from engaging in the alleged practice of misleading the public and seeks unspecified damages.

The lawsuit takes aim at the certification process that NCL claims Starbucks often relies on, “Coffee and Farmer Equity (C.A.F.E.) Practices,” which, the lawsuit alleges, Starbucks describes as “designed to promote transparent, profitable and sustainable coffee growing practices while also protecting the well-being of coffee farmers and workers, their families and their communities.”

“Contrary to Starbucks’ misrepresentations, a rubber-stamp ‘certification’ from these programs does not establish that Starbucks’ coffee and tea are in fact ethically sourced or in conformance with the international human rights norms and standards that Starbucks purports to respect,” the lawsuit says.

It cites several reports of farms and cooperatives from which Starbucks sources its products, which, the NCL alleges, “have committed documented, severe human rights and labor abuses, including the use of child labor and

forced labor as well as rampant and egregious sexual harassment and assault.”

The lawsuit also notes the prevalence of Starbucks’s advertising of its commitment to ethical sourcing and claims Starbucks is aware of the advertising appeal of “ethical” branding.

“Consumers have been misled by Starbucks’ deceptive advertising, and Starbucks, with annual profits exceeding \$21 billion, has unjustly benefited from branding itself as an industry leader in corporate responsibility while hiding the true nature of its unreliable and inadequate sourcing practices,” the lawsuit says.

Full story and source at: <https://thehill.com/business/4400807-starbucks-lawsuit-false-advertising-ethical-coffee/>

Under Pressure for Refreshers: Starbucks Is the Latest of Many Corporations Facing Class Action Suits for False Advertising

Consumers are familiar with being disappointed by a product not worth its price tag. Perhaps you discovered your expensive “100% extra virgin olive oil” was diluted with vegetable oil or that your “grass-fed” beef came from a grain-fed animal. Not long ago, I entered a Starbucks café and ordered a Strawberry Açai Refresher based on the açai fruit’s reputation as a “superfood.” Curious, I asked the barista if it contained both strawberries and açai, receiving a confident “yes” before I proceeded with my order. Unbeknownst to me, other Starbucks consumers, and apparently the Starbucks baristas, the Strawberry Açai Refresher contains no açai. Instead, it primarily consists of water, sugar, white grape juice concentrate, and few other ingredients.¹ Despite its name, the only trace of strawberry in the beverage is the freeze-dried strawberries sprinkled into it.² There is zero trace of açai.³ Other Refresher beverages similarly lack key ingredients boasted in their namesake titles;⁴ the Mango Dragonfruit Starbucks Refresher contains no mango,⁵ and the Pineapple Passionfruit Starbucks Refresher contains no passionfruit.⁶

The lack of fruits in Starbucks Refreshers is what the FDA refers to as “economically motivated adulteration” or “food fraud,” a practice that captures nearly \$40 billion annually.⁷ This occurs when someone intentionally leaves out, takes out, or substitutes a valuable ingredient or part of a food.⁸ According to the FDA, a company that mixes grape juice into their “100%” pomegranate juice commits food fraud; using dyes to give spices a certain color, especially when the color strongly impacts the perception of quality, is another example.⁹

Starbucks now faces a class action lawsuit challenging the product names considering the missing fruits: açai, mango, passionfruit.¹⁰ In her complaint,

named plaintiff Joan Kominis alleges that the Refreshers containing their advertised fruits was a significant factor in her, and other class members', decision to purchase the drink.¹¹ She claims that the açai, mango, and passionfruit are characterized as premium ingredients for each of their known health benefits.¹² This lawsuit echoes similar criticism Starbucks faced in 2015 over the lack of real pumpkin in its Pumpkin Spice Latte.¹³ Class action suits alleging false advertising, misleading labeling, and other deceptive trade practices are familiar to many major brands; in the past five years, cases were brought against companies, including Annie's,¹⁴ Dunkin' Brands, Inc.,¹⁵ Tropicana Manufacturing Company,¹⁶ Ghirardelli,¹⁷ Whole Foods,¹⁸ Panera Bread,¹⁹ General Mills,²⁰ Kodiak Cakes,²¹ Kraft,²² to name a few.

