**Written Assignment**

University of the People

Student A

# Abstract

In this paper, George, General Manager of the Augusta Marigold Inn, will examine how he should respond to Food Service Manager Sharon's proposal for a "Napoli Pizza" brand from an ethical perspective. Through the details of the proposal and its business intent, analysis of the ethical issues, consideration of alternatives, and George's response and conclusions, the paper will emphasize the importance of business ethics and provide a road map for building a sustainable business.

## I. Introduction

The Augusta Marigold Inn is a hotel renowned for its traditional steak and seafood restaurant. Sharon, the food service manager, noticed a decline in room service coinciding with the growth of the pizza delivery industry and sought to improve the quality of their pizza offerings. However, believing customer misconceptions impacted sales, she proposed creating a new "Napoli Pizza" brand. This paper examines how George, the general manager, should respond to this proposal. The key ethical considerations are business integrity, transparency, and responsibility to the customer.

## II. Proposal Details and Business Intent

Sharon believes that using the hotel's name for room service hinders pizza sales and proposes creating a distinct brand. She aims to better market the pizza to customers using separate phone numbers and uniforms. If successful, this proposal promises short-term benefits such as increased sales and addressing customer misconceptions. However, potential long-term consequences include damage to both the hotel and the pizza brand image and a loss of customer trust. The reason is that the new brand may give customers a false impression despite the fact that the hotel is, in effect, offering the new brand.

## III. Ethical Issues Analysis

#### Misrepresentation and Lack of Transparency

Business ethics has evolved to encompass greater transparency, including within supply chains. Gordon (2023) states, "The importance of an ethical supply chain lies in its impact on a company's reputation, financial performance, and broader societal impacts," highlighting the need for ethical considerations that extend to societal impacts. Transparency regarding ingredients and manufacturing processes is crucial in the food industry, demanding honesty from consumers. Concealing the pizza's origin would constitute deception. Customers expect accurate product quality and source information. A false brand image could erode their trust. It could also create an unfair competitive environment. Therefore, upholding ethical responsibility requires prioritizing honesty and transparency. For these reasons, Sharon's proposal is unlikely to be based on a sustainable supply chain.

Furthermore, Sharon's proposal raises other concerns. For instance, the pizza's description as "authentic Italian pizza from old, family recipes" requires verification despite aiming for quality comparable to competitors. This statement could mislead consumers if it is untrue or constitutes exaggerated advertising. Johns (2023) explains the danger: "Exaggerated claims may lead to short-term sales, but they can also result in disappointed customers and negative reviews." Even if not explicitly false, the FTC condemns "False implied claims are illegal." (Ensor, 2024). Businesses must be responsible for their messaging and ensure they do not mislead consumers.

#### Impact on Competitors

Exaggerated advertising and supply chain misrepresentation constitute unfair competition, undermining market fairness. If Sharon's plan succeeds, other businesses might adopt similar tactics, potentially harming the market as a whole. This could lead to a loss of consumer trust and damage the industry's overall reputation. A lack of business ethics can have devastating consequences. The Rana Plaza collapse in Bangladesh, where over 1,100 workers died due to disregarded safety standards, is a stark example. Ethics Unwrapped asserts that "firms have an ethical obligation to provide reasonable safety to workers" (Collapse at Rana Plaza, n.d.). Islam & Tahasin (2023) argue that this tragedy resulted from an industry prioritizing profit over ethics, reflecting Bangladesh's struggle with maintaining business ethics. They state, "In addition to considering how their actions would affect shareholders, businesses also need to consider how their decisions will influence other stakeholders, such as consumers, employees, communities, and the environment," emphasizing businesses' responsibility to society. Sharon's proposal cannot be considered safe for the industry as a whole.

#### Impact on Employees

While Sharon's proposal represents a minor ethical violation of the Rana Plaza disaster, it still risks employee reputation. Employees act as representatives of the company and embody its ethical values. Although Sharon should protect the reputation of her employees and their families, her proposal puts them at risk. Furthermore, unethical work instructions can demotivate employees and negatively impact pizza quality and customer service. Zhao & Qu's (2022) research interestingly found that employees who engage in unethical pro-organizational behavior tend to behave less ethically in their personal lives. Employing such individuals poses a risk to both Sharon and the company.

## IV. Alternative Solutions

Sharon should present an improvement plan that maintains transparency. For example, she could publicize the blind taste tests conducted during pizza development, demonstrating that they achieved comparable quality to competitors. If Sharon believes customers misunderstand the quality of room service, she should address this misunderstanding with sufficient information. Johns (2023) argues that to clear up misconceptions and make informed decisions, the firm needs to educate the customer with adequate information. If confident in the product, she could simply state that they have achieved comparable quality without resorting to exaggerated advertising. Actively seeking and publishing customer feedback can also build trust. These strategies demonstrate honesty to consumers by disclosing information and enhancing transparency.

Another approach is to emphasize the faster room service delivery times due to the kitchen's proximity. Furthermore, integrating the restaurant's branding with room service could further enhance customer trust.

## V. George's Response and Conclusion

George should acknowledge Sharon's efforts, analysis, and the positive aspects of her proposal but recommend the alternative solutions due to ethical concerns. He must convey that a company's credibility is built upon customer trust, and a false brand image can damage the whole reputation. As the restaurant and food service manager, Sharon is expected to uphold high business ethics and prioritize transparency. This situation presents an opportunity for George to enhance the entire company's ethical awareness. Business ethics is complex and constantly evolving. A tagline accepted a year ago might be condemned as discriminatory today. George should consider implementing regular ethics training for Sharon and other employees. This will raise the company's ethical awareness and inform future decision-making.

# Conclusion

Business ethics is crucial for business sustainability. While Sharon's proposal is appealing from a profit-driven perspective, it poses significant risks to the company. Ethical considerations are key to recognizing these risks. Companies lacking an ethical compass often pursue short-term gains at the expense of long-term profitability. Long-term success is driven by ethical awareness and the knowledge and experience to act accordingly. Balancing ethics and action is a continuous process. The company and its employees can develop their ethical understanding by consistently considering ethical implications in daily decisions. If George and Sharon can reaffirm ethical principles and learn from this situation, their company will be better positioned for sustainable business practices.

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