

MGMT 559 - Week 1 Memo Notes

Summary

Sylvia Ring is leading a training and development program at Merck & Co., founded on principles of fairness, transparency, and merit-based selection. Recently, the son of a prominent government official, Kiran, applied to the program but did not meet the established selection criteria. His application received a score of 88, falling short of the minimum threshold of 90, with the top 20 selected candidates all scoring 92 or above. There is an implicit opportunity for Merck to gain favorable regulatory treatment by admitting Kiran's son, given the family's political influence. However, doing so would compromise the integrity of the program and contradict the ethical standards upon which it was built. Sylvia now faces an ethical dilemma: whether to preserve the credibility and fairness of the program or to make an exception that could benefit the company's interests in the short term.

Prompt Questions

Think about the distinction between value-based, values-based, and dual purpose-based business. How would you advise Sylvia Ring to respond in the Merck mini-case based on these three different perspectives?

Value based: The primary goal of value-based would be to maximize shareholder value. Using this perspective, Sylvia might justify including Kiran's son as a way to create favorable regulatory outcomes and increase profits. Since this would undermine the principles of the program, Sylvia should try and create plausible deniability or use subjective evaluation wiggle room to maintain appearances. The risk here is that if stakeholders perceive corruption, the long-term damage could outweigh the short-term gain.

Values Based: The primary goal here would be to operate based on moral principles such as the ones the internship program was founded on. Sylvia must uphold the merit-based standard she implemented. Making exceptions for influence, especially from government officials, undermines ethical commitments and sets a dangerous precedent. Based on this ethical perspective, Sylvia should deny Kiran's son and uphold the values of the program. The risk here is losing out on potential short-term gains by increasing the difficulty of regulatory approval.

Dual Purpose: The primary goal with a dual-purpose ethical approach would be to balance profitability with ethical standards. Sylvia could explain to leadership that maintaining fairness in their revamped recruitment program is essential for attracting top talent and long-term success. She could explore alternate ways to engage or build relationships with Kiran without compromising the integrity of the internship process. She could find another way to involve Kiran, possibly through a shadowing opportunity or future mentorship program that is separate from the internship track. The risk here is that this might be too idealistic and cause neither party (Kiran's son nor the long-term integrity of the program) to have the desired outcome.

Based on your analysis, what should Sylvian do? What could she do? (this should follow logically from your reasoning above)

Sylvia faces three strategic options in addressing the ethical dilemma. The value-based approach would involve admitting Kiran's son into the program in pursuit a smoother regulatory approval process. The values-based approach would maintain the program's integrity by upholding its objective criteria and denying admission, thereby reinforcing long-term goals such as attracting top-tier talent and preserving institutional credibility. A dual-purpose approach seeks a compromise: declining the application while identifying alternative ways to cultivate the relationship with the government official, balancing ethical standards with strategic interests.

Each option carries inherent uncertainty regarding its outcomes. The value-based option may deliver immediate gains but risks reputational damage in the long-term. The values-based path prioritizes long-term trust and consistency, aligning with the foundational principles of fairness and transparency. The dual-purpose strategy attempts to mitigate ethical compromise while still pursuing relational benefits.

Given the ambiguity of potential outcomes, the values-based approach appears to be the most prudent course of action. Preserving the credibility of the internship program is essential to maintaining its appeal to top-tier candidates in the future. While the temptation to overlook a minor scoring discrepancy in exchange for short-term advantages is understandable, the long-term costs to stakeholder trust and program integrity could outweigh the immediate benefits.