**READING: Just Do It, But Ethically, Please**

***Directions:*** *Read the article and answer the questions at the end of the article. Assignment is worth* ***100 points.***

e $41 billion dollar firm Uber Technology, Inc., is unsettling

the traditional taxi business. In over 40 countries and 240 mar-

kets around the world, Uber and similar companies are chal-

lenging the existing taxi business model. Uber and its growing

list of competitors, Lyft, Sidecar, and Flywheel in America, and

fledging rivals in Europe, Asia, and India, think their smart

phone apps can provide a new and improved way to call a taxi.

This disruptive business model uses an app to arrange rides

between riders and cars, theoretically a nearby car, which is

tracked by the app. The Uber system also provides a history of

rides, routes, and fees as well as automatic billing. In addition,

driver and rider are also allowed to evaluate each other. The

services are increasingly popular, worrying established taxi ser-

vices in cities from New York to Berlin, and from Rio de Janeiro

to Bangkok. In many markets, Uber has proven to be the best,

fastest, and most reliable way to find a ride. Consumers world-

wide are endorsing the system as a replacement for the usual

taxi ride. As the most established competitor in the field, Uber

is putting more cars on the road, meaning faster pickup times,

which should attract even more riders, which in turn attracts

even more drivers, and so on. This growth cycle may speed the

demise of the existing taxi businesses as well as provide sub-

stantial competition for firms with a technology-oriented model

similar to Uber’s.

The Uber business model initially attempts to bypass a

number of regulations and at the same time offer better service

and lower fees than traditional taxis. However, the traditional

taxi industry is fighting back, and regulations are mounting.

The regulations vary by country and city, but increasingly spe-

cial licensing, testing, and inspections are being imposed. Part

of the fee charged to riders does not go to the driver, but to

Uber, as there are real overhead costs. Uber’s costs, depending

on the locale, may include insurance, background checks for

drivers, vetting of vehicles, software development and mainte-

nance, and centralized billing. How these overhead costs com-

pare to traditional taxi costs is yet to be determined. Therefore,

improved efficiency may not be immediately obvious, and

contract provisions are significant (see

www.uber.com/legal/

usa/terms

).

In addition to growing regulations, a complicating factor in

the model is finding volunteer drivers at inopportune times. A

sober driver and a clean car at 1:00 a.m. New Year’s Eve does

cost more. Consequently, Uber has introduced “surge” pricing.

Surge pricing means a higher price, sometimes much higher, than

normal. Surge pricing has proven necessary to ensure that cars

and drivers are available at unusual times. These higher surge

prices can be a shock to riders, making the “surge price” a conten-

tious issue.

Discussion Questions

1. The market has decided that Uber and its immediate competi-

tors are adding efficiency to our society. How is Uber providing

that added efficiency?

2. Do you think the Uber model will work in the trucking

industry?

3. In what other areas/industries might the Uber model be used?

Sources: Wall Street Journal (January 2, 2015), B3, and (Dec. 18, 2014), D1;

and www.bloombergview.com/articles/2014-12-11/can-uber-rule-the-world .



A few years ago, Nike released the 23rd edition of its Air Jordan basketball sneaker – propelled to fame on the feet of basketball legend Michael Jordan — in three rounds, starting with a $230 limited edition and ending with a national launch of the $185 model.

The Air Jordan XX3 was a Nike milestone for reasons other than the fact that 23 is Michael Jordan’s jersey number. The Air Jordan XX3 was Nike’s first basketball shoe designed under the company’s “Considered” ethos, which aims to reduce waste and use environmentally friendly materials as often as possible. Nike’s first “green” basketball sneaker is an important outcome of a company-wide effort to change its business approach and regain its footing. A decade ago, the company came under fire for its use of factory sweatshops that exploited workers to make its products. “Ten years ago, we were a pariah with a big red target painted over us,” recalls Erin Dobson, director of corporate responsibility communications in Nike’s Beaverton, Oregon headquarters. “It was a real wake-up call.”

