Written Assignment Module 2: Capstone Project, Business Ethics

Julianne Weisendanger

Rasmussen College

Author Note

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**BUSINESS ETHICS**

Ethical issues are essentially a core aspect in the management of any given organization. It is imperative for MovieFlix leadership to embrace an ethical approach in solving the business problem of increased competition. The current business arena in the on-demand internet streaming media industry is facing stiff competition which threatens the profitability and sustainability of the company and without putting in place solid ethical standards, MovieFlix leaders might be faced with ethical dilemmas that can bring about ethical implications. It is important for MovieFlix leadership to strictly adhere to ethical values because such adherence will increase the profitability of the company, build positive reputation, contribute to strong goodwill, and enhanced leadership (Fraedrich, Ferrell & Ferrell, 2013).

Good business ethics is thus critical to the success of the company. Taking an ethical approach in the conduct of MovieFlix businesses will help to foster positive relationships among the customers and business partners. The leadership team at MovieFlix should ensure adherence to ethical standards of fairness, honesty, integrity, and truthfulness when handling increased competition from its major rivals such as Netflix, Hulu, Crackle, Vevo, PlayStation Vue, Amazon Instant Video, Twitch and Sling Orange. MovieFlix pricing should be within the reach of customers and should not be far from what other video streaming businesses are offering. Pricing and quality of content are critical success factors in the on-demand streaming media market and good business ethics requires MovieFlix to offer quality content and use fair pricing strategies that are convenient to both their customers and competitors in a bid to maximize its profits (Halbert & Ingulli, 2014).

Fair pricing will enhance the competitiveness of MovieFlix among its rivals in video streaming business and this may attract customers to switch from competitors and try out MovieFlix products. More customers will mean more subscription and streaming hence more sales. When customers realize that the company operates on ethical standards, they will subscribe more to its streaming services and the company will manage to generate more profits from the subscription fees and stay above the competition. In this way, MovieFlix will be able to maximize profits in an ethical manner without exploiting their customers or pushing their competitors out of the market (Garcia, Huntsman, Blanchard, Barrett, Lennick, Kiel & Jordan, 2013).

If MovieFlix behaves unethically in its attempt to solve the problem of increased competition, the company might end up facing a backlash from customers who feel that the company is overcharging them. Customers might decide to switch to other video streaming companies that offer cheaper and quality video streaming services, a move that can have a ripple effect of reducing the customer base, market share and corresponding profitability of the company. According to Halbert & Ingulli (2014), unethical practices like unscrupulous price cutting can lead to the company facing legal implications such as being charged fines and penalties. Consumer protection groups may also rise in defense of consumers and demand for fair prices and the Federal Trade Commission may also take action against the company for engaging in unethical and anti-competitive business practices that aim at reducing competition. All these consequences may harm the business operations of MovieFlix and can even lead to the eventual collapse of the company.

As a consultant, I would help the leadership at MuvieFlix in solving their problem ethically by requesting them to review their pricing strategy to ensure that is fair enough and does not drive out competitors or exploit customers in their bid to increase their profitability. The best approach that the company can take is a sales maximization strategy that requires the company to change their prices to be within the range charged by other competitors in the market instead of focusing on cost only. Instead of the company maximizing its profits from high prices on few sales, which is unethical, it should review its prices and make its offerings more affordable to consumers. The more affordable its business offerings are, the more consumers will be attracted to the company hence more subscriptions and more revenue from streaming fees (Fraedrich, Ferrell & Ferrell, 2013).

References

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