Academic Institution

Ethical Case Study

Purpose Statement

By

Name

Location

Date

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The way of determining the wage of the CEO as well as the average employee does not seem to be ethical, as the ethical decisions create the win-win situation for both the parties. In the current US business corporations, there is a huge gap between the average pay scale and that of CEO. The gap between the CEO to average pay is higher. The average pay of CEO's has grown by 1000% which reveals that CEO's are the only ones enjoying the high profitability of the business. In my opinion, the income and profits must be distributed fairly between the CEO and other employees. According to the utility approach of ethical reasoning, the cost-benefit analysis determines the right or the fair decision[[1]](#footnote-1) . It determines that the final outcome is one which brings more benefits and fewer costs. As the case reveals, consumers are getting conscious about the ethical responsibilities of business, less CEO and average pay will result in the good business reputation and at the end more profitability which will be enjoyed by both parties.

The other ethical reasoning approach, Human rights is used as the base of ethical decision making. Protection of human rights is the prime responsibility of every business organization, and therefore rights of average employees must be protected as they make a major contribution in the success of a company. In addition, according to another ethical reasoning approach, justice is considered as the foundation of ethical decisions. Justice demands the fair distributions of costs and burdens and the key to social justice is the fair distribution of wealth. According to this approach, average employee bears most of the cost of company success and benefits are mostly enjoyed by the high authorities and people in power. Based on all the three approaches, the pay ratio and gap must be reduced and ensure fairness in distribution.

# Bibliography

Lawrence, A. T., & Weber, J. "Ethics and Ethical Reasoning." In *Business and Society: Stakeholders, ethics, public policy*, by A. T., & Weber, J Lawrence. Tata McGraw-Hill Education, 2014.

1. Lawrence, A. T., & Weber, J. "Ethics and Ethical Reasoning." In *Business and Society: Stakeholders, ethics, public policy*, by A. T., & Weber, J Lawrence. Tata McGraw-Hill Education, 2014. [↑](#footnote-ref-1)