Ethical Dilemma

 In the modern world, there are many business decisions to be made. The most difficult ones are ethical or moral decisions. These are decisions that require one to make a choice between two actions and none of the actions is completely pleasant or suitable. This is, therefore, a moral dilemma. Sally Krawcheck and Binta Niambi Brown are two executives who have had to face difficult ethical choices in their lifetimes. The choices that they made eventually turned out to work for the best.

Sally Krawcheck, Citigroup and Merrill Lynch (https://www.bizjournals.com/bizwomen/news/profiles-strategies/2015/05/25-minutes-with-wall-street-vet-and-ellevate-chair.html?page=all)

Sally Krawcheck took over the wealth management department of Merrill Lynch in 2009. Krawcheck found out that the retirement plans that the division had sold as a stable fund were actually not stable. The management of the money was poor and the result was that a fund that was supposed to be low-risk had become lost the intended value (Ronald, 2017). There was a decision to make, let the retirement plan beneficiaries who had trusted Merrill Lynch with their money suffer or put in more money so as to bring the value of the fund up.

 For a new CEO, this was a tough decision. The majority of the beneficiaries of the retirement plans were the low-income earners from Walmart, a leading retailer. The employees had invested their retirement savings in the fund in the hope of getting a healthy return. Now, the employee faced the total loss of their retirement savings. Furthermore, the mistake of the loss in value of the fund was as a result of the Merrill Lynch employees managing the fund poorly. This was a difficult decision for CEO, Krawcheck, because she had only just been sacked from her previous position at the wealth management department at Citigroup.

 Krawcheck had just been sacked for making a similar decision. In the previous position at Citigroup, she had made a decision to pay back clients who had lost money through their hedge funds that had been invested at Citigroup. The funds had turned out to be poor investments and the funds lost their value. Krawcheck supported the move to pay back the clients because the investments were poor and had some serious defects. The investments had been distributed by Citigroup’s brokers. The group’s partners had opted to take a hard line with the clients and let them face the losses.

The settlement dictated that Citigroup should refund all the clients an amount equivalent to 7.5 billion dollars. The groups as a result of the pressure from the partners decided to downscale her powers and responsibilities. This led to the public sacking of Krawcheck which was a humiliating experience. Now, at Merrill Lynch, she faces the same decision. She had just lost her job doing the same and now she was faced with the tough decision again. This made the decision even tougher. She eventually made the decision to pump money into the fund in order to make it stable.

 Her boss, Ken Lewis who was the CEO, supported her decision. The decision was difficult because the bank did not even have enough money to put into the stable fund. This time she did not get sacked from her job. The decision was tough because it was based on two things that are difficult, to lose a job or tell the low-income employees at Walmart that they had lost their retirement savings in a poorly managed fund. This ethical dilemma by Krawcheck is a special one in business because it carries the weight of a previously made ethical decision that led to an unwanted consequence.

Although the pain of losing a job is humiliating especially one that carries a lot of public influence, Krawchek demonstrates good ethical decision making. She focuses on delivering justice on the low-income employees at Walmart who had invested their retirement savings in a fund that they had been told is stable and low-risk. The management of the fund was poor and an otherwise risk-free and stable fund lost its value.

Binta Niambi and the Integrity Decision (http://businessthinker.com/tag/ethics/)

Binta Niambi Brown is one of the founders of Fermata Entertainment. Binta is also a lawyer. During an asset acquisition process worth 3 billion dollars, Binta received information that was potentially going to bring down the acquisition process (Lumen, 2012). The decision to inform the other side about the information was one that Binta had to inform her partner but the partner was unreachable. Binta has to make the decision to either inform the other side and have the deal dropped or be patient and inform the other side after the papers have been signed.

Ethical decisions in business sometimes mean very basic facts. The decision to tell a truth or lie is such a decision. This could mean the outright admittance of an error and sharing of facts with the other side of negotiators that may have been left out accidentally. Honesty and integrity are complimentary and they accompany each other. Integrity is the virtue of being able to stick to certain principles. This, therefore, means that one has to make the conscious decision to choose the correct action, follow through with the action and in a manner that is transparent such that everyone understands your position on the issue.

Binta was early in her career as an associate. She had always faced the risk of being shamed in front of her colleagues if she by any chance made a decision that was to be made by her boss and it ended up destroying a deal that they had been looking for over a long period of time. The deal was good but if she presented the information before the other side, she risked having the deal blow up. The reasons for sharing the information with the other side are quite simple and ethical; to be honest, to promote integrity and transparency between the two sides and uphold her moral principles. On the other side, if the deal was blown-up, the ridicule that she would receive from her colleagues is unbearable.

There is a call, to be honest by Binta in this scenario. However, honesty and integrity have a slight difference in each other. Integrity requires on to put some thought and self-reflection in what they are doing. Honesty can be blind to this fact. In this case, Binta can be honest to the other side by choosing to disclose the information at a later stage. This is a small, subtle difference but has far-reaching consequences. There is a risk in delayed honesty. The deal can be annulled, there can be a loss of trust among coworkers, the employees of the business will always look at the management with suspicion and the partners may spread a bad reputation of the company across the industry.

Binta made the difficult decision, she informed the other side about the information she had received. This turned out to be a good judgment. Binta was able to negotiate with the client and they came up with a solution. The solution also led to the deal to be finalized quickly. This decision is one that was driven by her courage to choose what was ethical. This is a decision that led to the eventual upholding of moral rights and responsibilities at the personal level and corporate level.

The decision to tell the partners the truth is a difficult one. The decision could potentially cost the business some short-term gains but it is important as it enables the business to maintain an atmosphere of transparency and build its reputation which in the long term helps the business be better than its competition. According to Binta, the fear in humans is what causes people to make bad decisions that can lead to harming other people. The main fear that people face when making ethical decisions is that the portion that is meant to be theirs may end up being passed on to another person.

References

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