

Google's Decision to Quit China:

Ethical Analysis

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There are many times when an individual or an organisation faces an ethical issue or dilemma. Under such circumstances, the consistency in decision making matters more than the correctness of the eventual decision taken. The decision taken must align with the corporate philosophy and vision of the organisation. This requires a framework to conduct an ethical analysis of the issue involved. The purpose of this report is to conduct an ethical analysis of a recent ethical issue using two theories of ethical decision making: utilitarianism theory and Kant's categorical imperative. The ethical issue in question is the recent decision by corporate giant Google Inc. to quit the Chinese market as its stand against forced censorship (Wallis, 2010). The decision might have purely business reasons behind it, but the author intends to evaluate the ramifications of decision involved from an ethical perspective only.

Overview of Ethical Issue

Despite its stupendous growth in the last two decades, China remains a country with dubious human rights record. A report by UNHRC (2010) has alleged severe human rights violations, including lack of social and political freedom to Chinese people. Any organisation looking to tap into the vast and fast-growing Chinese market must follow Chinese government's guidelines, which might be in contravention to UN agreement on Human Rights (Cross, 2010). However, opposing these guidelines is not easy for any organisation as China offers a huge potential. China remains the world's fastest growing market and according to a Goldman Sach's report (2010) is expected to overtake US economy by 2040 (cited in News of Future, 2010). The ethical issue in consideration is whether an organisation should place its 'ethical' concerns above

its responsibility towards its shareholders. The ethical issue in consideration is search engine giant Google's decision to quit Chinese market on the grounds of forced censorship of its search engine's results.

The issue assumes importance as it is the first instance that a corporate giant has defied the Communist regime's diktat. Despite the knowledge that their decision would not have much impact on Chinese government's policies, Google has boycotted the Chinese market to ensure uncensored search results for Chinese Netizens. In the long run, this decision might pave the way for other corporate giants to follow the suit which may have an impact on China's growth story. This may force the Chinese government to rethink its human rights' policy as it looks to maintain its growth.

Relevant facts

Google entered the Chinese market in 2006 with domain name google.cn (Fannin, 2010). At that point of time, Google entered into an agreement with the Chinese government to censor all its results according to their policies. The decision was a purely business one, but Google faced the wrath of many Human Rights activists and expat Chinese diaspora (Fannin, 2010) for their compromise of ethics in the pursuit of profits.

Soon enough Google found the Chinese market a tough nut to crack as it fell way behind its rival and local giant Baidu. By the end of 2009, Google had a market share of 31% as compared to Baidu's 64% (Fannin, 2010). The difference might be attributed to Google's inability to cater to local tastes and preferences and rejection to violate copyright laws (in case of allowing illegal downloads). By the start of 2010, Google was facing trouble as its servers became the target of hackers, ostensibly from Chinese Government to monitor the accounts of

human rights activists. This was a clear violation of Google's privacy policy and led to many house arrests in China. It was a big blow to Google as it received brickbats from all over the world for compromising its ethical philosophy. Within two months of this incident, Google announced its decision to not censor search results for Chinese Netizens anymore. The users were led to the Google Hong Kong (google.hk) web site which is not subjected to the human rights policies of the Communist government under its two-state regime.

These facts are relevant to perform a thorough analysis of the ethical issue as it shows that Google's decision might not have been forced due to its inability to protect its users under its Privacy Policy. The worldwide criticism that Google faced resulted in its loss of goodwill among Chinese Netizens which might have hurt its sustainability in other markets as well. An ethical analysis of the Google's decision has been performed on the basis of these facts in the following sections.

Analysis using utilitarianism theory

Utilitarianism theory determines the "moral worth of a decision on ethical issue based on its potential to maximise the utility for all sentient beings" (Lyons, 1965). According to Lyons, act utilitarianism is a form of utilitarianism theory where the moral worth of an action is determined by its potential to produce the greatest amount of utility (or happiness) for maximum number of human beings or animals (1965). This principle is often applied in cases of genetic science or biotechnology where ethical dilemma exists as whether to go ahead with a scientific experiment or not.

Google's decision to quit Chinese market has both the positive and negative consequences. To determine the consequences, it is important to categorise the stakeholders in

the decision making process. The author has identified the following stakeholders: Google Inc and its stakeholders, its competitors, Chinese Government, Chinese Netizens and Human Rights activists in China.

