

Case 1

Business Environment Goal: Ethics & Sustainability

#1

Arnold Donald, CEO of Carnival, faced an ethical dilemma in the scenario described in the article "Carnival Executives Knew They Had a Virus Problem, But Kept the Party Going". The dilemma was that he had to choose between protecting the health and safety of passengers on his cruise ships and maximizing profits for the company.

Ferrell and Gresham's Contingency Framework proposes that ethical decision making is influenced by three variables: personal moral philosophy, situational factors, and organizational culture.

Personal moral philosophy: Donald's personal beliefs and values would have influenced his decision-making process. If he placed a higher priority on protecting the health and safety of passengers, he might have acted differently.

Situational factors: The situation faced by Donald was complex and challenging. There was a global pandemic happening and a lack of clear guidance on how to respond. Additionally, the industry was facing significant financial pressures, and Carnival was no exception.

Organizational culture: The culture at Carnival may have also played a role in Donald's decision-making. If the company placed a strong emphasis on maximizing profits, he may have felt pressure to prioritize that over passenger safety.

Arnold had to choose between protecting the health and safety of passengers and maximizing profits for the company. The three variables influencing ethical decision making as described in Ferrell & Gresham's Contingency Framework played a role in his situation.

#2

Arnold Donald, CEO of Carnival, faced a sustainability dilemma regarding the health and safety of the passengers of his cruise ship. The sustainability implications faced by Donald include:

Environmental responsibility: By allowing the cruise ships to continue operating despite the knowledge of a virus outbreak on board, Donald was neglecting his responsibility to protect the environment and the health of passengers, crew members, and the communities they visited.

Corporate social responsibility: By prioritizing profits over health and safety, Donald was neglecting his responsibility to act in an ethical and socially responsible manner, which is expected of companies operating in the tourism industry.

Reputation risk: The decision to keep the party going, even in the face of a virus outbreak, put the reputation of the company and its brand at risk, as it showed a lack of concern for the health

and safety of its customers.

Donald's actions in this situation have significant sustainability implications, as they showed a disregard for environmental responsibility, corporate social responsibility, and reputation risk. To address these sustainability implications, Donald should prioritize sustainability considerations and adopt a proactive approach to managing potential risks and challenges.

#3

3 Stakeholders Affected by the Situation:

Passengers: Passengers on Carnival's cruise ships are the primary stakeholders who are affected by the company's actions. They are the customers who trusted Carnival to provide a safe and enjoyable vacation experience, but the company's failure to address the virus problem put their health and safety at risk.

Employees: Employees of Carnival, such as crew members and staff, are also stakeholders in this situation. They are at risk of contracting the virus and spreading it to others, and the company's failure to address the problem could have serious consequences for their health and well-being.

Shareholders: Shareholders, who invest in Carnival, are also affected by the company's actions. The company's reputation is crucial for its financial success, and the situation described in the

passage could harm the company's reputation and negatively impact the value of their investments.

#4

The ethical dilemma faced by Arnold Donald, CEO of Carnival, has several challenges in addressing it.

2 Key Issues:

Balancing the interests of different stakeholders: The ethical dilemma faced by Donald involves balancing the interests of various stakeholders, including shareholders, customers, employees, and the public. On one hand, he is responsible for maximizing shareholder value and ensuring that the company remains profitable. On the other hand, he also has a responsibility to protect the health and safety of employees and customers, as well as the reputation of the company. This creates a difficult balance, as any action taken to address the virus problem could have consequences for one or more of these groups.

Transparency and communication: Another key challenge in addressing the ethical dilemma is the issue of transparency and communication. If Donald had taken appropriate measures to address the virus problem, it would have likely impacted the company's reputation, financial performance, and customer satisfaction. However, if he failed to be transparent about the situation, it could have led to further harm to the company's reputation and legal consequences.

The ramifications of not addressing the ethical dilemma in a responsible and transparent manner could include loss of public trust, legal liabilities, and reputational damage, all of which could have long-lasting negative effects on the company and its stakeholders.

#5

If I were in Arnold Donald's shoes, I would have responded to the ethical dilemma by considering the following:

Utilitarian approach: I would have weighed the potential benefits and drawbacks of keeping the party going vs shutting down the operations to prevent the spread of the virus. I would have considered the impact on the health of passengers and crew, the financial impact on the company, the reputation of the company, and the potential legal implications.

Deontological approach: I would have followed the duty to act in the best interest of all stakeholders and prioritize the safety and health of passengers and crew. I would have considered the company's responsibility to society and the wider community.

Virtue ethics: I would have reflected on my personal values and character, such as honesty and integrity, to make a decision that aligns with my moral principles.

Ultimately, my decision would have been guided by the approach that prioritizes the well-being

and safety of all stakeholders while considering the long-term impacts on the company's reputation, financial stability, and legal liabilities.

#6

If I were part of Carnival's top management, I would approach the ethical dilemma faced by the CEO by implementing the following steps:

Conduct a thorough review: I would initiate a review of the company's policies, procedures, and decision-making processes to identify any gaps in ethical considerations.

Establish ethical guidelines: I would develop clear ethical guidelines for employees and management to follow in decision-making, such as mandatory reporting of health and safety concerns, and establishing a zero-tolerance policy for any unethical behavior.

Implement effective communication: I would ensure that all employees, including management, are informed of the ethical guidelines and their obligations. I would also establish open channels of communication to encourage reporting of any concerns and to provide support for employees.

Foster a culture of accountability: I would work to establish a culture where employees feel confident in reporting any ethical concerns and where management is held accountable for their actions.

Offer training and education: I would provide training and education to employees and management on ethical decision-making and the importance of considering the well-being of stakeholders.

By implementing these steps, I believe Carnival could address the ethical dilemma and establish a culture of ethics and responsibility, helping to ensure that similar situations do not occur in the future.

References

- Carr, A., & Palmeri, C. (2020, April 16). *Carnival executives knew they had a virus problem, but kept the party going*. Bloomberg.com. Retrieved February 8, 2023, from <https://www.bloomberg.com/features/2020-carnival-cruise-coronavirus/#xj4y7vzkg>
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