

DBB311 Critical Thinking in Management

Case Study Analysis

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Executive Summary

Utilizing social media for business is beneficial. However, it can lead to many legal, financial and personnel risks when not handled effectively. In these circumstances, the possibility of important legal issues arising may find employers having a social media policy helpful in avoiding court litigation. Managers must create policies and procedures governing its proper use, requiring employees adhere to laws, statutes, and other community-influencing decisions

The purpose of this report is to evaluate and solve the ethical issues that management faced regarding social media usage in the workplace, based on the Harvard Business Review case study “Should he be fired for that Facebook post?” The article illustrated ethical dilemma that the company faced when deciding how to approach an ethical issue.

Downcity is a Charlotte, North Carolina-based company that owns several luxury car dealerships. Downcity’s management is dealing with an ethical dilemma involving social media policy and the degrading post about the company’s event. There were two solutions identified: issue a written warning or terminate the employee. To find the preferred solution, stakeholders' perspectives, legal laws, advantages, and disadvantages of each solution were considered to form recommendations on how management should handle the employee in question. Utilitarianism and ethical egoism are the two ethical approaches that have been considered when deciding the recommended option.

According to utilitarianism approach, issuing a written warning to the employee is the most effective way to resolve the issue. Downcity must also implement a proper social media policy and provide training for employees of using social media at work and outside of work. The policy must outline consequences for violations, provide examples of forbidden and permitted practices, and demonstrate how the policy complies with labor laws and standards.

Eventually, the utilitarianism approach will create a fair and reasonable solution for both parties, ethically and legally.

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1.0 Introduction

In recent years, social media use has increased dramatically. Approximately 72% of Americans engage in social networking, with Facebook, Instagram, and LinkedIn dominating the market (Pew Research Center 2021). Personal social media usage has become linked to employment (Schmidt & O'Connor 2011, p. 571). According to research by Weidner et al. (2012), 40% of employees had relationships with their supervisor and 60% of workers had connections with a colleague through social media. Hawley (2014) discovered that almost 50% of employees' posts mentioned their workplace, which corresponds to roughly 60 million U.S. workers using social media to address employment-related concerns.

While social media can have significant benefits for organizations, employee social media can create challenges. This is especially true when employees establish relationships with managers and coworkers. Many employees have lost their jobs due to their social media behavior of posting content deemed inappropriate or harmful to the company. To avoid such occurrences, organizations should develop social media policies to guide employee content (O'Connor et al. 2011, p. 205).

Allowing social media in the workplace carries significant risks as disparaging remarks can negatively impact an organization's reputation in many ways. Similar scenario is taking place at Downcity car dealership (Watson & Lopiano 2016).

Degrading posts from an employee, Kenton, about Mercedes and Downcity Motors pose managers faced with significant ethical dilemma and negative impacts to the company. This report will highlight the ethical issues and broader social media issue that have occurred in the workplace. Two approaches are proposed for handling the employee, including, disciplining him, or terminating him. The implications of these actions will then be analyzed, with each action's benefits and drawbacks being listed along with how the problem will be evaluated from various perspectives. These solutions have been developed based on consequentialism ethics, which includes utilitarianism and ethical egoism. Lastly, providing recommendation for the best approach based on ethics and why.

2.0 Literature Review

Social media has transformed the way people interact and share information (Ployhart 2011). Organizations find it challenging to adapt with the way people communicate online through platforms like Facebook, LinkedIn, Instagram, and Twitter (Ployhart 2011). Even companies attempting to completely avoid social media must admit that many of their employees and customers use it, which can directly impact the organization. Utilizing social media for business is beneficial. However, it can lead to many legal, financial and personnel risks when not handled effectively (Ployhart 2011).

According to Proskauer Rose LLP, 80% of the companies it surveyed currently have a social media policy with unknown applied research and guidance on whether employees are aware of its presence or comprehend its nuances (Rubenstein 2014). Schmidt and O'Connor (2015, pp. 571-579) have emphasized several legal difficulties involving employee discipline and the influence various laws had on employees who engage in personal social media usage.

Social media connects our personal, professional, and working lives (Quesenberry 2016). An employee should consider how social use impacts the employer because postings could affect their credibility as a prospective employee of another company. Ethical values assist individuals to take actions based on what is morally right or wrong, which is the skill, good judgment, and polite behavior expected from a person trained to do a job (Quesenberry 2016). It is also called business ethics which are codes and rules to guide choices and resolve ethical dilemmas in organizations (Farrell et al. 1998, p. 589).

According to Schroeder (2021), employees are more willing to apply ethical reasoning when their company clearly demonstrates the importance of business ethics. However, social media blurs the lines between our personal and professional lives. Therefore, it is useful to examine social media actions from three perspectives: Personal, Professional (employee) and Brand (Quesenberry 2016).

In these circumstances, the possibility of important legal issues arising may find employers having a social media policy helpful in avoiding court litigation (O'Connor et al. 2016, p. 208). Managers must create policies and procedures governing its proper use, requiring employees adhere to laws, statutes, and other community-influencing decisions (Ployhart 2011). A well-designed employment policy ensures that employees are treated ethically (McNamara 2010).

The National Labor Relations Board in United States advises employers to clearly define and limit the scope of their policies, avoiding ambiguity and misinterpretation. Additionally, provide examples of both forbidden and permitted practices to establish the conditions for a reasonable interpretation of the policy and demonstrate how the policy is consistent with labor laws and standards (*NLRB Guidelines for Acceptable Social Media Policies* 2015).

Employers must recognize that social media postings made by an employee could possibly solicit or invite responses from other employees may constitute “concerted activity”. Section 7 and Section 8 of the National Labor Relations Act can protect employees who engage in “concerted activity” by communicating online (Cavico et al. 2013, p. 16).