Google Inc. faces little negative consequence as a result of quitting Chinese market. This is because Chinese market formed just 2% of Google's revenues (Fannin, 2010) and the company was losing the market share battle to its rival Baidu. The positive consequence is the huge amount of goodwill generated in other markets especially in Europe and the US (where it is celebrated as a victory for Human Rights) as Google has delivered on its promise to speak against the Internet censorship in China.

Google's competitors, especially Baidu, are direct beneficiaries of Google's decision and face a positive consequence in the form of a chance to garner Google's market. Baidu has already entered Japanese market and is setting its sights on becoming the largest search engine in the growing Asian market.

One positive consequence, albeit a small one, is that the Chinese Government will face increased international scrutiny on its Human Rights policies. There is a good chance that more multinationals might follow Google's suit in the wake of extreme pressure from home markets and international watchdogs such as UN Human Rights Council. This might put a brake on China's growth story.

The consequence for The Human Rights activists in China and elsewhere is a positive one. This is because the boycott by Google attracted the attention of various multinationals and governments on alleged human rights violations in China. Multinationals are facing from their home markets and they might be forced to put ethics before profits to improve their

sustainability. The negative consequence for Chinese Netizens and Human Rights activists is that they have lost an important channel to raise their voices against the suppressive regime.

Following Google's exit, other search engines are unlikely to provide much privacy to Chinese Netizens which might put some of them under increased risk of surveillance.

Overall, the stakeholders benefitted will be the Human Rights activists, Google Inc. and its competitors in China. In the author's opinion, the overall positive utility will increase as a result of Google's act. The primary reason is the brand name associated with Google, which will put the Human rights violations in China under the spotlight once again. However, there is a threat that the spotlight might be too little, too short due to Google's not so dominant position in the Chinese market.

Analysis using Kant's categorical imperative

The moral philosophy developed by Immanuel Kant was an evolution of deontological ethics. According to Kant, an action in an ethical issue should be guided by "an ultimate commandment of reason, from which all obligations and duties are derived" (cited in Paton, 1971). The concept of categorical imperative has three maxims (Paton, 1971) under which

1. A moral action is justified if it is justified under any universal situation (first maxim)
2. A moral action is justified if it places emphasis on the 'right' action rather than the 'right' consequences (second maxim)
3. A moral action is justified if it follows a universal law which should guide others in similar circumstances (third maxim)

Google's action can be analysed on the basis of these maxims. Google's action (placing moral responsibility over responsibility towards shareholders) does not stand the test of first

maxim. It can be argued that Google left the Chinese market as it was just a minor player there and was finding it difficult to compete with local rival Baidu. According to the author, it is unimaginable if any company can justify such an action if it were a market leader in a major economy like the US. It might have earned them praise but it would have hurt the sustainability of their business as well.

Google's action stands the test of second maxim. This is because Google preferred the 'right' action over 'right' consequences even if the action was motivated by business interests. To quit the Chinese market is like making a big statement against the Internet censorship in China, which is the kind of conscientiousness one expects from a corporate giant whose opinion matters in world affairs.

The action by Google to quit the Chinese market cannot be applied universally as the conditions in other markets might be totally different. If a company is a market leader in a major market such as the US or China, it cannot afford to hurt its sustainability by pulling out of that market on the basis of alleged human rights violation alone. This is because the company is answerable to its shareholders and employees as well whose livelihood are dependent upon the company's survival and sustainability.

Overall, the rule which is central to the ethical issue in question is whether an organisation should place its ethical responsibility over its responsibility towards its shareholders and employees. By employing Kant's categorical imperative, the author feels that the organisation is not justified in taking the action. Thus, Google's act might not be justified in the light of Kant's deontological ethics and his categorical imperative theory.

Conclusion

The purpose of this report was to conduct an ethical analysis of a recent ethical issue using two theories of ethical decision making: utilitarianism theory and Kant's categorical imperative. The ethical issue chosen was the recent decision by corporate giant Google Inc. to quit the Chinese market as its stand against forced censorship. Based on the ethical analysis using act utilitarianism and Kant's categorical imperative, the author reached a conclusion that Google's act might be viewed different by people following different principles of ethics. The author is of the opinion that a corporate giant has the responsibility to make symbolic statements towards ethical issues in the society as well. However, such statements should not compromise with the organisation's sustainability and its responsibility towards its employees and shareholders. In this case, Google's decision equates well with the author's conscience on this issue. The reason is that the statement is big enough to attract the world's attention towards the human rights violation in China. However, Google has not compromised with its sustainability as Google's share in China's market was very small and not very critical to Google's survival. Thus, its decision to quit the Chinese market equates will with the author's conscience.

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