

Business ethics during a global pandemic

Unethical business opportunities of online dating

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# **1. Introduction**

Technology has become an essential part of society in the 21st century, and it is changing the ways in which people connect with others, including their dating habits. During the on-going pandemic, online dating services have seen a surge in new monthly users. Emarketer (2020), a New York based market research company, announced that the amount of online dating app subscribers in the United States is forecasted to increase by 18.4% in 2020. Comparing this to the 11% increase in 2019, it is evident that the pandemic has had its impact on dating habits (Kats, 2020). This is explicable, as people are forced to isolate from each other, but human connection remains a vital part of mental health (Hyken, 2020). Connecting with one another is now more important than ever.

Companies providing these online dating services have seen their opportunity to profit from the current global situation and are sparing no time in implementing new strategies to succeed. As the demand for online dating services has increased during covid-19, companies in the field have reacted by utilising marketing strategies taking advantage of the pandemic. These strategies have prompted significant profits for companies but have also led to people breaking covid-19 guidelines, causing a surge of infections globally. Therefore, companies providing online dating services are operating unethically during the pandemic.

This report will first briefly explain the various business models implemented by different online dating service companies. This will be followed by a deeper look into how exactly different cyberdating companies are exploiting the pandemic and how it is ethically wrong. Additionally, the importance of ethics in the world of business and how it has changed in the age of online media, will be discussed. Finally, the report will showcase what methodology has been used by companies to prevent the spread, how these are not effective and what they could and should be doing to stay ethical, yet grow in these times.

Some of the information in this report does not depict the whole world, as studies may have only been conducted in the American, Canadian or Chinese markets. These specifications will be stated in the text. The information given has been formed through a combination of various sources, all stated and cited.

# **2. Business**

## **2.1. Business model**

Recognizing how these different dating app businesses operate and earn profits is important in understanding the greater problem in their covid-19 response actions. Considering that there are over 1500 different dating apps and online services today, there are a number of business models implemented in the industry as well (Lin, 2018).

All the largest dating app companies however seem to follow a similar so-called freemium business model. In a freemium model, a user can access the basic functionalities of an app free of charge and revenue is created in later in-app-purchases and advertisements. Barrier to entry is kept low and maximizing the number of users and staying loyal to customers is the key to growth. Tinder, for example, released data in 2018, revealing that only 5% of their users pay for a premium account (Lin, 2018).

Considering that all profits of these online dating companies are produced online, and the companies have nothing to gain from people physically meeting up, more ethical business strategies could be applied.

## **2.2. Exploiting the pandemic**

The covid-19 pandemic has swiftly changed the daily lives all around the world. As He and Harris (2020) argue, it has been a traumatic experience in many ways. Businesses have gone bankrupt, many have lost their livelihoods, and some even their loved ones. Furthermore, restrictions have been placed and the very definition of normal has had to evolve. Therefore, people feel fearful, angry, and anxious, as they attempt to understand all these changes.

According to He and Harris (2020), the uncertainty resulting in these strong emotions modifies consumer behaviour: people act based on their self-interests and emotions instead of making rational decisions. Consequently, the uncertainty about the future makes them more prone to seeking enjoyable experiences that satisfy their emotional and physical needs.

As stated in Maslow’s Hierarchy of Needs theory, the need for love and belongingness comes immediately after the most primary physiological and safety needs (McLeod, 2020; Mehta et al., 2020). Establishing new relationships prompts pleasant encounters between people. These positive experiences are a way of fulfilling the need for love and belongingness. Thus, it can be said that online dating services are exploiting the emotional, physical, and psychological distress caused by the covid-19 pandemic. Moreover, if the users of these services are acting irrationally, the risk of encounters resulting in new infections is significantly higher.

Correspondingly, a considerable number of singles are still willing to meet despite the circumstances. Li et al. (2020) state that only 10% of the respondents in their study of 15 to 35-year-old Chinese informed of a decline in risky sexual behaviour. According to Lehmann (2020), the number of senior singles willing to wait until the end of the pandemic dropped from 87% to 43% between March and June. In addition, 45% would continue seeing a person violating the covid-19 guidelines. Conforming to these statistics, both young and old users are inclined to take risks. Hence, online dating services are accommodating unsafe behaviour during a global pandemic.