3.0 Case study scenario

Downcity is facing a moral dilemma concerning one of their employees. James Kenton is a salesman at their Mercedes dealership, their top producer across company's locations. He was disappointed by the Mercedes launch held by Downcity, which was supposed to portray luxury, but the sales manager, Tyson, decided to use plastic tablecloths and soda pop instead. Kenton visited the general manager, Susannah, but his concerns were ignored.

Kenton then created a Facebook post that stated, "So thrilled that Downcity went 'all out' for the most important Mercedes launch in years. Nothing says luxury like plastic tablecloths and soda pop."

The president, Dell, is determined to fire him. However, Tyson disagrees as Kenton is their leading producer. The head of HR, Toby, indicated that they have no employee policy regarding social media. They have one policy that specifies, 'No one should be disrespectful or use profanity or any other language that injures the image or reputation of the company.'

Downcity has two options for Kenton: give disciplinary action or terminate him. Susannah is now in an ethical dilemma and must consider several perspectives to determine the preferred action. In solving the issue, Downcity will use ethical approach and legal actions, while also developing a social media policy.

4.0 Alternative solutions

The first solution, based on utilitarianism, will be to issue a written warning to Kenton, and second solution, using ethical egoism approach, will be to terminate him.

4.1 Written warning (Utilitarianism)

Utilitarian ethical theory is based on one's ability to predict the consequences of an action (Chonko 2012). Utilitarianism focuses on the action that would benefit the most people and the least to suffer from pain (Chonko 2012). Therefore, the management should choose solution that benefit the entire company.

According to utilitarianism, Downcity should take disciplinary action against Kenton rather than terminate him. Toby, the head of HR, can issue Kenton a written warning letter for being disrespectful to the company, giving him one last warning for ruining the company's image.

The benefit of not firing Kenton is that this will assist the company to retain the top sales while having no impact on the company's profit. The suppliers (BMW, Mercedes, Range Rover) benefit as sales continues as usual. The retention of Kenton benefits the HR department and Downcity as it is less expensive financially in terms of the recruitment cost to hire a new employee. This might also make Kenton less likely to make the same mistake in the near future. Kenton serves as a model for other employees as they will have the impression that this sort of behavior is unacceptable and not to post anything that will harm the organization's reputation. This will also avoid the dissatisfaction of Kenton as he has not been fired and will be given another chance.

The drawback of merely giving Kenton a warning would lead to another disagreement with management over the best course of action to take in such circumstances in the future. Divided management is good for debate, but over the long term it is unstable and harmful to a company's cohesiveness. Moreover, utilitarianism has difficulty predicting whether the outcomes of actions will be positive or negative in the future (Tardi 2021). He might not actually be aware of his poor behavior and repeat it. The other employees might also believe that they would be given another chance when they make mistakes. Shareholders may believe that the punishment was not severe enough, and the employee may feel resentful against the company. This might generate more unfavorable opinions of the company and its management.

4.2 Termination (Ethical Egoism)

Ethical egoism holds that we should only act in our own self-interest when viewed from an overall and long-term perspective (Gates 2013, p. 151). It is the normative theory that an action is right when it provides long-term benefits for the person who takes the action.

By terminating Kenton, Downcity demonstrated their willingness to act immediately and seriously in response to negative remarks about their company. This sets example to other employees the consequences when violating the employee handbook. Terminating Kenton would offer short-term solution, protecting Downcity from the possibility of future negative online statements from him.

Despite the company's reputation being damaged twice by Kenton, there was no discernible impact on actual revenue. If Susannah fires him, he might post about the “unfair treatment” of the company, which will once more harm the company's reputation.

Organizations must go through the correct channels of dismissing an employee. Section 7 and Section 8 of the NLRA can protect employees who engage in protected “concerted activity” by means of social media. Therefore, Kenton may sue legal action of unfair dismissal which makes Downcity having to defend their decision in court. Moreover, it could also be a concern when competitors and customers will be aware that actions were done. The company would be unable to legally justify its reasons since they lacked a social media policy and did not have a clear guidance for their employees.

Furthermore, Kenton might make defamatory and cruel remarks, leaving Downcity exposed to more reputation damaging comments on social media. Prior to his replacement, the stakeholders will lose their top employee, accountable for a large amount of their vehicle sales. There is also a chance that when Kenton is dismissed, he would go to another car dealership and use his skills to assist competitors in improving sales.

5.0 Recommendation and conclusion

Based on the Utilitarianism theory, the recommended solution for Downcity is to issue a written warning letter to Kenton and all derogatory posts about Downcity must be deleted. The company must make sure he realizes the seriousness of his consequences.

The HR department can arrange a meeting for Kenton to express his concerns with the company. They also need to ensure that the discussion with Kenton is carried out effectively, clarifying the consequences of his behavior and why it was unacceptable. The last warning before further action is taken will be to suspend Kenton from work if he continues his behavior.

Utilitarianism approach offers him the best chance to improve his actions, and stakeholders will benefit from Kenton's sales as he is the best salesperson who could generate profit.

Moreover, Downcity must immediately implement a proper social media policy. The policy must outline consequences for violations, provide examples of forbidden and permitted practices, and demonstrate how the policy complies with labor laws and standards. Employees will know what to expect when they violate the policy, ensuring that lawsuits are avoided in the event of a future issue.

Additionally, Downcity should provide training for employees of using social media at work and outside of work. Employees can effectively avoid recurrence by being more cautious while publishing on social media.

Therefore, disciplining Kenton and keeping him in an active employment status is fair and reasonable, as Downcity still needs to develop a social media policy that outlines not only what employees should do but also how Managers should respond to a social media issue if it arises.

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