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Galaxy Wire does have a moral duty to keep its commitment to stay in Green Fork so long as it can do so profitably. To not do so would cross the boundary of what is morally acceptable. This is not to say that the majority of the United States would rise up and suppress Galaxy Wire’s bid to outsource its services because of a perceived immoral or unethical conduct in respect to Galaxy breaking a promise. Or that the citizens of Green Fork would resist Galaxy Wire’s departure by physical confrontation, as recently happened when the 3-M workers in France forcefully confined the company manager to get concessions on job losses. It does, however, speak to the importance of business ethics and values in a “civilized” world to the stability and security of the trade commerce and the global economy. According to Joanne Ciulla (1998) who quotes John Rawls (1985) in her book entitled Ethics, The Heart of Leadership “the paradox and central tensions of ethics lies in the fact that while we are by nature communal and in need of others at the same time by disposition more or less egocentric and self serving” (Rawls)

Ethics is based on a commonly held set of values and a belief in the common purpose of business, community and government. In the American version of fundamentalist capitalism, the free market sets the standard of conduct. As Howard Johnson (1997) quoted James Q Wilson in his lecture Corporate Soulcraft in the Age of Brutal Markets “the problems of imbuing large-scale enterprise with a decent moral life is fundamental. Corporations are systems of human action that cannot for long command the loyalty of their members if their standards of collective action are materially lower than those of their individual members.” (Wilson)
Simply put, Galaxy Wire’s global success is based on not overly offending its shareholders, consumers and the public at large, but in also securing safe environments from which to operate its business and sell its products. Galaxy Wire needs to be aware of the risks of commercial development within the foreign country as well as potential negative US consumer reaction to its corporate conduct. Americans expect that capitalism, at a minimum, will provide citizens the ability to make a living and support a family because gainful work is at the heart of creating a community and moral life. It can be said that the highest calling of the corporation is to create and sustain a workplace where workers will flourish. As Henry Ford Sr. (1989) famously stated “They are wrong. Its (industries) purpose is to serve the general welfare” (Ford Sr.).

However, the outsourcing trend has swept the US industrial landscape, and Galaxy Wire now has dilemma; whether to follow the pack or buck the trend to outsource. The primary issue is that US workers are paid more than workers in emerging economies and their Benefits, especially Health Care, are more costly. Foreign countries can also manipulate their currency to create an unfair trade advantage or sustain a workforce based on nonexistent Benefits and surplus of labour which keeps cost artificially low. Galaxy Wire and US industry as a whole need to consider other mechanisms to level the playing field and foster secure environments both foreign and domestic. For example, lobbying the US government to negotiate Free Trade agreements incorporating minimum standards for workers and the environment would pressure India to take a more ethical approach toward the industrialization of their economy while at the same time counter the cries within the US to replace Free Trade with protectionist policies.
2. Nothing Galaxy Wire is contemplating is illegal or contrary to trade regulations. In the short term, outsourcing seems to offer significantly lower labour costs. From the principal of fundamental capitalism, if company survival is at stake, Galaxy has a moral obligation to take whatever moves necessary to survive. But Galaxy Wire’s very survival is not at stake and, in fact, Galaxy Wire employees have offered significant concessions in order to enable the company to remain competitive. James Q. Wilson (1996), professor of management at UCLA, theorized that, “The free market is unforgiving and will ruthlessly eliminate inefficient companies while the moral sentiments of a community will only gradually penalize the immortal ones.” (Wilson). Companies pushing the limits of ethical and moral behaviour beware, because community tolerance will wear out and they will be held to account for their actions. General Robert Wood Johnson (1932), the founder of Johnson and Johnson understood this when he states “it (business) is acting for the people as well as itself and must be prepared to accept full responsibility” (Johnson).

Galaxy Wire must carefully consider the risks associated with outsourcing as unintended outcomes might harm the company and the industry. It is conceivable that Americans, offended by the company’s outsourcing policy, might stop purchasing Galaxy Wire’s services and products. A movement towards ‘buying American’ or the discovery of environmental or human rights abuses within the outsourcing country could also lead consumers to boycott the company. The largest consumer market of products and services is within the continental US. In fact, consumer purchases can make as much as two thirds of the Gross Domestic Product (GDP). It would pay for Galaxy Wire to remember that while Americans like low prices, with increasing
unemployment, the level of consumer spending goes down contributing to recessionary pressures on the economy.

There are other indirect risks associated with outsourcing. History has shown that foreign countries can react unpredictably to the perceived manipulation of their national interests by US involvement in their economy. Historically, the US has suffered adverse reactions from foreign investment where it was suspected that these activities reflected a broader, often unwelcome, geo-political interest in the region. The unforeseen consequences of investment in a politically unstable region near Afghanistan could lead Galaxy Wire to question whether there is more corporate value to be achieved by maintaining the stake of its existing employees and host community.

3. There is a real danger that a continued reliance on outsourcing could erode white collar jobs in the United States and weaken the middle class. The emphasis on maximizing profits by outsourcing, to the exclusion of other regional and national interests, if adopted on an industry wide scale could become of a national strategic economic concern, threatening capitalism and thus the American definition of freedom itself. The loss of white collar jobs is unfair to Americans because it results in a decreasing in US based industrial capacity, as well as the direct monetary impacts related to the loss of GDP. Secondary costs related to the increasing reliance on social programs, the loss of health care and retaining costs also impact the regional and national economies.

