

Brent Fitzgerald

Senior in Peabody College

HOD 2720 Advanced Organizational Theory

Prof. Robbins

September 15, 2008

Fall 2008

Whole Foods Market's Code of Business Conduct

Founded in 1980 in Austin, Texas, with a staff of only nineteen, Whole Foods Market (WFM) has come a long way since then. In spite of its extensive growth, it has retained most of its original ethical code of conduct (Whole Foods Market). This code predominantly emphasized what Jones, a scholar in organizational ethics, calls the justice model (p. 44). Since then, WFM still adheres to this model but has also incorporated much from the moral rights model.

In order for Whole Foods Market to follow the justice model, according to Jones, the company and its managers need to consider and then adopt courses of actions that promote a fair distribution of outcomes to stakeholders (p. 44). In the message from the CEO and Chairman of the Board John Mackey, the core values enumerated in the Code of Business Conduct are to be fairly distributed among all the stakeholders (p. 1). Mackey includes "our community and environment" among the stakeholders. Further on, in the body of the Code of Business Conduct, it is repeated that employees are to avoid situations or decline gifts that further their own self-interest over the interests and values of the company. For example, according to one section, accepting "gifts with an established value of \$25 or less" is generally acceptable because the individual is "responsible for following company policies" (p. 4). These policies include "selling the highest quality natural and organic products available, satisfying and delighting our

customers, supporting team member happiness and excellence, creating wealth through profits and growth, and caring about our communities and environment” (p. 14). Although language about the happiness of team members may seem to align with utilitarian sentiments, nowhere in the code of conduct is it mentioned that team members ought to maximize benefits and minimize costs, thereby, prioritizing one area over another. Instead, all these values are impartially equal to one another. A harmony between economical, social, and environmental values and actions is indicative of a company practicing sustainability. To this extent, Whole Foods Market adheres to the justice model.

Whole Foods Market also incorporates tenets from the moral rights model. According to Jones, this approach entails managers and employees (or whom WFM calls team members) acting on the behalf of stakeholders’ rights (p. 44). While WFM requires adherence to all laws, rules, and regulations of localities where they do business both in the United States and abroad, the Code of Conduct explicitly mentions insider trading and administering bribes to government officials. Their justification for prohibiting these types of actions is that they violate the rights of other people to participate in the free market.

Negative consequences can also arise from the ethical approaches that WFM has adopted. For instance, the Code of Business Conduct encourages team members to report violations of the code as WFM states how important organizational ethics are; however, by doing so, this could create a workplace atmosphere of hostility where people’s right to privacy is trampled by the company protecting its ethical integrity. That is to say, a witch hunt mentality could arise. Nonetheless, no research yielded any evidence to buttress this claim.

While WFM states that caring for the community is one of their official goals, it seems that they have overlooked the ramifications of that core value. That is, while this goal implies that

WFM consciously considers courses of actions that enhance the welfare of people in the community, it seems strange that WFM is acting on the behalf of certain people in the community. Specifically, WFM may be discriminating against several sectors of people in the community, especially those of color (p. 128). The Nashville and Louisville communities offer good examples of this. In Nashville, WFM is located off Hillsboro Pike, a predominantly wealthy and white part of the city; and, in Louisville, WFM is located off Shelbyville Road, an equally wealthy and white part of the city. Both of these locations are removed from such Black neighborhoods as the North Nashville Community, Edgehill Neighborhood, and West Side of Louisville. While WFM could argue that company stores are not built there because ample profits would be scarce, which would coincide with another of their official goals, both Edgehill and the West End are food deserts. This means that no grocery store is within or near their neighborhood and that community members have to pay significant amounts of money for transportation to the nearest store (Food Security Partners). In short, it seems unfair that “selling the highest quality natural and organic products available” and “caring about our communities” are limited to the white and wealthy parts of the community, at least in Nashville and Louisville.

Notwithstanding this shortcoming, Whole Food Market can develop several strategies to better align its official goals, as stated in its code of business conduct, with its actual practices. This can principally be done by establishing operative goals that monitor the progress of attaining the goals of caring for the community. This should not be too difficult as WFM was founded off an ethical issue. That is, it was created to provide organic, natural food to people so that they could have healthier diets and could help protect the environment where food was produced.

List of Citations

- Food Security Partners of Middle Tennessee. (2008). Retrieved September 16, 2008, from http://www.foodsecuritypartners.org/FSP_OurWork_AwarenessCampaign.php.
- Jones, G. C. (2007). *Organizational theory, design, and change* (5th ed.). Upper Saddle River, New Jersey: Pearson Princeton Hall.
- Whole Foods Market. (2008). Retrieved September 15, 2008, from <http://www.wholefoodsmarket.com/>.
- Whole Foods Market. (2008). *Code of business conduct*. Retrieved September 15, 2008, from <http://www.wholefoodsmarket.com/company/pdfs/codeofconduct.pdf>.
- Winne, Mark. (2007). *Closing the food gap: resetting the table in the land of plenty*. Boston: Beacon Independent Publishing.