**Ethics Are All-Encompassing**

When it comes to the health of a popular brand — reputation is everything. And reputation is increasingly linked to the standards by which a company operates. These days, business ethics are a corporate mindset that goes well beyond honesty and integrity and into corporate responsibility to the environment and the community. Ethics are all-encompassing. “Companies have had to be more focused on business ethics for a number of reasons,” explains Michael Connor, publisher of *Business Ethics* magazine in New York City. For one, new laws watch closely how well companies are complying with regulation. But it reaches further, says Connor, to how much money a company can make. “There’s a fair amount of evidence that not complying with regulation and being an unethical company can destroy billions of dollars in shareholder value very quickly. Just look at companies like Enron [which was ruined by unethical and illegal financial management],” notes Connor. “The average citizen also now expects more of companies. People don’t like sweatshops.”

Few of us even knew what a sweatshop was until Nike’s darkest days. In the late 1990s, the company was accused of exploiting workers in its Asian factories through the use of child labor, low wages and other conditions. A fierce backlash against the corporate giant ensued. People boycotted buying the company’s products, picketed its offices and held Nike up as a poster child for a dishonest corporate America. Its reputation was shot.

Nike’s initial response — and that of other companies that have come under fire —was to deny its own responsibility because it doesn’t own the factories where its shoes are made. That pass-the-buck approach just wouldn’t fly in the game of reputation restoration. Nike has had to take a hard look at itself and completely change the way it does business. “We realized that we were responsible for the entirety of our supply chain,” says Dobson. “The first six years of our journey to where it is today involved finding the problems and figuring out how to solve them. Then we shifted from monitoring to identifying the root cause of the problem, which isn’t always on the factory floor.”

**Teens Get a Lesson in Honesty**

Nike’s full-court press toward business ethics and corporate responsibility now touches all aspects of the business, says Dobson. Hannah Jones, Nike’s vice president of sustainable business and innovation, leads a team of some 100 people who handle everything from monitoring factories to community programs to climate to environmentally friendly design. “We see corporate responsibility as a source of innovation in the company,” says Dobson. “We’ll never sacrifice performance for sustainability. We believe that you can do both. But you have to come at it from a different standpoint. How do I innovate my way out of these problems? How do I solve the problems in the front end, rather than deal with them in the back end?”

Corporate goals that Nike has vowed to meet include eliminating excessive overtime in Nike brand contract factories; reducing the emission of greenhouse gases that hurt the environment; and designing all Nike brand footwear (more than 225 million pairs per year) to meet baseline targets for waste reduction in product design and packaging, elimination of volatile organic compounds and increased use of environmentally preferred materials.

Nike’s strategy for a more ethical, responsible existence appeals to the next generation of workers, many of whom are now in high school and college. The so-called Millennial generation — born between 1980 and 2000 — should embrace this new responsible mindset as they enter the workforce. According to Claire Raines, author of *Connecting Generations: The Sourcebook*, civic-minded Millennials expect companies to contribute to their communities — and to operate in ways that create a sustainable environment.

But what of honesty and integrity? Teens may have to study the moral codes at companies like Nike if they want to truly succeed in business. Results of a Junior Achievement/Deloitte Teen Ethics Survey released recently found that teens believe lying, cheating or violence are necessary to succeed in business. The attitude: anything to get ahead. “This way of thinking will inevitably lead to unethical…actions that will damage individual lives and ruin corporate reputations,” said business ethicist David Miller.

Tomorrow’s workers may well learn from Nike’s mistakes and just do it — ethically.

**Discussion Questions**

1. Why was the Air Jordan XX3 a Nike milestone?
2. What does Erin Dobson mean when she says, "We see corporate responsibility as a source of innovation in the company."?
3. Do you believe that lying, cheating and violence are necessary to succeed in business? Why or why not? What do you think about the survey that found those results among teens?