Source and full story at: <https://thehill.com/business/4400807-starbucks-lawsuit-false-advertising-ethical-coffee/>

Case 3: The 'Enhanced' Olympics



For many, elite sport is the quintessential human endeavour. It drives ferocious competition, captures unconditional tribal loyalty, and rewards the victors with fame and fortune.

As the Olympic motto declares, the limits of human performance are there to be tested – faster, higher, stronger. But what would happen if the boundaries were not just pushed, but abandoned altogether?

That's what PayPal cofounder Peter Thiel wants to do, putting some cash into lawyer Aron D'Souza's concept of an "Enhanced Games", where drug testing is out the window and anything goes.

Will venture capital make the Enhanced Games a reality? Despite rhetoric about making sport safer and "the medical and scientific process of elevating humanity to its full potential", the games are out to make money.

The case for enhancement

The argument in favour of "enhanced" sport declares the current system dishonest and ineffective, as drug use is supposedly already widespread. It calls for athletes to make their own body-boosting decisions, and for their excellence to be rewarded with a more equitable share of the sport-entertainment loot.

As drug use in sport is here to stay, the argument goes, athletes should be permitted to use every advantage they can to secure success. In the world of hyper-commercialised, spectacle-driven sport theatre, athletes and fans alike are desperate to find out what can be done when anything is possible.

Costs to participants

As experts in sport management and integrity, we have a few concerns with this proposed venture.

It's not that we're averse to "thinking outside the box" to shake up existing systems, which are sometimes inequitable and unfair. And we agree there's always more that can be done to reduce the harm elite athletes' bodies endure.

However, any enhanced entertainment value would come at a cost to the participants. There's no shortage of evidence demonstrating the dangers of pharmaceutical abuse for performance enhancement, let alone what might happen when used in experimental combinations and dosages.

Let's not pretend this will be a kind of harm-reduction strategy to combat banned substance use in sport either, a bit like decriminalising cannabis.

In the Enhanced Games, athletes would be rewarded for "excellence". That means the race to dope, where inevitably more is better, will not be limited to medicines that have been approved for human use.

What's sport for?

In addition to damage to athletes, there's also the damage to sport.

We'd like to think that most committed sport fans would prefer to watch athletes, not injectable avatars. But this event is designed as instantly accessible consumer fodder, not a treat for sporting aficionados.

The Enhanced Games suggests the path to victory is via what many sport fans would regard as cheating. Instead of promoting success via persistence, resilience and hard work, it suggests there is a "magic pill" or "silver bullet" for every challenge.

Even if we leave aside the significant health risks of a "go for it" open category of sport (which presents deal-breaking legal and medical ethics concerns anyway), it challenges the very essence of what sport should be about.

Perhaps we're being idealistic, but what's the point of sport if it isn't at least aiming to be authentic? The main thing these games will "enhance" is the existing problems with elite sport.

Full story and source: <https://theconversation.com/venture-capitalists-are-backing-a-steroid-olympics-to-find-out-what-happens-when-athletes-are-doped-to-the-gills-222869>

Assessment Questions:

Choose one of the cases above and then answer these three questions about that case. Note: you must answer all three questions based on the same chosen case.

- For Case 1, the 'main company' is Boeing
- For Case 2, the 'main company' is Starbucks
- For Case 3, the 'main company' is the promoter of the enhanced Olympics.

Question 1: What do your own moral intuitions and views say about the actions by the main company in your chosen case? Which of the normative theories are these intuitions and views closest to and why do you think that is?

(Your answer should demonstrate an understanding of the relevant concepts and issues as discussed in this class and as applied to cases and issues in this class.)

(Suggested word count: 500 words)

Question 2 : How would each of the normative theories covered in Weeks 2-4 assess the actions that you recommended in Question 1?

(Your answer should demonstrate an understanding of the relevant concepts and issues as discussed in this class and as applied to cases and issues in this class.)

(Suggested word count: 1,500 words)

Question 3: Choose either the 'Invisible Hand' view or Milton Fredman's stockholder view. What would that view say the main company in this case should do and how is that different from your own views described in your answer to Question 1?

(Your answer should demonstrate an understanding of the relevant concepts and issues as discussed in this class and as applied to cases and issues in this class.)

(Suggested word count: 500 words)