This brings us to the question of the value of ensuring the common good in a fundamentalist capitalist society. The noted British economist Fred Hirsch(Mid 1970’s) saw the
conflict between the markets self interest, and its need to preserve the underpinning of communal values in the 1970’s, when he proclaimed “The weakness of social values has made predominately capitalist economies more difficult to manage” (Hirsch). We need to look no further than the financial sector to witness what happens when extreme self interest and individual greed replace a business conduct, representative of the communal good. Today in America, the moral sentiments of the nation are targeting the financial sector and managers are publicly linked to levels of greed via the internet. In a democratic society, the citizens will ultimately demand that the government pass legislation to regulate an immoral industry, just as they would demand the prosecution of industry operating illegally. However, this kind of reaction is extreme, often distasteful and can hamper the more long term economic results because the expanded cost of government oversight programs results in increased spending, and ultimately higher taxes.

4. The relocation of Galaxy Wire would force workers immediately into the service sector where jobs, although low paying, cannot be sent overseas. But the service sector has its own challenges and also contributes to the strategic weakening of the US economy because of the use of the ‘cash economy’ and the reliance on ‘illegal aliens’ to keep domestic production costs low. This transition to a service economy has been described by Michael Jensen (1989) as ‘Creative Destruction’ (Jensen), and it will undermine the short term stability of the United States. However, some economists see this as an inevitable restructuring as the country strives to create new industrial sectors to power the economy into the 21st century.
5. Historically, the advancement of the market principle as the dominant form of economic organization was part and parcel of America. The American Revolution fought by the ‘Colonials’ in 1776 was in part based on charges against King George “for cutting off our trade with all parts of the world”. As this example illustrates, history is squarely behind the rights of Galaxy Wire to pursue foreign trade opportunities to improve company profits, however the dilemma remains over what moral guidance should limit the company’s actions in defining its outsourcing policy. Is a business enterprise by definition exempt from moral and ethical obligations? Traditional elements of corporate America have believed that business is based on the ‘survival of the fittest’ and a business enterprise weighed down by conscience will not survive long.

In some respect, the US has been a victim of its own success. In a fundamentalist market economy the greatest advantage is bestowed to the lowest cost if the quality is acceptable. This is a marketing advantage wielded by large companies such as Wal-Mart. Lower costs increase consumption, which in turn requires greater capacity and production. As long as the emerging economies lacked human resources with sufficient skill and education to provide a viable alternate production capability, the American workers were secure. But large developing counties, such as India and China, have matured to a point where, although not yet self sustaining national markets, their workforces can compete advantageously in many skilled sectors. Galaxy Wire has the option to outsource customer service, engineering and web design to India and achieve a comparable employee resource base and increase production while reducing cost.
This globalization of economies has been described as, by Michael Jensen (1989), the ‘Third Industrial Revolution’ (Jensen). It is nothing less than an economic upheaval that will level the playing field between the US and its off shore competitors reducing the world wide inequality of wealth, while improving living standards in developing countries. Experts predict that US workers are going to be on the losing end of the equation with some industrial sectors cutting costs by 50%. The trend will bottom out within the next decade when developing countries achieve a standard of living more comparable to western counties, and no longer have a large competitive cost advantage.

Global economic restructuring, however, may be the wake-up call that America needs. To improve US industrial performance, it is argued that managers need to refocus from the short term profit, to strategies which will have the greatest long term impact on the maintenance of wealth. The largest stakeholders of US wealth, the pension funds, foreign investors etc. would prefer that corporate America improve its competitive strengths and market flexibility without destabilizing the economy and contributing to boom and bust cycles. This means finding ways to develop wealth that is not harmful to the individual, the public at large as well as the collective soul of Americans.

Given the immediate circumstances surrounding this situation, where the citizens of Green Fork have been galvanized into action, as well as the broader perspective of what is now taking place in the US economy, it is difficult to imagine circumstances in which Galaxy Wire’s outsourcing action would be considered reasonable and acceptable by any moral and ethical standard. The Green Fork’s counter proposal appears to have caught Galaxy Wire’s management
off guard. The simple dollars and cents decision to outsource is now complicated as other viable alternatives have emerged. The community of Green Fork and the company workforce have taken the initiative by proposing a community based range of concessions aimed to counter the financial advantages of outsourcing.

Galaxy Wire has been handed a potential solution, conceived by the very employees and community they considered discarding in one fell swoop. Galaxy Wire has agreed to revisit their decision, but seems to have lost its sense of direction and is struggling with its corporate conscience in terms of what is an appropriate response to the offer of community concessions. This could indicate a shortcoming at the corporate leadership level within the company and an overall weakness in the company vision and mission. Management guru Peter Senge (1990) summed it up in his book *The Fifth Discipline* by explaining that “Leaders do what they do for something larger than themselves” (Senge). With this much grass roots community support, it is clear that Galaxy Wire should break from the pack and move its industry in a new, more sustainable direction by negotiating an acceptable compromise with the community to meet common long term objections. Common sense tells us that ‘it is a folly to kill the goose that laid the golden egg’.