## **2.3. The profits obtained**

The popularity of online dating services has seen a decline during the last four years (Koch, 2019; Sigalos, 2020). However, the covid-19 pandemic has now aided the services to a new surge in demand, as people have been forced to take precautions. As previously noted, the number of smartphone dating app users in the United States is forecasted to increase by 18.4% from 2019. This increase would mount the total online dating service users to 26.6 million in the United States alone.

Correspondingly, Match Group reported 11% increase in average users. Furthermore, as one of the main subsidiaries of Match Group, Tinder grew its userbase by 18% from the second quarter of 2019 (Match Group Inc, 2020). The preceding statistics confirm that there has indeed been a considerable surge in the users of online dating services during 2020, as Match Group controls 59.11% of the online dating market (CSIMarket, 2020; Meisenzahl, 2020b).

Moreover, the growth in demand has enabled a growth in profits. According to Technavio (2020), the online dating service market is forecasted to grow from USD 6.83 billion to USD 10.39 billion between 2020 and 2024. Match Group already announced an increase of 12% in total revenue (Match Group Inc, 2020). People are expected to continue the usage of online dating services as they get accustomed to it. Additionally, online dating involves less costs and effort than dating in person, making it more tempting (Shaw, 2020; Sigalos, 2020; Watson, 2020). In conclusion, online dating services have clearly gained profits as a result of the covid-19 circumstances.

## **2.4. Measures taken**

Online dating services have taken some measures to adapt to the covid-19 circumstances. Users are encouraged to use newly added features including the possibility to connect with singles from all over the world and in-app video calls. (Brown, 2020; Carman, 2020; Lehmann, 2020; Sigalos, 2020). Tinder, for example, reminds users to wash hands, carry hand sanitizer, and maintain social distance at gatherings (Meisenzahl, 2020a).

Service providers have reported a growth in messages exchanged and the new features have been well received (Shaw, 2020). According to Weiler (2020), 69% of users are interested in video chatting compared to prior 6%. Moreover, the service providers have reported an increase in the length of messages and accordingly in the length of conversations as well (Shaw, 2020; Sigalos, 2020; Watson, 2020). However, the measures taken are not sufficient. Online dating services have introduced new ways of meeting singles online, yet they have not complicated the process of users meeting in person.

# **3. Ethics**

## **3.1. Ethics in the world of business today**

The importance of business ethics in the present day has grown significantly. The growth of online media has allowed people to become more aware of ethical issues worldwide, including the business world. It has changed how companies must think and operate. Each move of every large corporation is being carefully monitored and judged by millions of people. It is no longer about having the best product a company can sell to as many people as possible. The ethicality of the product or service is also a vital part of the success of the company. Therefore, taking a closer look at online dating services in particular is important, as they now have an opportunity to use a globally tragic event as a method for maximizing their own profits.

Moreover, approximately 1,5 million people worldwide have lost their lives, and the whole global economy has suffered from covid-19 (Worldometer, 2020). Using this situation to maximize profits brings up some ethical questions inside the cyberdating industry. There are ways in which the companies could have done more to prevent the virus from spreading. In some cases these companies have helped the situation, but also made it worse. This report will give answers to some of the ethical questions that have risen in the field during the pandemic.

## **3.2. View of the leader**

Business leaders today have three approaches to business ethics: ethical egoism, altruism, and utilitarianism (Elkins, 2020). Considering these three approaches in the current global situation, the altruist way of thinking has the most globally accepted ethical point of view: the highest virtue is to help others. Secondly, the utilitarian way of thinking also considers what the morally best option is. In this case it would be preventing the spread of the virus in all possible ways, not considering profits. In the other end of the spectrum, an egoistic leader would only consider maximising profits, no matter the cost.

As Schumaher (2020) mentions in his article, “2020 is the epitome of change – but business ethics are still needed”, while thinking of business strategies for the future and adapting to the current, fast-changing state of the world, “building and maintaining an ethical business culture must be part of the agenda.” Rethinking and reacting quickly has prompted companies making ethically flawed decisions and this is now becoming apparent in the online dating industry.

# **4. Division of responsibility**

Until now, the report has concluded that online dating services which are operating during the global pandemic are prompting unethical business conduct. However, shifting the responsibility for the spread of the virus only on companies providing the services may be an impulsive decision. This is due to the fact that even though these services result in their users meeting in person, the services do not include any features which advocate or aid in gathering the “matched” users together in person. Furthermore, as aforementioned, the business model of online dating services does not include the physical contact of its users.

Therefore, the actions which are taken by companies supplying online dating services are not morally faulty, even though the outcome is perceived as negative. Nevertheless, managers of these companies are able to debate the positivity of the outcome by using an ideology known as Deontology. The philosophical viewpoint of Deontology in economics states that the end and the means by which it has been arrived upon are connected (Rawls, 2018). This is also known as the opposite of consequentialism, a common theory used by firms to justify unmoral means of production with positive ends.

Although, it can be argued that the aforementioned firms are not committing unmoral actions, the ethics behind their operations differ from the morals. A moral refers to the principle of trying to be “good”, whereas ethics in business are a set of rules that determine correct behaviour. In this report the focus is on the perspective of the whole firm instead of its employees. Therefore, business ethics are the focus instead of morality of the decisions of individual employees.

The responsibility for the spread of the virus caused by dating during the pandemic should also be levied upon the consumer. The decision to meet other users in person is completely up to the users themselves. In addition, production is not the cause of negative externalities from online dating services, instead they arise due to consumption. As the users who decide not to adhere to the safety guidelines of the pandemic consume the product, they amplify the positive feedback loop of virus spread (Fisher & Bubola, 2020).

Finally, as more people contract covid-19 due to the careless contact between users of online dating services, various social costs are established. For example, the rise in the usage of single-use plastics by quarantined societies poses a serious environmental threat as stated in an article published by GIFT (2019). The adverse health consequences experienced by individuals who do follow covid-19 guidelines but come in contact with online dating service users in domestic settings are the socially most scarring effect.

# **5. Schemes to avoid unethical business operations**

From the perspective of the companies providing online dating services, it is a moral course of action to continue operating with a profit maximizing strategy in order to secure the livelihoods of their employees. In the short-term, this requires the companies to continue supplying the same service as before.

To reach a state where the needs of the company as well as society are both met, the companies would need to shift their resources into supplying a good or service which does not escalate the spread of covid-19.

However, since this method of completely eliminating the negative externality of consumption arising from supplying online dating services during the pandemic is both expensive and time consuming, other less momentous changes to the companies’ operations should be implemented. Additionally, realistically this course of action for companies is very improbable due to a lack of motivation to change supply chain operations. This has been previously suggested by the fact that Match Group, the owner of popular subsidiaries such as Tinder and OkCupid, experienced increased revenue during the second quarter of 2020.

Therefore, alternate methods to operate more ethically during the global pandemic include monetary donations and the marketing of safe practices. Since online dating service providers are some of the only companies benefitting economically from the pandemic, from a social viewpoint they should provide help to other companies in different industries. Although, since the pandemic is a prime opportunity for online dating business to grow their economies of scale, these firms will be reluctant to purposefully level out the playing field against other industries.

Conducting corporate social responsibility schemes during the pandemic would improve the image of these companies and would be realistic since they are not investing substantial amounts of resources into the current means of suppressing the spread of covid-19. For example, an article released by the United Nations titled “Helping Small Businesses Survive COVID-19” (2020) introduces a charity that gives monetary donations to small businesses struggling to stay operating. Charities which focus on improving the lives of online dating consumers could prove to be more relevant in terms of customer satisfaction and brand image, as the report discovered that a large number of online daters who are avoiding physical contact are suffering with mental health issues. Online dating companies could donate to reputable organizations that offer mental health aid such as Mind.org.uk in the UK, or charities in other large markets (2020).

# **6. Conclusion**

To conclude, it has been identified in this report that businesses with online operations have been able to benefit financially from the covid-19 pandemic. This includes companies that supply online dating services which was the scope of analysis. However, due to the fact that the consumption of the product indirectly causes the spread of the virus since users decide to meet in person, an ethical issue is prompted. Consequently, the spread of the virus levies negative externalities on society such as health consequences on individuals contracting the virus and the strain on health services this results in, and environmental pollution due to increased single-use plastic usage by quarantined individuals. Although, the profit maximizing operation strategy of online dating services is the root cause of this ethical issue, they do not deliberately propel their users to partake in physical contact. This suggests that the responsibility of the ethical hazard should be shared between the suppliers and the consumers, as the users make the conscious decision to meet. Overall, the companies generating the ethical issue should take part in various potential corporate social responsibility options such as marketing, charities and aiding companies in other industries which are suffering from the pandemic.

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